



Fourth Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACII, 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.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FAURSCHOU, David	Portage la Prairie	P.C.
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.
JENNISSON, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHILIN, 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.
MIIYCHUK, 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	Rupert's Land	N.D.P.
ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
STEFANSON, Eric, Hon.	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin	N.D.P.
SVEINSON, Ben	La Verendrye	P.C.
TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 8, 1998

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Rail Line Abandonment

Ms. Rosann Wowchuk (Swan River): Madam Speaker, I beg to present the petition of K. Edwards, M. Hall, J. Marchuk and others praying that the Legislative Assembly of Manitoba request that the provincial government go on record requesting CN and CPR not to proceed with any discontinuance of lines until the report has been tabled, that being the Estey Grain Transportation Review report.

READING AND RECEIVING PETITIONS

Mining Reserve Fund

Madam Speaker: I have reviewed the petition of the honourable member for Flin Flon (Mr. Jennissen). It complies with the rules and practices of the House (by leave). Is it the will of the House to have the petition read?

An Honourable Member: Dispense.

Madam Speaker: Dispense.

WHEREAS mining is an annual billion-dollar industry in Manitoba concentrated almost entirely in northern Manitoba; and

WHEREAS the Manitoba mining industry directly employs more than 4,300 people pumping more than \$240 million in wages alone into the provincial economy; and

WHEREAS part of the mining taxes on operating mines goes into the Mining Reserve Fund; and

WHEREAS the Mining Reserve Fund was set up for the welfare and employment of persons residing in a mining community which may be adversely affected by the total or partial suspension, or the closing down, of mining operations attributable to the depletion of ore deposits; and

WHEREAS the Mining Reserve Fund had more than \$15 million on account as of April 1998, despite withdrawals by the provincial government of more than \$6 million which was put into general revenue; and

WHEREAS many mining communities having contributed millions of dollars to the provincial economy for many years are now nearing the end of their known ore resources and as such this fund is extremely important to the future of these communities in northern Manitoba; and

WHEREAS in order for a new banking service to establish a branch at Lynn Lake it has been suggested that they would need a minimum of \$12 million on account.

WHEREFORE YOUR PETITIONERS HUMBLYPRAY that the Legislative Assembly of Manitoba may be pleased to request the Minister of Energy and Mines to consider transferring the account of the Mining Reserve Fund to a banking service in Lynn Lake should such a facility meet provincial standards.

Rail Line Abandonment

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

An Honourable Member: Dispense.

Madam Speaker: Dispense.

WHEREAS affordable transportation is a critical component of grain production; and

WHEREAS under the Crow rate benefit, Manitoba was the cheapest place on the Prairies from which to ship grain but became the most expensive following the abolishment of the Crow rate; and

WHEREAS the Canada Transportation Act proclaimed on July 1, 1996, gave railways the ability to discontinue and scrap branch lines without public input; and

WHEREAS several lines were targeted immediately by CN for abandonment; and

WHEREAS CN gave notice on May 6, 1998, that the Erwood Subdivision will be discontinued in 1998; and

WHEREAS the loss of this line would severely impact upon the communities of Bowsman and Birch River as well as surrounding communities; and

WHEREAS in 1997, western grain farmers lost millions of dollars due to backlogs and delays by the major railways; and

WHEREAS as a result the federal government set up the Estey Grain Transportation Review which is scheduled to release a report later this year.

WHEREFORE your petitioners humbly pray that the Legislative Assembly of Manitoba request that the provincial government go on record requesting CN and CPR to not proceed with any discontinuance of lines until that report has been tabled.

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Committee of Supply

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

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

Motion agreed to.

Standing Committee on Law Amendments Second Report

Mr. Jack Penner (Chairperson of the Committee on Law Amendments): I would like to present the Second Report of the Committee on Law Amendments.

Madam Speaker: I wonder if I might ask for the honourable member to give the page the report—to the table officers, please.

An Honourable Member: Dispense.

Madam Speaker: Dispense.

Your Standing Committee on Law Amendments presents the following as its Second Report.

Your committee met on Thursday, June 4, 1998, at 10 a.m. in Room 255 of the Legislative Building to consider bills referred.

Your committee has considered:

Bill 4—The Child and Family Services Amendment and Consequential Amendments Act; Loi modifiant la Loi sur les services à l'enfant et à la famille et modifications corrélatives

Bill 12—The Addictions Foundation Amendment Act; Loi modifiant la Loi sur la Fondation manitobaine de lutte contre les dépendances

Bill 14—The Executions Amendment Act; Loi modifiant la Loi sur l'exécution des jugements

Bill 18—The Registry Amendment Act; Loi modifiant la Loi sur l'enregistrement foncier

Bill 21—The Communities Economic Development Fund Amendment Act; Loi modifiant la Loi sur le Fonds de développement économique local

Bill 25—The Highway Traffic Amendment Act; Loi modifiant le Code de la route

Bill 27—The Manitoba Employee Ownership Fund Corporation Amendment Act; Loi modifiant la Loi

constituant en corporation le Fonds de participation des travailleurs du Manitoba

Bill 42—The Norway House Cree Nation Northern Flood Master Implementation Agreement Act; Loi sur l'Accord cadre de mise en oeuvre de la nation crie de Norway House relatif à la convention sur la submersion de terres du Nord manitobain

and has agreed to report the same without amendment.

Your committee has also considered:

Bill 16—The Water Resources Administration Amendment Act; Loi modifiant la Loi sur l'aménagement hydraulique

and has agreed to report the same with the following amendment:

MOTION:

THAT the title of the Bill be amended by adding "AND CONSEQUENTIAL AMENDMENTS" before "ACT".

Mr. Penner: I move, seconded by the honourable member for Sturgeon Creek (Mr. McAlpine), 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 this afternoon fifty-nine Grade 5 students from Southwood School under the direction of Mr. Trevor Neufield and Mrs. Agnes Bond. This school is located in the constituency of the honourable member for Steinbach (Mr. Driedger).

Also, nineteen Grade 5 students from Sister MacNamara School under the direction of Mr. John Tabar. This school is located in the constituency of the honourable member for Broadway (Mr. Santos).

We also have twenty-one Grade 4 students from Tyndall Park Community School under the direction of

Mr. Colin Stark. This school is located in the constituency of the honourable member for Inkster (Mr. Lamoureux).

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

ORAL QUESTION PERIOD

**Crown Attorneys
Operational Review**

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, on June 1 we asked further questions dealing with the stress and workloads for Crown prosecutors here in Manitoba. In fact, we quoted Mr. Hannon, who was quoted in the media as saying that the workloads were heavy and the stress was great for Crown prosecutors. The Minister of Justice denied that the head of the association had made those comments, based on a conversation he had. But, over the weekend, again, we have read the Portage Graphic where Ed Sloane, a retiring Crown prosecutor, talks about no light at the end of the tunnel and that, in spite of the violent crime rate here in Manitoba, the workload is heavy and not getting any lighter.

I would like to ask the Premier (Mr. Filmon): will he do what we asked him to do over a year ago and have an operational review of the Crown attorneys office here in Manitoba so that Manitoba citizens can be properly represented with the numbers of Crowns that we need to have in our courts here in this province, Madam Speaker?

Hon. Vic Toews (Minister of Justice and Attorney General): Madam Speaker, as I have indicated a number of times, that process of review is ongoing in the Department of Justice, specifically with respect to the prosecutors and the numbers needed there.

I note that last week members opposite stood up and indicated that a case had been left sitting for 18 months. When, in fact, I looked into the matter, the police report was finally completed in March of this year. It was 14 volumes of 200 pages each, which were then given to the Crown attorney who then gave it to the defence

lawyer. So it is this kind of irresponsible comment that the member opposite makes that confuses the picture.

I am committed to working with the Crown attorneys. I know the head of the Crown attorneys association or union is willing to do the same.

Mr. Doer: Madam Speaker, it was just over a week ago when the minister denied that there were any problems of workload and stress in his department. Mr. Sloane goes on to say that he is setting dates until January of 1999. These are not our words; these are Mr. Sloane's words. He said that the workload is incredible in terms of what the pressure is placing on Crown attorneys.

With the highest violent crime rate, regrettably, in the country, will the Premier (Mr. Filmon) please get involved with his Minister of Justice? Will he please take some leadership and ensure that we can have the operational review, so Manitobans can have balance in the court system with properly resourced Crown attorneys offices?

* (1335)

Mr. Toews: Madam Speaker, that is not something I agree with. I certainly do not take the member's statistics that he has presented.

But, just in respect of the court delays, for example, I do not know whether or not the case that Mr. Sloane was referring to was, in fact, an exceptional case. I know that, in respect of the availability of court dates in this province, we compare very, very favourably to dates in Calgary, Edmonton, Victoria, Vancouver, Ottawa and Saskatoon.

We are indeed committed to ensuring that trial dates move on as quickly as possible, and the suggestions that the member makes that we are one of the jurisdictions where trial dates are the longest in coming is simply not correct. We are one of the best in the country in terms of obtaining trial dates.

Mr. Doer: The Portage Graphic quotes Mr. Sloane as saying that they are setting court dates for January of 1999, and Mr. Sloane feels that that is unacceptable.

Now maybe the Minister of Justice is going to say the Portage Graphic misquoted Mr. Sloane. He has done that before in this House. Maybe he is going to have a negotiated statement for this House.

I would like to ask the Premier: does he not agree with Mr. Sloane that it is unacceptable for dates to be set for January of 1999 in the province of Manitoba? Justice delayed is justice denied. Will the Premier please do something with his Minister of Justice?

Mr. Toews: I know Mr. Ed Sloane very well. Indeed, when I was an articling student in Brandon, I worked with Mr. Ed Sloane at that time. Indeed, I have had conversations with him throughout the years.

Mr. Sloane has gone from private practice to the Crowns to private practice and to the Crowns. For a number of reasons he has decided to go into private practice. In fact, I had a conversation with Mr. Sloane at the Slain Peace Officers Memorial Dedication Ceremony a little over a week ago at RCMP headquarters, where I had a good discussion with him. Of course, he has indicated that, despite the fact that he is going into private practice, he will continue to do certain cases on behalf of the Crown, and that is certainly welcome news.

Crown Attorneys Operational Review

Mr. Gord Mackintosh (St. Johns): To the Minister of Justice, Madam Speaker. Manitobans now know what is behind this government's tough talk on crime. It is a could-not-care-less attitude of cuts and turning a blind eye to a prosecutions policy that is actually threatening our safety.

My question to the minister is: rather than continuing to see prosecutors miss trial dates or show up with no witnesses or mistakenly releasing dangerous people, seeing them go on bail, acquiescing in that, would the minister now, one year after we began this demand, appoint an outside independent operational review of the Prosecutions branch as they have done in Saskatchewan? Would he just stop denying there is a problem?

Hon. Vic Toews (Minister of Justice and Attorney General): Madam Speaker, there is no one indicating that there are not problems. When you prosecute 50,000 charges in a year, there are going to be issues that arise from time to time. I know the member raises occasional cases and said: this is an example of where a Crown attorney has made an error because of work situation. Frankly, every time he raises an issue, it seems that it is not correct. You know, he never continues that discussion. He never comes to my departmental officials to ask about it. He simply relies on these kinds of two-minute or one-minute interviews or 30-second clips in order to make his point.

Well, Madam Speaker, I will be prepared to deal with him very specifically on all the cases that he indicates where the Crown has dropped the ball. Every one that I have looked at, the Crown has not dropped the ball. Indeed, the member has misrepresented the facts, just as he has done in the Guimond case.

* (1340)

Mr. Mackintosh: Since other people outside his department, inside his department, victim after victim, see the problems in his department, can the minister possibly explain to Manitobans why he is so wilfully blind to the problems with his prosecutions policy? Would he please appoint an outside operational review to make sure these hardworking Crowns get the support that they need and we deserve?

Mr. Toews: Madam Speaker, the member knows very well that there is an ongoing review going on in my department. He just simply stands up and says that it should happen, and then when the results come out, he says, oh, I will take the credit for that. Well, I have a lot of faith in the Crowns who are working together with my management to in fact resolve these problems.

Again, last week, the member stands up and says a file has been sitting around for 18 months when in fact what happened was the RCMP investigation was completed in March of 1998 and turned over to the Crown. As I have indicated, 14 volumes of 200 pages were just turned over to the Crowns about a month and a half ago, who then turned it over to the defence counsel who need an opportunity to review those files.

Again, another situation where he brings forward—says the Crown has dropped the ball. Well, the Crown has not dropped the ball. It is he who has misrepresented the facts.

Mr. Mackintosh: Would this minister, who today wants to talk about the Guimond case, then possibly explain why the prosecutor in that case, if he only received information from the police in March, why, for goodness' sake, did his department and his policy leave the victim in the dark and not tell the victim, Mrs. Guimond, that the facts were still not in? Why was she led to believe the matter could be set down for preliminary inquiry? That reflects on the issue—

Madam Speaker: Order, please.

Mr. Toews: Madam Speaker, the member is a lawyer. He knows very well why certain things cannot be discussed at certain times with anybody. The police have confidential investigations. The Crown have confidential issues that they can simply not release. But, you know, here again is a Crown who was dedicated to his job, ensured that the police did the right thing, made sure that all the evidence was there and, when presented with that evidence, he turned that over to the police.

Madam Speaker, I know that I believe both the husband and the wife in that particular case have had an opportunity to speak with the Crown and with the RCMP on an ongoing basis. If there were any issues that they had, any matters of concern, they could have raised it on an ongoing basis with the police and with the Crown.

Erick Clipping Inquest

Mr. Eric Robinson (Rupertsland): My questions are also for the Minister of Justice. Erick Clipping of Tadoule Lake died more than two years ago. In fact, he died on the 28th of April, 1996, in Churchill. He was severely beaten on June 23 of 1995, and the death of Mr. Clipping was similar to that of Mr. Joseph Akiwenzie, a gentleman's name that we raised in the House a few days ago.

The Minister of Justice will recall that I wrote to him in March and October of last year requesting that an investigation or an inquest take place with the Clipping death, and the minister agreed to that inquest in November of last year. In fact, his letter is dated November 18, 1997, copies of which I would like to table.

* (1345)

I would like to know why it took seven months to formally announce that an inquest would be held into the Clipping death, and I would like to ask the minister: has there been an actual date determined to begin the inquest?

Hon. Vic Toews (Minister of Justice and Attorney General): Well, Madam Speaker, the determination of whether an inquest occurs is usually in the hands of the Chief Medical Examiner. If there was any inordinate delay here, I will report back to the member.

Mr. Robinson: Madam Speaker, I would like to ask the minister whether or not he recognizes that the delay of over two years since the death of Mr. Clipping makes the likelihood of such an inquest being hard to pinpoint as to what went wrong.

Mr. Toews: Madam Speaker, I am not prepared to comment on that issue. There are times, as I have indicated in other cases, where it is important that a continued investigation uncover all the facts so that the tribunal hearing the matter, whether it is a criminal court or an inquest, has the advantage of all those facts. So there may be occasions when a delay is in fact very, very beneficial to the full hearing and understanding of what occurred.

Mr. Robinson: Madam Speaker, recommendations were made by the Chief Medical Examiner's office in his 1995 report about people that become unconscious as a result of alcohol or drug consumption, and I am sure that the minister is aware of that report. Now, following those recommendations from that Chief Medical Examiner's report and following the inquest into the death of a man that was drunk at the Pink Floyd concert in 1994, I would like to ask what elements of the Chief Medical Examiner's report have

been made government policy to deal with such issues as the question I am asking today about Erick Clipping.

Mr. Toews: In view of the fact that that may well take a broader answer than simply a Department of Justice response, I would take that question as notice and get back to the member.

Agricultural Industry Equipment Warranties

Ms. Rosann Wowchuk (Swan River): Madam Speaker, Manitoba farmers do not have many advantages over other provinces, but they do have one and that is better warranty on their machinery. In Saskatchewan or Alberta, if you buy a tractor or a combine, those farmers get a one-year warranty. In Manitoba, farmers get two-years warranty, but because of actions taken by this government, this protection is going to end.

Since this change has not been called for by farmers and certainly is not in the best interests of Manitoba farmers, I would like to ask the Premier (Mr. Filmon) on whose behalf his government is acting when they reduced this warranty on farm machinery from two years to one year?

Hon. Glen Findlay (Acting Minister of Agriculture): I will take that question as notice on behalf of the Minister of Agriculture (Mr. Enns).

Ms. Wowchuk: Madam Speaker, given the reason, we are told, for this change is that prices are cheaper in Saskatchewan; however, investigations show that prices in Manitoba and Saskatchewan are equal, even though we have extra warranty, can the Premier tell his government, again, why are they prepared to reduce a warranty which gives farmers an advantage? Surely he understands that farmers in Manitoba are paying high costs for this equipment.

Hon. Gary Filmon (Premier): Madam Speaker, because I know the member will want to have the complete answer from the Minister of Agriculture (Mr. Enns), I will take that question as notice on his behalf.

* (1350)

Ms. Wowchuk: I would like to ask the Premier if he will commit to farmers today that he will not take away this one advantage, that we will continue to have a two-year warranty on farm machinery in this province, even if it is better in Saskatchewan and Alberta, give farmers some advantages in this province, do not abandon them to machinery dealers.

Mr. Filmon: Madam Speaker, only a foolish person would make a commitment like that without being in possession of all the facts.

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Mr. Filmon: I will take that question as notice on behalf of the Minister of Agriculture (Mr. Enns).

Video Lottery Terminals Community Referendums

Mr. Kevin Lamoureux (Inkster): My question is to the Minister responsible for Lotteries. Recently, Madam Speaker, we have had the Gaming Control Commission come out with a so-called report, and it has now been agreed that what we are going to see are public hearings on the ways in which Manitobans will be able to decide whether or not they can have a ballot in the next municipal election. We all know that that is just not going to happen. The government has now put into place something to ensure that municipalities are not going to be able to have those plebiscites this fall.

My question for the Minister responsible for the Gaming Control Commission: what is the real agenda of this government in not allowing local municipalities the ability to have a plebiscite as early as this fall?

Hon. Mike Radcliffe (Minister responsible for The Gaming Control Act): Madam Speaker, Mr. Desjardins recommended that there be public consultation on VLTs. This government issued an implementation statement on this issue, and the Gaming Commission right now is going out to consult the people of Manitoba to determine what their views are on the issue of plebiscite or referenda.

With the greatest of respect to my honourable colleague opposite, I think he is being precipitous in his conclusion. The issue before the people of Manitoba right now is a discussion paper on whether they wish the Gaming Commission to proceed with a recommendation to government.

Mr. Lamoureux: Madam Speaker, will the government acknowledge that, if I am being precipitous, this government has been sitting on its back end doing absolutely nothing in trying to deal with the issue of VLTs and the plebiscite issue?

My question to the minister is: will he not acknowledge that there is a need to allow our local municipalities the opportunity to have plebiscites for this fall, that we do not need, Madam Speaker, the lack of leadership from this government to have it indefinitely put off for another four years?

Mr. Radcliffe: Madam Speaker, the process that has been invoked by the Manitoba Gaming Commission, which I might remind my honourable colleague opposite is an independent commission from this government—the timetable that has been designed, if the Gaming Commission is to proceed, is to have this matter presented to the people of Manitoba, on the ballot by this fall for the October elections if, and that is the big proviso, it is the will of the people of Manitoba to have this issue proceed. However, if the public consultation does not affirm this course of action, then of course the issue will not proceed. The Gaming Commission is going to go to the people of Manitoba and ask how it should look, what sorts of questions should be asked and what should be the results of this consultation.

Mr. Lamoureux: Madam Speaker, will the minister recognize that this politically appointed so-called independent board, which this minister appointed, has now allowed this government to get away from having plebiscites this fall and instruct that we want to see plebiscites as early as this fall for those municipalities that want to have them?

Mr. Radcliffe: Madam Speaker, I have been chided often in this Chamber by virtue of the volume of my voice, but I think there must be a glass wall between

me and the honourable colleague opposite. He seems to miss the point. The point is that there is a consultative process going on right now, and if my honourable colleague opposite has his mind made up and he has a closed mind on this issue, I cannot help that. We are going to the people of Manitoba to see what they think, and then, if in fact they wish us to proceed, there is the opportunity for us to proceed this fall with this issue. I cannot make it any more clear to my honourable colleague than this.

* (1355)

Lord Selkirk Family Resource Centre Funding

Mr. George Hickey (Point Douglas): Madam Speaker, my question is for the Minister of Family Services. The Lord Selkirk Family Resource Centre was established in 1995 to deal with the rise in street gang activity, juvenile prostitution and the high numbers of children under CFS care in the area. On a shoestring budget, they have established community outreach, support for adolescent parents, a group for teen boys, a community kitchen and community powwow, a parents' support group and many other prevention programs. The centre has been instrumental in bringing a sense of community back to a very troubled neighbourhood.

Can the minister explain why, when representatives from the centre made a presentation to the Child and Youth Secretariat asking for stable program funding this winter, the secretariat refused to give them a funding commitment for this prevention program?

Hon. Bonnie Mitchelson (Minister of Family Services): Madam Speaker, I thank my honourable friend for that question. I really want to commend the community for rising to the challenge. I know so very often, from time to time, members of the opposition come to this House and indicate that nothing is happening and the community is not taking responsibility. We know they are, and I commend that organization.

As far as the specifics and the detail of the question that we are asked, I will take that as notice and get back

to my honourable friend with comments after I review the situation and try to determine what happened through the Child and Youth Secretariat.

Mr. Hickey: Can the minister explain why, when representatives from the centre made a presentation to the Child and Youth Secretariat asking for stable funding—and given that the family resource centre has clearly said that they need stable funding, not pilot projects, and given that they are in a process of asking for only a \$53,000 commitment, will the minister today make a commitment to stable funding for this very vital program to keep the whole community together and functioning for all families?

Mrs. Mitchelson: I indicated in my first answer, and I will repeat again, that I will look into the issue and discuss that issue with the Children and Youth Secretariat, get the details and then respond to my honourable friend at that time.

Meeting Request

Mr. George Hickey (Point Douglas): I would like to ask the minister: when she meets with the Youth Secretariat, will she arrange to meet with the Lord Selkirk Family Resource Centre herself to get the first-hand information and hopefully get a real understanding of the contributions of all groups that are working together, especially the Lord Selkirk Family Resource Centre? Would she make a commitment to meet with the committee and the staff?

Hon. Bonnie Mitchelson (Minister of Family Services): Madam Speaker, I, on regular occasions, meet with many members of the community who are really searching and trying to work with us to find the solutions around support for children and families. I will make the commitment today to certainly meet with that group and understand. It certainly sounds to me like they are taking an holistic approach in trying to bring all services and supports together to support the families in their community. I would be very interested in discussing those issues and trying to ensure that, if it is the kind of model that we are all talking about, we look at what it is doing and what that model might be able to do in other areas throughout our communities.

Child and Family Services Prevention Program Funding

Mr. Doug Martindale (Burrows): Madam Speaker, in the Postl report, which is now three years old, Dr. Brian Postl pointed out that the number of children in care has precluded agency allocation and resources to other components of the mandate, namely prevention. He recommended that the proportion be increased from 2 percent of budget allocations to 10 percent to 15 percent. Can the minister, who likes to talk about prevention all the time in the House and in Estimates, explain why there has been no change and no increase in percentage of budget allocation from children in care to prevention, and will she undertake to talk to the agencies and provide adequate funding for prevention, as has been recommended?

* (1400)

Hon. Bonnie Mitchelson (Minister of Family Services): Madam Speaker, we have been working with agencies right throughout the province, specifically with the Winnipeg Child and Family Services agency, and have allowed them to keep money that they used to use for protection to reallocate to prevention. We have put in place the Family Support Innovations Fund that has seen the Winnipeg agency hire 40 new workers on the prevention side for volume management and to work with families to try to keep families together. So money has been allocated, 40 workers have been hired in that area, and we will continue to ensure that there are partnerships, not only with the Winnipeg Child and Family Services agency, but with all community organizations—like the member for Point Douglas (Mr. Hickes) has raised just in his questions—to ensure that we are not asking the child welfare system to do all of the prevention but that community is involved, along with our Child and Family Services agencies. We support that approach and will continue to work to accomplish that.

Lord Selkirk Family Resource Centre Funding

Mr. Doug Martindale (Burrows): Can the Minister of Family Services tell us why, when there is a community-based organization, namely a family

resource centre that is composed of a number of partnerships of people in the community, she will not approve the expenditure of a small amount of money to support this partnership, since she is the one who is always talking about partnerships, and why did she turn down their request? Why will she not allocate a small amount of money to a partnership in the community of people doing prevention?

Hon. Bonnie Mitchelson (Minister of Family Services): That is exactly what our government has done in its last budget when we allocated \$20 million for supports to children and families over and above what has been spent in the past. All of that money is going into community partnerships. I indicated in the specifics around this resource centre that I would get the details and the information from the Children and Youth Secretariat and that I will meet with the organization. Madam Speaker, I will continue to ensure that the community is involved in finding the solutions that we so desperately need for children and families that are in crisis.

Mr. Martindale: Can the Minister of Family Services, who knows that the community is already involved in many programs of the family resource centre and supports the family resource centre—why she cannot find the money, since this new money she is talking about was clawed back from people on social assistance, the vast majority of people in Lord Selkirk? The money was clawed back from their income-assistance cheques. Why can she not allocate some of it for that community for that purpose?

Mrs. Mitchelson: I want to indicate clearly to all Manitobans that no family will be worse off as a result of the National Child Benefit. So the information that my honourable friend puts on the record is false. There will not be any family that will receive less support as a result of the National Child Benefit.

Madam Speaker, I have made a commitment, I think, now five times in this House today in answers to questions that I am prepared to look into the details around funding of the resource centre. I am prepared to meet with the organization, because I believe that we can find the answers by working with the community in a very significant way and try to ensure that we are

not putting all of our pressure on the Child and Family Services agencies to provide all of the solutions to all families.

School Divisions Textbook Purchasing Policy

Ms. MaryAnn Mihychuk (St. James): My question is to the Minister of Education.

The minister very recently issued another edict to all school divisions which, once again, raised concerns from the field. The edict forces school divisions to purchase 80 percent of their textbook grant from the Manitoba Textbook Bureau, even though the bureau has had a surplus for the past two years and levies a 13 percent administrative charge. The field, and I mean school divisions and teachers, has argued this will mean more costs to them and fewer textbooks and resources for children in classrooms.

Madam Speaker: Order, please. Question.

Ms. Mihychuk: I would like to ask the question, Madam Speaker: why has the minister decided to make this edict at this time? Who is it that has requested this change, when it is going to mean more costs and less materials for our children?

Hon. Linda McIntosh (Minister of Education and Training): Yes, the deputy did indicate to the field a reminder of the regulation regarding the Textbook Bureau. The member may be aware of the history of the Textbook Bureau, which was brought in to provide curricular-approved materials for school divisions. In the mid-'80s, it was allowed that school divisions could purchase, under the NDP, materials if they were not available at the Textbook Bureau. We will permit them to now purchase materials that may be available at the Textbook Bureau if they can get them cheaper.

What she is talking about is the formula. We allow a flexibility in the formula, which we are taking a look at to see if the percentage needs to be altered, whereby a certain percentage of the money provided for materials should go through the bureau because it does provide for northern and remote communities, sometimes the sole source of texts or materials and a balance

of money that could be spent in the field, if they can get it cheaper.

So we are looking at that because we have had three divisions indicate that they have been able to find curricular material at less cost outside the Textbook Bureau.

Madam Speaker: The honourable member for St. James, with a supplementary question.

Ms. Mihychuk: Madam Speaker, I am going to just ask to perhaps have a short answer on my second question, and that is: will the minister listen to the field, to those teachers in school divisions such as River East and Evergreen, review this edict and rescind it?

Mrs. McIntosh: Madam Speaker, I think I very clearly said that we are taking a look at the percentage to see if, in fact, that should be adjusted in light of the fact that three divisions have indicated they have been able to find comparable material less expensively outside the Manitoba Textbook Bureau.

But I do caution the member with that which she knows full well, and that is that the Manitoba Textbook Bureau is the only place where we guarantee that all of the material there has been vetted through for gender-bias, racism, et cetera, and that, for many rural and northern divisions, is the only place where they can get their material. So it is important that the Textbook Bureau remain viable; hence, we have always said a percentage of the money provided for textbook materials should go through the Textbook Bureau where we know the material has been vetted and where it is the sole supplier for many divisions.

Having said that, I repeat, again for the member, that of course we are going to look at that percentage to see if in the evolution of the Textbook Bureau's history—we have gone further than the NDP did, should we go further yet?

Ms. Mihychuk: Madam Speaker, can the minister explain why she is being so rigid and inflexible when divisions—for instance, Robert Fraser states that it is extremely common for divisions to acquire approved

and accredited curriculum materials from other sources at a lesser cost.

That means that the province approves it, and they are still able to get it cheaper—

Madam Speaker: Order, please.

Mrs. McIntosh: Madam Speaker, I have been asked twice and I have responded twice. I have now been asked three times, and I will respond for the third time that we are, indeed, going to examine that percentage of money that can be spent at the bureau or outside the bureau to see if in fact school divisions can get more competitive prices on approved curriculum material elsewhere, and I have said, yes, we are going to do that. I have said it three times. If she wants to ask me fourth, fifth, sixth, I will keep saying, yes, yes, yes, to each of those questions.

But I do object to the preamble. I think, if she would stop reading the script and listen to the answer, make her next question come on the basis of the answer, we would have questions that make more sense.

* (1410)

Education System School Choice Guidelines

Ms. Jean Friesen (Wolseley): Madam Speaker, one of the predictable consequences of school choice is that school divisions faced with declining enrollments or with diminishing funds from the provincial government will be tempted to offer various incentives to attract students from other divisions.

I would like to ask the Minister of Education to tell the House why she has not produced guidelines for school choice which ensure fairness across school divisions in Manitoba.

Hon. Linda McIntosh (Minister of Education and Training): Madam Speaker, I think the question is very paradoxical in that in the interests of fairness to parents across Manitoba, we have permitted freedom of choice so that, in fairness, they can choose the school that best suits their needs. The ultimate in fairness that

a government can provide is the freedom to choose. It used to be in days gone by that you had to attend the school that was closest to you, regardless of any other circumstances. Some divisions opened up and that allowed students to attend schools within their own division. We have gone further and said that parents may choose schools that suit their students' needs, even if they are not within their own division. I do not know how much more fair than that a person could possibly be.

Ms. Friesen: Does the Minister of Education then support the practice of offering publicly paid-for transport by one school division for the students of another school division in order to attract the dollars that go with them? Is that the kind of school choice and the kind of practice which the minister supports?

Mrs. McIntosh: I think the member needs to understand the rules that are there for Schools of Choice to put her question into perspective.

First of all, a parent can choose a school outside the division, provided that (a) there is room in the receiving school for that child, (b) that the school does not have to change any programs to accommodate that child, and (c) that the parent will not be given an automatic right to transportation, and the province will not fund transportation.

Madam Speaker, the top priority for most parents is proximity to home. Given that I think what is behind the member's question is a concern that a school division might take its entire budget and spend it on transportation to drive a hundred miles for students, which of course is an extreme that would never occur, I think if she understood the rules, she would know that there is a limit to the number of students any given school can receive. So, in terms of a school division having a bus that they can take an extra few kilometres to pick up children who might like to come, if they are willing to pay that and their budget can afford it, there is nothing that says they cannot do that. Most parents, I believe, if their neighbourhood school is the right one for them, will remain there

Ms. Friesen: Would the minister undertake to monitor and to report to this House on the increased dollars

which are being spent by school divisions to advertise their regular programs, essentially money which is now no longer going to the classroom?

Mrs. McIntosh: Of course, with any program—this is the first year of Schools of Choice—absolutely we are watching what is happening and how it is evolving and unfolding. We will absolutely—because we always do at the end of the first year of any program—take a look to see how well it has done. But, if she is asking for increased costs of advertising, she does, I think, know that countless divisions have for many, many years annually published information about their schools for the people in their own division and for those from outside division. Universities do that; colleges do that.

If the member is saying she does not want educational institutions to employ information officers, as many have done for years—in my division of St. James, we employed an information officer all through the NDP years of government, and that information officer dispensed a newspaper to the whole constituency, with the blessing of the NDP government, informing the people of the area what was going on in our schools for their information, for accountability and for the explanation of where the tax dollars were going. I think that is not an irresponsible thing to do.

Madam Speaker: Order, please. Time for Oral Questions has expired.

MEMBERS' STATEMENTS

Manitoba's Economic Growth

Mr. Gerry McAlpine (Sturgeon Creek): I would like to bring two recent Winnipeg Free Press articles to the attention of all honourable members. These articles are a clear indication that Manitoba's economy continues to grow unabated. The headline read: Manitoba bucks trend: building permit value rise.

According to Statistics Canada, the value of building permits issued in Manitoba in April rose 7.5 percent, bucking a trend that saw permits decline 3.6 percent nationally. As well, the year-over-year increase for Manitoba was highest among the provinces at 120.1

percent with residential permits up 72 percent and nonresidential up a whopping 166.8 percent.

The second headline read: House sales jump in Winnipeg.

Last month, housing sales were up 66 percent over last year's figures.

Members opposite may wonder why. The answer, according to Rolf Hitzer, president of the Winnipeg Real Estate Board, is that this has a lot to do with Manitobans having a more positive consumer outlook on employment and the economy in general.

Our government has worked hard to undo the economic damage left behind when members opposite vacated office. Whether it has been the high level of taxes they imposed or the massive debt they left for our children, we have for 10 years worked to restore Manitobans' confidence in themselves and our economy. With one of the lowest unemployment levels in Canada, private investment up for seven consecutive years, four consecutive balanced budgets and recently announced tax cuts, Manitobans have every right to be confident about the economy and their employment opportunities. Thank you, Madam Speaker.

Silver Anniversary—Fort Rouge Ecumenical Apartments

Ms. Diane McGifford (Osborne): Madam Speaker, on Thursday, June 4, I was delighted to attend the 25th anniversary, the silver anniversary, of the Fort Rouge ecumenical apartments at 400 Stradbrook. The apartment complex had its genesis in the community ecumenical ministry, a ministry which included three Osborne churches. The honourable member for Crescentwood (Mr. Sale) was a member of the original ecumenical ministry and played an important part in the establishment of 400 Stradbrook. He was one of several guests and speakers, including Dorothy Hill from the Seniors Directorate, Glen Murray, Ken Murdoch, a former ecumenical minister, and myself.

The evening's program took as its theme: 25 years of caring and sharing. Indeed, the caring and sharing were evident from the photographic history of the

complex to the beautifully decorated room to the well-prepared dinner to the words of remembering and red roses for 25-year residents.

Master of ceremonies Joyce Ramsay, the current president of the board, was a gracious and capable hostess. I am sure all residents join me in thanking her. I want to honour the volunteers whose dedication has made 400 Stradbroom a warm and hospitable community, but particularly Ruby Cooper and Doris Smith, who were on the board of directors in 1973 and are on the current board. Their 25 years of dedicated work is an example to us all.

Prairie Thistle, an accomplished local group of male singers, which includes the member for Crescentwood (Mr. Sale), provided entertainment, won the hearts of residents, showing again the importance of music, voice and sing-alongs in creating community.

In conclusion, I ask all members to join me in congratulating the Fort Rouge ecumenical apartments, the board and the residents, on their highly successful community.

Manitoba Association of Registered Nurses Professional Achievement Awards Dinner

Mrs. Myrna Driedger (Charleswood): Madam Speaker, last Thursday evening I had the pleasure of attending the Manitoba Association of Registered Nurses professional achievement awards dinner. It is indeed a very high honour to be recognized for excellence in one's chosen field of work. I would like to congratulate Penny Triggs for her outstanding work in nursing administration, Gay Hordienko and Mardel Hume for their commitment to clinical nursing, Beverly Kearley for her work in nursing education, and Donna Goodridge and Dr. Pamela Hawranik for their work in nursing research. I would also like to recognize Dr. Janet Beaton, Marion Suski and Marilyn Goodyear Whiteley, who all received 1998 outstanding achievement awards in professional nursing.

It gives me great pleasure to acknowledge the work of these very hard-working, dedicated individuals. Their commitment to nursing is a commitment not only to their profession but also to their patients. I would

like to applaud the award recipients for excelling in what can be at times a very challenging way of life.

I would ask all members of the House to join me in congratulating all of the recipients of the Manitoba Association of Registered Nurses 1998 professional achievement awards. Thank you.

* (1420)

Sandy Bay School—Graduation

Mr. Stan Struthers (Dauphin): It is my pleasure to rise in the House today and congratulate the students at the Sandy Bay School on the Sandy Bay Reserve upon graduation from Grade 12, and also students who graduated there from the adult education program.

I want to begin by thanking one of the grads, Mr. Jeffrey Beaulieu, who invited me and the member for Rupertsland (Mr. Robinson) to take part in this celebration in their community.

I want to pay particular attention to some people who played a big role in putting this graduation together: Chief Dennis Roulette, who attended the graduation ceremony; the director of education, Mr. Isaac Beaulieu, who was the master of ceremonies for the grad; Principal Norbert Mercredi and his staff of teachers and volunteers who worked so hard, not just at grad but also throughout the course of the educational career of these students; and, of course, Madam Speaker, the parents of the students who were in attendance at this ceremony. I also want to pay my respects to Clinton McIvor, who spoke on behalf of the board of trustees for Sandy Bay. He is the chair of that school board.

Madam Speaker, the following students graduated on Saturday and are now looking forward to building on their dreams begun in their early years of education. The grads were: Garrett Beaulieu, Jeffrey Beaulieu, Louisa Beaulieu, Sherri Démerais, Adrienne Mousseau, Shari Richard, Chris Roulette, Lena Spence, Samantha Starr, Sheila Beaulieu, Ashley Eastman, Clarence Mousseau, Theresa Pashe, Harvey Popien, Candace Richard, Reynold Roulette, Tiffany Roulette, Matthew Whitford, Tania Beaulieu, Raymond Spence, Holly

Roulette, Kevin Richard. The following were the adult education graduates: Judy Mousseau, Doris Desjarlais, Marlene Roulette, Eugene Roulette, and Selena Roulette.

On behalf of the member for Rupertsland (Mr. Robinson) and myself, I congratulate those students for their hard work and the very excellent graduation that they put on, on Friday afternoon. Thank you, Madam Speaker.

Morden Collegiate

Mr. Peter Dyck (Pembina): I am pleased to share with my colleagues and members opposite the dedication by our government to ensure that Manitoba students are provided with fitness and recreation facilities.

I attended the grand opening of the new and improved tennis facilities at the Morden Collegiate on Friday afternoon. Through the Manitoba Community Places Program, we were able to assist Morden Collegiate in the renovations of the current tennis facilities. It was a great pleasure to represent our government in presenting a cheque to the principal, Mr. Fred Colvin. The school is very pleased about these renovations as it also serves as a local centre providing fitness activity to the people of Morden at no charge. It is important to all Manitobans to stay healthy, providing fitness and recreation centres to assist in the challenge of a healthy life. It is always a great pleasure to be involved in the Pembina constituency. It is very exciting when we are delivering benefits to the students and youth of the Pembina constituency. Thank you.

Committee Changes

Madam Speaker: The honourable member for Point Douglas with 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: Thompson (Mr. Ashton) for Selkirk (Mr. Dewar); Elmwood (Mr. Maloway) for St. James (Ms. Mihychuk) for Tuesday, June 9, 1998, for 10 a.m.

Motion agreed to.

ORDERS OF THE DAY

House Business

Hon. James McCrae (Government House Leader): Madam Speaker, I wish to obtain the unanimous consent of the House, notwithstanding the sequence for consideration of Estimates as outlined in Sessional Paper 142 tabled on March 24, 1998, and subsequently amended, to consider in the House the Estimates of Sustainable Development followed by those of Highways and Transportation, with the Estimates of the Department of Agriculture being set aside.

Madam Speaker, these changes are to apply until further notice.

Madam Speaker: Is there unanimous consent of the House to change the sequence of Estimates in the Chamber to deal with Sustainable Development followed by Highways and Transportation, with the Estimates of the Department of Agriculture being set aside? These changes to apply until further notice. [agreed]

Mr. McCrae: I move, seconded by the honourable Minister of Energy and Mines (Mr. Newman), that Madam Speaker do now leave the Chair—oh, yes, I just about got one through here without—I wonder if honourable members would be of a disposition to waive private members' hour.

* (1430)

Madam Speaker: Is there unanimous consent of the House to waive private members' hour today? [agreed]

Mr. McCrae: I move that Madam Speaker do now leave the Chair and that the House do now resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to.

GOVERNMENT SERVICES

Mr. Chairperson (Gerry McAlpine): Would the Committee of Supply please come to order. This afternoon this section of the Committee of Supply

meeting in Room 254 will resume consideration of Estimates of the Department of Government Services.

When the committee last sat, unanimous consent had been granted to have all questions and answers considered under line 8.1.(e) Information Technology Services (1) Salaries and Employee Benefits.

Mr. Jim Maloway (Elmwood): Mr. Chairman, I would like to ask the minister some more questions about the point system that was employed in the selection of the hardware supplier. I would like to know who designed this point system that was used.

Hon. Frank Pitura (Minister of Government Services): I am advised that Systemhouse designed the evaluation criteria.

Mr. Maloway: Would the minister provide us with a copy of that criteria?

Mr. Pitura: I believe, for the member, that the evaluation criteria were outlined in the letter that was sent to him not long ago.

Mr. Maloway: Well, that letter is actually the source of the problem. The criteria are not spelled out the way I am wanting them to be spelled out. I would like it to be more specific as to what the definitions of these terms are. For example, I would like him to give me a definition, perhaps he has a written definition here, of what Systemhouse, how they defined vendor presence.

Mr. Pitura: I am advised that vendor presence primarily refers to a company's strength in the marketplace, their ability to support their product, and their ability to service the product.

Mr. Maloway: So how many points then were attached to this vendor presence category?

Mr. Pitura: Well, I think in the area of the evaluation that the general qualifications area, which amounts to 25 percent of the weighting with regard to the evaluation, what portion of that was taken up with vendor presence I am not sure, but I will see if I can find out for you.

Mr. Maloway: I will give the minister some time to get an answer.

Mr. Pitura: I am advised that we will have to have some discussion with probably Systemhouse to find out how it was broken down within that category.

Mr. Maloway: I have asked this question several times several weeks ago. So I am wondering why it is taking so long to get this information. I mean, surely we could stop our proceedings here for five minutes and phone Systemhouse and get all this information, but this is nothing new. I have asked several times in the House weeks ago. Why does it take so long?

Mr. Pitura: Mr. Chairman, just to advise the honourable member that the questions with regard to the evaluation criteria that the member asked about were that for probably the majority of people the way it is listed in terms of the evaluation criteria would probably be appropriate, but if the member wants to see a detailed breakdown within each category as to how the evaluation was done, I hope that he can bear with me in terms of being able to supply him with that minute detail, because in some of these areas I am sure that taking a look at factors such as vendor stability and presence, level of technological investment in R & D delivery capabilities, and commitments and performance bonding, I am sure that he is quite aware that a lot of these areas may not be supported with the appropriate data. It basically comes down to the point where the evaluation team takes a look at each one of these areas and determines in terms of the presentation and the RFP by the company, what these areas are and, therefore, would tend to score them on that basis.

When you take an everyday example, the fact that you might take a look at purchasing General Motors cars, General Motors cars in terms of vendor stability and presence probably yield a fairly high score. This cannot be substantiated with raw data, but I think that everybody in this country and the North American continent would agree that General Motors does have vendor stability and does have a good presence in the marketplace. So it is somewhat of a subjective, maybe, scoring, but we will endeavour to find out the details if there are any under those areas for the member.

* (1440)

Mr. Maloway: Well, the minister is submitting that it is totally subjective, and I guess the question is why

would you make a decision on such a huge contract, \$150-million minimum over 66 months? Why would you give such a subjective category such as vendor presence such a huge weighting of 25 percent? Why would you do that and give price of the product only 15 percent?

Mr. Pitura: The member is suggesting that this contract is worth \$150 million. I would just like to advise him that the actual contract to Systemhouse is pegged at \$124.5 million with an additional \$18.6 million being paid to other contractors for a wide area network and for operations and cost of the desktop unit.

I would also advise the member that with regard to the contract for the supplying of computers, that the pricing for the IBM workstations ranges between \$1,921 for a base PC to \$2,929 for a Power PC. The contract is estimated at \$13 million over four years.

Mr. Maloway: Once again, I did not ask that question. I asked why and how and who determined that vendor presence would count for 25 percent in this criteria that was set up and price would only count for 15 percent. How, why and who?

Mr. Pitura: I would just like to remind the honourable member that he refers to cost as being 15 percent and general qualifications as being 25 percent. I wish to advise him that the cost is 35 percent in total of the evaluation criteria and not 15 percent as he has indicated, so that cost is the most major part of the evaluation criteria.

Mr. Maloway: Again, the minister did not answer the question. Current costs, costs of acquisition of hardware provided was only 15 percent, and the vendor presence was a category that got a 25 percent weighting. Again, why and who came up with that split? Why did they do it and who did it?

Mr. Pitura: I would just share with the honourable member that it is not vendor presence that is accounting for 25 percent of the evaluation criteria but vendor stability and presence as well as level of technological investment and research and development, the delivery capabilities and commitments and performance bonding. Those all form part of that 25 percent evaluation and criteria for general qualifications.

Mr. Maloway: Well then, as a group, why did this group of criteria get 25 percent in the weighting and price only 15 percent?

Mr. Pitura: Well, if you take this whole group as being 25 percent and if you take a look at each area, there are, I believe, six areas in there that would share the 25 percent. So if you were to take that, each one of those areas would probably account for four percent. I would again like to remind the honourable member that cost current and cost ongoing is 35 percent which accounts for, by far, the highest amount of weighting within that evaluation category.

Mr. Maloway: Then, Mr. Chairman, could the minister tell me who from his department approved this criteria?

Mr. Pitura: I am advised that, in terms of establishing the evaluation criteria, at the outset of the process that discussion took place with Systemhouse with regard to the global type of request that was being taken into account, that the Desktop Management Unit in terms of the entire government needed to have in place. When the evaluation criteria were put together by Systemhouse, they were brought back to the Desktop Management Unit that then looked at the way the evaluation criteria were laid out and subsequently approved that prior to the RFP being put out.

Mr. Maloway: So what the minister is saying, then, is that Systemhouse developed all of the criteria, that is to say, the definitions of the criteria and all of the criteria that were set up here, and they presented it to the DMU that approved it. That is what he is telling me?

Mr. Pitura: I am advised that the overall selection process was approved by the DMU.

Mr. Maloway: So the government, then, relied on Systemhouse to come up with the definitions of this product or vendor stability and presence and level of technological investment. They allowed Systemhouse to be the sole source of these definitions.

Mr. Pitura: When it got down to the detail of the definitions, Mr. Chairman, Systemhouse was responsible for putting them together. Ultimately, it was a Systemhouse contract with the provincial govern-

ment to supply the hardware, so ultimately the bottom line is that Systemhouse had to go through the selection process for the procurement of hardware as part of their contract because they had to have set certain performance standards with the provincial government that they had to honour in their contract. Basically, it came back to them in terms of their putting the criteria together and ultimately making a selection.

* (1450)

Mr. Maloway: Can the minister also confirm, though, that Systemhouse is also an agent or a reseller of IBM products?

Mr. Pitura: I am advised that Systemhouse handles a number of computer products and not just those from IBM.

Mr. Maloway: But in this case what the DMU did, because it sounds like they did not have a very strong role in this process, they allowed Systemhouse to come up with criteria of which at this point the DMU does not even have a definition, a lot of it very nebulous about presence in the market and stuff like that. They allowed them to make these decisions, and they chose a supplier that they, in fact, are resellers for. They, in essence, gave the contract to themselves, from an outside bidder making a bid on this contract. I mean, does it not appear to you as though they could possibly see this as being a bit of an inside job here?

Mr. Pitura: Although Systemhouse can, I guess, be marked as a dealer for IBM, at the same time when the RFPs went out, the RFP went to IBM Ltd. who responded to the request for a proposal, just like any other company that was responding to the proposal based on the criteria that were laid out in the RFP. So, from that standpoint, everybody who requested RFP papers and documents and then proceeded to submit a proposal was under the same type of criteria that even IBM got. It was not a case of Systemhouse dealing with itself.

Mr. Maloway: Well, Mr. Chairman, if Systemhouse is a reseller for IBM—they are the successful bidders in this case—there automatically is a built-in incentive or built-in commission, I would think, for SHL to choose a company that itself is a reseller for. Other companies—

the 11 other bidders were quoting companies, in some cases, for sure, companies that Systemhouse did not represent as a reseller. Was there not a commission here that IBM would pay for the sale for handling the product?

Mr. Pitura: I have the list of the 39 vendor inquiries and the 11 vendor proposals. I am advised that Systemhouse is also a reseller for Hewlett-Packard, which was one of the vendors that made a proposal with regard to the RFP. So, from that standpoint, if they are handling a number of these companies' computers, then the same thing would apply to all of them. Therefore, they would have to—with regard to the RFP, they were dealing straight away with the companies involved.

Mr. David Faurshou, Acting Chairperson, in the Chair

Mr. Maloway: I wonder if the minister could provide me with a copy of the list. We could take a minute to get it copied. The member for Wolseley (Ms. Friesen)—actually this is quite timely—has a few questions, and I would like her to be able to ask them now.

Mr. Pitura: I am prepared to table the Government of Manitoba Desktop Initiative with respect to RFP inquiries and proposals by vendor, where there are 39 vendor inquiries and 11 vendor proposals.

An Honourable Member: And you would not give me that on Thursday.

An Honourable Member: I did not have it.

Ms. Jean Friesen (Wolseley): I wanted to ask some questions about a new building which the Department of Education is renting on Dublin. I wonder if the minister has the information with him that he can give me some responses on that.

Mr. David Faurshou, Acting Chairperson, in the Chair

Mr. Pitura: Mr. Chairman, I am advised that the Department of Education has moved into the premises at 1577 Dublin which was formerly occupied by

Natural Resources. This space was created as a result of the Natural Resources staff being consolidated into one unit in the Murray Industrial Park. So with regard to Education moving into this space at Dublin, the lease was an existing lease, and this was what we call as a backfill into a leased building.

Ms. Friesen: Could the minister tell me who owns the building and how long the existing lease will run?

Mr. Pitura: Mr. Chairman, sorry for that delay. The length of the lease for this existing lease is January 31, 2002. We are not sure exactly who the owner of the property is. We are guesstimating that it is Morguard Investments, but we will confirm that with the member and advise her of that.

Ms. Friesen: I have made a note that the minister will be confirming the ownership. Could the minister tell me when that lease began? It is to end in 2002. Could he tell me what the square footage is that is being rented and what the cost per square foot is?

* (1500)

Mr. Pitura: The exact start date of the lease is unknown, but I would advise the member that, in 1992, the lease was renewed for another 10 years. So in order to make it to the point where it was renewed for 10 years, the occupancy of the building had to occur quite some time before that. I personally can remember going to those offices back quite a few years ago, so I am sure that they have been there in the early '80s. The total square footage that was under the lease is 44,000 square feet, and the gross rate I am advised is somewhere between \$9 and \$10 a square foot.

Ms. Friesen: Could the minister tell me how many employees will be occupying the 44,000 square feet?

Mr. Pitura: I do not have that number but will endeavour to get it for the member in terms of the employees moving over with Education.

Ms. Friesen: Mr. Chairman, I believe that there are renovation costs being incurred in the changeover from Natural Resources to Education. Can the minister tell me what the estimate is for those renovation costs?

Mr. Pitura: I am advised that the renovation costs for that building to support Education is around \$900,000.

Ms. Friesen: Can the minister tell me whether those renovation costs were tendered, and can he tell me what the specifications are for renovation?

Mr. Pitura: I am advised that the contract for renovations will be tendered, and they are in the process of, I believe, going through that now. Once the contract is let for the renovations, the specifications in the contract are that the renovations are done to government standard which are standards that have been used throughout government.

Ms. Friesen: Could the minister tell me what the purpose of the renovations is? Natural Resources has used it, as I remember from visiting it. It was for office space. What are the purposes for which education will be using this, and how have the specifications been drawn up?

Mr. Pitura: I am advised that within the Department of Government Services there are space planners, people who work with individual departments in determining, with those departments, their program needs when they occupy space. So it is not uncommon for any type of move that takes place within government to go through renovation costs in order to construct a facility such that it meets the needs of that particular department.

I am also advised that in the case of the Department of Education going in to backfill the space at 1577 Dublin, that a certain amount of space had to be allocated and designed for the marking of exams. So this, in terms of the space planner working with the department, put this into the configuration within the office, their office requirements.

Ms. Friesen: The minister is essentially giving me a process answer to what was actually a content question. I was asking the minister how the space is to be allocated. The minister did not know how many employees were going in, but he does have a method for allocating function, the space planner. Could he tell me how the functions of this department, or this section of the building are going to be allocated? What

proportion of space is going to offices? What proportion of space is going to the marking of exams?

Mr. Pitura: I am advised we do not have that level of detail with us here today, but we could get that level of detail for the member.

Ms. Friesen: I look forward to having that detail on the allocation of proportions.

Could the minister also tell me, in the development of planning for the space, what security issues have been taken into consideration, and how is that being dealt with in the preparation of specifications for bids? For example, is that a separate bid, or is that going to be included in one single contract on which you are inviting bids?

Mr. Pitura: I am advised that with regard to the overall \$900,000 as used with regard to the renovations in the building, that it is a series of contracts. So, it will be let over time as the work progresses. As well, it includes the backfilling, some aspects to backfilling at 1181 Portage.

With regard to the security, our security staff work with each department at each building and work with them in regard to what their needs are with regard to security and endeavour to work with them to meet those needs that they require.

Ms. Friesen: Can the minister tell me, in this series of contracts that are to be let, what is the timetable on that? Will all contracts be let during this year? Will all contracts be let before the end of the summer? My understanding was that the department anticipated they would move into the new building in September.

Mr. Pitura: Mr. Chairman, I am advised that the member is correct, that the contracts will be let over the summer period and the occupancy date is set at September 15.

Ms. Friesen: Just a comment. The timing seems rather tight to me. If you have not let the contracts yet, we are into then presumably at least mid-June before anything could begin at the very earliest. Yet, September 15 is the move date. Does that minister have any reflections on that? Does that seem extraordinarily tight to him for several contracts?

Mr. Pitura: I am advised that in a lot of the buildings where one government department is moving from one building to another building, with regard to the timetable, it may seem to be tight, but it is a timetable that a lot of contractors do not have any difficulty adhering to in terms of their own time lines to get the job done.

* (1510)

Ms. Friesen: The minister has advised that this is close to a million-dollar renovation, \$900,000, right? I just wanted to confirm the actual rental that the minister was telling me, because it seems to me to be a lot less than the rental that the Department of Education was estimating. Are we looking at additional building beyond 1577 Dublin? Is there additional space being taken over by the Department of Education?

Mr. Pitura: With regard to Education moving, when they move from 1181 Portage, they are also moving a unit from Taylor Avenue into 1577 Dublin as well. The costs that the member might be referring to may take into account the fact that they have the costs at 1181 Portage and Taylor for the first part of this fiscal year, and then they move into the premises and begin the payment for the square footage at the last part of the second half of the fiscal year. I am not sure if maybe that is where their numbers were coming from.

Ms. Friesen: I will go back and check my notes, but I do not think it was. I think that was exactly one of the questions I asked. Their number seemed to be considerably higher than yours, so I am wondering if 1577 is the only new building. We are looking essentially at the rental accommodation for the newly expanded Assessment branch. I think the minister indicated that it was almost twice what you are telling me. Now, I have not got the figures in front of me so I am speaking off the top of my head here, but it is an important number of dollars being allocated to Education. I just want to check with the minister that, as far as he is concerned, we are looking at 44,000 square feet at essentially \$10 a square foot.

Mr. Pitura: Just to advise the honourable member, the number that we quoted—and I presume that we have a—do we have an accurate number yet? It is estimated between \$9 and \$10 dollars a square foot, which, if you

take a look at the cost of rental space within the city of Winnipeg, it would fall into the bottom area of costs per square foot. So, from that standpoint, overall, as a Government Services department, we seek out to get the best possible value for the space that is there. So the opportunity for Education to move into 1577 Dublin only occurred as the opportunity for Natural Resources occurred to go into the Murray Park area. Before Natural Resources could move into Murray Park, of course, the need for the backfill was there at 1577 Dublin because we had a lease till 2002. If we did not have a backfill, chances are Natural Resources would not have been consolidated when they were, because we are not prepared to pay for space that we were not going to use. The price of this space, I think, was very reasonable.

So, with regard to moving Education in there, to backfill that space, it seemed like a logical approach. Then, what it did was created two smaller spaces at 1181 Portage and Taylor Avenue. In terms of us being able to handle those as Government Services, it made our job a little easier because we could look after backfilling those with smaller units—or in fact the leases may have been up, I am not sure.

Ms. Friesen: In the whole process of moving people within government departments and on across leases like that, is there any attempt made to give some priority to the downtown area? Does that enter as a factor into the allocation of space?

Mr. Pitura: To answer that question, as deliberately looking at space downtown, I do not know if I would go as far as to say that. But we have certainly taken a look at the downtown area. In fact, many of the government locations have occurred in the downtown area. The two examples I can cite is the co-location of our Environment department and the federal Environment department at the CN Station on Main Street, as well as the co-location of the Western Diversification and the Industry, Trade and Tourism groups in the Cargill Building on Graham. As well, they are looking at some of the other buildings downtown for location of departments. In fact, I think the Department of Health is now giving a look at the old Free Press building as a possible location for Manitoba Health.

With regard to the new development along Main Street from Portage Avenue to Higgins, as well, there is some space that is available there. Certainly, from the standpoint of the provincial government with regard to obtaining space, of course, we try to get first the best value for the taxpayers dollar. Secondly, we will not overlook any opportunity for space that may arise, if it is suitable for our requirements and it is at a good value for our dollar.

Ms. Friesen: The \$10 per square foot at this building on Dublin, could the minister tell me how that—the minister gave me the argument that basically this is a good, low price for Winnipeg. Does the minister have information on differential rates in different parts of the city, say, parts of downtown for example compared to the \$10 per square foot in the, I guess, inner suburb you might call it?

Mr. Pitura: With regard to the space and the relative cost, if you look at space that is located downtown, it can be variable between a level of about \$14 a square foot to as high as \$19 a square foot depending on the location of that space in the downtown area. The building at 1577 Dublin falling into the \$9- to \$10-range is probably because of the length of time we have been in the building. It is a price that has held fairly firm with that. I am guesstimating on this for the member. Prices have increased over time, but that would fall into probably our low level of rental space costs.

Mr. Maloway: Mr. Chairman, can the minister tell us whether there were any advantages to SHL by dealing within its stable of companies that had acted as a reseller for?

Mr. Pitura: I would just advise the member that, no, there was no advantage that we can see that SHL would have dealing with these companies on the vendor proposals. As you know, SHL I do not think has any cross-ownership with these companies that would give them that advantage. They may in fact be retailing their product, but to my knowledge, I do not believe there is any cross-ownership with these companies.

Also, what I would share with the member too is that with regard to the overall contract for desktop management, in fact, IBM was one of the competitors

with SHL to get that business. So I do not think there was any kind of advantage for SHL to deal with some particular vendors in that proposal.

* (1520)

Mr. Maloway: So is the minister then confirming that there are absolutely no inducements, no commissions, no side agreements, no advantages whatsoever to SHL to provide the contract to one of its own in-house resellers—pardon me, it was acting in its capacity as a reseller for these companies?

Mr. Pitura: There is none that we are aware of.

Mr. Maloway: This nebulous criteria that was set up for this event, can the minister confirm that this is a one-time-only criteria, or is this a standard off-the-shelf criteria used in contracts such as this?

Mr. Pitura: I think I would like to spend a little bit of time in discussion with the honourable member. The provincial government goes through many areas of procurement on behalf of the taxpayers of Manitoba and for various government departments. When you are putting together a request for a proposal, whether it be the addition of the maximum security unit at Headingley, the building of a new court house in Brandon, the procurement of computer hardware, or purchase of office furniture—because I think the honourable member would well understand that if it were just to put out a request for a proposal for office furniture, if we did not make a specification or set up the criteria as to whether we wanted a large top desk, a small top desk, wood desks or metal desks, what kind of wood desks and what kind of finish we wanted on a desk, we would probably end up with a product that probably we would end up buying that we did not want.

So through many of these processes, this type of a criteria is put into place; not always the same, but a criteria is put into place whereby the product is able to be evaluated or the vendor is able to be evaluated to some extent. So that we know that on behalf of the taxpayers of Manitoba, when we make a contract to procure whatever, that we are able to have some satisfaction from our standpoint that what we have purchased is, indeed, a product that will last the length of time we want it to last; it will perform the functions

that we want it to perform and if service is required to be able to keep the machine functioning or whatever we are doing, then it would be in place as well. So it is important to put these criteria in place for these RFPs as we go along.

Mr. Maloway: It is hard for me to believe that in the case of Fleet Vehicles, it is decided, I believe, just solely on price that vendor presence and vendor stability does not, in those cases, take up a whopping 25 percent of the criteria, and price only accounts for 15 percent.

Can you imagine if you were looking at buying vehicles and you said, well, we are only going to give 15 percent on price and we are going to put 25 percent on vendor presence, what kind of a reaction that would get from the both the industry and the public? But, once again, that was not the question I was asking. I was asking the minister whether the criteria that was employed here is an off-the-shelf, commonplace criteria or was this specifically devised this time only by SHL and the idea sold to the DMU and approved by the DMU?

Mr. Pitura: I am advised that this evaluating criteria, the way it was established and the way it is put forward is to meet the industry standards that are present out there. So you will see this criteria being used by other corporations, other governments in terms of procurement for computer hardware, would use an evaluation process similar to this for their procurement.

Mr. Maloway: So, the minister is indicating then this is a more or less off-the-shelf, evaluation-type proposal then that was applicable in this case, that this is normal. If I looked more deeply into this, I would find that other jurisdictions would use the same criteria: 15 percent on the price of the product and 25 percent for vendor presence. That is what he seems to be telling me.

Mr. Pitura: The actual breakdown in terms of the percentage might not always be the same for every RFP that is put out. I would just remind the member that looking at product quality and general qualifications of the product versus the weighting given to the actual cost of the asset, once you purchase the asset, if you are going to have a large high ongoing cost of ownership, then you may not want to purchase that asset in

the first place. So purchasing the asset and the ongoing cost of ownership of that asset over time are two very important areas to take a look at, because I think the member would well agree that you do not want to buy hardware that—going back to automobiles as an example, you are not going to buy an automobile that has a very poor track record and ongoing cost. You might get it for a cheap price up front, but the annual cost of operation might far exceed that of any other vehicle. In terms of the economics of the whole deal, are you, in fact, getting the best value for your dollar?

Mr. Maloway: Can the minister confirm that Seanix of Vancouver was in fact the lowest priced bidder in the hardware component?

Mr. Pitura: Mr. Chairman, with regard to trying to answer the honourable member's question, I think that from the standpoint of giving the specifics on the answer, I cannot do that, and I would not like to do that from the standpoint that many of these companies that responded to the RFP are companies that may, in fact, in terms of future RFPs and future business, it is important that some of this information that they have given to us in terms of the RFP is kept confidential. Overall, IBM was chosen for the supplier of hardware, and I would like to reinforce again that the provincial government has a contract with Systemhouse.

Systemhouse, under that contract, is supposed to supply and manage a desktop system environment. Systemhouse has to meet certain performance standards for the provincial government, i.e., we want to be able to address Y2K properly, on time. We also want to be able to transfer data across government through a seamless environment. So our main supplier for services to the provincial government is Systemhouse.

Systemhouse has decided that they will go with IBM hardware. Now, they have made that choice based on the evaluation criteria that is in this book, that I have sent to you over by letter. Once they have done that, then they are saying: we have made the choice of Systemhouse to have IBM hardware because we think and we know and feel that we can supply the kind of service that the provincial government of Manitoba wants to have from Systemhouse, because Systemhouse has got to answer to the provincial government if it does not meet performance standards. So they have to

use their best judgment and their skills to be able to select a supplier of hardware that is going to do the job that they have indicated to the provincial government that they will perform and guarantee.

* (1530)

So I think that the important part of this whole discussion is the fact that our contract is with Systemhouse, and they have to meet certain performance standards for the provincial government for us to be able to get our job done as a corporate policy to get desktop managed environment. If they do that without any downtime or without any major problems, we will be a satisfied customer. If they do not, we will be an unsatisfied customer, and Systemhouse will have to pay or own up to the various areas under the contract they have with the provincial government for non-performance.

Mr. Maloway: Can the minister confirm that IBM, while perhaps not the highest priced equipment supplier, was in fact at the upper end of the pricing component?

Mr. Pitura: Mr. Chairman, I say to the member that I have given you the prices of the IBM workstations at \$1,921 and a Power PC at \$2,929. I think the honourable member has enough knowledge about computers to determine whether that is an exorbitantly high price or a medium price or a very low price.

Mr. Maloway: The minister, while refusing to release the government's contract with SHL, alludes occasionally to performance requirements that are required of SHL by the government. Would the minister now provide me with a copy of the performance requirements that Systemhouse is required to meet?

Mr. Pitura: I am advised at the present time there is a document being prepared that is being put together into a booklet form with the performance criteria that Systemhouse must adhere to with the province. Once that is available I will be glad to share it with the honourable member.

Mr. Maloway: When would the minister be able to provide that booklet?

Mr. Pitura: I am advised that it should be available in two weeks, but, as well, it could be three weeks, two to three weeks.

Mr. Maloway: If we are still in the Legislature at the time still asking questions, then perhaps the minister can just give it to me in person. I would like to ask the minister whether there is any provisions of this contract that allows Systemhouse to make money if it saves the government money in certain areas. The minister is probably familiar with performance incentives and so on that have been given to civil servants over the years, particularly in the last 10 years by different governments, and it has been of interest to me to find out whether Systemhouse has any such requirements and incentives I guess in its contract, and if it saves the government so much money in a certain department, they would get a percentage of it.

Mr. Pitura: No, there are not any incentives in place.

Mr. Maloway: I would like to ask the minister about the financing of this contract in this whole area. I understand the government has some sort of a new SOA, I believe, or something that is similar to an SOA set up to handle the financing. I would like him to provide us with a thorough explanation of how this is working.

Mr. Pitura: Just to advise the member that there is a corporation established to accommodate the requirement for desktop, or our major computer initiatives. The corporation is called the Government Information System Management Organization, and it comes under the responsibility of the Minister of Finance (Mr. Stefanson). I guess what I could suggest for the member is that—we do not believe Finance is through the Estimates process yet—the questions with regard to the flowing of dollars through that corporation might be best done at that time.

* (1540)

Mr. Maloway: Well, I am aware of that information, but I just naturally assumed that you would have that information available to you with your staff. I would like to know when this Government Information System Management Corporation was set up, and who the shareholders are on it, who controls the flow of money here, and how it works.

Mr. Chairperson in the Chair

Mr. Pitura: Other than having the knowledge that it is a corporation established under the Minister of Finance and responsible for the capital dollars that are necessary for desktop to take place, I do not have any further information on the workings of it, and I think you would be best to ask that question of the Minister of Finance. Because from the standpoint of Government Services, our role with the Desktop Management Unit is to ensure that the contract that the provincial government has with Systemhouse is carried out and fulfilled by Systemhouse. Government Services always operates on a cost recovery, so that when with the desktop function coming into place and the allocation of funding through each of the departments, that again has occurred through the Minister of Finance, not through Government Services. We are a service provider within the sole area of Desktop. We are not the financiers.

Mr. Maloway: Well, Mr. Chairman, that may well be. I have to take the minister's word, but it seems very difficult for me to understand that no one at this table would have any information on this SOA that has been set up to manage the flow of the money. It seems difficult to believe that nobody here would know who was in charge of it.

Mr. Pitura: Mr. Chairman, I just wondered if the member might elaborate on his definition of the SOA, because maybe we are on two different paths here with regard to this whole process.

Mr. Maloway: The minister mentioned the name of the government information management group, I believe it is, as the organization that is handling the flow of money. Whether it is an SOA or not, I am not a hundred percent sure. I have been told it was an SOA, but whether it is or not, I just wanted to know some details about it as to who was in charge of it, who set it up, when it was set up, who the board directors are, and just what is happening with it. I just assumed that someone here would know something about it.

Mr. Pitura: No, unfortunately I do not, because, like I said, our main purpose is to ensure that the desktop process took place for Systemhouse.

Mr. Maloway: I would like to ask the minister once again to provide us with the names of the four

individuals who made the selection, the names of the individuals and their qualifications over at SHL? He has already told me that from his shop I believe Dave Primmer was the sole decision maker with regard to this contract. I believe that is what he told me the other day. Perhaps you could confirm that.

Mr. Pitura: Mr. Chairman, we did have contact with Systemhouse and asked for their permission to release the names of the specific individuals involved with the evaluation process. They have responded to us and indicated that they will not release the names of those members on the evaluation team, but they did share what the evaluation team consisted of with regard to the individuals and the responsibilities that they had. One, a person had the expertise in outsourcing, another one in deployment services, product sales and in management. As well, other individuals within SHL were also consulted for specific aspects of the evaluation, and this included individuals with experience in the area of technical services, the technical architecture, the finance administration and vendor management.

Once the evaluation was done, and it was reviewed with senior management, we then approved the recommendations. Systemhouse indicated to us that all evaluators have several years' experience in the business and were highly qualified for the task.

Mr. Maloway: I would be interested to know how many points IBM got for the delivery capabilities part of the evaluation criteria.

Mr. Pitura: We do not have that level of detail. I guess, what I would also like to say to the member is that whenever government does—and in this case the member is referring to IBM which is nongovernment, but, for example, the contract with Systemhouse, the fact remains that the contract in specific detail is kept confidential for reasons being that it takes two parties to consent to releasing the information. If the provincial government was willing to release the information, Systemhouse may decide—and have decided—they do not want to have this shared in the public domain because of the fact that certain aspects of the contract in terms of the competition, in terms of their ability to perform and do things in a certain way which they would specify in the contract, might

compromise their ability to compete. So I hope the honourable member can appreciate that.

So with the point system, what the member is asking me now to do is to share the details of the contract that IBM has with Systemhouse and in terms of how they were selected. I do not have that information. I would very much doubt whether Systemhouse would share that information.

Mr. Maloway: I can fully understand why Systemhouse would not want to provide the information on delivery capabilities, because I was part of the criteria that made up the 25 percent of the points for the contract. I believe, in the original request for tender, one of the requirements was that over 500 systems had to be delivered in a week.

My understanding is that the delivery is I would not say in shambles, but it is certainly behind time. So IBM got a certain amount of points here for its delivery capabilities, and it evidently did not meet its delivery promises. So you can see where or you can probably understand why this particular aspect might rankle some of the unsuccessful bidders, because IBM did not meet the delivery requirements.

* (1550)

Mr. Pitura: Well, the point that the honourable member makes is something that, of course, when one enters into a contract for any vendor to supply a certain commodity, you do so on the basis of going through the evaluation criteria. Having said that, if there are some glitches in the system, and I could probably name or think of a number of instances where even myself as a one time agricultural consultant and losing out to another agricultural consultant, finding out that the other agricultural consultant ran into some difficulties delivering a product, I could have put my hand up and said, aha, I would have done better. But hindsight is a good teacher in this respect, and certainly there may have been some difficulties in making the initial deliveries.

I am advised that the rollout is going along fine. We are expecting to meet our target date of March 31, 1999, for our rollout, so we are on schedule there. So as such, the member says that, because of the way you

used the evaluation criteria, they were supposed to perform in that area and they did not perform and they should not have had them. Well, that goes without saying, that anybody—you could take your best company that has always delivered specifically on time to the hour, and, as soon as you sign a contract with them, something goes wrong and they get late. So there is always that possibility that exists in any contract.

Mr. Maloway: Well, I would like to ask the minister then: was there any penalty for IBM missing its agreed deadline for providing this equipment?

Mr. Pitura: Although I may have indicated that there may have been some problems, I am advised that there was no problem with IBM meeting their delivery dates. The one case that there was a problem was with the power units, and the reason that was delayed was the fact that the government specs on those computers exceeded our requirements in that particular case, but that has all been fixed up now, and everything is back on schedule.

As far as the penalties for IBM if they do not deliver, I presume that is part of the contract that is between SHL and IBM with respect to any penalties that may be invoked as part of IBM not performing up to standards. But other than that I do not think I can comment.

Mr. Maloway: I would like to ask where we are with the rollout currently. I believe, according to the department's plans, it was to have in the neighbourhood of almost 2,400 machines in place by July 1. So how many do we have installed at this point?

Mr. Pitura: I am advised that there are 1,000 units that are installed at the present time, approximately 30 days behind in the desktop rollout schedule. I am also advised that over the summer months this gap will be closed and Systemhouse will be able to catch up on the rollout of the desktop hardware.

One of the things that also occurred too is the fact that initially there were some pilot projects that were picked out within the provincial government for the desktop rollout to begin. That was specifically designed so that we knew what we were doing and knew what to look for with regard to a rollout, what the potential problems could be, and, if there were any

glitches, what they would be. So as a result of that initial pilot, we were able to then take the next step, and that is to go through the rollout in serious fashion. That did cause us to get a bit behind in our rollout schedule. But that schedule should be brought up to date over the summer months, and we should be able to meet our targeted date of March 31, 1999.

Mr. Maloway: Well, then, could the minister explain exactly why it is that we are less than 50 percent of what was targeted at this point? What were the reasons why it is only 50 percent of where it should be?

Mr. Pitura: As a result of running some of the pilot projects, I believe, I do not know, it was two or three departments that we started with, that it did cause some delays to the overall rollout. But if the member is taking a look at strictly percentages, I do not think that is a fair way of evaluating how the rollout is going, because the way that the rollout is geared to take place is building by building with regards to the computers so that everything is put in place. So in effect it may look and appear as though it is 50 percent, but in a couple of weeks that figure can change dramatically if a couple of entire buildings go out on rollout and are hooked up.

So my main concern as Minister of Government Services is that magic date of March 31, 1999, and as we approach closer to that date where all of rollout has to be completed and we are all to be into the managed environment, then I will start to have some concerns. Right now, the ability of the system to perform the rollout, I am confident that it is there. Our Desktop Management Unit, under the able direction of Dave Primmer, is looking after the Desktop Management Unit and ensuring that the rollout does take place, will take place, and will meet the schedule that we are trying to shoot for.

Mr. Maloway: Mr. Chairman, I am trying to understand why it is we are behind. Are we behind because the computers have not showed up, or are we behind because the computers have showed up but the SHL people have not been able to install them, or is it a combination of the two of them?

* (1600)

Mr. Pitura: I think that overall, if one is to put together a proposed schedule of a time line where

certain functions are to be carried out, and if an individual has set his own personal or her own personal time line, it is probably not insurmountable for them to meet those time lines. When you are undertaking a large project, such as the desktop rollout within government, that when you put out the schedule of time lines for all the desktop rollouts to take place, that indeed one can overestimate the amount of time that may be required to, No. 1, run the pilot projects; and two, assimilate the information that was gleaned out of the pilot projects. So you do not know what the outcomes of those pilot projects were. So, in effect, once you know that, then you pretty well have an idea of what your rollout schedule is going to be and you adjust it accordingly.

So it is not a definitive target that says by June 8, 1998, there will be 2,401 computers installed, ready to go, but what it does say is that by March 31, 1999, the entire provincial government will have had desktop rollout and will be under a managed environment. That is what we are going to shoot for because that is the important date that we have to worry about.

Mr. Maloway: I agree that there is a deadline here. I am assuming the pretty strong motivation in this replacement in the first place was the Y2K problem, and so our absolute deadline is January 1, year 2000, or certainly earlier than that in the case of the Motor Vehicle Branch and places like that. But the point is that we are still projected to have 2,329 of these things installed and working by July 1, and right now, we have only a thousand of them. So obviously, something did not go right. Either the equipment is not here, or if it is here, it is not hooked up yet. So which is it?

Mr. Pitura: I am advised that I guess the major issue that is identifying itself in terms of retarding the process—if I might use that expression—is the change-over of the applications themselves into the new environment, and from that standpoint, it is creating more pressure on time. But the member also has to remember that this is June 8, and July 1 is another 23 days. So we do have the work cut out for the Desktop Management Unit, but I think that they will come to the fore and will probably do a lot of catchup during this period of time, because once the application change-over is consistent and it goes through the process several times, it becomes much easier.

Mr. Maloway: Mr. Chairman, that is not my question. The minister has obviously learned quickly by his friends and colleagues in government here, ex-Finance ministers who just refuse to answer questions.

The question was: why are we behind? Is it because the hardware is not here, and if the hardware is here, then is it because it is not installed, or is it installed and not working?

Mr. Pitura: As I tried just a few moments ago to share with the member is that it is not a case of the hardware not being here, it is not a case of the hardware not being installed, and it not a case of the hardware not working, but it is the case of when the hardware is installed and is put on the desk and is set up to go is when we do the changeover in the applications from one database to another database. That is taking more time than was earlier projected. So it is taking a longer period of time to switch over from the old unit to the new unit and utilize the new database. I think the member is well aware that we are using a different software base for all our programs within government. That takes time to switch that over.

Mr. Maloway: So, Mr. Chairman, then the minister is stating the machines that have been here, that the equipment has been delivered on time and is onsite.

Mr. Pitura: The total number of computers are not here, but they are brought in as the rollout is scheduled. So each time there is a scheduled rollout for a particular building that is earmarked, the computers are delivered for that particular building so that we do not have a warehouse full of 5,000 computers sitting there ready to go. They are coming in as the rollout occurs.

Now, the member might say, well, that is not very astute. But I also remind the member, too, that over that period of time, any kind of enhancements to the computers that would occur as a result of new hardware technology would be in those computers, say, at the end of the rollout.

Mr. Maloway: That is, in fact, where I was headed with this. One of the requirements here originally was on the pricing side, the companies were only quoting the first 1,000 systems. So presumably we are beyond that now. You have a thousand units installed, we are

now into a different regime, a different pricing structure. I would like to know whether we could have a copy of that pricing structure.

Mr. Pitura: I am advised that there is a list that is available with the ongoing costs of computers beyond the first 1,000 computers. The price that I shared with the honourable member for a Power PC of \$2,929, I understand, is the price that is being charged now for a computer that far exceeded the requirements that we needed at the outset. So as the time goes by, there could be some changes in the price, but we will share that information with the member.

* (1610)

Mr. Maloway: When will the minister provide us with a copy of the pricing schedule?

Mr. Pitura: I am advised that we should be able to supply the member with the price list for the ongoing purchase of computers within a week.

Mr. Maloway: I will thank the minister when I get a copy of this pricing agreement. I would like to ask the minister where IBM is sourcing this equipment? Where is it coming from? Where is it manufactured? Where is it assembled, and where is it transported from?

Mr. Pitura: I would just like to advise the member that over 95 percent of all work station computer components are manufactured in Asia and the United States. The assembly of the IBM work stations is being done at three locations: Mexico, Japan and North Carolina. But it is not known if I could share with the member or be able to tell the member where the majority of the Manitoba computers are assembled.

Mr. Maloway: Are they being shipped here from Toronto, from a warehouse in Toronto?

Mr. Pitura: I am advised that the computers are shipped to Mississauga and the images are being burnt into the computers at that point. Then they are being shipped to Manitoba.

Mr. Maloway: I would like to know what enhancements, then, are going to be included in this next group. I understand that the first thousand were under the

initial pricing structure, and the second thousand or the second allotment, I do not know if that is a thousand or 500 or what it is, have some enhancements. What are these enhancements and how many machines will they be included on?

Mr. Pitura: I would like to share with my honourable friend that one of the enhancements, as an example, would be the faster speed of the CPU within the machine, and I do not have the numbers, specifics to share with the member, but, when we supply him with the ongoing price list probably at the beginning of next week that we will also show him, indicate on that what the enhancements are.

Mr. Maloway: I would like to know how often this pricing structure changes.

Mr. Pitura: The price list, I guess it would be best to say that it is not static for a definitive period of time. It is related to the products and whether there is a new product coming out, because I think, as my honourable friend knows, this is a revolutionary, changing technology area that we are in with computers. So it is possible over a matter of a couple of weeks to have some major product changes, but, for example, the pricing could change on the base station or it could change on the power unit or it could change on the notebook computers. Each time these change it would change the price list as well.

Mr. Maloway: My understanding is that Dell computers are in, I believe, the top five manufacturers. They would be right up there with IBM in terms of numbers produced and sold. I would think they evidently go through their inventory in, I think, an 11-day cycle. I could be wrong about that, but it is very close to that, so therefore you are looking at price changes with them almost every couple of weeks. I am curious to know how often IBM change their pricing. I mean, IBM has never been known as a low-cost seller of computers, but, still, I would think that they would have to produce a sort of a price change list fairly often. I would like to know what kind of a price change list this is. Is it a common one to all the resellers or just for SHL Manitoba? How does this list work?

Mr. Pitura: I think, as the honourable member so aptly pointed out, the inventory with the one computer

company that he was referring to changes every 11 days, and so you get new products to replace that existing inventory. I guess, in this particular instance, IBM is no different than that company the honourable member was referring to. I would advise that with IBM, at least, one of the three products that they are producing changes on a monthly basis in terms of product upgrade.

Another point I would like to make with the member is that, in effect, we could probably describe the price changes as an incremental cost to the base, based on the fact that they are always going to be enhanced, whether it be enhanced processing ability or some other enhancement in the hardware that allows the system to function more efficiently. So that as long as you are getting a more superior product, you can argue that a slight increase in the amount of dollars that you are going to pay—and, in fact, in some of the cases the product could actually show a slight price decline, but in most cases it does enhance one's ability to operate in that environment.

Mr. Maloway: I guess, what I am trying to get at is whether IBM has a list of price reductions to their suppliers or resellers or whoever they send this thing to—and they have one list that goes to everybody throughout their system—whether they have just a special one for contracts such as this. I want to be assured that we are getting a competitive price for these final computers. IBM really has no major incentive to give us any special deals here. They have a locked-in contract. They can charge whatever they like. So what assurances does the minister have that these so-called price lists that he is getting from them for every 10 or 11 days or a month, or whenever they come in, are not just simply designed for him and sent in, and he has no way of comparing them? How does he know that they are part of their price listing that goes out to the whole country from IBM?

Mr. Pitura: Of course, that is why in the evaluation criteria that cost as an ongoing requirement was given a 20 percent weighting just for that purpose, so that Systemhouse was able to assure itself that IBM was going to continue to supply them a product and not end up at such a point as Systemhouse can no longer afford to utilize their services because of the high costs. So that is why that evaluation is in the criteria.

* (1620)

Mr. Maloway: What I want to know is: how do we know that we are getting the price list that everyone else is getting from IBM? Companies have different divisions. They have the business division and they have the home user division. If there is some price pressure in the home division, they can lower the price of their product for that home division. I would assume you are in sort of an elite position here being with a government contract. I would just like to know what assurances we have that we are getting the best price. Just because they tell you that they are going to charge you a different price for the next 1,000 machines is no assurance that we are getting the lowest possible price from IBM. How do we know that what we are getting are the prices that they would sell to anybody else for?

Mr. Pitura: I am advised that in the contract between Systemhouse and IBM, they are utilizing benchmarking within their contract to ensure that the value of the product that they are purchasing from IBM is consistent with the whole industry, so that there are not some major changes that can take place. I think the honourable member makes a good point of them coming back and saying, well, here is your first 1,000 computers, I am sorry, but your next 1,000 computers are going to be 25 percent more. That is why the benchmarking is put into place to ensure that, like, if it is going to be 25 percent more, then the entire industry has to go up 25 percent in order to justify that kind of a price increase. The benchmarking is put in place to say that, yes, you are going to have a Pentium II machine with—I am not sure if you can get a speed as high as 300 megahertz, but—

An Honourable Member: Four-hundred.

Mr. Pitura: Four-hundred? Well, 400 megahertz, which is probably an advancement, that if there was a price increase on that, it is within the standards of the industry in terms of an acceptable increase. So that is what they have in place.

Mr. Maloway: Now who is in charge of monitoring that to make certain that we are getting the best possible pricing from them?

Mr. Pitura: Mr. Chairman, as I indicated to the honourable member, Systemhouse had some bench-

marking controls in place with whom they deal with. Likewise, the provincial government, in order to protect the provincial government's position in this whole contract, we also got a contract with a company called Compass. They are constantly working on the whole contract as a benchmarking analyst to ensure that we are getting the best value provincially for the dollars that we spend. This is a very high tech field, and with all the changes that are taking place within this industry, we felt that it was necessary to protect the provincial government's interest to have this company in place.

Mr. Maloway: So is the minister saying then a Compass survey will determine what the next thousand machines will sell for?

Mr. Pitura: No, that is not what I am saying. What I am indicating to the honourable member is that this group called Compass is constantly taking a look at the entire performance under the contract, the values of the contract, the pricing of components. Their role is to identify that here is the benchmark—and that is why they are called that—and then any changes off that benchmark, they would identify to the provincial government as something that we should be questioning. If everything is within the benchmark area, then everything is proceeding normally.

So to answer the question about whether they are going to control the costs of the next 1,000 computers, that is of course between Systemhouse and IBM. The benchmarking that Systemhouse has in place to ensure that they are going to get—certainly there may be an increased cost, but there is also an enhancement in the processor. So that is under their purview to carry out and manage. Our responsibility is to ensure that Systemhouse delivers on its contract to the provincial government.

Mr. Maloway: Well, who wins out then if the Compass survey shows that IBM prices are too high? Which do you take? Do you take the contracted prices from IBM, or what good is the Compass survey if IBM does not want to listen to the results of it?

Mr. Pitura: Mr. Chairman, I think the honourable member is aware that the contract for the supplying of IBM computers is between Systemhouse and IBM. If

IBM chooses to increase its prices inordinately on the next 1,000 computers and Systemhouse says, hey, you know, that is way too high according to what the industry is doing, that is an issue for Systemhouse and IBM to work out. Systemhouse still has to provide the provincial government with hardware. If they decide under their own authority that IBM can no longer deliver that service, or should not, then it is up to Systemhouse to make that change. We expect the hardware to be rolled out, ready to go March 31, 1999. That is what we are after. Systemhouse, I suppose if they had to, they could switch. But it is within their domain to be able to monitor the prices of their suppliers that are giving them the product.

Mr. Maloway: So is the minister saying that Systemhouse can, mid-term in this contract, decide to switch from IBM equipment over to some other manufacturer's equipment?

* (1630)

Mr. Pitura: Just to clarify that for the member, I think this is a 66-month contract that the provincial government has with Systemhouse. I am sure that Systemhouse has turned around and issued a 66-month contract for the rollout of hardware. What I am saying to the member is that if there was a breach of contract, I guess, that those two corporations had between them, then certainly there must be something in their contract which allows either one to give notice. In the provincial government, we always do the same thing as well with the contracts, there is a clause for lack of service or lack of performance that the contract can be altered.

Mr. David Faurischou, Acting Chairperson, in the Chair

Mr. Maloway: Has the minister actually got a copy of the hardware contract, and has he read it over?

Mr. Pitura: No, I have not.

Mr. Maloway: Has not what? Has not got a copy or has not read it?

Mr. Pitura: No, I do not have a copy; and, no, I have not read it.

Mr. Maloway: Then dealing with the agreement between SHL and the government, does the minister have a copy of that agreement and has he read it?

Mr. Pitura: I was trying to determine whether I had actually received a copy of the contract, but I am advised that I did not receive an actual copy of the contract. I have gone through a briefing session on it. As it is very complex contract and highly technical, I did not receive a copy of it.

Mr. Maloway: The minister refused the other day to provide us a copy of the contract. What I would like to know, though, is there any potential for him to sift through it and give us some details that are not of a proprietary nature, that we could have a sort of a summary of the contract, so that we could get a better handle on some of the provisions of the contract, the penalties, the incentives and stuff like that?

Mr. Pitura: The specifics of what my honourable friend is asking for, it would take a great deal of time on the part of staff to go through the contract and pull out the details that the member is looking for that are not of a "proprietary" nature. What I will share with the member is, and if he has got his pen out, the total costs—and I know that the member has had some difficulty just getting this total cost for this contract straightened out, but the total cost to Systemhouse that we are looking at is about roughly \$125 million for the total contract. Pardon me—[interjection] No, it is \$124.5 million, the cost of the total project for the desktop management area and that includes installing a wide area network and it includes salaries and expenses for the Desktop Management Unit. Gosh, they are getting paid a lot, but anyway, \$143 million here for the cost of the total project.

Now here is where we get into these other little semantics here. Within the provincial government this year, if nothing else had happened, \$15 million would have been spent by the provincial government for each department to go their own information technology route. Over the cost of the next five and a half years, it is estimated that as we get closer to the Y2K that of course a lot of departments would have been scrambling to get themselves prepared for Y2K, so the annual costs would have come up.

So we estimated that the annual average cost over the 66 months, per year, would have been about \$17.5 million, per year, the departments would have spent anyway. So if we take that and multiply that over five and a half years, that approximately comes out to \$96 million that we would have spent had we done nothing, absolutely nothing, but go the course that we are on now or prior to the desktop. If we take a look at the total cost of 124.5 that we have agreed to with Systemhouse, we are looking at a difference or the incremental costs of approximately \$30 million to the government over the 66-month period. So that is what we are saying in terms of the incremental cost.

Now for the member's benefit, we have some one-time costs, and we have some ongoing costs with desktop management. If we are going to take a look at the one-time costs, we have estimated that approximately \$30 million would be used to do the desktop base and infrastructure capital of the capital purchase of 7,000 desktop work stations, switches, printers and initial base fee, okay?

Then we go into the transition service costs, and that includes labour costs, planning, design and implementation of technology infrastructure required to transition to the managed environment. We have an interim transition, and then we go into the managed environment. That is roughly \$9.9 million or the round number is \$10 million.

Then we have the interim services costs that we need: deskside support staff, we need help desk assistants; interim on-site support staff required, as well, in the first two fiscal years of the contract. That is estimated at about \$5.7 million. So the total for that is about \$45.7 million for one-time costs. If we go into ongoing costs, now we are taking a look at the managed environment costs which is the ability to have Systemhouse manage the total environment within the government. That is the major cost of the package with them, and that is \$59 million.

If we go into the contract and project management, the annual base fee for the contract and project administration is about \$5.6 million. Then we go into the e-mail training software, the per-seat charges to departments for the software suite as well as setting them up with e-mail, and then going through the

training process for staff is set at \$14.2 million. You add up all those numbers and you come up to \$124.5 million which is the total cost paid to Systemhouse.

* (1640)

In case of the \$143 million, the \$13 million is the per-seat charge for government to access the provincial data network. Then there is also the charges for the Desktop Management Unit which is a critical unit, I think, within this whole environment, because there are provincial information technology specialists who are going to ensure looking after our interests as provincial government and taxpayers of Manitoba that we are getting good value from our contract with Systemhouse. So, in a nutshell, that is the kind of costs that I am sharing with the member in terms of the total project costs. That is over the 66-month period of the contract.

Mr. Maloway: The minister previously indicated that the contract was quite involved and complicated. I would like to know who is policing the contract from his side of things?

Mr. Pitura: In terms of looking after the contract from the provincial perspective, it is the Desktop Management Unit.

Mr. Maloway: I would like to ask about the pricing and sourcing on the printers and the servers and the routers and all this other hardware that he has got over there. I am making the assumption here that this equipment will have to be replaced or that some of it is phased in over time. I am wondering about how the pricing structure is set up there. Did they do the same thing with IBM, that is, buy the first quantity at a certain price, and then contract to buy future machines at different pricing structures?

Mr. Pitura: With respect to the question that the member asked getting into some very specific details here, with the servers, I am told that is a part of the per-seat fee that was charged from SHL so that the servers are worked into that per-seat fee. The printers were purchased by Systemhouse at the same time the rest of the hardware was purchased under that proposal time. I am not sure if it is on the same RFP, but it was at the same in terms of purchasing the printers, and that went to Hewlett-Packard as part of that purchase.

If you are looking at hubs and switches, there is a price for each logical unit which would be that here is your building, it is vertical or it is horizontal, and, of course, it takes a different configuration of hubs and switches for each one. So each logical unit is bid on individually in terms of cost.

Mr. Maloway: I would like to ask the minister why in the original request for tender the bids had to be f.o.b. Mississauga, which I saw at the time as certainly a detriment to any Manitoba companies wishing to bid on this contract, because they would be at a competitive disadvantage. They would have to add on the cost of transporting the equipment to Toronto and then back again or, at least, one way. I would like to know what was the thinking involved in coming up with that provision that it be f.o.b. Mississauga in the original bidding process?

Mr. Pitura: The member asked about the prices being f.o.b.'d out of Mississauga. The reason they were f.o.b.'d to Mississauga is because of the fact that Systemhouse had a state-of-the-art facility there that it was more efficient for them to do the burning into the images on the computers at that plant. However, I am advised that had the successful bidder been, say a successful bidder was in Manitoba, it would have been possible for Systemhouse to in fact do some of the temporary image burning here if necessary. But, their comment with respect to the f.o.b.ing out in Mississauga was that there were companies that were willing to participate in the RFP and f.o.b.ing to Mississauga. They did not see that as a disadvantage.

Mr. Maloway: Well, it certainly was a disadvantage because a Manitoba company looking at trying to secure this contract and looking at the first thing that would step out at you would be the fact that you would have to "f.o.b. Mississauga" and that automatically would add to your costs on the contract. If you are in Toronto already, I mean you do not have any transportation costs on that. If you are in Winnipeg, it is a Manitoba contract here, so I guess the expectation was that it would be quoting f.o.b. Winnipeg, I would guess. But as soon as they see f.o.b. Mississauga, they knew their geese were cooked. There were no illusions about this at all. This was an attempt to cut out the local suppliers, cut them right out of the market, and it was about as transparent as you could get.

Regardless of what the Minister of Finance (Mr. Stefanson) indicated in his nice press releases on that, this was something that stood right out. When the local people here looked at that, they saw that as a disadvantage to them, and they could see the writing on the wall from the beginning. This was given to me by more than one of the bidders at the time.

Mr. Pitura: For the member's benefit, that of the 11 vendor proposals that came back, there were only three that were east of Winnipeg, so if the member is saying definitely that Lexmark Canada and that TTX Canada, Mississauga, and Toshiba Canada, Ottawa, had a distinct advantage over anybody in Winnipeg, then I guess what happened here was that obviously they were not able to compete against those three eastern companies. I say that a bit facetiously because the computers that actually ended up being purchased were being assembled in Mexico, Japan and North Carolina, and I do not think the freight from Winnipeg to Toronto is any more or less than it is from Mexico to Mississauga. With regard to the freight with the RFP, when the proposal went out, f.o.b.'ing the merchandise to Mississauga was, I do not think, a major cost factor in whether a company got the contract or not.

* (1650)

Mr. Maloway: Well, certainly appearances here probably have some degree of importance. I think that a combination of the fact that it was f.o.b. Mississauga for the Manitoba government that they had to file their bids with that in mind certainly had something to do with it, the belief that it was biased against them. I think the requirement for bonding basically cut little guys out of the system.

The federal government evidently—and I am not that familiar with their arrangements for this, but I understand that they have a system that is fairly neutral, and it allows the little guys to compete with the big guys on a reasonably even playing field. This is what I am told, that no company in Manitoba shrinks away from federal government contracting because they know they can put in their bid and it is for their own little piece of the world that they are quoting, and they get due consideration as a little company, a little supplier, with the big guys. I do not know why the government could not have adopted a similar situation.

If it works for the federal government, which is a heck of a lot bigger than the Manitoba government, if it works for them and if it keeps these suppliers happy, then why would you not simply copy the system that is already working?

It has standards, it is a system that these little guys are reasonably happy with, so you come up with a system here that makes these little guys quote f.o.b. Toronto, you come up with a system that essentially eliminates any local participation because of your bonding requirements, you have performance bonding requirements for the amount of the contract.

I think there is only maybe one Manitoba producer of these computers that could, in fact, even get the bonding requirements, so the people got their RFPs and looked at them and threw them in the garbage because they knew. Why would they spend hundreds of hours working on a proposal when they know that they do not have a hope? They know that this thing is biased against them, and that there is no possible way they can compete because they cannot get the bonding requirements they have to “shipping this equipment to Toronto,” so, in fact, local participation was basically cut out of the process.

Now, they were kept quiet, and they were kept quiet because they were told by SHL that if they behaved themselves they would get a piece of the pie along the line somewhere, that they would be given consideration for a little bit of equipment here and a little bit of equipment there, and I guess that is what has been happening. There have been some consolation prizes given away here to keep peace in the community.

There are some pretty upset people out there for the way this thing was handled, but they are not prepared to make complaints public for fear of retribution by this government and its emissaries because they have to do business in Manitoba in the future. By complaining, they know that all that will happen to them is that they will be penalized even further. So you are not going to have a lot of people complaining. I mean, you can buy them off with little contracts here and little contracts there, but that does not deny the basic assumption at the beginning that these people were treated unfairly, that there was no intention here whatsoever in giving Manitoba companies a fair shot at this contract. Let us

not kid ourselves; there was no pretense here whatsoever.

The fact that you could keep them quiet as long as you did was surprising enough, because it was pretty clear that they were not going to get it. But some of them thought, I guess, maybe there was some fairness in it they could not see. They would go and fill out their applications and send it in, but at the end of the day I guess there was no real surprise even among those people.

So I do not have a lot of sympathy for the way this whole proposal has been handled thus far, as far as the local producers are concerned. I think you could have done it better by following a different approach than you did. Now having said that, you have already decided, you have made your decisions, and so we are collectively having to make the best of it and it is not that it will not work out; it may, in fact, work out in the long run.

I would like to also ask some questions about—I think I asked before about firewalls and so on. Could you give us a bit of an update as to what is happening in that whole area of this proposal?

Mr. Pitura: I would first like to respond to the comments that were made by my honourable friend about Manitoba companies not having a fair shake at the contract to supply computers. I guess what I would like to do is to take him to task on this because a performance bond is posted, and it is done with every government contract that there is a performance bond posted. That is simply, for my honourable friend's information, to protect ultimately the taxpayer of Manitoba from having a contract breach take place and substantially the potential to lose millions of tax dollars.

So putting a performance bond in place is not anything that is new. It is not unprecedented in its level, and in fact I am advised that the performance bond in this particular case was 50 percent of the value of the contract, not 100 percent as some contracts are. So there was a difference with regard to the performance bond with regard to the computer contract.

I would also like to suggest to the member that if he is saying and suggesting here today that Manitoba

companies should have the performance bond waived and other companies have to have their performance bond, then I would have to take exception to that as well, because we have worked arduously across this country to try to break down trade barriers between provinces. It has taken decades to arrive at the point where we are today with the agreement on internal trade. We are by no means at a point where we can say that we have free trade in Canada; we do not. We probably have freer trade between Canada and the U.S. than we have between provinces. To have given Manitoba companies a distinct advantage by not having to post a performance bond, there would have been cries of foul right across the country. Yes, there would. There has to be some sort of realm of fairness to the whole system so that whether you are a company in Manitoba, or whether you are a company in the Northwest Territories or on P.E.I. or in Vancouver Island, the contract posted by Systemhouse with regard to the supplying of hardware was fair and equal to everybody to bid on this contract, and everybody knew that they had to post a 50 percent performance bond.

* (1700)

If a company is going to bid on a contract and says, well, we cannot afford to post a performance bond, then I have to ask myself can we afford to do business with this company because we may have to take over the management in order to get the company to be able to handle its cashflow. So I think that having the performance bond there, it levels out the playing field for everybody involved and everybody gets a chance to bid fairly on the project.

Whether the computers were f.o.b.'d to Mississauga, I say that, again, it is not a relevant point of contention because everybody who was quoting on computers had to f.o.b. them to Mississauga. Now if you can send computers from Mexico to Mississauga as cheaply as you can from Winnipeg to Mississauga, then I would have to say that there is probably something wrong with our transportation system here in Canada, that it is overpriced, but I do not think that that is there, it is competitive.

Now, the RFP went out on the MERX system, the electronic bidding system, so that anybody that was signed up for the on-line system could bid on the

contract proposal that was put out. So I will reiterate again and again that the way that the operation was done was consistent with the way government has done all of its contracts with regard to the performance bonds, with regard to the way that the contact was done, so there is very much a consistency.

Mr. Chairperson in the Chair

It was not, and I repeat not, an attempt to eliminate Manitoba companies from the process. Manitoba companies should be, I guess, from the standpoint of having that ability to respond. I would point out to the member that there was one, two, three, four, five—five companies that did respond from Winnipeg to that RFP. So the situation is such that, I think, the system has been reasonable or is fair in the whole process.

The member asked about firewalls. Of course, firewalls are an important part of the desktop management rollout, and firewalls are being put into place in those areas where the information is of a sensitive nature, so this is being done. I think the member might recall when we were together going through the Manitoba operation centre at Systemhouse that in terms of the security of data, once the data was in the managed environment that there would be a strict adherence to all the privacy legislation that has been put into place because that is governing the security of information. In fact, there is a firewall between the Province of Manitoba and SHL, so there is even that kind of protection in place. So the security of data should actually be enhanced as to what it is now if there is sensitive data that has to be secured.

Mr. Maloway: Mr. Chairman, how many firewalls does the government have?

Mr. Pitura: Mr. Chairman, I am advised that there are three firewalls in place right now, and that includes the one between SHL and the provincial government, and as the logical units go through the desktop rollout, more firewalls will be put into place as each one of these logical units comes on stream.

Mr. Maloway: What are the costs of these firewalls, and how many does he plan to have at the end of the day?

Mr. Pitura: I am advised that there is really not a standard cost that you can put onto a firewall per se. The general rule of thumb is that they come somewhere between \$10,000 and \$20,000 per firewall depending on what kind of configuration is needed for the firewall. In terms of the total number, the total number that we will have in place is the total number that we will require. It may sound like a very simplistic answer, but basically to say that we are going to have 10 firewalls in place when we need 15 is not the right answer. So if we need 15, we will have 15; if we need 20, there will be 20, because the security of the data is paramount to the whole process. If we get down the road and start doing a logical unit and there is a definitive need for a firewall, then one will be put in, even though you may not have anticipated having one at the beginning.

Mr. Maloway: I would like to know what sort of provisions and controls there will be on Internet use in this environment.

Mr. Pitura: I am advised that the access to the Internet for the provincial government will be determined by each department in terms of how they want Internet or if they want Internet, and the control of the Internet will be up to each department. The chief information officer will have the responsibility of putting together the industry-wide standards for government with regard to use of the Internet. Once that is established, then each department can determine whether it wants Internet or has a use for Internet and then a degree of control of that Internet use.

* (1710)

Mr. Maloway: Well, how much use is being made of the Internet at the current time then under the old system?

Mr. Pitura: I am advised that right now it would be very difficult to determine actual usage of Internet government-wide. We would have to do a survey department by department to see what their usage is with regard to the Internet. But we do know that I guess the ability to use the e-mail system is probably as important as, or probably more important than, access to the Internet.

Mr. Maloway: How many Internet connections exist at the current time then in the government?

Mr. Pitura: I am told that there are about roughly 900 Internet connections.

Mr. Maloway: Is there any monitoring going on of the Internet's connections that we have at the existing time to see what people are using the Internet for and what sites they are visiting?

Mr. Pitura: Mr. Chairman, I am advised that there is no centralized monitoring on the Internet services right now. That would be up to each individual department to determine whether they are going to monitor the Internet usage in their department, but there are difficulties I guess that arise as well. That is why the importance of having the chief information officer establish industry-wide standards for the use of Internet, so that it is not basically up to each department to establish how the Internet is to be used in their department. It is just a case of using it and using it efficiently for the purposes that it was intended. The simple answer, I guess, is that there is really no way to have that control right now, but there probably will be in the future.

Mr. Maloway: So is the minister saying then that of the 900 Internet sites that the government is currently subscribing to, or paying for, that it has no system or software on? I understand there is software available that tracks the sites that people visit to make certain that they are doing things that are associated with their work. There have been problems in other jurisdictions with employees going into the naughty websites and other activities, and the minister is saying that he has no idea what could be going on here with these 900 sites.

Mr. Pitura: The monitoring that is happening right now is at the departmental level, and therefore it would be up to the individual department to determine how much monitoring it wants to do.

Mr. Maloway: I guess what I am asking is: is there any usage made of the programs that are currently available? I do not recall the names of the programs, but there are programs that you can buy that simply do that. They track the visitations to the different websites. I mean, these programs are out there, they are common place. You can buy a program and install it. I would have just made the assumption that it would be just standard practice, given what has been happening

in other jurisdictions with the use of the Internet and all the potential abuses that can occur with it.

Mr. Pitura: The present way that Internet has been set up throughout most of the provincial government is that in a small office environment with a couple of computers that are logging on to a centralized source of data through a modem—with an individual modem, of course, it is very difficult to monitor that type of usage of the Internet. I would just like to go back a ways too, because the member is kind of surprised that there is no way of monitoring the use of the Internet, but I think in terms of the evolution of technology with inter-provincial government, as well over the years that as computer technology changed—I can well recall in the agricultural office in Morris when I was there and the Manitoba Agricultural Credit Corporation was going on-line for computer data services, at that time I would dare say that the use of Internet was probably minimal.

Today that same computer, with the availability of Internet so widely available and so widely promoted, that type of computer would have the ability to access the Internet. I guess what I am saying is that because of the evolution, and I hope that the member will appreciate this, is that is one of the major reasons we have going to a desktop managed environment, because we have reached that point where we need to have consistency and standards established across the entire provincial government corporate community, so that we have this ability. In the future I can certainly see that the ability to monitor the use of the Internet will likely be there as a result of going to the desktop-managed environment. Whether, in terms of the standards, how it is used, how it controls and so on, those are still issues that would have to be addressed, and I am presuming they will be addressed by our chief information officer.

* (1720)

Mr. Maloway: Of the thousand units that are currently hooked up and running under this new system, are there any procedures in place there to track the Internet usage?

Mr. Pitura: As the rollout takes place, and I am not sure I am going to be able to answer the member's question specifically, it would be converting the

individual modems over to the servers, I guess. I am not sure if I have the technological term right. So in terms of access to the Internet, it would be done in large groups having access to the Internet on a constant basis. The ability then to control takes place at that point, I am also told. But then that also leads to the broad policy discussions with regard to what kinds of controls should be put into place with regard to the use of the Net, if any.

I think that there is certainly an argument to be made that, when you are operating the Internet within the domain of the workplace, perhaps the company or the management has control as to what you use the Internet for, but I am not so sure that is the right way to go, because it opens up an area of one's individual rights and freedoms. It could be. I am just saying that this as a hypothetical thing now. Anyway, the ability to control it will be there in the future.

Mr. Maloway: Is the minister then saying that of the 900 sites that the government is currently paying for, has been paying for for the last two, three years or longer, there are absolutely no controls in place on the usage of the Internet and its sites?

Mr. Pitura: In response to the member's question, there are and can be controls, but it is not centralized. It is up to the individual department right now to exercise those controls if they wish to.

Mr. Maloway: Is there any written policy in place in this department with regard to Internet use?

Mr. Pitura: I am advised that there is a policy that is in place within the provincial government with regard to the use of the Internet, and, basically, it is very simplistic. It says that time spent on the Internet should be spent for purposes of government and not for personal use. It is very simplistic, unless I misunderstood that we have a policy or it is just an understanding. It is a general policy. I am told that it applies to all government departments right now.

Mr. Maloway: Is it a written policy, and can I have a copy of it?

Mr. Pitura: I believe there is a written policy, although we are not positive on this. We assume there

is one. If there is one available, it should be available through the office of the Information Technology, and we will endeavour to find out if there is a policy of that nature, and we will gladly supply it to the member.

Mr. Maloway: Have there been any reported incidents of abuse as far as the Internet connections are concerned over the last period of time?

Mr. Pitura: I have to say that, basically, if there has been, we are certainly not aware of it, but there have been no events reported, to our knowledge, today.

Mr. Maloway: Does the minister have any idea of the amount of time that might be lost to personal use of the Internet connection?

Mr. Pitura: Again, I would have to say to the honourable member that we are talking hypothetical time use here, and we just do not have that ability to put a handle on it, on that number.

Mr. Maloway: Well, then, what plans does the minister have, given this new environment, to examine and track this whole area? Surely there is something afoot with the 7,000 new computers and the ability to track the use of the Internet. Surely there is something going on in this area. I would like to know what is going on.

Mr. Pitura: As the Desktop Management Unit is being rolled out, the technical capability or the technical ability to monitor Internet usage is certainly going to be in place. Now, what happens is, through the office of the chief information officer, that the global standards can be established for government through the use of the Internet. So the development of a concise, elaborate policy for the use of Internet within the provincial government is therefore possible. It is also possible to monitor it, and I guess it would be possible to enforce it once a policy is written up.

* (1730)

Mr. Maloway: So when is the minister going to do this? When is he going to develop this policy? You have a thousand units already in the field operating.

When is he planning to develop this standard, when will it be developed, and when can we have a copy of it?

Mr. Pitura: I would clarify for the honourable member that the chief information officer is going to be developing the global standards for use of the Internet in the provincial government. The chief information officer is under the purview of the Minister of Finance, and, as such, that is where that direction will come from.

Mr. Maloway: Is SHL planning to do any monitoring of the Internet usage?

Mr. Pitura: No, they are not.

Mr. Maloway: An area that this kind of leads into is the whole area of cookies, and I wonder if the minister has done any studies in this area and has determined that there is any sort of emerging problem in the area with regard to cookies.

Mr. Pitura: At first when the honourable member asked that question, he made me hungry, but, with regard to, I guess it is a program called cookies—[interjection] No. We do have the technical specialists that are familiar with that area of security, and they are looking at it in terms of—and I am not sure in terms of how the security that we are getting or not getting as a result of cookies.

Mr. Maloway: I would like to know just what sort of studies or what sort of work has been done by the department in this whole area.

Mr. Pitura: I have indicated to the member we had the technical resources in place, and they are taking a look at this whole area. We will probably make some recommendations to the chief information officer as to how to handle it, I think, or to David—one of the two.

Mr. Maloway: Based on that response, though, I am just not sure how big a problem it is at this point in time.

Mr. Pitura: That is why, with regard to this whole area of desktop, we have to leave it up to the people that are in the know and technologically competent in

that area. When you get into this other area, again, I guess that the argument can be said that that is why we have the technical expertise to take a look at this, to give us some recommendations.

Mr. Maloway: Well, Mr. Chairman, I mean, your technical expertise is not taking you anywhere. You have all these Internet sites hooked up right now for several years. You have no monitoring system. You do not know what is going on in there. In other jurisdictions, and I think it was B.C. a couple of years ago, there were uncovered cases of employees into all sorts of sites that they should not be into and all sorts of usage of the Internet. If you are dealing with supposedly confidential and private information here, then I guess it is something that should have been addressed by now, you would think, in the department over the years. I mean, computers and the Internet have been around a long time, so why do not we have some more information about these subjects?

Mr. Pitura: I think, in response to the member's question, that is one of the reasons why, and I explained this a little while ago, in the involvement of computers within the provincial government going from 8086s to Pentium, Pentium IIs and so on, and everything that has happened in between, that building us a managed environment is exactly the way to deal with this type of an issue. I think that the sooner we can get there, to that point, we can then be able to address the issues and have some kind of control on it.

Mr. David Faurshou, Acting Chairperson, in the Chair

Mr. Maloway: I will take it that, if I can read between the lines there, whatever areas we are missing policies in right now with regard to use of the Internet and the whole question of cookies and so on, the matter will be addressed as quickly as possible and the minister will get back to me or keep me informed with what is happening in those areas. All right, so that I will not have to wait till next year to start asking the same questions again.

Mr. Pitura: I think the honourable member knows that I have attempted to keep him informed with regard to the technological changeover here in the provincial government. As such, with regard to the changing

developments in the cookies department, then we will keep you apprised of the changes that take place. With regard to the security and firewalls, we will keep the member apprised as much as we possibly can. I just realized that the member must also take the opportunity to ask when he would like to get information as well.

* (1740)

Mr. Maloway: On a couple of the other departmental Estimates that I attended, the issue of how many computers in the department came up. In two of them—I think it was Education, I think it was Consumer Affairs—the numbers were at variance with the numbers that I have here for the department. For example, in Consumer and Corporate Affairs, the department is supposed to have 178 machines. The minister, when I asked him how many he was going to have, thought there were 148, which meant that we were 30 short. He did not know where those 30 were. He assured me that he did not have them, but we were unable to determine just why he would think he is going to have 148 and we think he is going to have 178.

The problem also occurred in Education, too, and it is the numbers. I do not have it here, but we think they are going to have 747. They think they are going to have a different number. I am just wondering why that variance. In the two departments that we checked so far, there has been a variance.

Mr. Pitura: Mr. Chairman, to try to help the honourable member out here with these numbers, firstly, I believe the numbers that the honourable member has may be outdated by now. I am told that the data compiled for those numbers was compiled about 18 months ago, so that was the original estimate of the rollout with regard to computers. Then you take a look at the so-called discrepancies that you are getting between Consumer and Corporate Affairs with them indicating 178 on your data and in Estimates getting 148. It may well be that at the time when the estimate was given that they estimated the numbers of the computers in the Leg Assembly, and then Leg Assembly was deemed to be out of scope, so that would have resulted in the reduction of computers.

To explain that data there with Education, it could have been a reassessment of their needs, redefining

their needs. You have to recall that if we are moving Education into 1577 Dublin and out of 1181 Portage and out of Taylor Avenue, the configuration and needs for computers can change as a result of the move, because instead of an individual work station, you could end up at a shared work station depending on how the use of that work station is done. So that may help you with some explanation as to the variance of the numbers.

Mr. Maloway: I would like to thank the minister for providing me with 18-month-old information here. I wonder if he could give me an update on where we are now with this in terms of the numbers. This information was just given to me a couple—well, a month ago maybe, maybe two months ago, but not long ago.

Mr. Pitura: Mr. Chairman, with regard to that, we will attempt to keep the member updated on it with the new numbers. I indicated earlier that sometimes the member has to ask as well as my coming forward with the information. But as the rollout takes place, fairly accurate numbers are then available with regard to each logical unit as it rolls out. One of the things, of course, is the numbers of units that are estimated in the rollout, when it comes time to do the actual rollout, those should be very hard numbers. Prior to the rollout taking place and you get the estimated number of units being used by that particular department, once they reassess or do the assessment of their needs, they may in fact change that just by having a better understanding of how the new system is going to work and how they can utilize it.

Mr. Maloway: I wonder when I could expect to receive an updated copy of this list.

Mr. Pitura: I am not trying to be facetious, Mr. Chairman, but I think we can have that information for the member probably within about a week.

Mr. Maloway: I would like to ask the minister about any work that has been done in the area of wireless equipment and so on that is becoming quite prevalent these days, whether there is any component to the whole scheme of things here involving wireless equipment.

Mr. Pitura: I am advised that the provincial government has looked at wireless data communication but at the present time are not doing anything with it.

Mr. Maloway: It is my understanding that the Legislative Assembly itself was looking at some wireless equipment as relates to the notebook-type computers and hooking up in a wireless way to outside the Chamber.

Mr. Pitura: The Legislative Assembly is out of scope for the desktop management system, so that would have to be something that the Legislative Assembly Management Commission would address in terms of the ability to do that.

Mr. Maloway: So in terms of what we are talking about here, the 7,000 computers, there is no provisions at this point for any type of wireless equipment, and also this relates to—and I have asked this before about the voice recognition software and so on, which you see is pretty prevalent these days with Dragon Systems. As a matter of fact, IBM has its Via Voice. You know, we talked earlier about the judges, I believe in Saskatchewan and Manitoba, getting on the bandwagon here and getting into some voice recognition. It just seemed to me that it was a logical thing to be looking at because of all of the possible litigation regarding the repetitive stress injuries that people are getting. The voice recognition just makes sense to have if you are dealing with letter writing, which is what a lot of government work is involved with. The price and quality of the voice recognition software is reaching the point now where it is becoming quite attractive. You go into Future Shop and Costco, side by side, they have the Via Voice and the Dragon Systems software.

Mr. Pitura: Mr. Chairman, I would like to advise my honourable friend that we are trying out five voice recognition machines right now in the judges' chambers at the Law Courts. The intent is to possibly move that number up to 15 in terms of utilization. I guess what I am saying to the member is that if voice recognition software appears to be able to do the job for the judges in their chambers, then I think it would be just a matter of time before we adopted it throughout the provincial government, because I think as the member said, the types of repetitive injuries that are occurring from keyboard stroking is something that we have to

certainly pay attention to. We have to wait and see what the evaluation is of this software and if it is satisfactory. Then I think we will probably take a look at the next step or else try out some other software.

* (1750)

Mr. Chairperson in the Chair

Mr. Maloway: Mr. Chairman, I would like to ask the minister a question regarding the Y2K problems. I understand the Y2K committee had an updated report that was to come out, oh, I think maybe a month ago now. There again, I was promised a copy of it, and I have yet to see it. I mean, this has been 10 years of this government doing these kinds of things. You know, you ask them a question and you check your records, years later they still do not respond. It is terrible. You keep getting promises of responses for this, responses for that, and then nothing shows up. So this latest report on the update of the Y2K was out, like I say, about—my guess is about a month ago. I still do not have it. I would like to know where it is and who has it. Can the minister update us as to what the status is of the latest Y2K report?

Mr. Pitura: Again, I guess in response to the honourable member's question, the Y2K is something that is being, the committee on it, is being chaired by the chief information officer and, of course, again I would reiterate that the chief information officer is with the Department of Finance and as such I think that the honourable member might best address his questions in the Finance committee when it is going through the Estimates process.

Mr. Maloway: Does the minister have a copy then of the latest updated Y2K report?

Mr. Pitura: I know that I personally have not seen the report, but, in discussion with staff, they have indicated that there might be a report forthcoming, but I am not sure where it is at, and that again, I think, would be best asked of the Minister of Finance.

Mr. Maloway: I do not understand why the Minister of Finance's department would have active Y2K activities and yet not tell the minister in charge of the whole government computer program. I do not know

why he would not have copies of this, at least maybe not the latest report, but have some older reports on Y2K.

Since we will be probably back at this Wednesday afternoon, in the intervening period could the minister use his good offices to pry a copy of that report out of the Finance department and maybe bring it to the committee hearings on Wednesday?

Mr. Pitura: With regard to the Y2K, yes, our department has a responsibility for the desktop management and the rollout of the desktop management and the managed environment. Certainly Y2K is a very important aspect, and one of the major reasons or part of the reason for going to a managed desktop environment, once the chief information officer, who chairs the Y2K committee, of which there is a multidepartmental input into that, once the areas of that committee are identified, I am sure that they work in close concert with the Desktop Management Unit to indicate what direction they want to head with the Y2K, the issues are placed on the table, and then the Desktop Management Unit would look into getting them put into place.

I am just advised that there may be a report coming out. I am not sure where the member has got his information, that there is a report out now, so I cannot get him a report that does not exist.

Mr. Maloway: I think if he checks with the Y2K people there, he will find there is a report and it probably is available. It was going to be out in a week when I last talked to them, which was a good month ago.

I would like to ask him whether he has met with Mr. Desfosses from the SOS-2000 committee. It is Minister Manley's initiative out of Ottawa, and he was in town, oh, once again, two or three weeks ago. I met with him and other people met with him as well, and I wondered if the minister had met with him to get an update as to what is happening with the year 2000 question as far as the task force is concerned.

Mr. Pitura: As far as the Desktop Management Unit is concerned and the rollout of desktop, no connection or no communication has taken place between the

federal government and the provincial government for the year 2000, but I am advised that the Y2K provincial committee has probably had some communication with the federal Year 2000 committee. From that standpoint they may indeed have met, but we are not aware of it. We certainly have not met with him at the desktop management level.

Mr. Maloway: Well, could the minister give us an update, then, as to what is happening regarding the Y2K issues and also deal with the whole area of the imbedded chips as it relates to the provincial government at this time?

Mr. Pitura: Again, I wish to advise the honourable member that this whole area of Y2K is within the realm of the chief information officer, who is charged with the responsibility of addressing all the issues with Y2K, including the imbedded chips that the member brings up as an issue. I think that again the question can best be put when the Department of Finance goes through the Estimates process.

Mr. Maloway: Well, Mr. Chairman, that is just more buck passing here. You know, we have people here that are working at the technological leading edge trying to solve problems of this government and in fact the whole economy. You are telling me that they cannot answer these questions. We do not know these answers. We cannot get the answers. Then I go off to the next—did this last year. We went through this whole song and dance in previous years. I went to—

Mr. Chairperson: Order, please. The time is now 6 p.m. Committee rise.

HOUSING

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 Housing.

When the committee last sat, it had been considering item 30.1. Housing Executive (b) Executive Support (1) Salaries and Employee Benefits \$371,800 on page 86 of the Estimates book.

Ms. Jean Friesen (Wolseley): Some time during the last session of this committee, we had raised a number of issues that the minister had undertaken to bring some information back on. I wonder if he has that with him. We could begin with that.

First of all, I had asked about letters that I believe the minister had received from people at 400 Young asking about preparation of a tenants association. To the minister, perhaps if you have that, maybe we should start with that, and then move to the other issues.

Hon. Jack Reimer (Minister of Housing): Yes, I have been brought up to date on what is happening there, and we are working with those tenants right now to set up a tenants association. I understand that they have had approximately 12 or 13 people that have signed up to be on that tenants association. I believe there is a total of 53 units at 400 Langside. Twelve people have indicated that they are wanting a tenants association. We are willing to work with these people, and I encourage them to set it up. So we will endeavour to accommodate them.

Ms. Friesen: Could the minister tell me what he means by we are working with people? What assistance is the government able to give in a matter like this? I know that this issue has come up in other blocks. I know it has come up in other parts of the city. I wonder why there have to be letters to the minister to get a tenants association put together. Why is there not a normal procedure within the department which would enable this to happen?

It seems to me to be in the interests of the tenants, in the interests of the government as the trustee of those buildings that tenants associations which take care of a building, which take an interest in it, which create a community within public housing, that those would be encouraged to be formed. I wonder if the minister has perhaps a position on this, that there might develop a policy within his department which went out and encouraged associations to form. Why did it have to come to the point of writing a letter to the minister?

Mr. Reimer: I do not know whether it has to come to a point of writing a letter to the minister. I think that if there is a willingness to get associations set up in any building, the tenants can do that. The tenants relations

officer and our department are fully aware of that. I think that maybe it is a matter of communication, but any tenants association or tenant unit or complex can form. There is a per diem that goes with those associations of \$24 per unit.

The only guidelines or stipulations we put in is that we would like to have one-third of the tenants signed up for an association of any complex. So that would be I guess some of the criteria until they get to that point. Then they can apply to be a tenants association. So the guidelines are one-third participation, and it is recognized then as the tenants association.

Ms. Friesen: Can the minister tell us how many tenants associations there are in buildings associated with Manitoba Housing?

Mr. Reimer: Approximately 50 tenants associations.

Ms. Friesen: That is—

Mr. Reimer: Five zero, I am sorry.

Ms. Friesen: I could not hear.

Could the minister tell me what assistance he is offering at 400 Young for the setting up of a tenants association? The minister mentioned the criteria. I do not think he gave me a sense of what assistance is being offered.

Mr. Reimer: Financial assistance, I believe you are asking for, is \$24 per unit per year.

* (1440)

Ms. Friesen: Yes, you did mention that. I was trying to get out what the minister meant in his opening remarks about we are working with. What kind of organizational assistance? What kind of advice? What kinds of meetings are taking place? When is this likely to be in place?

Mr. Reimer: When I say work with the tenants association, we do have people that get involved with trying to set up the guidelines of operation, giving them or making sure that they have a unit to work out of. We do allow a unit to be utilized as sort of a meeting room

in the tenants association office within the complex, so we provide for that. A lot of it is administrative help in working with the individuals and setting up their guidelines and the procedures to be an association. So, when I say working with, that is more or less what I was referring to.

Ms. Friesen: Two questions from that, could the minister provide me a list of where—not necessarily today, but at a later date—the tenants associations are in Manitoba Housing, the 50, five zero, that the minister mentioned? Secondly, could he give me an estimate of when he thinks the tenants association will be created at 400 Young?

Mr. Reimer: I think that, yes, we can supply that list to the member. At 400 Langside, the latest information I have is they have already 12 people indicated that they are willing to become part of the association. Eighteen, I guess, is the magic number when you say, one-third of the 53, so I would imagine that they need another five or six people—units I should say, not people, I am sorry.

Ms. Friesen: So the first step, in fact, is finding the additional people, and the department will be offering assistance in that.

Mr. Reimer: We will work with the designated person that is initiating that and try to point out what the benefits are of working with an association, because I feel that I am a strong advocate of working with tenants associations. I think that gives them a sense of appreciation and a sense of community and involvement with their complex, and they have proven to be nothing but beneficial in every complex that does have a tenants association. So I would encourage the tenants to join.

Ms. Friesen: Does the department have a standard brochure or a standard piece of information which is given to tenants in order to encourage this? Is it given to them at the time they sign the lease? How does the department make tenants aware that this is a possibility?

Mr. Reimer: As I have mentioned a little earlier in my answers to some of the questions of the importance of tenants associations, we are in the process of

developing a brochure to be handed out to the tenants outlining the benefits of a tenants association. So hopefully we will have that compiled very shortly, and that will become sort of standard issue with the rental of a unit so that there is more of a participation by the individual. I forgot the second half of your question.

Ms. Friesen: No, that was it, the brochure.

Mr. Reimer: I am sorry. I thought there was a second part to the question.

Ms. Friesen: Could the minister tell us how long that brochure has been in preparation? The government has been in, I think, nine years now, eight years, 10 years since 1988. I wonder why there has not been a brochure before.

Mr. Reimer: It has only been in preparation the last couple of months that we decided to have something in a more structured manner in talking to the—you know, to have available. Before, most of it was I guess through word of mouth that these associations could be formed. As has been pointed out, we also have looked to other provinces to see how they are handling theirs and see whether there is something we can learn from them. So this is why we want to have this going fairly soon.

Ms. Friesen: I had another series of questions, if the minister remembers, at the end of last time dealing with the removal of people from housing, public housing on Wolseley Avenue, the difficulty of ensuring that they found family-sized accommodation in an area that would still enable them to attend Mulvey School, the 11 students, I gather, that will have to find other accommodation. We had talked about the sale of the family-size and indeed family housing by Manitoba Housing in previous years, I think in the last two or three years, in that same area.

The minister had undertaken to bring back to the committee some information that I had requested on that. The minister's argument had been that those houses on Evanson and Arlington were the ones we were particularly talking about, several houses on both those streets. The minister had indicated that those houses were beyond repair and had to be sold, and I was asking for the written evaluation that gave us the

cost-benefit analysis on the repair of those houses. Has the minister got that with him today?

Mr. Reimer: No, I do not. I believe that the department is still working on that. No, we do not have that information for the member right now.

Mr. Doug Martindale (Burrows): Mr. Chairperson, I am not sure what line we are on, but I am sure the minister can answer my questions on public housing. I have some short snappers, first of all, on Flora Place, and then some more detailed questions on St. Josaphat Selo on McGregor Street. First of all, with regard to Flora Place, could the minister confirm that CMHC are giving up their jurisdiction in Flora Place? My understanding is that it is a tripartite agreement, but CMHC is voluntarily, I guess, withdrawing.

Mr. Reimer: They are not withdrawing their support. I do not want the member to feel that it is interpreted that way, but part of devolution is the federal government, for lack of a better word, offloading onto the province all their stock, which would be part of—Flora Place would be part of it. It is not individualized. It is part of the whole program.

Mr. Martindale: Mr. Chairperson, so the minister can confirm that after this process is complete, there will only be two partners there and elsewhere, in this case, the City of Winnipeg and the Province of Manitoba. Is that correct?

Mr. Reimer: They would still be a funding partner. What they would be transferring to us is the administrative end of their portfolio and the management of it. The financial obligation would still remain with the federal government in the form of the subsidy that would flow through to the provincial government. As a funding partner, they would still be there, but the management and the administration would be provincially. Actually, I guess, as the member mentioned, then there would only be really two people making decisions on Flora Place, the City of Winnipeg and the province.

Mr. Martindale: Mr. Chairperson, I was at Flora Place yesterday, and, of course, I got asked the usual question, and that is, are people going to be evicted? I said, as far as I know, there are no plans to evict

anyone, but this is my chance to ask the minister, once again, on the record. So are there any plans to evict anyone from Flora Place?

* (1450)

Mr. Reimer: Flora Place is a very, very unique place, as the member mentioned—and I have had an opportunity to go in there a few times—in the sense that they are very, very small homes that people have become very, very attached to and lived there for many, many years, and they have been able to cultivate, literally, their own community for some of them and gardening and the freedom of movement that they enjoy in that area.

We have no intention of evicting anybody in that area. We will work with them. If they feel that they want to move voluntarily, we will move them. We will try to accommodate them in the best ways we can in that particular area, but we have no intention of going in there holus-bolus and kicking people out of there. We will work with them as long as they want to stay in there.

Mr. Martindale: Mr. Chairperson, does the Minister of Housing have any long-term plans for Flora Place?

Mr. Reimer: Flora Place is a unique situation where you had housing, what they called wartime housing built in, actually, the late '40s to accommodate on a very, very temporary basis people who were coming back from the war. What has evolved is that those buildings have continued to stay on as residences, and they are of a very, very tiny nature. In fact, as the member knows, some of the facilities in there are becoming very, very wanting of uplifting and revamping of that location.

The City of Winnipeg is a major player in that location, because eventually the ownership of those houses will transfer to the City of Winnipeg, and then they become the owner of those homes and properties, and that is not too far away. I believe that happens just after the turn of the millennium. So then the city will be the sole owner of these homes.

We have tried to work with various organizations and are trying to look at a redevelopment in that area; most

recently, Habitat for Humanity. We are still interested in trying to look at partners that possibly are wanting to redevelop in that area or the best utilization of that area or the consolidation of residents in that area, and I can only say that we will try to work with the area residents and anybody who feels that they may want to try to prolong or to enhance that particular area on Flora Avenue. It is a unique area in Winnipeg.

Mr. Martindale: I thank the minister for those answers. I would certainly support Habitat for Humanity building new houses on Flora Place, and I think the minister would. Can the minister tell me if there have been any meetings recently, either with himself and Habitat or staff and Habitat?

Mr. Reimer: I have been informed that as recently as March there have been ongoing discussions with Habitat, and that there seems to be a willingness for them to come forth with a program or recommendation and course of action. So I guess, as long as there is that type of conversation and correspondence, there is room for optimism that something might happen at Flora Place. That is encouraging that they are still showing an interest anyway.

Mr. Martindale: I hope that some future summer both the minister and I will be on Flora Place with a hammer in hand and a hard hat on building new houses.

I would like to move now to 114 McGregor. I asked questions of the minister about this building in interim supply. Then I followed up with a letter dated March 30. The first thing I did was to correct the information that I had put on the record, I guess probably with more current information. I had said that there were 14 vacant bachelor suites. In fact, after phoning the building manager, I found there were 18 vacant bachelor suites and two vacant one-bedroom suites. The main reason for asking the questions in the follow-up letter was to see if the minister and his department are willing to convert some of the bachelor suites to one bedroom.

I must say I was very disappointed in the minister's reply, because in reply he said that I was questioning the number of vacant units at St. Josaphat Selo, which was not the purpose of my letter, and went on to say that one of the reasons for the vacancies is the number

of senior apartment blocks, such as Canadian German Society manor, St. Mary The Protectress Ukrainian Orthodox Millennium Villa and Ivan Franko Manor, presumably because there is a competition for tenants. However, in talking to the building managers at these other buildings, I do not think they are in competition at all.

For example, the German Society manor has a much better location at Mountain and McGregor. They are across the street from Safeway, and their rent for a one bedroom is \$268 a month. The other two buildings, I do not think, even have bachelor suites, so they are definitely not in competition. Even their one bedrooms are I think probably much more expensive; at Ivan Franko Manor, \$541 a month, and at St. Mary The Protectress Ukrainian Orthodox Millennium Villa, \$535 a month. So I do not think that the reason—well, I am quite sure that the reason for the vacancies is not the fact that there are other seniors buildings in the north end. The reason is that we, for some reason, cannot convince seniors to live in bachelor suites anymore. It is not unique to Burrows constituency or the north end. It is all over the city. My understanding is that in other places Manitoba Housing has converted bachelor suites to one bedroom or bedroom and a half. I am not sure what the end result is of knocking a hole in the wall, putting in a door.

I know that the minister's answers in interim supply were quite favourable that he would—I do not have it in front of me, I am sorry, but I recollect that the minister was sympathetic to the idea of converting some of these bachelors to one bedroom. I also suggested that the minister discuss my proposal with the staff and follow up with Mr. Balagus, the building manager at 114 McGregor.

So my questions are these. First of all, are you still in favour of converting some of these bachelors to one bedroom? Secondly, have your staff discussed it with Mr. Balagus, the building manager?

Mr. Reimer: The conversion of bachelor suites to one-bedroom units has always been a bit of an attractive alternative to try to get accommodations and fill up buildings. Sometimes it can be done quite reasonably and quite efficiently just because of the configuration of the building, and other times, because of the bearing

walls and load factors, a lot of these things cannot be done so we cannot do it. In some of the cases, too, what we have had fairly good success with is getting into a marketing arrangement with the location to set up literally a marketing program to try to fill the vacancies.

We have had some very good results in a few of our locations where we have done this. A good example is Fred Tipping Place and 269 Dufferin Avenue, where we have eliminated or brought down to vacancy rates of very, very small numbers because of the marketing options that we can bring into the area. There have been talks with the manager that the member mentioned, and, in fact, there is a meeting coming up I believe it is within the next week, 10 days, with the manager and the board members to discuss options for St. Josaphat to see whether there is a way to try to resolve some of the vacancy programs. Bachelor suites or studio units are a bit of a problem in a lot of locations, but we have gone into, like I say, a marketing program. I think at 185 Smith, we are down to 30 vacant units from well over a hundred and some vacant units just over a year ago.

So there are ways to try to fill the units, and I think that this is something that we have to work with the management over there and try to come to. If some of the solutions are making studios into one bedrooms, that is something that we should look at, too, because those are viable options if there is not a big factor or a structural problem in dealing with it that way. We would look at those options, too.

Mr. Martindale: Mr. Chairperson, I would like to ask the minister if staff of Manitoba Housing have been out to St. Josaphat Selo and looked at the walls to see if they are load-bearing walls or not, and if it is feasible from an engineering or architectural point of view to convert bachelors to one bedrooms.

Mr. Reimer: To the best of my knowledge, discussions have not focused in on that, and they have not been down there to specifically look at the walls that way. This is something that maybe could be brought up at that meeting that is coming up with the manager and staff, I believe it is on the 17th or 18th.

* (1500)

Mr. Martindale: Perhaps the minister could tell me a little more about your marketing program and if you plan to do that with St. Josaphat Selo or whether that is one of just a number of options that are going to be discussed at the meeting the minister mentioned.

Mr. Reimer: When I say that we set up a marketing program, what I am referring to there is that a lot of times people in the area do not know what is available in that particular complex. So what we have is we have one or two staff that are assigned to sort of work with the sponsoring group to ask them to highlight all their good points that they have in that complex, whether they have a meal program, what events they have going on in their building, whether they have a bus that comes by possibly once or twice a week that takes them to the local Safeway or to Supervalu or something like that, whether they have various programs that they run out of their building. Also look at the area in advertising these types of amenities, if you want to call it, for that complex.

The one thing that has been noticed by the staff when they get involved with this is that a lot of times the people in the area think that those complexes are full. They do not really understand that there are vacancies in there. Until they are advertised and there is an awareness put into the community by working with the local churches, by working with some of the local community centres and drop-in centres, dropping off cards, sort of business cards, to the these groups saying: here is what we have, call by, drop by and take a look at our facilities, people then become aware of what they have to offer in there, and the results have been very positive in every place that we have initiated this type of awareness.

So these are some of the things that we would want to discuss with St. Josaphat's with their meeting to try to build up a business plan or a marketing plan of trying to fill up these complexes.

Mr. Martindale: That certainly sounds like a good idea and a good way of letting the public know that there are vacancies. The minister has given me an inspiration. I think I will write to everyone in Burrows constituency with a Ukrainian name and let them know about the vacancies both at St. Josaphat and Ivan Franko. Ukrainians make up the largest ethnic group of

Burrows constituency. So it would be a good way to promote vacant units and their local MLA.

I wonder if the minister could tell me what other options might be discussed at the upcoming meeting between the board and staff at Manitoba Housing?

Mr. Reimer: I think what usually comes about with some of the preliminary meetings is getting to know each other a bit better and finding out what type of directions they would like to take. Possibly they may have parking problems. They may try to figure out how they can get around that, because more and more seniors now still have their vehicles. It is sort of an evolving process with some of the problems and the concerns. So I do not know whether I could give any more insight into what might be discussed.

Mr. Martindale: That answer compares with the answer I got to my letter unfavourably. It seems to me that there is only one item, unless the board has other issues that the manager has not shared with me, but the main problem at St. Josaphat Selo is that they have 20 vacant units. At least when I wrote to the minister on March 30, they did.

I would think that if your staff are meeting with the board that it is not a meeting to get acquainted or to find out about other imaginary problems that certainly I have not heard about but to talk about how to fill up 20 vacant suites. So far the minister has said that there were options, but the only two he has identified, one is a marketing program and the other is looking at the feasibility of converting some suites.

I guess there are no other options, but I hope that at least those two would be on the agenda and that the goal of the meeting would be to fill up those vacant bachelor suites or convert them to one bedroom.

Mr. Reimer: The other program that might be available is looking at a meal program in that building. That can create some stability in there, too.

Mr. Martindale: Mr. Chairperson, that is an excellent idea. I would like to see amenities such as meal programs or a meal program in that building. In fact, the second suggestion that I made in my letter of March 30 this year to the minister was to turn a floor or a part

of a floor at St. Josaphat into a day hospital. Now, I did some research in the Department of Health on that, and it is not that easy these days to do that if the tenants do not have money of their own to put into it. But it seems to me that if more amenities can be provided in the building that either improve socialization or help to keep people healthy that we can save money by keeping people out of hospital. I am wondering if the minister or her staff did any follow-up on this other suggestion that I made in my letter of March 30.

Mr. Reimer: In regard to the member's query about a day hospital, there was a relationship that was set up and brought to my attention at 444 Kennedy, but this was a relationship with Health. Health has to be a funding partner in this. It is something that we have not explored with Health, and it would need further consideration before we would look at trying to put a day hospital in there.

Mr. Martindale: Mr. Chairperson, I think further consideration is pretty vague. I am wondering if the minister would be willing to put on the agenda of the meeting between staff and the board possible other uses of suites, whether it is a day hospital or meal program or something to actually provide an amenity in this building, because there are not other amenities as there are in buildings such as Lions Place and Lions Manor.

Would the minister or his staff undertake to talk to Manitoba Health or any other department of government necessary to provide amenities in this building to help fill it up?

* (1510)

Mr. Reimer: What I have seen in some buildings is where they have utilized a unit for beauty parlours and also for foot care once or twice a week. Those things could be discussed, certainly are on the table at this meeting as to whether the people feel that they can utilize that to make it more attractive and utilize a small unit for that type of thing. That is entirely possible. That is something that the tenants would have to be in favour of, and they would have to be part of the decision making. But these are some of the things that could be discussed.

Mr. Martindale: Mr. Chairperson, my understanding is that the other reason why it is difficult to fill these

suites is the perception by people who might be renters there and even by people who are already there that it is not a very safe neighbourhood to live in, especially if you are going to be out walking on the street after dark.

I have also heard tenants say that they do not leave the building after five o'clock. So a lot of people really feel like they are prisoners in these public housing high-rise buildings. So I would hope that this minister wearing his other hat as Minister of Urban Affairs, in co-operation with his colleagues, especially the Minister of Justice (Mr. Toews) and other departments as well, would do something in a proactive way to do something about the plethora of social problems in the neighbourhood, such as poverty and unemployment, vacant houses, vacant lots, and all of the things that are contributing to the decline of the neighbourhood that give it the perception that it is not safe.

One of the very specific things that I would like to see is extending the foot patrols which are currently in part of the north end, closest to Main Street, further west. I think there is a need to have foot patrols at least as far as McPhillips so that people feel safer in this neighbourhood. I hope that the minister will work with his cabinet colleagues to solve some of the social problems in the neighbourhood that make it hard to fill up these suites. Thank you.

Mr. Reimer: Yes, I will just make a quick comment on that, because I think it is a very important topic that the member mentioned. I will answer the question not only as the Minister of Housing but as the Minister of Urban Affairs. We have made available, I think, as he is aware, units in some public housing complex for police officers, for community offices. We have had excellent success in every one that we have initiated, like Lord Selkirk Park, Gilbert Park, in Elmwood. We are looking at other areas that the police are involved with.

If this is an area that possibly—and I have to admit that I know a fair amount of where the public housing is, but I just cannot visualize this particular St. Josaphat. I am not too sure whether it is conducive to having a community office for police in there, but that is something that like in a lot of our public housing complexes, we will make arrangements and make available a unit for them to work out of. It has proven

to be very, very beneficial for the area and for the stability of that complex. I do not know whether this is a unit that merits that type of consideration, but it is something that I would be adverse to not recommending.

Ms. Marianne Cerilli (Radisson): I wanted to continue asking some questions about the budget for the department. I think when we were talking last week about the budget, I had asked if you knew at this time what the actual amount spent for last year was, the '97-98 year. Do you have that figure?

Mr. Reimer: I have been informed that there are some private nonprofits that still have not sent in their complete statements, but all indications are that it would be very, very close to what is on page 6 of the Estimates supplement for '97-98, so it would be very, very close to that.

Ms. Cerilli: What is the deadline when the different properties have to submit their financial information?

Mr. Reimer: September 30 is the drop-dead date for everything that has to be in.

Ms. Cerilli: What does drop dead mean to a nonprofit?

Mr. Reimer: That means that all reports have to be in. That is the very last date.

Ms. Cerilli: What happens if they do not?

Mr. Reimer: Our financial statements have to be completed by September 30. The other, the department nonprofits, have to have their figures in before that date, pardon me.

Ms. Cerilli: It seems that there was a consistent pattern previously of underestimating the amount for a given year in the department, even though for a number of years there is as much as—I was just looking at it. There seems to be no regular pattern. Yes, the number of years, there was a consistent pattern where there would be an amount estimated and there would be sometimes quite a few more millions spent, and then the following year the estimate would not reflect that. It would still be quite low in comparison to the previous year.

Mr. Reimer: I have been informed that the reason that there is that sometimes variance in fluctuation is because of mortgage write-downs and the MNI budget that can fluctuate because of unforeseen expenditures or emergencies that have to be accommodated in that particular budget cycle.

Ms. Cerilli: The other thing that we were talking about last time was the amount that you actually have received from Canada Mortgage and Housing, and I did want to take the time to go through that for the last number of years. Maybe you could just start off by explaining how the money from CMHC flows, and this is of particular interest as you are still negotiating an agreement on the devolution, but when you get the money from the federal government, does it come specifically earmarked for specific programs, or does it come—how does that work where the money is received from CMHC?

Mrs. Myrna Driedger, Acting Chairperson, in the Chair

* (1520)

Mr. Reimer: On a monthly basis, we process claims of expenditures, and these are claims that are processed under various financial arrangements that we have with the federal government. Whether it is some of the programs as I mentioned before, where we are into partnerships of 75-25, 50-50 and 25-75, and even 12.5-78.5 percent, those are compiled monthly. We send it into the federal government and then they send us back the cheque based on those compilations. So it is done monthly.

Ms. Cerilli: The money would come then—for example, for RRAP, that may be different because it may come on a yearly basis, but it is broken down into the different segments. There is the urban program and the rural program, and then there are the different components under each program. I realize that that goes to the city for the city component. One of the things I also raised with you earlier, though, was the fact that that amount for RRAP has been decreasing over the years and also that it used to be matched by your department. So I am wondering if you can give me some more information about the amount the federal government has contributed in the different

categories under RRAP and why it is you chose not to match the money in that program any longer.

Mr. Reimer: One of the things that became evident with the federal government involved with RRAP was that they were expanding it or continuing it on a year-to-year basis, and there was no stability involved with setting up a continuity. We are of the opinion that if you are going to get involved with the program, it is a continual program and that there is some sort of life to this program. They were in the habit of on a yearly renewal. They have just announced very recently that they are now into a five-year commitment for the RRAP program.

What it has done is it has made an evaluation on our part as to whether there is the possibility of participating in this again. We are doing a review of our program, but we have not made a final decision. I believe that they made an announcement, I think it was less than two months ago, that they are going to a five-year commitment, which is different from what they used to do before. Before it was always on a yearly basis, and then you never know whether they are going to just pull themselves out of it the next year or not. It lent to an instability for us to participate in, but, since they have announced the five-year program, it gives us an opportunity to evaluate it in the light of possibly getting involved with it again.

Ms. Cerilli: Why does that make a difference? Why did it make a difference to your department if it was five-year or a longer-term agreement or just year to year? You seem to run some programs on that basis, as well, where you make a decision after one year if you are going to do it again or not. So what was the difference?

Mr. Reimer: Having a funding partner that would only participate on a year-to-year basis makes it very hard in the budgetary cycle to plan for a program, and I do not know whether it would have been fair to the public in general to have the anticipation that this is there and then all of a sudden, because one of the partners pulls out, the program just drops totally.

We have seen that happen, and the member is familiar with other programs where the federal government has pulled out and the province cannot take up the

full total participation of it. So with a degree of stability being brought into the program with the five-year announcement, it gives us a better way to do budgetary considerations.

Ms. Cerilli: So when are you going to make that decision about RRAP, and how much money would you look at putting in?

Mr. Reimer: What was announced was a five-year, \$5-billion program, and Manitoba's share would have to be broken out of that. I think the indications are about \$1.8 million. I throw those numbers around like peanuts, \$1.8 million. The configuration of the RRAP program is a 25 percent participation on our end. So I guess you have to work back in your numbers to see how much it would involve with our budget, if we got involved with it. I do not have a calculator here, but it is \$1.8 million, and 25 percent of that would be our participation in it.

Ms. Cerilli: If you can just come right back to me, we are going to be here until five o'clock.

Mr. Reimer: Six.

Ms. Cerilli: Six o'clock. I am only probably going to be here till a bit before that.

This sort of gets back to the original question I was asking where I wanted to be able to go through each year and see how much money the federal government has contributed to all the different programs. I am sure that you have that kind of information in the department. I do not want to go through that kind of detail sitting here right now.

Again, I mean, you can appreciate why I think people would be interested in this considering that we are going into this federal agreement. I wanted to be able to get that information for all the programs, to look at how much the federal government has put into elderly persons' housing, to the family housing, to co-ops, you know, for the nonprofits and the different programs through the different formulas. When I talked to staff at CMHC, they led me to believe that provincial governments could match the funding 100 percent for RRAP. Maybe that is something that is new under this new five-year agreement, I am not sure, but that

program, it is not a lot of money. Like, \$1.8 million for one year in all the different areas of RRAP is not a lot of money. So I am wondering if you can confirm that the provincial government could match those dollars 100 percent.

The other thing under RRAP, I am wondering if you are considering, and this is something that some of the community groups that you are aware of that are working to fill the void that has occurred in the need for low-income housing, is that they want to have access to some of the RRAP funds. What they are recommending is that there be a new category that would be for the community nonprofits like the north end housing project, the West Broadway project, you know, those different groups would have access to some RRAP money so that they could do the renovations. So is that something that is being considered?

Mr. Reimer: Firstly, the member mentioned about getting the numbers of dollars for the various components the federal government has. We can get those figures. I think we will have to compile them from the department, but we can get those for the member.

As for the 100 percent participation, the RRAP program has always been 25 percent on our part. It is not a 50-50 or a matching contribution. So I think that someone in CMHC may have been misinformed on giving that type of information to the member.

The third part of your question is looking at community base. I guess, right off, we do not have new money for housing, but that does not preclude the avenue of looking at partnerships where we do have existing buildings or property or something that can be utilized as a building place or a renovation process with some of the nonprofit organizations in the community to enhance housing.

It is with that in mind that I think we would try to outreach into the community and offer this type of support with our housing component. I think there is a lot of room for initiatives and various partnerships in the community. I have often mentioned to groups that if they are willing to meet with me or if they have

different types of approaches, we will certainly try to entertain their aspirations.

* (1530)

Ms. Cerilli: I think there is something quite different though that I am inquiring about. You said that there is no new money. Some of the groups that I have talked to are interested in accessing some of the RRAP money for their renovations, and I think that there is some concern about that because what we are wanting to do is expand the available projects and available pool of housing that is available, the quality housing that is available for low income Manitobans. So, to simply sort of shift them the money that is now accessed through RRAP from individual homeowners and to some of these groups that are going to renovate homes, I do not think that that is what we are looking for really.

I also think that there is some concern with your response also related to the member for Wolseley (Ms. Friesen) for last week when we were talking about the CMHC properties that were offloaded and the ones that you had also sold in that Wolseley area. You mention there was one that was given to Mr. Lehotsky's parish. I think there is a problem with just handing over some of the properties that you are offloading to nonprofits for them to fix up.

I mean, they can access nonprofits or they can access properties from the private market. I think it is better that you would do that than just have them go to the private market as well. I am wondering if you do not see that there is a problem with your handing over properties to nonprofits and thinking that that is going to solve the problem. We want to see you upgrade those properties and manage them, particularly the ones that are single-family-size units in the downtown area rather than just putting the burden for maintaining those properties into the hands of the charitable sector.

Some of those groups are really struggling. I am wondering if you would agree that there is no way they can replace what government has done in the past, that we have had 32,000 units of social housing in this province up till now, and there is no way that the nonprofit charitable sector can take over that quantity of social housing. Even Habitat for Humanity, in all the years that they have been functioning, they only do

a couple of homes a year, so I think what needs to happen is there needs to be some funds available to do renovations, whether it is through RRAP or some other program for both the independent, you know, individual homeowners, as well as these community groups, whether they are church-based or otherwise, that are cropping up now to try and fill the void and do some work in the housing area.

So I am wondering if you can respond to that, if you think that there is some concern with just handing over some of these properties, as well as if you are going to be developing any programs to assist some of these groups that are coming up so that they are not just taking over your properties and your problems but that they are actually going to be able to expand the available quality low income housing.

Mr. Reimer: The unit that the member is referring to, that Reverend Lehotsky took over, was a vacant unit. It had been vacant, I believe it was, almost two years, maybe in and around that area. We could not get anybody to take it over and it was becoming in disarray. This is where he approached us to see whether he could utilize it, so we have let him use that place as not only a training place for some people who are picking up their skills, but also as a place to renovate, so that they can utilize that for future expansions in the area.

I guess what the member is referring to is getting involved with the housing program and the housing market. Rebuilding and renewing the housing component is something that I guess we do not have the resources when we are the sole provider of it. It was very convenient, when there was a partner with the federal government, when there was housing being developed, that they were at the table with us and that they would be a participant. For us to carry the loan right at this particular time is not within the budget's considerations. Whether this would change, it is hard to say what the philosophies are and how devolution might unfold to us if we did go with the devolution program.

One of the components of devolution is the fact that monies that can be brought through for efficiencies of amalgamating the two partners can be reinvested into housing. In fact, that is one of the stipulations. So whether that frees up some extra money that can be

utilized in some sort of innovative programs of regeneration or renewal or even rebuilding of our social and public housing component is something that possibly is an advantage of devolution. We have not come to any point of decision making on that, but I know that the federal government keeps saying that, you know, you can do what you want with the stock. You can renovate it, get involved with other types of housing components, and it is up to us to manage.

Like I say, if there are efficiencies that can be realized by the management of it, maybe that is where we can look at expanding the program that the member is mentioning, you know, and getting into some sort of regeneration of housing or housing components within our province, keeping in mind that any savings we make have to be put back into the social housing component of Manitoba. So there possibly is an opportunity to get those types of initiatives reawakened again.

Ms. Cerilli: The minister is saying that there is no new money for housing from the province—that is what you are saying—and you are saying that as long as there is no federal partner, there are going to be no new initiatives. But I am wondering if you would agree that there is a problem. There is a problem in many parts of the province, particularly, though, it is apparent to us, in downtown Winnipeg with boarded-up properties, with caving in of the property values, the decline in the property values. First of all, I am wondering if you will acknowledge that that is a problem.

Mr. Chairperson in the Chair

Mr. Reimer: Well, I think that we have recognized that we have to work more to make Winnipeg and all communities a safer and a more attractive place to live, to work and to raise a family. There are a lot of problems that are not only associated with housing but the social problems of trying to make our communities safer. So I think what it is, is it is a combination of a lot of departments and various components and the public itself coming together to recognize how we can create a better community that we want to live in. So it is not entirely a one-department problem.

Ms. Cerilli: I will take that, though, is that there is a problem, and it is not just up to your department to

solve it. I can accept that as well. In your answer last week to the member for Wolseley (Ms. Friesen) about the properties that your department sold in the Arlington-Evanson area, you were also admitting that there is a problem with not being able to fix them up in that neighbourhood, so that they would reclaim their value if they were sold.

That is the problem that a lot of Manitobans are facing right now. What my concern is is that your department, though not solely on its own, has to be a part of the solution. What is your department going to do to solve this problem of many property owners feeling that they cannot invest in their properties and fix them up because they are not going to get their money back? How is your department going to address that if it is not to develop some type of renovation schemes and other housing support programs? How are you going to deal with this problem?

* (1540)

Mr. Reimer: I think that the member brings up a very good point as to what the solutions are to a lot of the problems in the downtown area. Housing is a very, very important part of it, and it is a large component of any type of community in that where people live and what they live in dictates to a degree a sense of community and a sense of involvement that they feel they want to commit to. I guess we have always been of the opinion that there would be a role for government to play in providing for shelter and providing for housing and for accommodations of people who are in need and of consequence where they cannot provide for themselves. We have constantly been there for these people.

We still have this commitment to the social housing aspect of our government. I guess where we look at differences possibly is in the expansion of it when we do not have the wherewithal or the financial capabilities of expanding the portfolio in the manner that the member is referring to. Without the partnerships on the federal level particularly, it makes it very difficult for the province to be the sole provider of public housing.

So it is just a matter of what we do now is maintain the stock that we have. It still takes up a significant

amount of money. I think, as mentioned through the Estimates, we are looking at well over \$40 million a year. It is a commitment that we continue to make. I can only state that as for new housing, we just do not have that capability at this time.

Ms. Cerilli: Well, with all due respect, the minister is not really addressing the issue that I am raising. I am not talking about public housing right now. I am talking about the decline in the inner city in housing that is privately owned. I was using the example of the homes that you declared surplus in the Wolseley area as an admission of the problem. Your own department said it was not worth it to fix them up so you tried to dump them, and that is going on all the time. Some property owners are just boarding up their properties and walking away from them, and it is causing a real problem. It is contributing to the spiralling of decline in a number of neighbourhoods in Winnipeg.

My question to you is what is your department prepared to do to deal with that, especially given that you are also the Minister of Urban Affairs? I hope that it is not to say that, well, the federal government will not partner with us so we are not going to do anything.

Mr. Reimer: It brings in a lot of different components, because as the member mentioned, as Minister of Urban Affairs, our support for the downtown area and our support for Winnipeg has always been very, very strong and very committed.

In fact, if you look at the funding that we give to the City of Winnipeg in comparison to other cities across Canada, we are one of the highest proportion of funding partners within the city. I believe it is well over 17 percent or close to 18 percent of their budget is from grants that they get from the City of Winnipeg. We have had numerous funding initiatives in the downtown area.

I think the member is familiar with the Core Area Initiative, and now we have the—I do not remember what the final figure on that was, but I think it had to be close to about \$100 million in the Core Area Initiative. The Winnipeg Development Agreement is for Winnipeg, but at the same time I think an awful lot of the funding that has gone into the Winnipeg Develop-

ment Agreement is in the downtown area through some of the various initiatives.

I know our component of \$25 million has been allocated a lot to urban safety, to downtown revitalization, to some of the other components with the downtown area. So we have had a strong financial commitment to the city of Winnipeg through the Winnipeg Development Agreement and through our other various components: The Forks—we have committed almost \$30-million worth of expenditures in The Forks area. We still have a strong commitment of over \$16 million a year to the Winnipeg Transit for funding. We have just announced another \$5 million for street improvements for the city of Winnipeg, for street renewal. The municipal tax-sharing formula allocates almost \$36 million of unrestricted funding to the City of Winnipeg for them to do whatever they want with it. So we have consistently been a very strong funding partner within Winnipeg.

The UCPA program that we just announced for \$96 million over the next five years, which is over \$16 million a year for capital and infrastructure programs in the city of Winnipeg, as part of the Winnipeg Development Agreement, there is the housing for high-risk people. We have announced, I believe it is three or four programs under that initiative, and we are still looking at more. I am encouraging some applications on there. There is activity that is being generated through these various funding initiatives, so I feel that this government has had a strong commitment to Winnipeg and the downtown area, and we will continue to have that.

Ms. Cerilli: We could debate that for a long time, but in all the litany, the list that the minister has just given, only \$1 million is allocated for housing. Under all that WDA, and all those other initiatives, it was transportation, it was all these other initiatives, only \$1 million is for housing and that is a high-needs program that is part of the WDA.

My concern is that is a drop in the bucket: \$1 million in all of Winnipeg for housing-related programs to try and do some refurbishment or redevelopment or improvements is not really going to make that much of a difference. It may to the few groups that get that million dollars, and I am going to ask him in a minute

to describe for me who has got that money, but I am just wanting to see if you would agree that \$1 million for the whole city of Winnipeg in terms of all the housing problems that are going on is really not sufficient, and you have to look at the other issues that I have raised before, bringing back some other kind of home renovation programs, looking at getting more involved with RRAP and developing some other ways of partnering with some other community groups than what we have here or Winnipeg, and other parts of the province, as well, are going to continue to decline.

Mr. Reimer: The member alluded to the Home Renovation Program, and that was a program that I think she was aware we had in '95-96, and that was a \$10-million program. That generated expenditures of almost \$86 million, if I recall, in almost an 8 to 1 ratio of monies that we spent compared to what was spent in the area. It was a Manitoba program, but it almost broke out by population percentage-wise, with Winnipeg enjoying almost 70 percent of the participation of the home renovation. The guidelines were geared to lower income housing. I believe it was under a \$100,000 assessment for the selection criteria, and it worked out very good. We have not brought back that program, but that does not mean that it is something that should not be brought back for consideration again and see whether it can regenerate that type of involvement.

The member mentioned the housing for high risk and the \$1 million in there. There was also the Strategic Initiatives Neighbourhood Infrastructure Program that we have funding for of over \$3 million for the Neighbourhood Improvement Program, so there are other areas possibly that we can look at in bringing forth funding for that.

* (1550)

Ms. Cerilli: Let us get into some of the detail, then, of those two initiatives, if you can describe for me the three or four programs and the amounts of the \$1 million that have been approved for the high-risk groups program, as well as under the Program 14, the Strategic Initiatives section of the Winnipeg Development Agreement.

Mr. Reimer: Under that component, the ones that have been approved are renovations at Seneca House,

Westminster Housing Incorporated, Teen Challenge, and L'Entre-Temps in St. Boniface—four programs.

Ms. Cerilli: The first one again?

Mr. Reimer: Seneca House.

Ms. Cerilli: And explain to me what Teen Challenge is.

Mr. Reimer: It is called Teen Challenge, but I have been informed, and I was aware—what it involves is the renovation of a downtown building for the treatment and housing of addictions. It is not just primarily for teens. It is called Teen Challenge, but it is for adults and people with addiction problems. [interjection] Mr. Chair, 18 to 24, I have been informed.

Ms. Cerilli: So I wanted you also to explain or give to me the amounts of money from the approximately \$3 million. The figures that I have show that it was \$2.5 million, but I have an old list of the WDA program allocations, so just to confirm the amount in that Strategic Initiatives segment, if it is indeed \$3 million, and then explain the amounts that each of those four projects received. Maybe you can also tell me where the Teen Challenge building is.

Mr. Reimer: The building, I do not know the exact street, but I know it is right across from Central Park downtown—Edmonton, I believe it is. Yes, 414 Edmonton. Now we are getting it right. You asked me some other questions. I forgot.

Ms. Cerilli: Mr. Chairperson, the dollar figures for each of those four, and just to confirm the actual amount in that program, you said it was about \$3 million. I am wondering if that is \$3 million over the life of the agreement. That is not \$3 million per year. Is that right?

Mr. Reimer: The \$3 million that I was referring to was the Neighbourhood Infrastructure Program, under the Winnipeg Development Agreement. The housing for high risk was just over \$1 million, that the member is referring to. The programs that I outlined, the four programs that I alluded to, would be in the housing for high risk. That is \$1 million.

Ms. Cerilli: So, again, the amounts that each of those four got, the Seneca House, Westminster, Teen Challenge and the one in St. Boniface.

Mr. Reimer: The approved amounts for Seneca House were \$16,000. For the Westminster Housing incorporated, it was \$200,000 over two years. The Teen Challenge was \$375,000, and L'Entre-Temps was \$60,000.

Ms. Cerilli: Okay. Then under the Strategic Initiatives, part of the WDA, that also has some housing-related expenditures? Or is that the Neighbourhood Infrastructure you were talking about?

Mr. Reimer: The Neighbourhood Infrastructure Program, when I was referring to that, I was talking about the general concern. The broad topic that the member was bringing up with regard to commitment to the downtown area and what we were talking about, that has no housing component involved with it.

Ms. Cerilli: So just to clarify then, the only component of the WDA for housing is that high-risk allotment, and that is \$1 million over the life of the agreement. Is that correct?

Mr. Reimer: I am trying to figure out the numbers in my mind and I cannot remember, because we do not have our Winnipeg Development Agreement under my Urban Affairs booklet here, but there are other components in our other two funding partners. The federal government has some sort of Home Equity Program in their part of the Winnipeg Development Agreement that applies to home ownership. The City of Winnipeg, under their \$25-million component, I believe, have some sort of housing component in there, too, but I do not know the category. I would have to check with my Urban Affairs department and my Winnipeg Development Agreement book to find out for sure.

Ms. Cerilli: So what I am understanding from what the minister is explaining to me is the housing assistance program that is administered by his department and that is why he is referring to it, what you are saying then is you are not aware of the housing components really that are part of the municipal and the federal WDA program. Okay, I can get that after, but I am wondering

if you know the approximate amounts of money under the WDA federal Home Equity Program, I believe you called it, or the City of Winnipeg program.

Mr. Reimer: I do not have that with me, but I think that my assistant is coming in with it. She was listening to me downstairs, so she is bringing it up to me right now. So I will have it here. If we can just take one second as the page is walking down the aisle here with the information, and she dropped it. Now, I gotta wait some more. Here she comes. No, no, do not worry about it.

Under the Winnipeg Development Agreement, under the Canada portion, there is a component called the Aboriginal Community Facilities for \$2.5 million.

Ms. Cerilli: And these are housing?

Mr. Reimer: Well, it is how they interpret it, you know, and that is within their parameter.

Under the Manitoba component, there is the Neighbourhood Infrastructure, the one I was referring to earlier, but that does not involve housing, and that is \$3 million. The housing for high risk is the one mentioned by us as \$1 million. There is Home Equity. Home Equity is only half a million dollars.

* (1600)

Ms. Cerilli: I just want to clarify. These are the amounts that are over the life of the agreement, right?

Mr. Reimer: Right.

Ms. Cerilli: Which is three years?

Mr. Reimer: Five years.

Ms. Cerilli: Five years, so it is half a million over five years.

Mr. Reimer: Right. There is one other one here that I guess could be interpreted as possibly housing, and that is called Buildings Preservation. That is \$5.5 million, and that is under the Winnipeg component.

Ms. Cerilli: Is that the one you were referring to?

Mr. Reimer: No. The city of Winnipeg has \$5.5 million designated for Building Preservations. I will just look at a few more here. There is another one here under Downtown Revitalization for the city of Winnipeg. That is \$4 million allocated for that, and Downtown Revitalization can include all kinds of different components in that one.

I should point out that we are initiating a housing study of our downtown area through the Winnipeg Development Agreement in regard to looking at and assessing housing needs. We hope to get this off and running within the next month to six weeks and get this type of initiative going, so that it not only gives us a clear indication of where the housing needs are and what direction it should take, but it also gives us an idea as to where we can look for improvements and different directions with the housing.

Ms. Cerilli: Well, I actually have that booklet, as well, downstairs, and I can look at it more closely myself after. I guess I was just trying to make the point that in terms of housing through this federal-provincial-city agreement, WDA, there is not a lot of money there for housing, and the minister is nodding in agreement with that.

I am glad to see you are doing a study. I think that is positive. I have asked about housing need studies in other years in Estimates. It is in the downtown only, you are indicating, but, hopefully, that will start to address the problem that we were just discussing in terms of this spiralling and loss of property values. I am wondering if that is one of the intentions, is to specifically look at how to address that problem, that a lot of people have lost value in their homes. They do not have any equity any longer. Is that going to be addressed by your study?

Mr. Reimer: We are in the embryonic stages of setting up the parameters of discussion, and these are some of the things that possibly could be included in it.

Ms. Cerilli: Before we leave talking about some of these issues related to the downtown, I wanted to follow up on the issue raised by the member for Wolseley (Ms. Friesen) last time in terms of the six properties that you declared surplus in the downtown. Were they sold? If you now have records available

about who they were sold to and what the value was, can you get me that information?

Mr. Reimer: The member for Wolseley (Ms. Friesen) was here a little earlier and she had followed up on those very same questions. What I had indicated to her is we have not been able to get the specifics on it, and the department is looking into it. I will also make sure that the member for Radisson gets the same correspondence that we sent to the member for Wolseley.

Ms. Cerilli: In the '97-98 fiscal year just passed, how many properties did you declare surplus and how many of them have actually been sold?

Mr. Reimer: What we have sold in the last year are 46 units of housing, which represents 31 buildings. These are buildings that are spread out all throughout Manitoba. We have also declared, in the same time frame, '97-98 year, 47 that are declared surplus. A lot of these are single-family units in the rural area.

Ms. Cerilli: So the 47 units, mostly the single families in the rural area, that is above and beyond the 46 units that have actually been sold?

Mr. Reimer: Right.

Ms. Cerilli: Okay. And the reason that those are being declared surplus is what? Is it because they are vacant on an ongoing basis? If that is the case, I am wondering if it is also the situation that you described in the Wolseley area where they need repairs, and you feel that there is no value to be added in doing the repairs.

Mr. Reimer: A lot of these are chronic vacancy units in the rural area. We have tried to rent them in the neighbourhoods or in the areas, and they have just chronically been vacant. We just cannot seem to get people into them. That is why they become declared surplus. Once they are declared surplus, we will try to sell them to the townsite or the municipalities. They will have the availability to buy them. We then will ask the—I guess the first thing we do is we ask our own departments whether they have a use for them, and then it goes to the tenant if there is a tenant in it, and then it would go to the town or the municipality if they are

interested. Then the last one that it goes to is the public listing.

* (1610)

Ms. Cerilli: How often is it that the tenant will actually take up the offer? They will then have to purchase it outright? Can they assume the mortgage? The other part of the question I had asked is if some of these properties are in a state of disrepair, so that the interest in them is not as—

Mr. Reimer: They are not necessarily in a state of disrepair because we have an obligation to keep them up to standards of rentability. If there is someone that is wanting to rent them, they have to be of a standard that is acceptable for that tenant to want to move in there. They would not be in that great a state of disrepair. We have an ongoing inspection program, an ongoing maintenance program, so that these units would have to be rentable more or less on a short notice, in a sense, so we would keep them up to par. [interjection]

Mr. Chairperson: Order, please. In order to be in Hansard, you have to be recognized and then that is—if we would try to follow that.

Ms. Cerilli: I was just wondering if the member for Swan River (Ms. Wowchuk) wants to know if any of them are in her constituency. She may already know if some of them are vacant.

Another thing that I am wondering—and you have described briefly the process that you go through in checking out the situation when you are declaring a property surplus. I am wondering if, when you approach the municipality, they have any process in place to look to see if there are any other community organizations that could use the property, rather than just having it move out of sort of the social housing or nonprofit sector, and just having it handed over to a private owner.

If you will check with women's organizations, women's shelters, youth shelters that are necessary, group homes, a lot of other uses that are potentially needed in the community so that in the view of this it would still then be used as housing, but it would be

more in the line of what is being done with the Winnipeg Development Agreement, the kind of groups that are using that high-needs assistance program. I am wondering if the department has any process like that in place, or if you would consider that.

Mr. Reimer: When we are dealing with the municipalities, usually the reason that they want the units for is to keep people in the community, and a lot of time it is seniors because seniors represent a very large component of our housing stock. Because of sometimes the formulas for rent calculation, under our guidelines, because of the CHMC commitments, we have to work on a rent geared to income, you know, of a certain percentage. Sometimes what the towns have told us is that they would like to take over the unit, and then they can charge a town rent or a market rent that they feel is more in line with what they feel that they should charge.

So the municipalities or the towns really do not mind taking over the ownership of these units because that gives them an avenue of keeping seniors and keeping people in the town. They want to stay in the town, in the neighbourhood, and this works to an advantage for them.

So I have worked with a few towns that have bought—I am thinking of one in particular that bought a duplex because they wanted to see it better utilized, and they felt that they had a market for it. So they made an offer and we worked with them and we came to settlement.

Ms. Cerilli: So we are still waiting for the information on the rural area, but if you do not have it yet.

Mr. Reimer: Minitonas, I believe, is in the member's riding. There were two units sold in Minitonas and a duplex that was sold in Birch River, and the apartment was not ours. I guess there was an eight-unit complex that we took over, because it went into mortgage arrears, in Swan River.

Ms. Rosann Wowchuk (Swan River): Mr. Chairman, since we are talking about my constituency, I would like to ask, you were listing the units that were sold, but are there still other units that are vacant and for sale?

Some of the areas where we have the highest need for housing is in the Northern Affairs communities, and I am wondering whether any effort has been made to move them to those communities and still be maintained as Manitoba Housing units.

Mr. Reimer: The cost to move houses is very expensive, and CMHC, being one of the funding partners, has shown a reluctance to get involved with the funding of the movement of housing. So there has been no consideration of moving them physically to another location.

Ms. Wowchuk: Then I would ask the minister if he really thinks that that makes sense, if you have in one community a shortage of housing, and I think particularly the community of Duck Bay, where there is I think a waiting list of some 20, and Camperville has a long waiting list, that it would make sense not to move.

You are saying it does not make sense to move them, because it is too expensive, but on the other hand you have people who are in need of housing. The house is built already and if it could be moved into that community and provide much needed housing I think that it would be a worthwhile investment. I wonder whether you have pursued that very vigorously with the federal government to reconsider that possibility of moving it. Does the province have a policy, or is it the province, as well, that does not support the concept of moving houses?

Mr. Reimer: The community that the member is referring to, Duck Bay, I have been informed is solely under the CMHC's jurisdiction as for housing and that. So this is one of the reasons why we have not been involved with some of the decisions with regards to housing or the lack of housing in that particular area.

In dealing with the federal government, as I mentioned before, as a funding partner, sometimes their decisions are binding on our part, and we cannot do it without their participation.

* (1620)

Ms. Cerilli: I think that there are a lot more things that could be considered in dealing with these properties,

rather than just losing them completely to the community as either low-income housing or some other kind of shelter. So the question that I was asking is: are you willing to consider that? If it is not in the process when you go to the municipalities to see if even other government departments, I mean, you say you go to government, but I am thinking even of youth shelters, maybe some kind of seniors centre, all sorts of resources that are needed in all these communities across the province, if you consider looking at having a little bit more consideration to using that property as a resource.

I think we have talked enough about and a lot about how a lot of times the larger single-family homes that you are divesting yourselves of are the ones that are most needed, particularly in Winnipeg. But if you are not going to use them for that, at least then look at using it as another kind of service to the public.

Mr. Reimer: I think the member's suggestion is worthy of consideration because I think that one of the biggest benchmarks would be in working with the community itself, the local town or the local R.M. or whatever it is, in letting them know that we are looking at or letting them know that there are surplus units in such and such an area and whether they have any considerations as to how it could be better utilized.

If there is a willingness that the community feels that there is a need for some sort of community component of betterment, whether it is through a shelter or through a drop-in centre or whatever, I think that we are willing to look at trying to accommodate those communities, because they are in the best position to utilize those buildings instead of just, as earlier mentioned, possibly tear them down or dispose of them in a sense, because a lot of times a community itself may have something that they have in mind or someone that wants to get involved as a senior centre or a drop-in centre. I have seen some very successful operations in some of the small towns where they are utilized as part of a hall or something like that.

We see that here in Winnipeg where we use, in our public housing, part of the units for some sort of drop-in centres or family service centres. A good example is Gilbert Park where they use a unit for rebuilding Christmas toys by the children in the area. So I am

entirely amenable to the idea of utilizing it somehow within the community.

Ms. Cerilli: The other thing you had mentioned when you were describing some of the process that you go through in declaring a property surplus is you look at a tenant, you look at the departments in the government and then at tenants, so do you sometimes declare a unit surplus, even though there are tenants there? Does that happen?

Mr. Reimer: Yes, we have had situations where people are physically living in a unit, and they have approached us in wanting to buy it. We will go into the process of saying, okay, that is a surplus unit, and we will sell it to them. Yes, we will do that and make an arrangement with them to take possession, sure.

Ms. Cerilli: Or else what we have seen in other circumstances, if they are not able to take possession, they are evicted. That was the other part of my question earlier, that if they take possession they can assume the mortgage, so they can—

Mr. Reimer: Yes, they have to arrange for their own financing, but it is worked on an appraisal system.

Ms. Cerilli: Well, I think we could discuss that a lot longer, but I am feeling the need that I have to move on. I think that it is interesting to know that you have done that in the past. I am wondering if in some cases there was a down payment that was avoided if these potentially—they are low-income Manitobans, so if there was some arrangement where they had to make a very minimal down payment.

Mr. Reimer: Usually what happens is there is an agreement on the price. The individual then would arrange for financing, and then they would pay us out and then we are cleared of the asset that way.

Ms. Cerilli: There was one thing I wanted to ask about the Estimates book. There was a change that was made that I found was kind of bizarre. It struck me when I looked at the chart on page 7. You have changed from describing the Housing Administration and Finance to now talking about the Housing Executive which, as I understood it, was only the assistants to the minister's office.

That does not tell us very much, so when I then look on page 10, you are talking about the staffing in the Housing Executive office and Housing Program Support, and in last year's budget book, it was Admin and Finance. So now we have no way of knowing about the staffing and the funds expended in Administration and Finance.

Mr. Reimer: The Housing Executive is myself, the deputy, my staff and Bill's staff.

Ms. Cerilli: Yes, I am aware of that and that is why I am raising this. It seems like this is a mistake, because there is no documentation that describes the staffing levels and allocations for Admin and Finance. When I look at the last year's Estimates on page 10, it is Administration and Finance that is described in that chart, not just the Housing Executive office, so if that is a mistake, I can accept that. If it is a decision to change the format, I think I want to complain, because I think it is much more important that we have more of a description of the money spent and the staffing in the whole division that would be considered Admin and Finance.

Mr. Reimer: I think if the member would look at page 19 and page 23, it has an outline of the Financial and Administrative Services and the numbers associated.

Ms. Cerilli: I am assuming that that is the same as the book from last year's Estimates. What I am wondering is why, when I compare page 10 from this year which is the staffing by the department, you described only the staffing and Housing Support and then Housing Executive, whereas last year it was housing support programs and Admin and Finance. Why was that change made?

* (1630)

Mr. Reimer: Yes, I think that why there seems to be a bit of confusion is the fact that in the reporting categories, the deputy and myself now are broken out as individuals within the individual category, and then the other one, it was a combined in last year's book. The member is right. It is a little different, but part of that was because of the reorganization within the department, so the member is right.

Ms. Cerilli: Okay, so I am wondering if you would agree then that it is important to show the staffing levels on a chart like this for Admin and Finance. The other thing I think it is important to show—I am not sure if I have raised this other years—is the staffing with the Manitoba Housing Authority. When I look later on in the Estimates book, I think there is a total of 311 unionized staff, but the Estimates that are described here are only talking about the ones who are with the department and not the ones with the Manitoba Housing Authority.

Is that correct, and I am wondering if we could get a little bit more detail on the staffing with the Manitoba Housing Authority itself.

Mr. Reimer: Yes, that number is correct. The member is referring to the public servants who are shown in this book as a number and the fact that the non-civil servants are not shown in this book as a number of employees. The expenditure appropriation for the funding, though, is in the book. It does show the amount of money that is spent, but the numbers, the SYs, are not shown as a number of people employed—the member is right—other than on page two, I believe it is, where we refer to the component of approximately 300 staff who do not have civil service status and roughly a hundred caretakers who are employed on a contract basis.

So that would be the closest that the member would have for numbers that do not have civil service status.

Ms. Cerilli: What I was asking is if you could provide me with a little bit more detail about them. You do not have to go through it all now but just to give me the information for the Manitoba Housing Authority; you know, the number of managerial, secretarial, clerical, whatever the other categories are. If you have a comparison of that going back a few years, that would be interesting, too.

Mr. Reimer: Okay.

Ms. Cerilli: Because I was noticing that if we went back to the year 1995, there were 126 staff years in the department, and now projected for the end of 1999, there are 80 staff. That is quite a decline, and that is

just in the department. I imagine if we looked at the Manitoba Housing Authority, we would see the same kind of decline in the number of staff.

I get complaints as I am sure you do, Mr. Minister, from tenants that are saying that repairs are not done in a timely manner. You know, there is concern that there is not the staff there to do the kind of housing supports that are necessary in a lot of our developments. We are seeing a very large drop in the number of staff in the department. I am wondering if we are starting to compromise the kind of quality of service in Housing.

Mr. Reimer: In looking at the difference in the numbers that the member is referring to, there was a large component of people who were involved with our departments when we were in the physical building of building buildings, and since we have moved out of that area, we naturally do not need to have that many people employed, so that is where the greatest number of declines of numbers that the member is referring to have occurred.

Ms. Cerilli: Okay, well, let us ask a few more specific questions about some of the people that have been let go. In the housing support programs—I am on page 9 in the Estimates book—the three staff that were declared surplus, what did they do?

Mr. Reimer: In looking at the reductions of 10, in the first part, three declared surplus upon evaluational operations and related staffing, one was a loans administrator, and then two were in the accounts payable department. The next line, in regard to the implementation of the desktop management, there were two declared there. In the re-engineering and the reprocessing for the shelter allowance programs, a lot of it had to do with the new programming of computerization in that department and a new re-engineering of the process. So that was mainly the result of the downsizing of five people in that particular area. So that more or less takes up the difference of the 10 people.

* (1640)

Ms. Cerilli: So, you explained the three that were declared surplus, but now you are also telling me that you lost five. They were not declared surplus. Did

they get moved somewhere else? They are not working on shelter allowance programs anymore.

Mr. Reimer: Yes, they were declared surplus, and some were vacant positions too.

Ms. Cerilli: I have raised a lot of issues in the past with the shelter allowance programs, so I am concerned to see that five staff are also not working there. It sounds like you have implemented a re-engineering process—is what it says. What does that mean?

Mr. Reimer: I just wanted to get some further clarification on that. It mainly resulted in the fact that a lot of the programming and the management of it was done on a manual process applications. With the advent of different aspects of computerization, we were able to make it more efficient and involved, and we were able to declare five positions vacant.

From what I am told there were some vacancies in that prime area before, so this is how the number of five are indicated in that particular area.

Ms. Cerilli: I remember last year in Estimates, we talked a lot about the large number of positions that were filled on an acting basis. I am wondering if that has changed, if you can give us a report on the number now in the department that are working on an acting basis, and also if the positions related to tenant relations and tenant support have been filled.

Mr. Reimer: I think that what was happening in the last Estimates review process is there was a lot of acting positions because of the reorganization that the department was going through. Since that time, there has been a degree of stability put back into the department, and, in fact, most of the acting positions have now been transferred to a permanent position. So it has settled itself down, and I believe there are very few acting positions, very, very few. They are all permanent now.

Ms. Cerilli: The other part of my question was the positions related to tenant support, tenant relations, what has happened to that whole area? Have those positions all been filled?

Mr. Reimer: I have been informed that they have been filled, yes.

Ms. Cerilli: So how many people now are working, first of all, in the Winnipeg region, and then outside the Winnipeg region in the area of tenant support and tenant relations, community relations?

Mr. Reimer: In Winnipeg we have a total of 10. We have four tenant support workers and six tenant relations workers. In the rural area we have three tenant relations officers.

Ms. Cerilli: That sounds like a very small number of tenant relations officers for the whole rural area. How many units are they dealing with? If it is a problem to get me that exact figure, I can understand that.

Mr. Reimer: I think the mix is what sometimes gives us the emphasis of the various relationship in relations officers and support officers. In the rural area we have a lot of single-family homes and they do not have the concentration as they do here in Winnipeg with the large highrises where they are working within concentrated areas of public housing. So this is why in the rural area it may sound small, but the configuration does not support the numbers as it does in the city of Winnipeg where there is a high concentration.

Ms. Cerilli: One of the things that those tenant relations officers are supposed to do is help tenants set up tenants associations. Again, I know that the member for Wolseley (Ms. Friesen) was asking about this last week, but one of the issues is to clarify the department's policy for when a housing development has a number of vacancies. There is the 30 percent rule that there has to be 30 percent of the tenants interested in the tenants association. That is then 30 percent of the number that are actually living there, not 30 percent of the number of units because it would seem pretty unfair if it was otherwise, if it was actually 30 percent of the number of units. Are you following me?

Mr. Reimer: Yes, it is 30 percent of the number of units in the complex, not the tenants.

* (1650)

Ms. Cerilli: Would you change that policy? A unit does not become a member of the tenant association, the tenant does, so it seems that it should be 30 percent of the number of tenants who are actually living there at the time that they form the tenants association. This is posing a problem, I believe, for some of the groups that are trying to form tenants associations. If there is a vacancy rate that is a little bit higher, then they are having a more difficult time getting the numbers to come out to the initial meeting and that, so I am wondering if you would consider amending that policy.

Mr. Reimer: That is a very good point because what, in essence, you are doing is you are penalizing a place that wants to possibly bring itself up. People want to get an association, but because they have a large disproportion of, say, studio units that cannot be rented out. No, it is a good point, I will certainly take that as good advice.

Ms. Cerilli: Hopefully, we can move through these other ones just as quickly. I am wondering if the finance and administration division, who is responsible for dealing with financial policy or maybe through the Research branch, there was admitted some recommendations for dealing with the RGI calculation policy and trying to figure out how you could implement a cap. I am wondering if there were some recommendations put forward by staff that you are considering in the department.

Mr. Reimer: One of the things that has caused some problems and some concern that the member and I are both aware of is the RGI formula in trying to even build a stability into some of the communities. You get people who are finally getting off of welfare, in a sense, and starting to work and starting to accumulate some money, and because of their added wealth, they have to pay more rent. A lot of times, they are even forced to move out of the community or out of the complex because of that.

One of the hamstrings, if you want to call it, is our federal CMHC partner. They are very stringent in their interpretation of the rules regarding the RGI formula, and we have to adhere to them. We have made cases in individual areas where we have put in ceiling rents or cap rents, community rents or whatever we call them, and we have shown to them on pilot projects that

because of very, very high vacancy rates, chronic vacancy rates, in trying to bring some sort of stability into communities that they will allow us to do that. So it is something that I know is worthy of consideration, and it is something that possibly we have to pursue a little further.

Mr. Mervin Tweed, Acting Chairperson, in the Chair

This, again, has been pointed out to us under the devolution program, where if we had control of it, we would not have to worry about RGI, we would make our own rules. They pointed that out as one of the other benefits of taking over the federal portfolio.

Ms. Cerilli: Okay, well, it is interesting to know that this could change more easily under a devolution agreement, but what I am asking more specifically is: are you considering then some scheme of more generally? I know you have done it in certain areas of capping the rent, but I am wondering if you are looking at changing the policy in some way across the board.

Mr. Reimer: One of the mandates, if you want to call it, with public housing has always been to try to accommodate the people that are in need of having a place to live and shelter. The guidelines and the strictness of the CMHC program have dictated that we have to abide by their 27 percent and 25 percent guidelines. We have resisted numerous overtures by the federal government. They have constantly wanted to bring this up a point at a time. In fact, some of the provinces are up to 30 percent.

An Honourable Member: That is not what we are talking about, Jack.

Mr. Reimer: I know, but we would certainly try to entertain areas where we can try to accommodate people into the communities and into the complexes through possibly a cap rent or a ceiling rent on some of the units. The biggest proponent of our doing that is that, when we have very high chronic vacancies, we can sell this program to our federal counterparts and do it. We have done it, too, and we are doing it, in fact, right now in Lord Selkirk Park.

Ms. Cerilli: What I am wondering, though, is if you have some specific proposals that you are considering

to deal with some of the problems that I have raised in letters I have sent to you and your department in terms of making it easier for people to get out once they start earning some income so that they are not paying more than the market rate for months while they are trying to save up to put a down payment on a new place.

I was surprised to look at some of the leases and to realize—I know that in Transcona you can get a three-bedroom townhouse on the market for just over \$500 a month. Some of the leases for residents in public housing are—the maximum rent that they can pay is, like, \$900 a month on their lease. You know, it is crazy. Just because they happen to have their rent calculated based on their working income, and yet they have been trying to move. So I do not want to get into a big discussion about the problem. We know what the problem is. What I am wanting to know is if you can describe to me any programs or proposals that your department is looking at to deal with this problem in a word.

Mr. Reimer: Yes, I can say that we are looking at it. It comes under the purview of devolution because through devolution it does give us an opportunity to look at exactly what the member is talking about as to how we could better manage the entire portfolio as to efficiencies. One of the biggest benefits of devolution is the decision making made on a local basis within our province for what we consider to be the housing needs of our community. That again, and I repeat myself, is one of the things that the federal government has made overtures to us as part of the devolution so that we could possibly entertain those types of things and look at them, because I think that there are efficiencies that can be brought into the picture by management under one portfolio, and there is a very strong possibility that we would look at some of those components.

Ms. Cerilli: I will write you another letter on that one.

Mr. Reimer: Okay.

Ms. Cerilli: But on the rent geared to income, the other thing that I have written to you in the past about is the complaints from tenants that they continue to receive notices that they are going to be evicted or given an order of possession because they have not had their rent in by the third of the month. In some cases,

the rent is not even coming from them entirely; it is coming from social allowance, which is where all their information goes. In other cases, they get paid biweekly, and their pay period does not end until past the third day of the next month. So they cannot get their information in on time, and they are getting these notices.

In some of the cases, it also seems like this is this new, I will call it the get-tough policy, where you have issued statements that they have to have their rent in, and you are starting to step up this notice-to-tenants practice, particularly if they have had arrears in the past. So I am wondering if you have re-evaluated that, if you have gotten the kinks out, so that tenants who are good tenants, who always pay the rent are not getting notices when they have no control over giving you the information, or, if they had been notified and you have explained to them if there is something in your system that you cannot change that, so that they are not feeling, once again, that Manitoba Housing Authority is the big, bad landlord, is not sensitive, or anything like that.

The other question related to this is with the new policy where you have stepped up this notice practice with tenants that are in arrears. I am wondering if you have a report on the number of people that have been evicted or have moved and, also, if you have collected more money. I think when I talked to the department in the past, I did get a report that showed the total amount of money that you are in arrears for the current tenants, as well as the arrears for tenants that have left, and I am wondering how much of that you have collected.

* (1700)

Mr. Reimer: I think the member is right in regard to the rent. The leases are made on a monthly basis with rent due on the first of each month. I think that what we have done is we have tried to work with individuals that have shown some sort of problems in getting the rent to us on a timely basis. The idea is that with the system that we are into now and the advent of computerization and everything, everything goes on a cycle. It is easy to have notices programmed, in a sense, to come out, and this is what happens.

We try to work with the individual. I do not think that it is the cold, hard landlord at the door type of

thing, but we try to explain to the people. We try to get them on a timely fashion of having their rent to us on the first of the month, and most of them do. Most of them have got some sort of a system in place, and if there are incidents where something else has happened, I think that we are more willing to work with them if they have a good record of paying their rents and everything. It is not our intention to hassle them or victimize them if the intent is there and the history is there; we will work with them.

Ms. Cerilli: I can tell you that people do feel harassed and they do feel victimized, and they are getting notices every month. This is an across-the-board policy that you have made, and yet you are saying that people have to come to you on an individual basis and phone, for example, if their pay period goes beyond the end of the month. I can see that what you have probably done is programmed your computer for anyone who has been in arrears in the past that they are getting these notices. What I asked is to see how many people have either left or been evicted under this new policy, and how much money you have collected.

When I called the Manitoba Housing Authority previously, I was told that—this was as of January '98—the arrears were, in one month, over \$250,000, and your former tenants' arrears were over \$1 million. So I am going to be asking some questions about the former tenants in a minute. Right now I am just dealing with the existing tenants.

Is this new policy working? Are you collecting some of that arrears money or are people just leaving and what you are finding is that your former tenants' arrears are going up because people are abandoning ship and they are feeling threatened? I also want to ask you how clear the notices are to people? My concern is a lot of people do not understand the residential tenancies process. They do not know their rights. They get the first notice which says that they are going to be receiving an order to vacate within seven days, and they think they are on the street within seven days. I have gotten phone calls, people in a panic, feeling like they are going to have a nervous breakdown because they think that they have to be out of their apartment in seven days upon the first notice.

So I think that especially with these tenants that have been in an arrears, they have to get some clarification of what the residential tenancies procedure is and what their requirements are in terms of payment and what the notice provisions are. I hope you will take this seriously, because it is causing a lot of stress. I do not know if that is the intention that you have, you want to put the fear into them hoping that they are going to pay their rent. My concern is what is happening is they are leaving Manitoba Housing properties as quickly as they can, and maybe that is your intent too. If they are bad tenants, you figure they are not paying their rents, they are not good tenants, and you are wanting them to get these notices and feel like they are now all of a sudden under the gun with this new policy and you want them to leave.

Mr. Reimer: To the end of March, March 31, our arrears are just over \$168,000 for the department. We have had a history of just over \$168,000, you know, until the end of March, March 31. We have a history of write-offs of some fairly substantial numbers. In fact, since 1992-93, we have written off \$2.4-million worth of write-offs. Some of this is damage and some of this is rental arrears, but the biggest portion is rental arrears.

So the board has adopted a policy in the department saying that we have to try to get our rental arrears in line of a more manageable position. This is why possibly, you know, it may appear that we are coming down harder, but, in essence, what we are doing is we are trying to instill a sense of responsibility of, you know, on the first of the month the rent is due and to work within the parameters of that.

Under the guidelines of the Residential Tenancies, the member is right. Within seven days there is the ability to evict someone, kick him out, unless there is an appeal file. Most of the time, if it comes to that, they do appeal, and then it becomes a part of the process of appealing it.

Mr. Chairperson in the Chair

We work within the guidelines of the residential tenancies Association. We are governed by their act, but, like I say, the majority of our people and the biggest majority of our people do pay on time.

* (1710)

Ms. Cerilli: Quickly then, will you give some information to your tenants, particularly the ones who are getting these notices under the new policy, the arrears policy, something that explains to them the residential tenancies process, so that they realize that after seven days they have to file their appeal, and that does not mean that they have to move out immediately? Remember, these are public housing tenants.

Mr. Reimer: It has just been pointed out to me that it may be on the notice, but we would have to check and see whether it is on the notice that is first given to the people. We could make sure that it is conveyed to them, that they do know that there is an appeal process.

Ms. Cerilli: A couple more things while we are on this topic, and then I am going to hand it over to my colleagues here.

One of the other things that has been raised with us is that there is a new policy related to pets. Again, this is what we are involved with here at Manitoba Housing. Tenants can only have 24-hours notice and they have to get rid of their pet. Tenants are concerned that this is actually going to be a policy that gets used against tenants by other tenants, or, if tenants are concerned that if they raise any issue, that Manitoba Housing is going to tell them to get rid of their pet.

Now, I do not know how you are dealing with this, but the serious question, though, of having a tenant contact Housing about their neighbour and the fact that they do not like their pet. I am wondering if any special consideration is given to tenants that require the dog for security. I think again we have written letters on behalf of women who have dogs, for example, for safety. They do have a police report that they are being stalked, and they have restraining orders and that. So I am wondering if any of those considerations are being made.

Mr. Reimer: If there is one thing on the agenda that comes up at meetings with the MHA board nine times out of 10 is pet policy, what is happening with Fluffy, and how do we handle him or her. The policy actually for dogs for security reasons is, no, we do not allow

that. We do allow dogs for seeing-eye dogs and things like that of that nature. There is no problem with that.

I do not know how to answer this. Just give me a sec or two to consult here to see what the latest—I think what we have tried to accomplish is that people who do have pets, we have grandfathered the clause so that they can keep them. What we do is we make it very clear to people when they do move in, there is a no-pet policy. So we do not want to jeopardize, especially, some of our seniors who have had their cat or their dog with them for years.

Ms. Cerilli: Just a clarification for the minister, I understand what the policy is. What I am asking is how do you take into account the fact that this could be used by one tenant against the other tenant in terms of their phoning on their neighbour and saying their cat or dog is bothering us? Is that considered? How do you deal with that? How do the tenant relations officers deal with that?

Mr. Reimer: That is something that I think that we take into consideration. We certainly do not feel that it is appropriate for vindication or for repercussions from one neighbour against the other one. I think that the tenant relations officer or the person will try to work with the two parties and try to come to some sort of resolve on it. If it is used vindictively like that, the tenant relations person will try to get other opinions in the building or something so that it is not just one person's word that becomes the absolute law on it.

Ms. Cerilli: Well, the minister said that people cannot have a dog for security, but it sounds as if they can also not get a security alarm on their property, a security system if they live in public housing. I have written the minister about the property in The Maples area and all of the tenants—I believe there is a tenants group there—want to install alarms with a code. They have agreed that the code could be the same one for all of the tenants, which decreases the security to some extent, but that is what they are doing to try to accommodate the Manitoba Housing concern, which is that the caretakers would find this a problem when they have to access the units.

I am wondering if you have reconsidered. This is something that could actually increase the value of the

property. They are all willing to pay for them themselves, but Manitoba Housing has said, no, they cannot install a security system.

Mr. Reimer: The member brings up a very interesting scenario because the idea of controlling our asset, if you want to call it, our building with tenants in it and the concerns of all tenants have to be considered when there is an installation of an alarm system. There is also the concern that, when the person leaves, they will take their alarm system out, because most of these are drilled into the walls or wired into the walls or something like that, and the payment of the alarm system when they leave, and then the monitoring of it, if it goes to the police and the police have to get into the unit through a front door or something like that.

So there is a fair amount of concerns that have to be addressed, but that does not preclude the idea of trying to come to some sort of agreement or understanding possibly on an individual location, if it is a small complex where there is a willingness of the neighbours to work co-operatively on that or to come up with some sort of program together on it with understanding. As has been pointed out, some of these alarm systems have literally sirens and very loud sound systems associated with them. Where is that located, and how does that affect the rest of the tenants if it is an apartment block?

So just as it has a certain aspect of security, it also brings in a fair amount of questions as to responsibility and how it can be best managed. The member has mentioned this group in The Maples. I think maybe we would have to sit down and talk to them and see maybe there is a way of managing it. So it is not as if it is an outright rejection.

* (1720)

Ms. Cerilli: Just to wrap up on this issue then, I think it is a good idea if the tenants relations officer would meet with the tenant group there. There is an association. It is the properties at 1391 and 1411 Fife Street. If they have all agreed as a tenants association that they want to do this, then I think it is good if you talk to them.

The last issue I just want to touch on is back on the arrears issue and your utilization of collection agencies.

We established back in '95 that your department or government cannot allow a collection agency to charge interest when they are collecting rent past due, but at the same time then I am wondering what the agreement is with these, if you have got a percentage that you have agreed that you would share with the collection agency? What is your budget for an organization like Equifax in terms of the amount of the arrears that they are going to get? Is this being effective, or is this helping you collect your arrears?

Mr. Reimer: Yes, there are three different agencies that are employed for collections, and their percentage of reimbursement ranges between 17 percent and 25 percent on the collectibles.

Ms. Cerilli: Are they allowed to use any sort of tactics or strategies or methods that they deem appropriate, or do you have something in the agreement that limits them from phoning people at work and harassing them at work which could lead to people losing their job—which is one of the concerns that I have had expressed to me where people are being phoned repeatedly at work—or other methods of the way people are talked to on the phone by collection agencies, if you are aware of that, and if you have in your agreement some things that sort of try to limit the kind of harassment that people suffer when they are being pursued by collection agents?

Mr. Reimer: Anybody that we would employ—I mentioned the three agencies—what we would expect from them and would be part of the agreement is that they would comply to the guidelines that are set up in the residential tenancy guidelines of collections, and we would not expect them to deviate with any type of ad hockery in how they would collect things, collect their money. They would be guided by the guidelines that are part of the rental tenancies agreements, collections.

Ms. Cerilli: Then maybe the minister can tell me if his staff are aware if the guidelines allow for collections agencies to repeatedly phone people at their workplace, use foul language on the telephone.

Mr. Reimer: It has been pointed out that, if a person feels that they are being harassed, there is an appeal mechanism through the rental tenancies association so that, if they are being harassed at work or through

phone or something like that, they do have recourse through that.

Mr. Steve Ashton (Thompson): I want to raise some questions on remote housing with the minister, remote housing programs. I want to preface my remarks by indicating that obviously I am not suggesting that the Minister of Housing or the provincial government has the jurisdiction for all northern communities in terms of remote housing, and that the comments I am about to make could just as equally be addressed to the federal government.

I want to begin by indicating that I really believe that we are in a very critical situation in northern Manitoba currently in the communities I represent and in many of the other communities I have been able to visit. I would say the No. 1 issue in many communities is that of housing, both in terms of the quantity of housing and also the quality of housing, and I want to indicate that the amount of work that is taking place generally in terms of dealing with the housing needs in northern Manitoba does not even keep up with the growth in the waiting lists in pretty well every community that I am aware of.

A lot of people are, in fact, now relocating from their community because of the lack of adequate housing. I think you could walk down the streets of Winnipeg, the streets of Thompson, you could walk down many communities' main streets, and you will find people from Nelson House, Split Lake, Cross Lake, Norway House, Thicket Portage, Pikwitonei, and they would all tell you that they are living in the city not strictly by choice, although that is the case in many cases, but in other cases because of lack of adequate housing. I would like to stress "adequate" because that deals with the fact that some people just do not have a unit, period, but also that there are completely unacceptable housing conditions in many northern communities. Third World conditions—there is just no other way to describe it.

I could take the minister to visit some of my constituents in Thicket Portage and Pikwitonei, which are both Northern Affairs communities, by the way. I could take him into the Nelson House community, also a Northern Affairs community. I could take him to the Nelson House First Nation, and I think the minister

would be absolutely horrified at some of the housing conditions that people continue to live in. I just visited part of Nelson House a short time ago. They have been fortunate recently to have sewer and water finally added to a section of the community, but the sewer is now backing up and they have problems with people contracting infectious diseases.

I might add that the housing conditions in that area are just absolutely unbelievable. This one house in particular in which a family is living—they are being transferred to a new unit, fortunately—is just about the worst housing I have ever seen. No sewer and water hookup, basically panels, wood panels. The house is actually not that old, but I do not think you would want someone to use it as a garage or even for any kind of habitation, let alone human habitation. It was that bad.

I want to ask the minister, to begin with, what he is doing as Minister responsible for Housing, either directly within provincial jurisdiction or at the federal-provincial level to address the huge problem with housing in remote communities, and the fact that over the next five, 10 years, I think, you are going to see a social and economic and health crisis that is going to be very much centred around the fact that housing in northern communities is absolutely inadequate both in terms of number of units as well as overcrowding and absolutely abysmal health conditions.

Mr. Reimer: The member knows quite readily a lot of the conditions in the North because of representing his constituency and the conditions throughout northern Manitoba. I have had the opportunity to go up to the North a few times and do some of the touring of some of the housing stock. The member is right. A lot of that stock is in very, very poor condition, and the lack of even more housing is evident.

I had the opportunity just recently to be down in Ottawa at a national housing conference. You could actually close your eyes and if you did not know who was speaking, you would think that they were they were speaking about northern Manitoba or some other areas. These were people from other areas in Canada when they talk about lack of adequate housing in the remote areas. It is becoming more and more of a focused point of discussion in various ministers' meetings and in various areas of conversations whenever I talk to some

of my counterparts across Canada. It is with that in mind that some of the recommendations that came out of the meeting when I was at down in Ottawa. The fact that there be some sort of concentrated effort of awareness made to the parties. A lot of times, and I am not trying to put off the blame to the federal government, but their total abrogation of social housing and public housing in Canada is actually a terrible detriment to trying to build any type of community or community stability because of a lack of housing. If there is not housing, or if there is a lack of housing, there naturally is not going to be the growth, the development and the well-being of the community because housing becomes the primary need and the focus of every person.

* (1730)

So there was a strong recommendation from this national housing conference that we were to come to some sort of awareness program to the federal government in making these things known. Here in Manitoba, we have not spent more money on new housing—the member is aware of that and I am aware of that—since 1993 when the federal government pulled out of the housing portfolio and more or less abandoned it. That does not mean that there is still not a need for more public housing in the North. One of the things that the federal government has come forth with in the last while and something that we have been evaluating fairly stringently is what they call a devolution offer by the federal government to get out of social housing and public housing completely with the idea that we, as the Manitoba government, would take over all of their portfolio other than on-reserve housing and aboriginal housing that is now the federal government's responsibility. They would keep that as their responsibility, but all other aspects of public housing would be transferred to the provincial government for management and for administration.

There are certain conditions and advantages and disadvantages of taking over this portfolio from them. This has caused a fair amount of analysis by our department, and we still have not made a final decision on it. One of the things that is of note and has a degree of optimism in looking at housing for northern Manitoba and for all of Manitoba, in a sense, is the fact that the federal government has said that any monies

that are realized through the management of the combined portfolios can be reinvested into public housing. That is their stipulation. If you are saving money or making money or realizing money through the sale of assets or through the redirection of assets or through the refinancing of assets, the monies that you save must be reinvested into public housing.

This gives us an opportunity to come up with I think some very innovative new programs and new ways of utilizing funding for either shelter allowance programs or for rental supplement programs or possibly even the addition of new housing totally in partnership with communities. It also gives us the opportunity to get closer involved with communities that want to become self-sustainable in providing more housing in their communities. So there is a degree of optimism that there may be this available for us to further utilize in getting some housing into the areas where there is a great need, which is in the North and which is in some of the isolated communities. That is one of the components that the federal government is throwing to us as a carrot, if you want to call it, in looking at this devolution offer.

It is a big portfolio to consider because, in essence, what we would be doing is we would be doubling the administration of our portfolio from approximately 17,000 units to almost 35,000 units, but the management of it and the decision making would be then done on a Manitoba level for Manitobans, and how we would want to better enhance public housing in our communities. So that is one of the options that we are weighing in looking at in trying to increase housing and the need for housing in the rural and northern housing in Manitoba.

We do not have a program right now. We do not have a partner to initiate new housing starts, but, as I say, there is room for some possibly innovative redirection of funding if we went down the road with devolution and we have the ability to manage our own portfolio.

Mr. Ashton: I appreciate the response from the minister, but I want to put on the record that I think it is going to take more than obtaining some savings by amalgamation between the federal and provincial governments to deal with the problem. For example,

take a large, but not one of the largest reserves, such as Split Lake or Nelson House—and I am talking about on-reserve housing here—you will find waiting lists of several hundred. You will find similar problems in Thicket Portage, a much smaller community, but it is a Northern Affairs community in a provincial jurisdiction, again, huge waiting lists.

Of course, in remote northern communities, there is no commercial market; there is no commercial value in the case of reserves. There is also the additional limitation in terms of the assignment of reserve land, so you end up with public housing essentially being the only option that is available to people, and there are a number of models that have been used which do involve some sweat equity, either by the community or by the individuals involved. I know there were a number of units constructed in Pikwitonei recently under that model.

I want to stress again how serious this problem is. If one looks at Stats Canada information, you can see it. There are communities where the average occupancy in a house is nine or 10 people—the average. You are dealing with two or three families living in a house, but, if you have the opportunity to talk to people directly, you see even more than the statistics will show just how much of an impact it has. It impacts on health, with contagious diseases, for example. That is clearly documented.

The more people you have in a small area, the more readily those diseases are passed on. If you add to that the lack of sewer and water or inadequate sewer and water, you end up with that being compounded. You end up with social problems, disputes between families. I do not think it takes too much to figure out that if you have several generations of a family or people related living in a home, it creates more difficulty. That has been expressed to me by people, that it has led to severe problems both within families and within communities, and it even compounds itself further. I have talked to students who are trying to get back into school, finish off high school, continue with a university education. I do not think it is too much to anticipate that if you have a large number of people in a small home, you essentially end up with very difficult circumstances for students. I could go on and on in terms of the personal,

family and community problems that come from inadequate housing.

There is also a problem, too, and that is in terms of design of housing. This has been an ongoing discussion and debate, but I am still amazed that we see homes constructed in northern Manitoba, the few that are constructed relative to the need, that would be more suited to the minister's constituency in the city of Winnipeg than they are to northern Manitoba. There has been some progress I know in insulation values, but they often are totally culturally inappropriate.

* (1740)

If you go to First Nations communities, Metis communities, there is a different background, different source of heat, for example. When you have wood stoves, you have a completely different situation in terms of humidity, also in terms of what is seen as appropriate with walls, barriers within the house. You end up with those kinds of circumstances being quite different. I am always amazed when you see a significant number of homes now with electric heating where you have direct electric power with insulation values that are, I do not think, appropriate for northern Manitoba, often poorly finished off. I can take you to literally dozens of houses that I have seen myself where the contractors have not completed the job. They have left wires hanging. The doors have not been fixed, windows. You name it, you can see it. I have raised this, by the way, with CMHC in terms of inspections, and that is often a problem. Occupancy is obtained in a unit, final inspections are not necessarily done, and, in fact, if the houses are not completed, the work is not necessarily done for quite some time afterwards.

I can show you also the renovation needs of northern Manitoba. That is something that is just so apparent wherever you go, and the system in place is often not responding directly because of the lack of capital money. I have often raised concerns—and I want to give CMHC credit, by the way. With the former director Roy Nichol, I had a good working relationship in terms of contacting CMHC. Work was done where it was identified. But, you know, you were dealing with a very difficult circumstance, even for CMHC, with large areas to cover. It is hard to get into communities. You know, it is well known in the communities that if you

want to get work done, you better be on this side of the fiscal year, rather than the back end of it, because of funds running out, et cetera.

I am wondering specifically—to deal with the renovation side—if the minister can indicate whether there has been any progress at the federal-provincial level on renovations. I just want to give a quick example of a community where this was raised with me. It is in York Landing, so once again we are dealing with on-reserve housing. The housing director in the community said to me that there are a lot of units which were poorly built, in one sense, but are still structurally sound in the community. He, at the time, was trying to get significant amounts of money to upgrade those houses, and it is a lot cheaper to give a retrofit of a house to \$15,000, \$20,000 than to build a new one.

What I was amazed at was looking at how serious the problems were in that community and some of the housing that was built in the 1970s and early 1980s in terms of mould. Once again, inappropriate ventilation; in many cases, no ventilation at all; inappropriate humidity levels; poorly constructed houses; poor material—you know, every principle of housing construction violated in some way, shape or form.

I want to indicate, by the way, that I am no expert on the construction of housing, but even with my own knowledge as a homeowner and the kind of work I have had to do on my house, I have been appalled at the conditions that I have seen. It is a legacy, in many ways, of neglect, but I am wondering if there are any specific measures to deal with ways of keeping the existing housing stock.

Mr. Reimer: The member, I think, is aware that back in '95-96 we had the Home Renovation Program, and it turned out to be very, very successful. It was a program of almost \$10 million. I think the budget item was \$10 million. One of the things that was quite noticeable about that program was that what it did, it generated almost an 8-to-1 involvement. The government's investment of \$10 million generated, I think it was, \$87-million worth of expenditures of home renovations in the province. It was a province-wide program. It was well received. The selection criterion was under \$100,000 of appraised value, and the pickup on that program was roughly along the same lines as the

percentages of population in Manitoba, with almost 60 or 70 percent of the pickup in Winnipeg and the rest in the rural areas. We had very good success with that program, and it is something that is noted in our departments through my Department of Housing and through the Minister of Finance (Mr. Stefanson) as to the return into the economy. So it is something that possibly, you know, deserves merit to resurrect.

The program that the federal government has come out with in the last little while, which we were associated with too to a degree was what we call the RRAP program. That is a program where we participate with about 25 percent provincial money and 75 percent federal money. One of the problems with that was that, when the program was announced, it was announced on a year-to-year basis by the federal government. There was no indication of stability or long-term planning on their part as to the continuity of the program. So we as a provincial government did not partake in the RRAP program. So it was strictly a federal initiative. One of the things that we indicated to the federal government in our analysis of the RRAP program was that, if there was a degree of stability and long-term commitment to it, then it would be something that possibly we as a province would consider.

As it happens, I guess it was less than maybe about two months ago, the federal government announced that they would sign a RRAP program for a five-year commitment, which is a very good sign for us to possibly re-evaluate our participation level. The amount of funding that they have allocated, I believe it was about \$1.8 billion for right across Canada, and our component of it here in Manitoba would be about \$1.5 million, I guess, if you look at the comparisons of population and density of populations for all the provinces of Canada.

We do have an opportunity to possibly look at piggy-backing onto the federal RRAP program and seeing whether there are points of discussion, because, as I mentioned before, when you do not have a degree of commitment, which the federal government did not have before, it makes it very hard for the province to do any type of long-term budgetary planning when all of a sudden a program is there and then the funding capability is pulled and then we are faced with funding it on our own.

So I would think that is one program that we could look at possibly tying into, and look at renovating and the stability of renovations in Manitoba. So the RRAP program possibly is something that we look at, and then we can also possibly look at maybe expanding our own programs through, as I say, what I mentioned earlier, with the redirection of funding through our possible devolution program that the federal government is coming up with. If we have the ability to redirect funding, shelter allowance could be part of it, and the Home Renovation Program could be part of it, so we would look at trying to accommodate that.

Mr. Ashton: I appreciate the comments of the minister, and I want to turn the mike over to my colleague, but I just want to finish off by saying that I really mean what I say: I am really concerned about the housing circumstances. I am quite aware, too, of what the minister pointed out in the withdrawal from the federal side. Quite frankly, when they are running a surplus, certainly an operating surplus and a surplus when one accounts for other costs, interest costs, et cetera, I think they have to start reinvesting in housing. I mean, there are a lot of the communities that I am talking about—if this were in the Third World, they would be eligible for foreign aid; they would be getting help. That has been pointed out to me by my constituents, and I think it is absolutely unacceptable that in 1998 we have people in northern Manitoba that are living in Third World conditions.

I just want to once again urge the minister to push for a strong federal-provincial commitment, and to start reinvesting in our housing stock, and not just relying on relatively minor additions on the housing side right now, and a slow but steady decline with the existing housing stock. That just simply is not good enough, and it is just absolutely inappropriate for the 1990s. Thanks.

* (1750)

Mr. Daryl Reid (Transcona): I have a few questions in the time that is remaining here with respect to Housing. I had written to the minister some time ago, and to go even further back to his predecessor for his department with respect to the public housing in the community of Transcona.

There have been a number of complaints that have been drawn to my attention. In fact, the residents of the community have brought me into their homes, the public housing which is their home in the community, and have shown me the condition of those housing units. I have written to the minister in regard to those, in particular on Dowling, but also there are other units that are on McMeans, and I believe there were some on Allenby, and perhaps on Paulley Drive.

These housing units that I referenced for the minister, I cannot state strongly enough the deplorable condition in which I am finding these housing units. In the case of Mrs. Jackson, who has been referenced in my letters to the minister, and the minister has responded with respect to that individual in that housing unit, there are basement windows that are broken that are allowing water to come into the house in addition to rodents that can enter and exit from that building. You have got stucco on the outside of the building near the door, the only door to the housing unit, that is starting to slide now, which causes me to become suspect of whether or not that is a safe condition, whether or not that particular stucco is going to fall down upon people going in and out of that structure. As I have written to the minister on this in the past, there were some problems with ventilation interior to the building structure, which has caused further problems interior to the building with respect to moisture conditions.

This is not the only housing unit that I seen. I was into another one just last week again, at the other end of that particular street, which is also a public housing unit on Dowling, and I can tell you it is in deplorable condition. I do not know when the last time your department put a coat of paint on those buildings. The fences are falling down; the doors are falling off. Yes, they come out occasionally and fix it—I guess when they are hounded to death to do so, but no one seems to come there and to really give a darn about those properties and the condition of them, and the condition in which those families have to live. I have got people that are not living in public housing units, that live in surrounding area to those units, that are calling me and complaining about the deplorable condition.

So it is not only the people that are living there, but it is dragging down the well-being of the surrounding neighbourhood itself, and those are comments coming

to me from residents, private homeowners in the vicinity of those public housing units. Although I am not going to discourage them if they want to take out a petition to lobby the minister's department to start doing something, I would hope that the department would be responsible enough to deal with those issues in a mature type of way and to respond to the needs of the people that are living there and the surrounding community.

But perhaps the minister can indicate to me what type of a maintenance plan do you have for those public housing units, those side-by-sides which make up the largest part of those units that we are talking about here? What type of a maintenance plan do you have to upgrade those units in this particular budget year so that those families do not have to continue to live in what I would consider to be, for my community, substandard living accommodations? Perhaps you can tell me what your plan is so that I do not have to keep writing you on the same issue over and over again.

Mr. Reimer: I have just been informed that one of the biggest problems in that complex is foundation problems, that the member is referring to, as he mentioned about the doorways and that. It is something that has been brought to our attention, and, in fact, I have been informed that it became very much a topic for discussion at the board meeting, MHA board meeting. A member or members decided that they wanted to go out there personally and take a look at the problems there that have been referred to.

I guess, in regard to the cycle of maintenance, we do not have the maintenance co-ordinator here with us, but it is something that possibly I can get back to the member with as to the cycling of inspections and when it goes on and possibly in what type of manner we can approach some of the problems there. From what I understand, it has been pointed out, it became quite a discussion topic. In fact, the foundation seemed to be the problem there, and we have to look at how and what it might cost to remedy the problems.

Mr. Reid: I appreciate the minister is indicating one particular property. I think it is on Dowling, that one that I had written to the minister on a number of times. In fact, I encouraged the minister to have his department get involved with that particular structure,

but there are other ones in the surrounding area there, in that part of Transcona.

What I see developing here is that the province is starting to become a slum landlord, and that is what it is working into. I do not want to see that from a government, any government, either this one or future governments, to be in that particular marketplace. God knows, we have enough problems in trying to provide adequate housing stock and to discourage people from investing in those types of properties. So when I see the government not maintain properties, public housing units, it can only indicate to me that we are moving in that direction. I would like to discourage the department in the strongest possible terms from falling away from their responsibilities with respect to maintenance of these structures.

With the other properties that are there, I would like to know—you indicated that you have people from your board who are going to be going and paying a visit to this one particular site. What about the other properties in the area, the other public housing units on Dowling, McMeans, Allenby and Paulley Drive, et cetera, that are part of the public housing unit stock for the area? Will you be visiting those sites, as well, to check on the general maintenance of those properties, and when?

Mr. Reimer: Yes, I believe that was the intent, and from what I understand, it will be done in the next two to three weeks.

Mr. Reid: Two to three weeks seems reasonable here even though it has been some time that I have drawn this problem to the attention of the department. We hope that you will send people out and that appropriate corrective action or maintenance procedures will be implemented in this budget year so that, as I indicated, those living conditions can be improved not only for the people there but the surrounding community.

I had written to the minister with respect to the balcony charge of \$5 if you have a balcony in another public housing unit at 30 Wynford Drive. Perhaps the minister can indicate to me why you have not levied that charge, because in your recent letter to me you said that it has just come to your attention that you have to levy a \$5-balcony charge against people living there. I do not understand the logic of that. When did this

come to your attention, and why are you starting to levy this now? When the province constructed this unit, did you tell the residents at that time that they were going to be faced with a \$5-balcony charge in addition to their rental costs?

Mr. Chairperson: The minister will have time to answer this first thing tomorrow when the committee reconvenes.

The time being six o'clock, committee rise.

SUSTAINABLE DEVELOPMENT INNOVATIONS FUND

Mr. Chairperson (Marcel Laurendeau): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates for Sustainable Development Innovations Fund. Does the honourable minister responsible have an opening statement?

Hon. James McCrae (Minister of Environment): Mr. Chairman, I will be mercifully brief with the committee this afternoon. The Sustainable Development Innovations Fund Estimates are an opportunity for this House to review the activities of this fund.

As a side note, I would say to honourable members that sustainable development has moved in Manitoba from being a concept to being a reality. There is a far higher level of consciousness about the need to leave our economy and our environment in such a condition that future generations can enjoy the prospect of being able to make a living and to have a quality of life which has not been ruined by previous generations. So that very much is the nature of the work of the Sustainable Development Innovations Fund.

I just today met with the sustainable development committee of the Winnipeg Chamber of Commerce over the lunch hour, was able to share some thoughts, but also to engage in some dialogue with the members of that committee and answer a few questions. I was impressed by the attitude that I saw today and that I have seen since becoming Minister of Environment, the attitude of the business community and the industrial community with respect to sustainable development, their support for it, and the willingness to view the reality of sustainable development as an opportunity

rather than an obstacle. It certainly is not an obstacle. It can be challenging, granted, at times, but this is the most positive thing that I could be reporting to this committee, that is, that there is a great deal of partnership with respect to sustaining our environment so that we can also sustain our economy for generations to come. Thank you.

Mr. Chairperson: I thank the minister for being merciful and brief.

Does the honourable critic for the official opposition, the honourable member for Selkirk, have an opening statement?

Mr. Gregory Dewar (Selkirk): As the minister has mentioned in his opening comments, this is very important for us as Manitobans to be diligent and to work hard to preserve and safeguard our natural assets in this province.

Concerning this particular fund, there have been recently some controversial issues surrounding how the fund has been proportioned or disproportionately funnelled to different constituencies throughout the province. It casts a bit of a shadow over the fund which was set up, had very worthwhile purposes. These were not just raised by members of the opposition, they were raised by the Provincial Auditor as to guidelines and criteria, the method of selection, advertising.

I suggest that some of these issues require a fundamental overhaul. Currently the Auditor is investigating the fund. Although we do not know what the outcome will be, I think it is a serious issue that the department of the Provincial Auditor is even looking into how the fund is managed and how grants are decided upon. We too on this side of the House have serious concerns. It was reported in the media, there was a bit of a media story over a year ago regarding that it appeared that most of the funds were going to communities and to projects that had a member of the Legislative Assembly representing the government side and that was, of course, a huge concern to members on this side of the House.

* (1440)

Mr. Chair, the other thing is that we feel that perhaps the selection process should be changed in that the Round Table on Environment and Economy maybe should be used to make recommendations to the minister. I realize that a government ultimately has to make the decision, but they could make recommendations to the minister, and then the minister can from there decide which projects to fund. I think that would be a better system. It would take a more hands off policy than there currently is.

With those few issues I would like to get into some questions specific to the fund, please.

Mr. Chairperson: I thank the critic for his opening statements. At this time we will invite the minister's staff to enter the Chamber. Once the minister's staff is present, if the minister would so choose, he could introduce the staff present. You told them the wrong door. Come this way. The honourable minister, to introduce his staff.

Mr. McCrae: Mr. Chairman, I am introducing to you Mr. Brian Gray, Director of the Sustainable Development Unit; and Wendy Wolynech, also from the unit.

Mr. Dewar: I too would just like to welcome the officials from the department that have joined us here this afternoon. If the minister can just provide us some background in terms of this fund, what is the source of revenue that the fund receives and how much from each of those sources?

Mr. McCrae: On an annual basis, the amount directed to the fund is \$3.2 million. That \$3.2 million is derived from levies placed on paper diaper products and glass bottles. With respect to the breakdown of the amounts from each of those levies, if we do not have it today, we will make that information available to the honourable by letter.

Mr. Dewar: How does the application process work now if someone was interested in applying for a Sustainable Development Innovations Fund grant? What would be the process that someone would go through to be accepted?

Mr. McCrae: I am glad the honourable member asks this question because, in his opening statement, there were comments that really got the attention of the honourable member for Dauphin (Mr. Struthers) and me too because of the nature of what the honourable member was saying. The honourable member was somehow suggesting that Sustainable Development funds are somehow directed to certain areas or constituencies of the province not held by members of his party, or, for that matter, the Liberal Party. I sense some frustration in the honourable member's question. He seems to suggest that we would want to go out and sort of manufacture applications that could be processed applications from regions that we are not getting them from at the present time, which sounds to me not like an acceptable way or proceeding.

I believe that we can find information that would indicate precisely where the activities are taking place which are the result of Sustainable Development funding, but it certainly is not an appropriate thing to suggest that there are considerations of the kind he is implying in the granting of funds from the Sustainable Development unit. Applications come in to the unit, and the existence of the unit and the purpose of the unit and the purpose of the fund is something that is made known on the Internet. It is something that is made known in government offices throughout Manitoba and in the offices of nongovernment organizations throughout the province as well. I do not know how else to respond to the honourable member's question except to provide factual information.

Mr. Dewar: Who decides which application receives funding?

Mr. McCrae: Mr. Chairman, each application is taken in by the unit, and then various departments are consulted with respect to their thoughts on the value of a given application in terms of the kinds of objectives we want to achieve, that is, to promote the concept and the reality of sustainable development. Then the departments make their views known to the Sustainable Development Committee of Cabinet, and, at that point, decisions are made about eligibility or about whether funding would flow. That basically is the process.

Mr. Dewar: Has the minister looked at our suggestion that perhaps the Round Table on Environment and Economy be used to review some of these applications and then make suggestions to the minister?

Mr. McCrae: You would have to take what the honourable member has said as a representation and respond to him that the Round Table on Sustainable Development, formerly the Round Table on Environment and Economy, is a body struck to provide broad policy advice. It is not set up or funded to be a granting agency. It was never intended that should be the case, but, as I say, I will take the honourable member's suggestion under advisement.

I assume that if we followed what the honourable member is saying that we would then not have a Sustainable Development Innovations Unit, and there is very good work that is done by that unit besides simply administering this fund. So more and more where the honourable member's suggestion leads us is to unload one valuable unit and load up another valuable unit and give the round table responsibilities that it was never set up to carry out.

Mr. Dewar: In 1996, the fund provided assistance to a number of government departments: Government Services, \$100,000 for water conservation retrofits; the Department of Environment, \$15,000 for a waste management report on the Capital Region; the Department of Urban Affairs, \$160,000 to plant trees and shrubs on approaches to Winnipeg. Do you think it is an appropriate use of this fund that is funded by a levy on diapers, on glass bottles, that has a specific purpose, to fund innovative projects in Manitoba?

Here what it is doing is replacing government funding for their own programs in their own departments rather than to be used for a lot of the many important projects that it is used for. We appreciate that and we recognize that, but here what it is being used for is to replace normal government funding for Government Services, which should be provided by these services as opposed to their raiding this fund. Does the minister have a problem with that?

Mr. McCrae: The vast majority of Sustainable Development funds do go for partnerships, are spent for partnerships who are involved in activities that either promote or make sustainable development the reality I spoke of earlier. In the cases the honourable member refers to, just going by what he has said, sounds like laudable sorts of activities. So I think the honourable member is agreeing that they are, but he does not seem to be thinking that the departments involved should be doing those projects with Sustainable Development dollars. I think that is what he is saying.

Again, I can only point out that the vast majority of Sustainable Development dollars are used to fund various partnerships working toward the goals set out in the mission of the Sustainable Development Unit.

Mr. Dewar: I was just reading the Activity Identification, and it does not state in here that they should be used to fund normal government programs—I mean, the Government Services department, \$100,000 to retrofit. So you are suggesting that Government Services would not have retrofitted without this fund. I am just concerned about it, because I think there is ample proof—I know myself and other members around have had groups in their community make applications to the fund and were denied, for whatever reason.

To me, I think the government should be rethinking this. That is \$275,000 that went to assist other government departments when many community groups and schools have important contributions to make and have made application but were denied. I think that is an inappropriate use of this fund to fund operations of government.

Mr. McCrae: Mr. Chairman, I understand the position the honourable member is taking, but again while some of the projects to which the honourable member has referred might have been turned down by the Sustainable Development Innovations Fund, that does not mean that in some respect or other, or in more than one respect, these are not valuable projects or very support-worthy projects. It is a question of where the support should come from.

This is the kind of thing that we could debate, I suppose. Each of the projects that is accepted or turned down is carefully reviewed by the unit, and input is asked for from various government departments to try to measure the merit of a particular project when weighed against the mandate of the Sustainable Development Innovations Fund. It is no slight on any project that it might be turned down by this particular fund. Very often I think that the unit might try to direct an applicant to some other source that might be more appropriate to be funded. It is not that anyone is making a negative comment about any particular project whatsoever; it is simply this fund is set up to do a certain job. Unfortunately, some projects are not accepted. That, as I have said, is done for the reason I have set out. The dollars that are available, we want to maximize the amount of sustainable development activity that is promoted and created by the dollars that are available.

Mr. Dewar: I just would like to conclude by asking the minister for a list of the grants that were approved in this fiscal year, please. That will be my questions on this fund. Thank you.

Mr. McCrae: Mr. Chairman, I understand the list for the fiscal year 1997-98 is in the process of being put together, and even if we have to pull something off the computer for the honourable member, we will make that information available to him.

Mr. Dewar: I thank the minister for that.

Mr. Chairperson: Resolution 26.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,400,000 for Enabling Appropriations, Sustainable Development Innovations Fund, for the fiscal year ending the 31st day of March, 1999.

This concludes this area. I thank the staff and the minister for their time. We will now move on to the Department of Highways.

HIGHWAYS AND TRANSPORTATION

Mr. Chairperson (Marcel Laurendeau): Will the Committee of Supply please come to order. This section of the Committee of Supply will be dealing

with the consideration of the Estimates for the Department of Highways.

Does the honourable minister have an opening statement?

Hon. Glen Findlay (Minister of Highways and Transportation): Mr. Chairman, I am pleased to have this opportunity to present the '98-99 Expenditure Estimates for the Department of Highways and Transportation.

Reflected in today's Estimates are programs of policies that recognize the integral role of the provincial transportation infrastructure in the development of Manitoba's economy. As well, these Estimates demonstrate my department's continued commitment to the vision of safe, efficient and environmentally compatible transportation infrastructure. The '98-99 Expenditure Estimates totalling \$231.5 million represent an increase of over \$6.6 million over the '97-98 Adjusted Vote.

The department is reducing a total of eight full-time equivalents but will not experience any layoffs from this reduction. These Estimates that I present today provide a highways construction budget of \$105.1 million. This represents an increase of \$7.1 million over '97-98. The Estimates provide \$58.2 million for the maintenance program. This is a \$3.2-million increase over last year's budget. The maintenance budget is facing additional pressures this year from the aftereffects of the '97 flood. We are also dealing with spring breakup that has been quite serious this year for many of Manitoba's roads. We are experiencing three times the normal spring damage on both our gravel and permanent surfaces. Manitoba Highways and Transportation serves a network of 18,500 kilometres of highways and roads and 2,800 bridges and structures throughout the province.

* (1500)

Some of the major construction projects this year are many and varied. I have a list here, but I do not think I will not take the time to go through them. We will probably touch on them as we go through the various questions that members opposite ask.

The province is divided into five regions of different size and different populations. As significant as these projects are, their completion does not go far in reducing the amount of work needed in the highway infrastructure. That backlog, or the request list as I often refer to it, that the department has on file is built day to day and month to month, and over the course of the last few years totals at this point in time \$1.4 billion plus, for which we have approximately \$100 million a year to service it. I can tell the members opposite, and I am sure they have heard me talk about this before, but when I came into this office almost five years ago that request list was \$600 million. It is now \$1.4 billion.

Each year maintaining the road infrastructure becomes more challenging as economic growth leads to increased traffic on our highways. On the one hand, we encourage and promote industry development and expansion. On the other hand, we realize that our aging transportation systems cannot keep pace with this expansion, and I am absolutely confident that every minister in every province and the two territories has the same problem.

While our roads, railways and airlines will all play a part in meeting with the challenges of economic growth, the most pressing need is with the highways across this country. Over the past 10 years, provincial roads have experienced a 15 percent increase in traffic use. Vehicle registrations over that same 10-year period have increased over 10 percent. Rail line abandonments, grain elevator closures and consolidations, and the elimination of the WGTA, have resulted in a shift from rail transport to road in an ever-increasing pattern forcing the use of larger and heavier trucks over increased distances. There is no way I see that changing for the next few years ahead. This increased use of our road system has led to greater maintenance and rehabilitation requirements. As well, we face increasing demands for highway upgrading to nationally harmonized loading standards, increased traffic volumes and improved road geometries, in order to accommodate the heavier truck traffic and to ensure highway efficiency and safety is maintained for both commercial and passenger vehicles.

By working together with the municipal governments and other government departments to establish our

priorities, we are striving to meet these challenges. We also continue to work with the provincial and territorial governments across Canada to urge the federal government to make appropriate funding arrangements for a quality interprovincial trans-Canada highway system. Quite simply, a cost-effective program is critical in order to meet the infrastructure needs of our national highway system, thereby supporting Canada's economic growth and tourism.

Over the past five years, Manitoba's expenditures on highways and road-related activities has exceeded provincial revenue collected in road-use fuel taxes. From the period '92-93 to '96-97, a four-year period, Manitoba collected, on average, road-related fuel taxes of \$189.2 million and expended an average of approximately \$200 million a year on our road infrastructure programs that we have been talking about. While some provinces cut road spending during this time period, it is significant that Manitoba maintained its capital budget at around the \$100-million mark. This, plus the \$7.1-million increase for the road construction program in '98-99, attests to the government's commitment to highway rehabilitation as well as a clear understanding of the importance of its role in economic development.

By contrast, from '92-96, the federal government collected an average of \$129.1 million from fuel excise taxes collected in Manitoba while their annual contribution to our provincial road network has been averaging \$7.0 million, representing an average return of some 5.4 percent. I can take those numbers even further and say from that '92-93 fiscal year to this fiscal year, which really covers six years, the total contribution has not increased at all and the last two years have been zero. So their amount per year is even less than the 5.4 percent over the six-year period.

While the government acknowledges the immense benefits of a safe and efficient national highway network to the nation's economy, it questions the affordability of a cost-shared national highway program within the existing financial framework. However, in the '95 federal budget the excise tax on road use gasoline was increased by 1.5 cents a litre as a federal deficit-reduction measure, specifically announced for that purpose. This increased federal revenue, about

\$500 million annually across Canada, bringing its total road related fuel tax excise taxes to approximately \$4 billion per year.

Now that the federal deficit reduction targets are expected to be met, it is appropriate that the revenue from this highway-use related tax, the one and a half cent a litre or \$500 million per year be reinvested in the highway infrastructure. This amount added to the current average federal spending of \$300 million for road and bridge improvements across the country would put on the table approximately \$800 million that the federal government could be contributing to the national highway system. This is what we have been arguing consistently for them to do. This is certainly a good start, even though it is still less than 20 percent of the tax money they collect from the road system. All provinces are onside with promoting this concept. Some may have different points of view as to how it might work, but everybody is onside that federal contributions are essential.

Manitoba will continue to press the federal government to provide a national highway program for the citizens of this country. In the meantime, we will not sit idle. We are vigorously seeking alternative ways to alleviate funding shortfalls and road deterioration. Manitoba is participating on a federal-provincial territorial committee to examine the feasibility of public-private partnerships with a particular emphasis on the national highway system. In this context, we have advised the federal government that Manitoba opposes the imposition of highway-user tolls on any of our existing highways, including those that are part of the national highway system.

* (1510)

The department is developing options for a long-range transportation planning process to ensure that Manitobans achieve appropriate value for money for the expenditure on highways. A long-term plan would facilitate better decision making and ensure that transportation investments provide net benefits to users and yield productivity gains for the economy. The stakeholders will play a large role in our plans. As an example, my officials have been working with Keystone Agricultural Producers and the Union of

Manitoba Municipalities toward the development of a Manitoba transportation strategy. I recently received a proposal from KAP and UMM on the organizational structure and process for the development of such a strategy. The department has taken steps to improve its project assessment process to better ensure that the government optimally invests its limited resources. It has developed a decision-making process to prioritize projects that are based on engineering, social and economic analysis so that the highway construction investments are optimized.

Although my staff were not occupied with flood fighting this year as they were in '97, the weather did give us a cause for concern nonetheless. I know our early dry spring was a welcome relief to most of us; however, it created hardships for many of our northern communities. The shorter winter and warmer temperatures forced early closure of the major southern portion of the winter road system. The winter road system comprises approximately of 1,600 kilometres of roadways in northern and eastern Manitoba. It provides for low-cost transportation of bulk goods to landlocked northern remote communities during an eight-week period each winter. I guess, we will say, eight week ideally; not this last year.

Since these roads are important, supply lines from many northern communities, other arrangements had to be made quickly for the communities when the roads deteriorated prematurely. Particularly affected were communities of Bloodvein, Berens River, Poplar River, Little Grand Rapids, Pauingassi, St. Theresa Point, Wasagamack, Garden Hill, Red Sucker Lake, Tadoule Lake, Brochet and Lac Brochet. Manitoba Highways and Transportation, with input from community leaders and the federal Department of Indian and Northern Affairs, co-ordinated activities using a combination of available ground transportation and airlifts to ensure that these isolated communities received essential supplies efficiently and cost effectively.

We certainly were grateful for the northern airport system during this situation and made sure that those airports were safe for all travellers, whether for emergencies or business or leisure travel. We are anticipating the report of the working group which was set up last winter. Following a tragic aircraft accident

at the Little Grand Rapids airport, in response to First Nations concerns for northern air safety, on December of '97, I asked department officials to establish a provincial airports working group. The group consists of representatives from a number of First Nations aircraft operators that serve the North, the federal government and our own Northern Affairs department. The working group is charged with documenting safety-related issues, prioritizing possible improvements, identifying possible opportunities to fund such improvements. I am expecting the working group to report midsummer.

In any event, I can assure you that the safety of our transportation network is of the utmost importance to us and that we will maximize our limitation of safety-related requirements in northern airports through joint federal-provincial cost-sharing.

Still on the subject of northern travel, I wish to note that Manitoba has funding budgeted this year for the environmental assessment survey and design activities associated with Wasagamack airport and access road. This will serve the communities of Wasagamack and St. Theresa Point. The cost estimate of the project has now been amended to some \$17 million for the complete project, up from the original \$12 million that was forecast. The federal share remains at 70 percent and the provincial share at 30 percent in an agreement that has been signed. Once we confirm this year's contribution, the department is planning to implement the environmental assessment work this fiscal year in order to acquire the environmental licence. Given the complexity and size of this project, it is estimated that it will take two years of engineering work and three years of actual construction work.

The Estimates I present today introduce Manitoba's Airport Capital Assistance Program for southern airports. While capital improvements for our small northern airports are fully funded by the province, no provincial capital support program existed for our southern airstrips of which there are 30 plus, I guess. We developed the new Manitoba Airport Capital Assistance Program following a series of public meetings held several months ago with municipal officials, airport operators and user groups. This program works as a partnership between government

and the communities. The airport owners will provide 50 percent of the cost of eligible capital projects, and the province will provide the other 50 percent for a project costing more than \$5,000. This is a mirror image of the grant-in-aid program that we currently have underway with communities. The government's share of the funding of this program will total \$300,000 annually.

This program will help cover the cost of selected improvements at the 30 smaller southern airports that have public access and which are no longer eligible for any federal assistance. Priority one projects are those airports which include runway, taxiway and apron rehabilitation and improvements. Priority two projects include lighting for runways, taxiways, windsocks, navigational aids, fuel storage and containment systems and utilities to serve eligible items. Priority three projects include air terminal building improvements, safety-related airport operating or maintenance equipment, parking facilities, fencing and tree removal.

I want to point out that this program was chosen because many smaller Manitoba airports make a substantial contribution to the economic and social well-being of the areas they serve. They are also important to the health care needs for those communities by providing access for air ambulances when service is required. Our funding partnership will help to make these valuable assets remain more viable.

Moving now from infrastructure to the people who use it, I would like to speak briefly about our drinking and driving legislation. In the past, Manitoba has delivered a strong and consistent message against drinking and driving and helped improve road safety. Last year we strengthened our stand even further by proclaiming legislation that cracks down on drivers who drink and drive with blood alcohol concentrations of .05 or over.

Other associated amendments proclaimed in September of '97 include increasing vehicle impoundments for driving while suspended two or more times in two years to 90 days up from 60 days in the previous legislation. Impoundment and appeal fees also increased last September. On April 1, '98, the following additional countermeasures came into effect:

increased roadside suspension periods for persons who fail a roadside screening device or refuse to provide a breath sample to a standard 24-hour period. Mandatory alcohol assessments for all drivers who accumulate two or more .05 blood alcohol suspensions within a three-year period, and monetary penalties for reinstating a drivers licence after the 24-hour licence suspension for a .05 offence. The legislation complements existing drinking and driving laws including the three-month roadside administrative suspensions.

In November '97, the department introduced a stolen or wrecked vehicle monitoring program in support of a national effort aimed at enhancing motor vehicle safety and consumer protection. The goal of the program is to control the risk to public safety and consumer protection by preventing the concealment of stolen or nonreparable vehicles. The program also serves to prevent any written-off but salvageable vehicles from being reregistered until body integrity and mechanical safety checks are completed and certification is obtained.

Besides Manitoba, the provinces of Quebec, Saskatchewan, Alberta, and B.C. have fully implemented the national program. All other jurisdictions are expected to implement the program over the coming months.

The Driver and Vehicle Licencing Division has completed modifications to its driver licensing system to handle the year 2000 problem. Without the successful completion of this project, the division's business operations would have been severely disrupted, causing negative impacts on law enforcement and customer service. The remaining DDVL computer systems will be year 2000 compatible by September 30 of 1998.

On September 1, 1997, during Farm Safety Week, Manitoba Highways and Transportation and Manitoba Agriculture launched a new Agricultural Equipment Lighting and Marking program. This initiative was developed in response to an increase in traffic accidents involving inadequately lit and marked farm vehicles on our highway system. However, to give farmers sufficient time to comply with the new regulations,

strict enforcement will not take place until the beginning of July '98.

From all reports, farm communities, law enforcement officials and other road users have welcomed the changes as significant steps toward improving the safety of Manitoba's highways. The new regulation is explained in an illustrative lay language guidebook called *Be Seen, Be Safe*. The guidebook has been distributed throughout the Manitoba farm community. We have been providing copies in response to requests from across Canada and the United States and even from Australia and Japan, and 28,000 copies have been printed and 10,000 or more are still on order.

Other Canadian jurisdictions are following our lead by using the Manitoba guidebook and developing their own safety initiatives for farm equipment lighting. Last December, the Highways and Transportation Internet website for road conditions was open for business. Manitobans were able to find out the latest information about our winter highway driving conditions by visiting our Internet website. This summer, the reports will also let visitors to the website know where roads are affected by construction activity. As a further upgrade to this service, we are planning to include information about our department's role and responsibilities. There will also be hyperlinks to road information reports from Saskatchewan, Ontario, North Dakota and Minnesota. We will be including an on-line map of Manitoba highways.

On the economic development side of the department, last December a three-year strategy to promote multimodal trade and a transportation corridor extending south to Mexico was announced. This would be accomplished with assistance of \$600,000 from the Winnipeg Development Agreement. This strategy will promote PTH 75, I-29, I-35 link beginning in Manitoba and extending to Mexico and hooking up with I believe they are called Highways 85 and 87 in Mexico as the North American Superhighway. It will also guide the development of multimodal transportation routes known as corridors to help Manitoba's and Winnipeg's current and future trade requirements and investments with the NAFTA countries.

Development of the strategy will address trade, transportation, tourism, legislative, regulatory, technological and investment issues. The designation of this route as the primary surface transportation link between the three countries could have a substantial and long-term positive impact on the economy of not only Winnipeg but all of Manitoba. The promotion of this multimodal link will increase opportunities for further growth in sectors such as freight transportation, manufacturing and food processing. Clearly, we do promote a north-south corridor extending extensively from Churchill all the way to the Gulf of Mexico.

The movement of grain is a significant transportation issue for Manitoba. The province supports grain logistics, improvement initiatives and increased returns to producers while recognizing need for appropriate return to all other stakeholders in the system. The federal Minister of Transport recently appointed Justice William Estey to conduct a comprehensive review of the grain handling and transportation system in Canada, including institutional, legislative, regulatory, physical and operational issues.

* (1520)

In support of this review, the western ministers are agreed to hire a logistics specialist to undertake a supply chain analysis of the grain handling and transportation system. The objective of this analysis will be to produce a blueprint for a more efficient and effective system, highlighting those system components where significant improvements could be made. The results will be provided to Mr. Estey for his consideration in developing his final recommendations.

An important milestone occurred in the Winnport initiative in February of this year. Transport Canada announced that Kelowna Flightcraft International Air Cargo was the successful applicant for designation to provide scheduled all-cargo services to China. Funding is in place for Winnipeg to development agreement cost-sharing the start-up of scheduled international all-cargo services with the private sector. Winnport is currently raising the private sector equity funding to support the start-up. Winnport's expected start-up is September of 1998. Departmental staff have been deployed to Winnport to assist in their service

development and regulatory issues during the start-up of operations.

Mr. Chairman, we are maintaining and enhancing Manitoba's transportation infrastructure to meet the needs of the transportation industry and the public as a whole. We are developing programs, regulations of policy to further the safety of Manitoba's roads and drivers and enhance the competitiveness of the Manitoba industry.

Ours is a prudent and responsible course of action that will support the viability of Manitoba's transportation network in the years to come. Thank you, Mr. Chairman, and I look forward to comments and discussion with members opposite.

Mr. Chairperson: I thank the honourable minister for his opening statement. Does the critic for the official opposition party have an opening statement? The honourable member for Flin Flon.

Mr. Gerard Jennissen (Flin Flon): Thank you, Mr. Chair. I do wish to put a few words on record. I will try to be fairly brief.

I listened with attention to what the minister had to say and I realize it looks good, but often when we discuss these things in a general sense, it tends to be a lot of rhetoric. We are only too acutely aware of the fiscal imitations that bind us and so on, and we hear a lot of talk lately, especially about infrastructure deficit, and that is in a general, theoretical sense, people talking about it.

I am in particular talking about our national infrastructure policy and sustained commitment by the Infrastructure Council of Manitoba Inc., which has put out a very good report that I read with great interest. But we do not really need those detailed analyses, because we are only too much aware of infrastructure deficit. At least, I am when I drive Highway 6 north or 10 or 39 or Highway 60, east of the road, because certainly this spring we were greeted, many of us, that is, the motorists were greeted by surface breaks and frost boils, the worse that I had ever seen them. It made life difficult for those of us travelling. It seemed to us that our road system was just being battered a

little bit more each year, and this certainly was a particularly bad spring. I do not know if that had any connection to El Nino or the weather or whatever, but certainly it is worse than I have ever seen it. However, also in defence of our people that fix roads, I think they did a marvellous job patching. I know now that when I drive north, I do not have to slow down to 50 kilometres an hour for some of those stretches where there were up to 200 to 300 metres of frost boils and surface breaks and so on. The staff that fix that need to be commended because they did this extremely fast, and they did it very well.

However, I think there is an underlying problem. I think our system is aging and it needs to be updated. Overall, we know that with the lifting of the Crow rate that there are serious impacts on railroads. That in conjunction with elevator companies centralizing, that in conjunction with rail line abandonment, going for bigger and bigger elevators but also more efficient and larger, streamlined, but less rail lines, it creates problems for all of us concerned about poor passenger service in the railroad, in the rail lines. It is a sharp contrast up North to anything I experienced in Europe or even in eastern Canada or even in the south, specifically to try to take a Via train from, let us say, Cranberry Portage to Pukatawagan. It is routine for these trains to be 12 hours late. I just do not think that is acceptable. Certainly in Europe that would never be accepted.

I know this is not directly within the province's jurisdiction, but I am saying in terms of our general feeling on transportation, it certainly irks us to see passenger rail really down on the list of North America. I guess, I am concerned that we seem to have to fight as we did a while ago, the province was involved in this fight as well, to even save our parts of a rail line, the Sherridon line, the Churchill line. I am happy to note that things seem to be progressing smoothly there. Certainly I am in favour of seeing Churchill as the northern terminus of this trade corridor stretching all the way to the Gulf of Mexico, but we all talk about it and all talk about increase in tourism and in trade, but sometimes for northern Manitoba that tends to still be in the talking or planning stage, and we have not really realized too many benefits yet of that talk. It has not been concretized in any way.

I am also concerned about what the fallout would be, or the implications will be, for the Kyoto Accord that Canada signed, because we are trying to limit greenhouse gas emissions and I imagine that would involve emissions from motor vehicles. You know, I do not know what the impact will be because on the one hand we are getting bigger and better and more vehicles on the road and on the other hand we are saying, oh, yes, we have no difficulty, or will have minimal difficulty, meeting these targets. I do not know if anybody has talked to Ralph Klein and the oil industry lately, but I have some concerns whether we are maybe talking one thing and doing another.

Mr. Peter Dyck, Acting Chairperson, in the Chair

As well, on a more general sense, I am concerned about airport safety, as I know the minister is. He has already mentioned some tragic accidents, I believe a total of seven, if I am correct, a total of seven lives lost in about four and a half months. Little Grand Rapids, Wasagamack, and I believe there were two other fatalities as well. That is certainly scary, and the shape of some of our airports also lends credence to the belief, you know, that we are just waiting for a major disaster to happen. Some smaller ones have already happened although I guess any disaster is a disaster, even if it is small.

There is a further concern I have and that is the taxicab industry, not in the province as much as in the city. There is quite a concern, at least by the larger taxicab companies, with regard to the superior line of cab service—I am talking about Blueline—the licences being converted to regular licences because certainly those people in the cab business feel that the competition has been offered an unfair advantage or, if you like, it can be also viewed as sort of sneaking in deregulation via the backdoor. I certainly would like to talk about that at some point as well with the minister.

However, all is not doom and gloom. I know Winnport is a positive. I was very happy to see the other day this huge plane coming in carrying I believe it was insecticides or whatever, or pesticides, from I believe Australia. So that seemed to be an omen of good things to come.

Also happy to notice National Transportation Week, you know, that Barry Prentice had pointed out that Manitoba has the potential to become a leader in the field of transportation education. That is good to see. That suggests some very positive things.

Nonetheless, overall I still feel a contradiction exists of we are trying to have our cake and eat it too. We are trying to spend a minimal amount of money to fix the aging infrastructure in terms of roads, highways, airports, at the same time saying, let us increase the volume. As the minister has admitted, a tremendous increase in traffic on the roads over the last 10 years. We are talking about bigger and better vehicles, trucks, larger trucks, more axels, or whatever. That has to put a lot more strain on the system, apart from the fact that we will be burning a lot more fossil fuels.

So on the one hand we are saying, yes, we can agree to implement the Kyoto Accord. We can do those kinds of things. We can be aware of the environment. We can be aware of working against greenhouse gas effects, trying to limit them, but on the other hand, we keep expanding our transportation links or networks that are aging, to put it gently. Without a massive infusion of capital, I think they are going to be just driven into the dust.

I certainly share the minister's concern about the stance of the federal government, which seems to basically be not only to deregulate and walk away from it but saying, you know, we have nothing to do with this or very minimally. Certainly a national highways system supporting that fully and putting a lot more money, that would be a step in the right direction, although I suppose that would only affect about three of our major roads, 16 and I believe No. 1 and 75. Nonetheless, it would be a step in the right direction.

* (1530)

I do not understand how the federal government can take that attitude when we know that transportation is critical. If you are living in this economically competitive environment, certainly you would think they would put high emphasis on making sure that our transportation systems and our links are of the highest quality. That is definitely the direction the Europeans are going, but that does not appear to be the direction

that the federal government is going. Now, I do have some sympathy, and I am sure the minister does as well, with their fiscal plight which they use for every opportunity. Nonetheless, it does leave us in the quandary about—we need to fix the system; we do not seem to have the money to do that. I think that particular untenable position has to be resolved sooner or later.

I note Saskatchewan, for example, is at least threatening, and I presume they will carry this out, to put a lot more money into a highways system. We are talking billions of dollars in X number of years. Now, whether they let their system run down too much, that seems to be the general consensus, when they were in a very precarious position fiscally for a number of years and felt that they could let it ride for a number of years, and they did, but now they are paying the ultimate penalty. I think, of course, we are going to be facing the same kind of scenario because, as the minister pointed out, only a few years ago we needed to do \$600 million worth of upgrading or repairs or sinking money into the system, now that is up to, what, \$1.4 billion, and you know, five years down the road that is going to be \$3 billion. So when are we going to go the other direction? I guess that is the question I have. I do not see that, and that concerns me.

With those remarks, Mr. Chair, I would conclude.

The Acting Chairperson (Mr. Dyck): We thank the critic for the official opposition for those remarks.

I would remind members of the committee that debate on Minister's Salary, item 1.(a), is deferred until all other items in the Estimates of this department are passed.

At this time we would invite the minister's staff to take their places in the Chamber. Would the minister like to introduce his staff?

Mr. Findlay: I will start with Deputy Minister Andy Horosko, and Paul Rochon, Don Norquay and Barry Tinkler, three ADMs.

The Acting Chairperson (Mr. Dyck): We thank the minister.

15.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$465,300.

Mr. Jennissen: I wonder if the minister would concur with what we have done in previous years, and that is ask fairly general questions and be fairly free ranging for quite a while. I do not know what our time frame is. I think we are a little more constricted this year as compared to previous years. But I wonder if he would be willing to try that free-ranging approach for a while, and then later on we can go line by line. Certainly, for most of today, I think we should keep it fairly general if we could.

Mr. Findlay: Agreed. Let us keep it free-wheeling. In the event that you may ask some technical questions, to speed up process, I may ask staff to respond directly, if you do not mind, on the technical stuff, rather than have it conveyed through me, which doubles the time it takes.

The Acting Chairperson (Mr. Dyck): Is it agreed, then, that there is leave to proceed in that fashion? [agreed]

Mr. Jennissen: I am just wondering first off whether the minister wanted to respond to some of the comments I made in my opening statement. It looked like he was agreeing or perhaps disagreeing, I was not sure.

Mr. Findlay: Well, I just made a note of the major ones, and, hopefully, I got them all. Clearly, we do have an infrastructure deficit in this country. I have made this point numerous times in the last couple of years as we worked our way through and dealt with the fiscal deficit. We definitely have an infrastructure deficit, particularly roads, but I think it could also be argued the sewer and water. I contend that will impede our ability to be competitive in the North American economy and the global economy that we live in today. It is a point we consistently continue to make with the federal government. To this point, we have not had any success. Although I do think the door is just slightly open now, and we are going to continue to work, as provinces and two territories, to get it open wider.

The member talks about the system aging. Absolutely. The pavements and our substructures are getting older and older. The way I like to look at it is when a lot of the substructure was built, we carried maximum loads of 40,000 pounds, and today B-trains are running 138,000 pounds on that same substructure. So you know it is not up to being able to carry it forever and a day. We have a lot of bridges that are under challenge, and building a bridge can run anywhere from half a million up to \$10 million, not a cheap undertaking.

The member touched on the Crow and the elevator closures and railroad abandonment that is underway. It has been a very aggressive process over the last three or four years. We have seen what you might think elevators and railroads working together to figure out what system do they want 10 years down the road. I think the elevator companies and the railroads have both made decisions that are good for them as a company. They will improve their profitability and maybe improve their service to customers. I think the farmer at the farm gate may well come out ahead in this process and get a greater net return for the grain he is transporting, because some of the tariffs that have been traditionally in the system will be reduced because of competition.

The big challenge is to the road system that will have to move that grain from farm gate to end destination. It may be an elevator that used to be five to 10 miles down the road. In the future it may be 50 to 100 to 200 miles. It could be a feedlot operation. It could be a hog barn, it could be a feed mill, it could be a processing plant like oil-crushing in Harrowby or Altona or Can-Oat at Portage. But this has not just happened in the last two or three years. There has been an evolution of movement of bulk agricultural products from rail to road that has been going on, when I think back, it has been going on 30 to 40 years. It has only just accelerated in recent years on bigger trucks that have more power and travel faster.

The member talked about railroad passenger travel. Clearly, at the federal end, it has not received any priority. The member compares our railroad transportation to that in Europe, and they should not even be discussed in this same paragraph, because they

are so totally different in how they are set up and how they operate.

The member talks about Kyoto, and clearly the federal commitment made there was that by the year 2008 to 2012, somewhere in that four-year period, we will have reduced our emissions in Canada as a whole by some 6 percent less than they were in 1990. Well, this is 1998, and since then they have grown a fair bit. Absolutely, if nothing changes, but just the way we continue to operate, by the year 2010, we will be plus 19 percent, and the commitment is that we would be minus 6. So that is a 25 percent change. That is dramatic.

When you look at who emits, clearly transportation is a big emitter because of the distances to be travelled and the modes that we use. When we met as ministers last Friday, clearly we raised that with the federal minister. We will not sit by and let the transportation industry be the scapegoat of the federal commitment on the global landscape that we reduce. I do not see any evidence that the U.S. is prepared to move, and until they are, how can we do things in transportation that make us less competitive with our big competitive base in the U.S.? So it is a big issue; it is a big initiative. There clearly have been more efficient engines the last two or three or four years. There will be more efficient engines, but we cannot impede our ability to transport goods in this country because we are so sparsely populated and so widely spread without hurting our competitiveness.

* (1540)

Airport safety—absolutely a very big issue. When you think of 60,000 airplane movements in the North, it is a lot of movements. So, in one sense, we have a very good record, but the very best record is that which has absolutely no accidents. The Transportation Safety Board is investigating those accidents that have happened, and we have not had any reports yet. But clearly there were other conditions that would have appeared to have affected the outcome of those accidents other than the airports or the airplanes, namely, weather and the human factor.

The member talks about the taxicab industry—oh, he is back to airport safety. I mentioned in my comments

that we have set up a working group involving First Nations representatives, the department, federal government, and the aircraft operators to evaluate the 22 airports in the North and to make recommendations in what way we can improve safety.

We have also indicated that we have the Wasagamack Airport cost-sharing agreement in place, and it is a very big undertaking of some \$17 million for the airport and the road. So we need federal support in doing some of the things we need to do and they are big undertakings, but generally speaking in the system I think safety can be improved with various kinds of lighting that is currently available.

The member talks about the taxicab industry. It is an industry that is always undergoing evolution. I think we have a lot of taxicab use in Winnipeg. With an economy that is going along fairly nicely, it is always a good positive indicator when you see taxicab use increase. The member talks about the Blueline conversion, the Taxicab Board just approved. I believe it was nine cabs to be added to a system of 397 cabs, so percentage-wise it is not a big increase, but it is a decision the board made after hearing representations of those for and those against.

Winnport has been an initiative that has been underway for approximately five years led by Hubert Kleysen and other individuals in the business sector in Winnipeg. It has been a tremendous undertaking; it has gone through several rebirths in terms of concept of what might work. The concept that is clearly underway right now is airlift between here and southeast Asia with the designation received by Kelowna Flightcraft to China.

The member mentions the airplane that landed here about two weeks ago, 10 days ago. It came from Australia via Anchorage to here. I went over to see the plane when it was here and talk to the crew and the people that were involved in setting it up. It was, I guess, symbolic of what can happen and what life is all about now in terms of the global economy.

A pesticide or herbicide that is used by farmers in western Canada, the active ingredient is manufactured

in Scotland, and then it is moved by ship over to Australia where it is formulated into a prepackaged condition. Then, normally, it is moved by ocean and by truck freight to get it to western Canada where it is finally packaged for the consumer, in other words, the farm.

Because of the early spring, two or three weeks early, they did not have enough product over here fast enough, so approximately on a Thursday or Friday they contacted Evergreen Airways and Winnport to see if they could bring it into western Canada. Five days later it landed here in Winnipeg, a 747 that will be typical of what Winnport will use.

I talked to the flight crew and asked them what Winnipeg is like as a place to land and they said, man, is it flat out here. That was perhaps a positive comment, and they said the flight went smooth and beautiful and Winnport is looking at having that kind of aircraft moving in and out of here, so it looked good. It is a concept that Winnport wants to have up and running and I have lots of confidence that it will be in place by September of this year.

The National Transportation Week, clearly it is an impetus to promote the industry of transportation. We have been a hub in rail and road, and I think we will continue to remain an air passenger hub, and now we want to promote the concept of an air cargo hub in and out of Winnipeg. We certainly have the rail and trucking activities here, 24-hour airport, all the essential ingredients to continue to remain the transportation hub, strategically located within east-west parameters of Canada and with global access over the North Pole. I think we are very well positioned.

Whoever says we are not spending enough on our aging system, I will not disagree with that comment, but in the context of government priorities and challenges, fiscal control challenges, we are spending what is available to us as efficiently as possible. I will continue to always say that when you collect taxes out of an economic system, you have a moral obligation to invest that back in it. I am pointing my finger particularly at the federal government who continues to collect, and in the '95 budget added a cent and a half a

litre to collect another \$500 million annually across the country, and so far has shown no commitment back to the road system.

Just further information, from what I said when I was speaking, take the six-year period, '92-98, the federal government has collected \$950 million in road-related excise taxes and spent in Canada, through the SHIP agreement, \$35 million. That is immoral if nothing else, and this is affecting our ability to be competitive. Thank goodness, to improve our trade competitiveness and tourism competitiveness, we did four-lane Highway 75 between Winnipeg and the U.S. border because it is strategic nowadays.

The National Highways Program, the member mentioned would only cover 75, 1, 16 and the Perimeter, but it is 5 percent of our network, but right now it encompasses about 25 percent of our road capital expenditures just to keep it at an acceptable level. So if we had a partner there for half of that, that would free up money to get to the system further away.

Mr. Chairperson in the Chair

That is our initial target and hopefully we can get federal support either to invest in the road system they want to tax or removing themselves from the taxation field in terms of fuel taxes to give the provinces the ability to collect the revenue that they can use to spend on the system.

So I think I covered the majority of the items that the member mentioned, and we will discuss them more specifically as the discussion goes along.

Mr. Jennissen: I thank the minister for that. Reading the letter sent by Chris Lorenc, president, and Dave Harrison, chairman, which accompanied the national infrastructure policy of sustained commitment. This is the report put out by the Infrastructure Council of Manitoba. One of the comments was made that municipal infrastructure deficit in this country is in the vicinity of \$44 billion, and we need another \$18 billion to be invested in the strategic national highway systems, as the minister says. Those are huge sums and we do not quite know how to get at sums that big.

But nonetheless we have to start somewhere, so I guess my question for the minister then is: within our own limited capacity, facing the context that he mentioned, the fiscal constraint, and being aware that we are not spending enough, how do we go about extending, you know, getting a larger sum? I am suggesting that perhaps when the government doubles, for example, its amount of money to pay off the debt from \$75 million to \$150 million, and that is certainly laudable from one perspective, but from another perspective, if our infrastructure is so badly beaten, would it not then make more sense to spend that money on infrastructure because certainly there are many calls for it.

* (1550)

Mr. Findlay: This is a discussion that goes on aggressively every year at budget preparation time, and there are contending forces for available extra expenditure. The member would acknowledge that health and education and basic social services get a prioritization higher than infrastructure. I think that is true right across the country. It is unavoidable. People want a good road, but if they have a health problem in the family, or personally, that takes priority instantly regardless of anything else. Expenditures to supply high technology in health today is very costly, so I do not argue against any of those expenditures whatsoever. I just argue that we make that consideration as time goes by for the deficit that we face in infrastructure and the significance of the transportation infrastructure to our overall economic competitiveness and ability to grow in the future.

I guess I was happy that we got the \$7.1 million additional this year in the capital and \$3.2 in maintenance to deal with our most urgent needs. Actually, it is never enough, and more would be helpful, but as I said earlier, I cannot see how provinces can deal with this problem when we have got the feds in there taking the tax money out of the system. That is where we are all targeted as provinces that they have got to contribute. In every organization that I know of as infrastructure counsellor, Canadian Automobile Association, Canadian Trucking Association, heavy construction industry, any user group out there, they are not targeting the provinces.

They believe the provinces are doing something that is fair and reasonable, although not enough given the need, but the federal government has a responsible to do either one of two things: contribute money in partnership with the provinces. But then they say, well, it is a provincial responsibility. I say, well, okay, that is fine, then back off the taxing. If the roads are still a provincial responsibility, what are you doing with them? Taking off a 10.5-cent tax on gasoline and 0.4 cent on diesel, what are you doing there? They do not really have a good answer for that. So we will hopefully make progress in the next short period of time. We have discussions about that every time ministers meet, and I felt last time that the door was open just slightly.

Clearly, it is an item of significant interest to Finance ministers and to premiers right across this country, and our Premier (Mr. Filmon) and our Finance minister (Mr. Stefanson) have led discussions in that context, that if we are going to have a vibrant economy, we have got to be competitive, and within North America, particularly, transportation competitiveness is very, very critical.

In the U.S., going way back to the days of Franklin Delano Roosevelt, he had this concept of roads to markets which led to the Interstate system and then to ISTEA funding, and now we are into TEA 21 funding which is hundreds of millions of dollars for corridors.

We are going to lose more and more trucking activity out of Canada to the U.S. if we cannot keep our major infrastructure system up to some level of acceptability for the road users. It improves competitiveness, economic activity. It improves safety; it improves tourism. There are so many spin-off benefits. I have a hard time understanding the federal logic that they can just sit on the sidelines on this issue.

Mr. Jennissen: I am certainly sympathetic to the minister's argument that the federal government has to put more money into strategic infrastructure. There is no question that all provincial governments in Canada agree to that, but, still, perhaps, we have to fight a little harder to get a larger share of the pie out of the provincial government because we must realize that those transportation links are critical, and if we are to

grow wealth, increase the wealth, we cannot do that kind of thing unless we have proper transportation facilities and links and connections.

What worries me about this particularly is that when we are in stressful situations or fiscally constraining situations, we tend to pull together to the areas where there are larger populations. So you see relatively reasonable transportation links around the large hubs, but the further you get out into the hinterland, the worse it gets, so that you start ending up where I am, in Cranberry Portage or Flin Flon or Pukatawagan or Churchill or wherever, and it is not taken as seriously. Surely, if this country is to grow, if there is some vision, we have to extend those links. Like the minister says, the trade corridor is right from Churchill into Mexico. That is certainly important.

I want to ask the minister about something the Free Press reported a number of weeks ago. I am sorry, I do not know the exact date, but it was an internal report I presume commissioned by the minister or by the government regarding the need for more money for our highways. I think it was Chris Lorenc or it might have been someone else who had mentioned that the minimum requirement—now, I do not know if this report was leaked or not—would be at least \$180-some million a year to be put in upgrading the highway system. First of all, is there such a report?

Mr. Findlay: Mr. Chairman, I am sure the member can appreciate that in the course of doing business and understanding how you are operating, you have to constantly generate information within your department. The department has, on an ongoing basis, generated information to determine where we are at. It is information we use in arguments with the federal government and information we use in developing a strategy within the government.

The numbers that the member mentions, \$180 million, how they came about is in order to keep our infrastructure from getting any older or getting any more depreciated, we believe that we should be spending \$135 million a year on capital, and to build the system to serve the needs of the future in terms of new four-laning or new interchanges or new roads, we could be spending another \$45 million a year. So that

totals \$180 million. That is internally generated, but it is information that is generated regularly and continually so that we know where we stand.

We have to be able to present a case to the federal government because if we did not present them something that showed what our need is, they could say: well, you are doing okay the way you are. Thank you very much. See you later.

So that is the purpose of it. It is for many uses, but there is nothing confidential about it. There is nothing leaked about it. It is information that is constantly at our fingertips so that we know where we are at, just as we know where all our bridges are, total structure capacity, those that need some work on them in the next two or three years and those that will last for another 10 or 20 years. You have to have that engineering information on an ongoing basis.

Mr. Jennissen: Is the minister saying, then, that there is no such specific report, and if there is, it is just in the general nature of continual evaluation? If there is such a specific report, I certainly would like to see it or would like it to be a little more public, because it seems to be saying the things that we are saying; that we need to spend more money on infrastructure.

Mr. Findlay: The member asks if there is a real report. Yes, there is a real report that we have put together. To have further confidence in that what we have generated within the department will meet certain tests, we had asked a consultant to review it, to just examine hypotheses, information that we had in there, to see if he could verify that what we have there is real and factual and it is the kind of information we should continue to use. That is why I guess that maybe it is seen as suddenly a report that is brand new because the consultant obviously talked to somebody and created thoughts that were maybe different than what people had before.

There is nothing unique about it. These are ongoing numbers that have not changed. I think it is imperative we generate these so that we know where we stand and we can make the right investments in the right places with the money we have available.

Mr. Jennissen: If I look at the figures for the provincial totals that we spend on upgrading and capital, 1982-83 was over a hundred million, close to \$101 million, if I am correct, and certainly \$105 million in '89-90, \$108 million in '90-91, I believe and so on—\$109 million roughly in '94-95. With inflation, certainly, we are putting less money in each year than really we were buying, say, 10 years ago or even 15 years ago.

I guess my question is: at what point does the system reach a critical mass and breaks down? Obviously, there has to be some bigger intervention. If we are spending \$106 million now and we were spending \$100-and-some million, \$101 million in 1982, 16 years ago, I am sure that \$102 million then would have bought a larger chunk of goodies than it would today. I am not sure in inflation terms, but let us say a third would seem reasonable to me. So in fact we are not picking up the speed; we seem to be going down.

* (1600)

Mr. Findlay: Well, I guess one can argue this, Mr. Chairman, any way he wants. We have to do what we can with what we have available to us. We would all like to have more. One can say, well, if you take inflation into account, yes, maybe we are lower than we were a while back, but in the course of how we build roads or how we design roads, we are certainly trying to design them and keep the cost down per mile to what is absolutely essential to serve the need. I mean, there are certain cases the width of the shoulder may not be as wide as it used to be because we have to get distance of road improvements and maximize that as much as we can.

You will see on the Trans-Canada particularly, we repaved, the substructure is good, the shoulder is good, we went in and repaved the surface so you have a good driving surface restored because the ruts get worn out where the wheels run. Occasionally sometimes we just go in and just put the strips exactly where the wheels are instead of the whole width. All these are designed to be more cost effective or stretch \$100 million as far as possible.

Chip sealing, another initiative of 5 million a year. It is a means of increasing the life of that existing road

surface as opposed to repaving. It is a lower-cost way to give you a better driving surface and seal the road and keep the moisture out. There are hundreds of other ways that we do things that are more cost effective than was the case in the past. But the system will not fail completely. I mean, it has 10,000 moving parts out there, or 10,000 items: bridges, roads, approaches, interchanges, and wherever there is a problem, we deal with it either through maintenance or capital. They keep the whole system functioning as well as possible, so it will not fail. There will not be a period we go over the cliff, in my mind. Engineers may argue differently, but they do not get a chance to talk right now.

I think we do the best we can with the money we have, and we live within our means. I think the department has done a very effective job, as the member mentioned earlier, in maintenance activities that restored the roads fairly quickly after this spring's breakup and dealing with the challenges on an ongoing basis.

I drive other roads, and I have seen them put in some fairly significant patches that are not just filling the hole in but they cut out an area maybe three or four times as big as the hole and replace the whole thing. They do a beautifully smooth job as opposed to what might have been the way it was done three or four years ago. So all told, we do the best we can with what is available to improve safety and to improve the rideability of the roads. But I will be the first to acknowledge we can never get enough done fast enough to satisfy very many people.

Mr. Jennissen: I do agree with the minister that I do not foresee an imminent breakdown either. I know it does not happen like that. It is not an all-or-nothing situation. But I still have a concern, and this may be ideological, not so much on my part but perhaps on the government's part, that you cannot have it both ways. You cannot talk about progress and stimulating the economy and building the economy and creating wealth, if you like, and at the same time also maybe meet that other goal which is of course a balanced budget and keeping a tight rein fiscally. I mean, both of those are popular, but can you do both at once is the problem. Maybe ideologically it is great to ride that

horse for awhile, but you are going to fall one way or the other at some point, I would think.

I am just asking the minister point blank: there must be an ideological element here where the government is trying to play both games at the same time, and I just do not think that is a tenable position for very long, any more than it was in Saskatchewan. You can downplay the road system for a number of years, because you are simply forced to it by the legacy of the Devine government; you are a basket case economically, but at some point you are going to be stuck with a bigger bill to fix roads. I am just saying: are we not going to be in the same boat, let us say, five years or 10 years down the road? We are going to be facing a staggering amount of money in order to even bring it up to the standards we have today.

Mr. Findlay: One principle we have certainly tried to hold to is that the money collected from the road-system users in forms of provincial fuel taxes is invested back into the system, capital or maintenance or other activities. We have held very strongly to that, and I think to our credit we have been able to achieve that. That is acknowledged by people who say we should do more. The other thing we must remember is we are in a whole different world now than they were 10 years ago. If you are going to have jobs, you are going to have economic activity, you have to have a competitive environment.

We have taken the position as a government over 10 years to keep taxes low, keep taxes generally frozen. Some have been reduced strategically to help people be able to compete, to help us be an attractive place to come invest, like for Maple Leaf to invest here. Maple Leaf will supply up to 2,000 jobs directly and then a whole pile of indirect jobs. That is the benefit of a competitive economy, and a competitive economy is one that does not have extreme taxes, or the investing community does not have a fear that the government is going to suddenly go wild and tax them out of existence, because they can move. They will move overnight.

We have the trucking companies coming who want lower diesel fuel taxes. They want more money spent on the roads, but they said to be competitive we have to

haul bigger loads and pay less taxes. Everybody wants to pay less taxes. We are saying that is not on; you have to continue with the investment in the system from the existing tax base. But, to think we could increase taxes, we would definitely hurt people in our businesses, hurt investment, and would cause us to have fewer jobs here.

Clearly, in the trucking industry, which is the big-growth sector in our transportation activity, we have tremendous success here in the number of trucking companies and trucking jobs in Manitoba. Some of those companies run 80 percent, 85 percent of their miles in the U.S. because that is where the freight is hauled to and where the freight is hauled back from, but they are located here, and that is a benefit to us. We would not want to do something that will say they should move their head office a hundred miles south just to get into the U.S. We have seen U.S. companies come up here and invest; we have seen CN go down and invest in the U.S. to have a system that will move goods north and south along the corridor concept that we have talked about earlier.

So, in balance, you have to be an attractive place to invest; you have to keep the taxes such that your businesses can compete; and, at the same time, you have to source enough funds to keep the infrastructure in a reasonable and acceptable state. That is a tough balancing act, but I do not care what political stripe across this country, I see every province other than maybe B.C. doing the same thing, trying to live within their means, keep taxes moderate and meet the urgent needs that are in front of the public. They are health, education, social services, and then infrastructure falls in fourth. One can argue that is bad; one can argue that is good. It comes down to a point of view, but philosophically I try not to get hung up on that concept of discussion, as I see whether it is NDP, Liberal or Conservative or PQ governments across this country provincially, they do understand the dilemma we have to grow our economy, create jobs and, at the same time, have a system that is competitive.

*(1610)

So there is no quick and easy answer. Yes, I would like more money. Yes, I argue for more money within

our system. I argue with the department how we can stretch our funds to maximize the outcome of scarce resources, and the federal argument is always front and centre.

Mr. Jennissen: Mr. Chair, last year during Estimates was also the time, I think, when we were assessing the damage or the potential damage that the Red River flood was causing to our road structure. I know we batted a number of figures about that seemed to be ballpark figures, and I think people were quite accurate on that, actually, later on looking back on it, wisdom and hindsight now, but just for my records could the minister give us a little update on exactly what the costs were?

I am particularly interested in, you know, how much of that was paid for by the federal government both in terms of percentages and dollar. I believe they cover—what?—90 percent, more than 90 percent.

Mr. Findlay: Mr. Chairman, the flood-related costs, I will give the member a total, and I will break it down to a few numbers. The total was \$22 million. The Brunkild dike construction costs were \$11.4 million, and flood fighting activities were \$1.7 million. So that gives us a total of approximately \$13 million associated with dealing with the flood on an ongoing basis, the dike plus flood fighting activities. That leaves \$9 million for rehabilitation costs after the flood. So \$13 million was spent during the flood and \$9 million after.

I can give the member a bit of a breakdown as to where those expenditures were after the flood: Highway 75 \$2.2 million; Highway 59 \$111,000; Highway 23 \$95,000; and various PRs \$5.7 million; bridges \$850,000.

Now, the federal government, in terms of recouping costs from them, that is handled by the government as a whole through Government Services. We submit the bills and the verification to Government Services, who then goes through the process of collecting from the federal government. The money that comes back from the federal government goes to general revenue. It does not come to the Department of Highways. So we are involved in the Brunkild dike, flood fighting and rehabilitation, and we hope the government gets

reimbursed because these expenditures did not come directly out of our capital budget or maintenance budget. They were separate flood fighting involvement.

So I could not tell the member where it is at in terms of getting the money back from the federal government. That is because it is handled by Government Services.

As I mentioned in my opening comments, we are also seeing some extraordinary activity on our roads, that from an engineering point of view, we believe it is associated with the fact that where the water was high last year, it got in under the road, particularly in heavy clays. The water did not get back out, and the road did not dry out. It led to some extraordinary costs this year, extra gravel, and so on and so forth. We calculate that cost to be approximately \$3 million of costs this year that are more directly related to what happened to the roads 12 months ago. That can be added on to the \$22-million figure, and we are going to try to get that as part of the compensation package for federal cost-sharing.

Mr. Jennissen: I am not sure if I understand all that correctly, but is it possible then when you take into account—regardless of which route that money took from the federal government, that we are actually putting less money as a province, less, that is, provincial money into the highway system than we would have normally. From the federal government, because of fighting the flood, we are getting a chunk of that money which then comes to us, and actually out of the \$106 million, let us hypothetically say that \$15 million of that came out of the federal government? Is that correct or is that incorrect?

Mr. Findlay: Mr. Chairman, as I referred to earlier, this is over and above and outside of the Department of Highways completely, all these expenditures. They are in addition to our current annual capital budget and our current annual maintenance budget. These are over and above and in addition. So we spent the money out of the flood fund, and, hopefully, the federal government reimbursement puts a significant amount back into the flood fund, but that will be handled universally for

Natural Resources, Highways and any other department as a package.

These funds did not affect our personal capital or maintenance expenditures. One could say, yes, the federal government contributed to the road system this way, but it was only because of the flood. It was not because they did it because the road wore out. Those roads, some of them, particular Highway 75, one section was basically brand new, and a million dollars had to be spent to get it back into shape because the flood had just ripped it apart.

So hopefully that is a sufficient understanding of where we are at. The total figure, really, if we want to add it all up, we believe \$22 million associated with expenditures in '97 and of the \$3 million associated with expenditures in '98 that are flood related.

Mr. Peter Dyck, Acting Chairperson, in the Chair

Mr. Jennissen: On April 20, 1998, the representative of the Union of Manitoba Municipalities, UMM, met with our caucus and presented a paper and I am sure they also met with the minister. I am just wanting to read a little section of that. The UMM has spent the last year working with the Department of Highways and other stakeholders to develop a proposal for a transportation advisory council.

The council is designed to assist with planning and the setting of infrastructure priorities in both a regional and province-wide basis. We hope to discuss this proposal in more detail with the Minister of Highways (Mr. Findlay). I was just wondering, could the minister give us an update on this direction?

Mr. Findlay: I attended a meeting in January, I believe, of '97 in the great city of Winkler. Just for the member in the Chair today, he may reflect on that. We met with officials from KAP and UMM, talked about the challenges we faced, they faced, all around the same kind of discussion we just had here for the last half hour. They thought, well, maybe we could work more closely together instead of saying you are responsible for this and you that, and you should do this and you should do that. And I said, absolutely, I

am always prepared to work in partnership where we can jointly benefit from it.

Subsequent to that, I had a meeting on March 27 with senior people from KAP and UMM, and we set up a working group to formulate how this transportation advisory council process might unfold. Individuals from KAP, Keystone and the Union of Manitoba Municipalities and the Highways department have put together a proposal which the department is currently reviewing around the concept of a provincial transportation strategy which I strongly support the principle of and hopefully it can help to present our case to the public at large, and again further support our concept of negotiating with the federal government. That has got to be a key outcome of this.

Another little factor I should throw in and just let the member know how frustrated we can get at times, because remember when they had the Crow payment to the farm community of some \$1.6 billion or something like that? They announced that there would be a transportation-related adjustment fund, or I guess they called it an adjustment fund, period; \$140 million for three provinces and it worked out Manitoba would get something like \$26 million.

* (1620)

Well, as KAP, all other farm organizations, UMM and ourselves were absolutely 100 percent in support of every dollar of that should go to road infrastructure, either municipal roads, or provincial roads, there was nowhere near enough to deal with the impact that the elimination of the WGTA would create, but at least it must go to roads.

We were unanimous on that, and we met with the former member for Portage, M.P. Jon Gerrard, and after that meeting he went out and announced he was going to have a round of meetings around the province to find out what people wanted to spend on it if it was not for roads. And guess what the outcome was? They announced a whole series of projects, in two particular ridings most notably, but it involved anything and everything but roads, unfortunately. So we lose in every turn, even though we worked together. As I said to Mr. Gerrard at the time, you have got unanimous

support. Anybody who might criticize you says one thing. I cannot imagine how you could politically take another position, but he did. Maybe he got his just reward at the end of the day.

Mr. Jennissen: Mr. Chair, I would like to, if I could, maybe move on to some specific roads now. I know we could keep it general, but there will be other general areas. Either that or we go do the other general areas and come back. We are on roads now anyway, and I do not know how things are going to unfold this week, so maybe I better ask about notorious 391.

An Honourable Member: Get it in early.

Mr. Jennissen: Get in early, yes. Now I do know that a lot of money was put into 391, and northerners are thankful for that, but, of course, as the minister says, it was not enough. But it seems that at least this particular spring, people that worked on that road like advisory groups such as PR 391 committee, Barbara Bloodworth and others, seemed extremely peeved that certain projects did not get ahead, and I cannot blame her.

But the question I have is were there sums of money set aside last year that were then not expended this year, were not carried out? In other words, what was planned was actually carried out this year? Or were some things planned, or appeared to be planned, and yet we decided not to go ahead with it this year?

Mr. Findlay: I take the position across the province that although we do not have enough money to do everything that anybody wants, we will spread the money across the province by region, or however you want to describe a region, reasonably consistent with traffic volumes, percent of network sort of approach. In the North, we have approximately 11 percent of the network, so we have moved it up to 11 percent of expenditure in the North. The North consists of 391, 373, a very good chunk of Highway 6, Highway 39, Highway 60, Highway 280, and there may be the odd other one that I missed.

Some people might take the position that 391 is the only road in the North. I say it is not. Highway 6 is a very important link for all kinds of reasons, and it must not be ignored. So while we are spending 11 percent in

the North because it is 11 percent of the network, it makes up approximately 4.5 percent of the travel miles in the province. There are a lot of roads that run less than 150 vehicles a day.

When we do our program announcements, we have a two-year ruling program. If I have got \$105 million, there will be announcements out there of programs to be done. They are two times that this gives people a year's advance notice that the project is coming, gives the industry advance notice of what tenders will be coming out. So we make announcement in 1998-99, it is projects that will primarily be done in the year out. Some will be done this year, but what will be done this year is primarily what was announced the year before.

So we look specifically at 391. In 1997-98, the projects that were carried out totalled \$2.03 million on Highway 391. That was last year. This year, because of projects that have previously been announced, \$4.3 million is spent on that highway this fiscal year. The biggest project is \$2.8 million of grading on a section between Thompson and Nelson House from 16.8 kilometres east of Nelson House to 11.9 kilometres east, \$2.8 million; along with some other projects, \$500,000 for grade improvements. Sealcoat will be done on a section from 280 to 21 kilometres westerly for \$200,000; for additional gravel, another \$500,000, from Nelson House to the Suwannee River. These are the kinds of projects that are on an ongoing basis, so somebody just looks at what was announced this spring, and says: oh, there is not enough there for 391. What they fail to recognize was the projects already in the queue from the previous year to be done this year, which is really twice as much, over \$4 million this year versus \$2 million last year.

Again, I will concede, it is not enough to satisfy anybody, but we are working chunk by chunk by chunk to improve the road. I have had letters from communities up there that congratulate us on making efforts. They realize we cannot do it all at once. We move piece by piece. We are improving the maintenance of the road as well as creating the quality of the road by project after project.

I get letters of congratulations, and I also get somebody who takes the opinion: well, if I did not get

what I want today; I am going to go away mad. I cannot ignore Highway 6. I cannot ignore Highway 373. I cannot ignore Highways 60 or 39. I get the same requests from certain communities in southern Manitoba demanding that every expenditure, every dollar in your budget, you should spend it on our roads for the next two years. To heck with everybody else, because we are the most important. I will never accept that argument. I will not even entertain that discussion. That is unfair and unreasonable.

There are certain hot spots where we need to target our expenditures as quickly as possible, but, at the same time, there are about 400 hot spots really. We will work slowly and steadily at all of them, bit by bit.

So that is generally the information behind where we are on 391. We will continue to do projects every year as is determined to be rational and reasonable by the department as a whole.

Mr. Jennissen: Yes, I do understand what the minister is saying, but, just again, in defence of why the northerners seem to be persistently nagging on this, perhaps it is because we need to use different criteria. I just do not think the situation is the same if you are in a southern farm community where there are four ways out of town. You know, if road A does not work, road B works or C works or D works. That is not the case if you live in Lynn Lake or Leaf Rapids. You just have that one road. If you take a look at Lynn Lake for just a minute, you remember that the airport is under stress because the feds have basically thrown up their hands and said: you take care of it. There is some transition funding involved, that is true.

The road, as you know, needs a lot of money, and now, to add even more to the potential misery is the fact, and I do not want to give the minister any excuses to spend less money up there; but, if it is true what HBM&S is saying, that the year 2003 Ruttan mine no longer is functional in Leaf Rapids—we hope it will be, but there is a good chance it will not be—that may make the railroad no longer viable. Then you could face a community that does not have a good road, an airport in trouble, and a railroad that is question mark.

So it seems to me that we are being hit on all fronts. I am, of course, happy that the minister has increased the funding to 11 percent for the North. I think it was 4 percent a little while ago, but, again, we look at the tourist potential up there, we look at the forestry potential and the mining potential. We still think it is one of the great underexploited areas, if I can use the word “exploit” in the positive sense. We certainly feel that it has to be treated somewhat differently, because we do not have the population density there.

Another factor is, of course, those roads are not always travelled that much because they are not that good. You do not drive as often. Secondly, I think northerners car-pool a lot. They put a lot of people in one vehicle. So I do not think it is always reflective of what you actually count in terms of vehicles, but I do appreciate the positives, and I would not want to sound like I am not grateful for the improvements for the money that the minister has put into roads like 391. Certainly going from 4 percent to 11 percent is an improvement, and we would encourage him to continue that direction to get up around 18 percent.

* (1630)

I think we do have to look at the uniqueness of the North and also the potential of the North. It is not the same—I know it is nice to be democratic, but it is not the same as living in the south. There is not a way you can get out of town three or four different directions. There is just one way, and if that one way is not functional, then you are in trouble. I could read the minister a number of letters—because of time constraints, I do not think I will do that at the moment—of people that have to go to the doctor from Lynn Lake or Leaf Rapids or to go to Thompson, that the road is in a horrible condition. It is icy; they should not be driving. Nobody should be driving that road if it is in that condition, but they cannot postpone that particular appointment. They go on the road, they slide off the road. The vehicle is damaged. They pay more insurance and they are really angry. So for them the offloading ends up on their shoulders.

So we do not spend the necessary money to fix that road, but you are sure taking it out in terms of mufflers and windshields and increased premiums for Autopac

and so on. That is a serious concern because it is already difficult enough in the North in terms of living. The cost of living is much higher and so on, so we need every break we can get. I am of the firm conviction, having lived there for a number of years, that is the place, eventually, where tourism is going to boom. Of course, we do already have viable mining industries and very good forestry industries. We certainly want to keep them going.

So I guess I am pleading for an entire region which I think is possibly—the potential is not always as recognized in this House as we feel it ought to be.

Mr. Findlay: I do not dispute what the member said about the North being special conditions in terms of transportation, and I guess that is why in the communities that are unserved we have 22 airports which are totally funded and operated and maintained and built by the province. Our annual budget there is some \$4.9 million.

The communities the member mentions depend a lot on forestry and mining, and as a province we have definitely made this a very attractive province for prospecting; certain incentives that have led to a lot of prospecting. The member mentions a certain mine that has been a questionable long-term viability. Well, the issue there is where is the next mine? Is there another deposit that can breathe new life into the area? Right across the North, this is an issue, and prospecting is a long-term thing.

I understand and appreciate the value and significance of roads. Again, we are dealing with the federal decision with airports that does affect communities, but the member cannot expect us to instantly be able to rush in and accept all the offloading and still build the roads at the same time.

I am pretty sure I have mentioned this in previous Estimates, but, just very quickly, I think the biggest problem we have with roads like 391 is that when it was originally built, it was built to pioneer standards, unfortunately. It was not built by the Department of Highways. I believe it was built under the auspices of either the companies or Northern Affairs, and then it got turned over to Highways somewhere in the early

'70s, and they said, here, good luck. Well, it has been a challenge no matter who has been in government ever since then to get this road up to an acceptable modern standard. It was built for trucks and hauling, or lumber or whatever. It was not built for every citizen to use in the way they want to use it today.

Occasionally, somebody says, well, just punch a road in. Just give us a basic road so that we can get a mine open. Not while I am minister, I am sorry. We are going to build it right the first time, so that you do not have this impact 10, 15, 20, 25 years later that it is not an acceptable road simply because it was not designed, built and developed properly.

That is the age old problem we are dealing with, and as we work through it and build it stretch by stretch, it is built to today's standards and will serve for a long time into the future. But it is very, very expensive, and I think the total figure for rebuilding that Highway 391 from end to end, I think I heard a figure of \$90 million or something somewhere in the past. No matter whether I am plus or minus \$10 million or \$20 million, it is a big number, and we will work our way at it with chunks of \$2 million approximately per project each year.

Mr. Jennissen: Yes, in response to what the minister was saying and back to what I said earlier about the North and the importance of the North, I find it interesting that mining is the second biggest money producer for the province after agriculture basically, and yet you have got the Minister of Energy and Mines (Mr. Newman), and he is also doing Northern Affairs; he is also doing Hydro. It is almost like mining has become an afterthought, and it is certainly a big money producer for us up there.

But I was going to change the topic slightly for the minister, and he just reminded me of it when he was making a point a minute ago, and that is does the province ever take on a chunk of road—well, it was not a road before. I am thinking specifically of a chunk of road outside of Snow Lake that was a railroad, and Hudson Bay Mining and Smelting does not want to take liability for what could happen on that road. I believe it is somewhere between—I have heard conflicting reports. I have never been on the road; it

goes past Morgan Lake, three and nine kilometres. The reason I am asking the question is that there are people involved in harvesting shiners, which are minnows, and they have had this operation for a number of years, but when they bulldozed that road shut because Hudson Bay Mining and Smelting does not want to take any chances, does not want to be liable for anything that happens, this person's livelihood was cut off as well as some people who do tourism out of some of the smaller lakes.

I really do not know how to resolve the impasse, because Hudson Bay Mining and Smelting says if the province is willing to take on this road, yes, we will unbulldoze it. Fine, they can have it, but I do not know. Do we ever do things like that? Is that a possibility? Because certainly, in this case, we have a person who pays a fee, I think it is \$52 a year, to harvest minnows. He harvests between 20,000 and 30,000 buckets a year, and now he is left without a way of making a living. It also impacts on several lodges as well. So I am just asking that, is that a potential? Is that something we could look at?

Mr. Findlay: I guess the quick answer is no. We are so challenged with the system that we have in not being able to meet the needs, it is very difficult to take on another stretch of road and, of course, you are immediately expected to build it and that takes money out of the network we already have. This is a private road—did the member say it was owned by Hudson Bay Mining and Smelting?

Mr. Jennissen: It used to be a railroad bed and what I gather was that people were using it to have access to certain lakes. There was a gate on it with a lock, but I think Hudson Bay Mining and Smelting, who were technically the owners of that former railroad bed now used as a road, were a little concerned that accidents could happen with possibly teenage drivers on that road that they put some large boulders on it to prevent anyone travelling that road. That has really hurt some of the lodge owners and particularly this person who harvests shiners in the spring. It basically destroyed his business. We do not know any way around the impasse because Hudson Bay Mining and Smelting is saying we do not want the liability. On the other hand, the province issues a licence to a guy to harvest

minnows, and he cannot get through to the place that he used to get to for the last five, six years.

Mr. Findlay: Well, what Hudson Bay Mining and Smelting has said is very similar to what you hear the railroads say when they abandon a line. They want to just tear it up and get out of there and turn the land over because they do not want any further liability. The province has a lot of private roads, and maybe the different users of the road—there was just the minnow operator and I think you said some tourism activities or whatever up there—should look at negotiating with Hudson Bay Mining and Smelting about taking it over and operating it as a private road for their use.

I can appreciate what Hudson Bay Mining and Smelting is saying because I am sure their insurer is telling them, unless you do this or that, you will be liable and we will not be covering you. That is just a suspicion, so they are protecting themselves, but I think the users have a window, since there is a roadbed there, to discuss how they could operate it as a private road for their own purposes, because that is done in other locations in the province. But for us to come in and spill the road, although there are all kinds of reasons why one could argue we should, given our challenges all over the system, it is virtually impossible to be able to do that and respond and build a road because it would undoubtedly cost a fair bit of money building it to our standard. Maybe they can operate it on some form of relationship with Hudson Bay Mining and Smelting and bring it up to a standard that serves their purpose and manage it that way.

* (1640)

Mr. Jennissen: I understand the minister's reluctance to take on new liabilities or new costs, for sure, but that leads me to the next possibility because Pukatawagan has not given up on all-weather roads, so some of those logging roads now being used by Tolko at some point will be connected to Puk. In fact, I think they are very close to Pukatawagan. Does that mean then that we will not take some degree of responsibility for that section, say, from close to Sherridon to Pukatawagan?

Mr. Findlay: Well, again, Mr. Chairman, it goes back to what I said earlier. Taking over pioneer roads is

what was done in the North, and we have the problem trying to get them up to modern day standards. These logging roads are just trails pushed through with a Cat, just enough for the trucks to be able to utilize them. Other users would find that very unsatisfactory very quick, and, if we took it over, we would be the one that would be challenged to rebuild them. I mean, it is well intended, but it is a very costly process to do that.

I think, as I said earlier, if you are going to build a road, build it right so it lasts and serves the public for a fair period of time and it is safe for travel, because if you let people on a road and it is not up to snuff, somebody has a liability there if somebody runs into a rock or whatever happens.

Mr. Jennissen: If that link was made from the Sherridon road to Pukatawagan, that would be treated the same as the Sherridon road is treated now then under the provincial jurisdiction?

Mr. Findlay: I can relate to the member that in another instance, we are talking with a company about some partnership of building a road where they will be involved in certain respect to expenses because they want it for resource extraction and the idea that it be built right so that ultimately it would be a road used by everybody and that it could well become part of the provincial network.

There are other examples of different kinds of discussions that are going on that serves both purposes and the extraction company, the resource company, gets the benefit and the citizens at large get the benefit. We are always open to those kind of discussions, some degree of partnership arrangement that works for all parties.

Mr. Jennissen: I thought I heard the minister saying in this particular case it could, in fact, involve Tolko, the federal government and the provincial government and some degree of cost-sharing, because I believe Tolko at this point has already pushed through those roads very close to Pukatawagan, so they are going to get used one way or another. I just do not know what the status is. That is why I was asking the question.

I would also like to ask the minister about another road, and I have a habit of just referring to these roads by their destination rather than their numbers, and this is Moose Lake and also the road to Cormorant. Phillip Buck, the Chief of Moose Lake, talked as if there is some big initiative possible in the future and perhaps cost-sharing with the federal government. I just wanted to check if that is, indeed, a direction we are going to go or what is planned for that particular road? Is there anything planned specifically and is the federal government involved?

Mr. Findlay: Maybe I will give this answer and then I would request if could we take a five-minute break, because I think we are going through until six, if I am not mistaken.

I was involved with a meeting with Moose Lake people approximately a year ago, and they certainly had a proposal for what they would like to do for the economic development of their area which is certainly laudable. They wanted to have an all-weather road on the current winter road alignment running straight east of The Pas, or the plant. It is certainly a fairly expensive road to build. It was short in the distance, no question about that.

We are in discussions with Moose Lake loggers about accommodations on 384 during the summertime with regard to weights and that sort of thing to allow them to continue to function. We are not aware of any discussions with the federal government at this point in time. There may well have some with them, and I hope the heck they succeed.

But we have had discussions. I know there is potential there, but there is also big expense involved. I know that they would like to see that road extended all the way through to Highway 6, which would be another tremendous undertaking but would have great benefits for opening up the area for further logging in what I understand is a fairly good area. There is a lot that has been discussed on the table. If they are able to get some involvement out of the federal government, I would be very, very happy to see that.

Mr. Chairperson in the Chair

Mr. Jennissen: I believe the minister is requesting a short recess, is that correct, for maybe five or 10 minutes?

Mr. Chairperson: Is it the will of the committee to take a short recess? [agreed] The committee will take a short recess, five minutes.

The committee recessed at 4:48 p.m.

After Recess

The committee resumed at 4:52 p.m.

Mr. Jennissen: I was happy to hear the minister say that he had met with a delegation from Moose Lake because I know, having talked with Mr. Phillip Buck—in fact, he was a former student of mine—how important it is to the Moose Lake people to get a decent road. Certainly, if they could get a shorter road to The Pas over that winter road that goes by the plant would be very helpful for them.

I was also going to ask the minister about some other places as well, and some other roads, for example, South Indian Lake. We had talked about South Indian Lake before. Now I know that, as part of the Northern Flood Agreement, I believe there was a commitment to building an all-weather road which, depending on whom you talked to, also included a bridge or a ferry. I do not know under whose jurisdiction that falls at this moment, but I presume the Highways department would be involved in this at some stage. Is there any update on that because I do not really know if that has gone much beyond even preliminary survey stage? The road around the bay to South Indian Lake.

Mr. Findlay: Yes, we have, under the commitments, made in the Northern Flood Agreement—Highways is accountable for delivering the all-weather, year-round passage. The road around the west side of South Bay will cost some \$15 million, and it will still involve a ferry at the north end. The ferry costs are not included in the \$15 million for the new road. The existing road from Leaf Rapids, which is about 75 kilometres, will obviously need some upgrading, too, so \$15 million is

for only a portion of costs, and there will be the existing road plus the ferry costs on top of that. It is a pretty sizable chunk of activity, and it is really new construction. It is a new area.

Mr. Jennissen: Has there been any movement on that, though, since we first raised this issue, let us say two or three years ago, I believe, or maybe even four—well, three years ago anyway? I believe that there was some survey work done, but I have really heard nothing since, so I do not know if anything is happening at the moment.

Mr. Findlay: The member asks if some work has been done. Yes, some basic survey work has been done. It has led to the number that I have given the member. I am sorry, but that \$15 million, staff informed me, includes improvements to the existing stretch of the 75 kilometres, as well as building the new road.

The most probable alignment, I guess it would be fair to say—it is always subject to adjustments—has been determined, and we are targeting or looking at the year 2002 to have it operational. So the process is underway leading toward that time frame with those kinds of costs. So the alignment is there. Some survey is done. Some fairly significant preliminary activity has led to that number.

Mr. Jennissen: I just want to raise one other point. I am not sure whether the minister has even heard of this, but I had a talk with some people in South Indian Lake, and I was rather surprised by this. I do not think it is the general sentiment—I cannot say that for sure—but certainly it was raised, and that was if that road is to be built, would it not make more sense to head south to Thompson direct—you know, it is a much larger stretch—or in some way to connect in a south, I guess it would be a south-westerly direction to connect up with 391.

I think at any point we are looking at at least 80 or 100 kilometres, so I do not think that will ever be considered. But someone had raised that, and I said, well, you know, at some opportunity, maybe I will get a chance to raise that. Has that ever been advanced by anyone?

Mr. Findlay: The answer is no. The distance we are looking at here must be at least in excess of a hundred kilometres over undeveloped terrain. It would be horrendously expensive, just a mind-boggling figure. When you look at the map, you are really looking at three and a half inches on the map over pretty rugged terrain with a few rivers, and that means bridges. So the answer is no, it has not been raised, and it would be just an inconceivable cost.

Mr. Jennissen: I believe, in fact, the person I talked to thought it would be at least 80 kilometres, and he was aware it was a real long, long shot, but I guess his argument went that in the far future, we are going to have to build good roads anyway. If we are going to start building them, you know, straight lines, rather than all this around.

* (1700)

He was suggesting that instead of spending that money on the round road to get from South Bay to South Indian, maybe we should phase by phase over the next 25, 30 years be heading for Thompson. I do not know, but it was raised. I just wanted to let the minister know that it had been raised. I also know that it is prohibitively costly to probably consider it at this stage.

I was also going to ask the minister regarding some other communities and roads.

Point of Order

Mr. Findlay: I will just interject. If two or three mines were found in that area, it would open up the chances immensely.

Mr. Chairperson: The honourable minister did not have a point of order.

* * *

Mr. Jennissen: Regarding the mines, boy, nobody needs them more than I need them around Leaf Rapids, because I certainly would like to see some mining activity in that particular region. It would also give us a better argument to fix up 391, I think, if we had a

major mine up there, that is for sure. [interjection] Well, we certainly have the mileage. We just do not have the road covering.

With regard to Granville Lake and Black Sturgeon—well, let us take Granville Lake first of all. I realize it is probably unlikely they will ever have an all-weather road, but there had been some talk about a much better winter road and failing that a skidoo trail. I guess they failed even getting funding for cutting that trail, and they are a little upset about that. Is there any movement on that? It is a small community but they are isolated.

Mr. Findlay: The department has had some discussions about routing of a winter road. I cannot say that it has gone any further than that, what the route would be, what the cost would be, whether it connected going towards the southeast, towards 391 or towards the northeast towards Leaf Rapids. I would imagine there are conflicting points of view on which way it should go. There has been some discussion around that, but that is all.

Mr. Jennissen: Yes, just to add a little bit further to that. At one stage, I think the people from Granville Lake were hoping to use a road that was used by Hydro to bring in equipment. I think they felt later on that might not have been the best route they would have taken, but they were certainly—[interjection]

Yes, but they were willing to use it if they could sort of rehabilitate it somewhat, but I think their later plan was it would be much less costly. They were hoping for some funds to cut a skidoo trail which would be largely overland rather than over some of the more treacherous rivers and lakes, because there are currents underneath and skidoos go through them. It was not a large amount of money, but I know they had approached the Highways department. I do not know whatever became of that suggestion. They thought what would be at least a minimal connecting corridor for them would be that skidoo route.

Mr. Findlay: Mr. Chairman, the staff here are not aware of any thought of a skidoo trail. It may be with other staff in the department; we will find out. It is a community of a few inhabitants, and there may be

something that is possible, but we are not sure what it is.

Mr. Jennissen: Yes, it may well have been other staff of the department, but I do remember a Mr. David Baker made a presentation, and I did supply a map of that proposed route to somebody in the department. I honestly do not remember who that was at this point. It was a minimal amount of money.

Mr. Findlay: Would it have been through Natural Resources? It might have been. We will do some investigation and find out what is in government.

Mr. Jennissen: The minister brings up a good point. I thought it was the Department of Highways, but we can double-check that. It was not a large expenditure, but it would have certainly made life a lot easier for this community, which by the way is expecting water and sewage as well, so that is some good news for that community.

Going to another community and another road off 391, that is Black Sturgeon. It is a few kilometres. We have raised this issue before. It is a bit of a gray situation at the moment because Black Sturgeon is not technically a reserve yet, although they have voted overwhelmingly to form their own reserve. Apparently there are still some legal hangups. That of course brings up the other question, because South Indian Lake is technically not a reserve yet and, I believe, Granville Lake as well. I will have to double-check that. So, of course, once they have reserve status, then perhaps we could work something out in terms of joint funding, but we do not have that at the moment. In the case of Black Sturgeon, it is a very short distance at Hughes Lake, I believe it is. They wanted some support to upgrade an already existing road that a mining company had built for them, I believe, free of charge or a minimal charge, but the road is not up to the kind of conditions I think that the minister or I would like.

Mr. Findlay: Mr. Chairman, the department is of the understanding that the trail is exceptionally substandard from the standpoint of anybody's conception of a road, and that we would be open to some discussion provided there were substantial federal dollars involved, because

we do lots of cost-sharing agreements with the federal government on roads from main road to Indian reserves. Generally, a 70-30 cost-sharing formula is what we have struck and have done it to several locations, to several reserves, and other ones are ongoing right now. So if the federal partner was to come to the table, then the road would have to be built right from scratch in order to have an all-weather usable connector.

Mr. Jennissen: I wonder if I could ask the minister some questions, in a general vein again, on winter roads. I know this has been a particularly difficult winter for everybody as some of those roads never were completed. Some were and had a very short lifespan. Consequently, a lot of the supplies did not get where they were supposed to get. The federal government has been involved. I think the provincial government has certainly been involved to some degree. Nonetheless, it makes living very precarious in northern Manitoba.

I know my colleague from Rupertsland especially has spent a lot of time on this issue and has pointed out to me where in some places in northern Manitoba you are paying a dollar for a small potato because of the freight costs and so on. That is a concern we have in general, particularly this winter, but even more so a more specific concern, a regional one—and we have talked about this before—is the fact that on the Flin Flon side of the province, on the northwestern side, I guess it is, there are toll roads. That adds a certain cost to people living in the North because, even when winter roads are functional, supplies coming through have to reflect the costs of the toll, and some of those tolls are very, very high because the cost of road building is very, very high.

I have never understood why in other parts of the province we seem to be involved in cost-sharing or into some arrangement with winter road construction, but we do not appear to be, let us say, when we are talking Tadoule Lake or Brochet or Lac Brochet. That concerns me, obviously. It seems like we are working with different policies, or it may have just evolved, you know, happenstance over time, but it is a concern because if you are living in Tadoule Lake or Lac Brochet, you can bet your bottom dollar X cents extra

on every litre of gasoline, and every litre of milk, and that can add up. Those people in many of those rural communities are already very poor, many of them living on social allowances, and it is quite a burden.

* (1710)

I am just wondering if, you know—and again I am asking the minister for more money when we are already strapped. I know it is not fair, but there has got to be some way to address this situation to make it at least more egalitarian right across the province, because there seems to be different rules being played out in different places. This, I am sure, historically has developed that way. Nonetheless, it makes it difficult, and it needs to be looked at, at some time.

Mr. Findlay: I think the member for Flin Flon (Mr. Jennissen) probably said it right. That is just how things evolve. There is a bit of strange history behind it. Some of it is not all that explainable or defensible in terms of equality.

There is roughly 1,600 kilometres of winter road that we are involved with one way or the other, and 100 kilometres is 100 percent provincial. Two communities, I believe, had rail access, so the feds argued they were already involved in the rail side. This is going back a few years. There is 1,500 kilometres where we are involved in 50-50 cost-sharing. Then the third category of road is the one the member is talking about where contractors or communities put a road through. Then they collect tolls on it and pay for it that way. Certainly, we are open to discussion about how you equalize things so there is equality between communities, as long as the federal government is prepared to do the same. But it has just evolved. There is really, as I say, three categories. There is one big one, the 50-50 one, and then the one that is built by contractors and tolls are charged. There is not what you would call a standard uniform policy. It has just evolved over the course of time and different initiatives taken in different places to achieve a winter road to reduce the cost of getting goods in.

Mr. Jennissen: To give the minister an idea, perhaps, of cost, I remember—and I know that this particular person was not overly happy even sharing the

information, so here I am putting it on the record. But this one particular store showed me what they paid for toll that particular year. I believe it was \$110,000 or 120,000. Well over \$100,000 anyway. Now, you are talking about a small and remote community. This is one store. Now I have no reason to believe that was all of it either, because that was in the middle of the winter when I arrived. So I am saying that cost is passed on to others.

It is going to be passed on to young mothers with babies, who have to buy milk. It is passed on to hunters and trappers, who have to put gasoline in their skidoos, in their snowmobiles. It is just an incredible cost. I am not blaming the people charging the toll, because I know how expensive it is to build those toll roads. I am just hoping that we can evolve or work out in the near future some mechanism that would make things a little more egalitarian, take some pressure off my constituents that are living there.

My next question is that the longest road, I believe, or certainly one of the longer ones would be the one to Tadoule Lake in terms of winter roads. That one has proven to be quite unsatisfactory over the lake system, because it seems to be pushed through very late usually. It does not last very long, so people have tried to look for alternative winter roads. I know that Ernie Bussidor out of Tadoule Lake has been very active on this, but I do not think he succeeded this year.

First of all, the minister can enlighten me. I believe they were allowed to build a winter road this year, were they not, and probably had attempted it? Is that correct, first of all?

Mr. Findlay: Yes.

Mr. Jennissen: Next question will be, if they did not succeed this year, they will undoubtedly be trying again, being northerners. If at first you do not succeed, you try, try again. Well, I guess it is also standard in the south. But would Ernie Bussidor and the people he is working with, who are trying to create this much more stable winter road link, would they qualify for any kind of support from the Department of Highways, from the government?

Mr. Findlay: This individual had held some discussion with the department late in the year, and we believe he did spend some money in a very unsuccessful kind of year. We are open to discussion as long as the federal partner is there. We would extend the public winter road to these communities, but not a lot of discussion has happened yet. We are open to it. Of course, you have to decide a route. What is the best route from the standpoint of prolonging the length of the winter road as long as possible? So we are open.

Mr. Jennissen: Discussing that particular winter road, I know there were some concerns from some quarters, including from the road builders, that when they were proposing various possible routes, one of those routes was going to run either close to or over what they call the Robertson Esker, which is home to a huge caribou herd, and there was some concern about that herd being at risk if there would be an easily accessible road.

I do not know. Is this addressed by this new proposal? Does it go around the Robertson Esker?

Mr. Findlay: Mr. Chairman, for a new road like this, an environmental licence would have to be obtained, and that issue would be dealt with in that process. That is standard practice.

* (1720)

Mr. Jennissen: I guess we could talk about roads a long time. I was wondering if now we could maybe switch over to airports and to air safety and so on. First of all, I know the minister made reference to it in his opening remark, but perhaps he could reiterate it. After the tragic crash at Little Grand Rapids and also further at Wasagamack, but certainly Little Grand Rapids, there was a committee struck, I believe, involving Manitoba chiefs, I believe the Department of Highways, and perhaps others. Could the minister give us somewhat of a detailed report of where we are with that investigation? This is dealing with air.

Mr. Findlay: The accident at Little Grand Rapids happened on December 9, and I held a meeting on I believe it was December 19–December 18—in my office where we had representatives from northern

communities, different chiefs, aircraft operators, and we struck a working group of membership of four chiefs from St. Theresa Point, Little Grand Rapids, Sayisi Dene, Wasagamack, two aircraft operators from Perimeter and Skyward, two individuals from Transport Canada, three individuals from Highways and one individual from Northern Affairs who met once in February, I believe, and once in March, February 17 and March 16, and then held a meeting in Thompson approximately a week ago, May 26 and 27, to hear input from communities.

Our department staff had sent letters to 35 different First Nations communities and mayors of community councils. That letter went out in early May, and I believe some nine or 10 presentations were made at that meeting. The working group will then make a report to me that will have some recommendations as to what are the strategically important things that we can do to improve safety at the airports.

Naturally, the bigger projects, like building an airport or lengthening an airport, we would attempt to get federal support through federal ACAP funding, Airport Capital Assistance Program, to do cost-sharing as we are currently doing with Wasagamack, which is 70-30 cost-shared. So there are short-term measures that can be done, and there will be longer-term measures. When the committee reports, I would expect within the month, we will start doing what we can do that is recommended by that committee.

So the review has gone on, and submissions have been made, and, clearly, we will do what we can.

Mr. Jennissen: Looking at the departmental Estimates of 1988 through '90, I believe it was, for Marine Services and Northern Airports, it roughly allocated about \$5 million. That figure has not significantly budgeted in 10 years despite the heavy increase in traffic flow. So I wonder if the minister would comment on that.

Mr. Findlay: Mr. Chairman, the member says \$5 million has been a static figure. Yes, that is a lot better than \$4 million in terms of meeting our needs up there. We have 22 airports which are all accredited by Transport Canada, so in their analysis they meet the

standards that they put out. I think the member knows that about two or three years ago there were eight airports that were very little used. They are unmanned and they are unlicensed, but that is not part of the 22.

But we have used the \$5 million to have the adequate level of staffing and upgrade and maintenance of those strips to what we think is a pretty reasonable standard. But I think out of the review that has taken place, there will be additional safety measures that are available today that may not have been available awhile ago, that can be utilized because, as we have all acknowledged, the number of aircraft movements up there is fairly substantive and increasing.

So the \$5 million, generally speaking, we believe has been reasonably adequate, but we will do what we have to do.

Mr. Jennissen: Still, looking at some of the notes that I received on the—I believe it was the northern chiefs raised some points with the task force air safety held, I believe it was in Thompson on May 25. They still continue to talk about lack of modern navigational equipment in northern airports, absence of regular inspections, hazardous or unsafe conditions of the airstrips, inaccessibility of airports for health-related emergency and so on, including radars and beacons. So, obviously, there is still a long, long way to go.

I guess the minister is fully aware that when those airports were created—I think many of them were created under the Schreyer administration—they were basically, I believe—and I am just sort of going back on memory here—for medivacs, or medical reasons. Now they are being used for medical purposes, obviously, and medivacking people out, but for a lot of other purposes too. Some of those airports in the North are extremely busy, and it does not take a rocket scientist to figure out when you are landing that those strips are extremely short. Numerous pilots have told me that, with the newer planes and the faster planes, things are getting a little dicey, so safety considerations have to be a high priority, particularly in light of what happened at Little Grand Rapids, Wasagamack and other places.

Mr. Peter Dyck, Acting Chairperson, in the Chair

I could say that even myself—I travel a lot by airplane—I was a little bit astounded that one of our takeoffs was aborted in the Saab the other day. I should not say the other day. It was maybe several weeks ago. I talked with some other passengers. They said this happened before. Now those are fairly large planes, I believe, with a seating capacity of 25 or 30, but it is a frightening experience when you are at the point of takeoff and the pilot hits the brakes because some little red light went on. This has happened once to me, and I know it has happened before in that particular plane. I have seen planes disabled at other airports, so it is not just an abstract concept I am talking about.

It is obvious that there is a real need out there to upgrade airports. Certainly, safety considerations, if they are important for highways, they are even more important for airports. I thought I would just draw that to the minister's attention.

Mr. Findlay: Well, I appreciate the comments the member made. Yes, the airports were probably designed strictly for medivac activity, and now they are used by all kinds of planes for a lot of movements. It is not all that different than the idea of when the roads were built to a pioneer standard just for resource activity, and then, lo and behold, the citizens at large wanted to use the roads, so there are similarities in the two situations.

Airports are of designated lengths. I mean, let us say, they are built to whatever. Under Transport Canada rules, if the airport is not long enough for the plane you are flying, you are not allowed to land. Now I know that planes get bigger and faster and all that sort of thing, but if the airport does not accommodate the plane, by Transport Canada standards, it cannot, should not land there.

The member keeps mentioning Little Grand Rapids. The Transport Safety Board is certainly going through what happened there and will ultimately report, but I do not think he can blame the airport that day because there was terrible weather, and the pilot made a decision that was not a good one at the end of the day. It is unfortunate, but the weather is a problem. The weather is a big problem in the North a lot because

there is so much water. Fog and mist can create hazardous conditions for aircraft movements, and there is always that human element factor. The plane has to meet certain standards; it has to be mechanically fit. The pilot has to meet certain standards. He has to be properly trained and be able to handle conditions, and he ultimately makes the decisions.

* (1730)

The member mentions somebody aborting a takeoff. That is probably the right decision. If there was something wrong in the instrument panels, that is nothing to do with the airport; that is to do with the aircraft operator. The pilot made the right decision.

So the Little Grand Rapids airstrip is probably a good example of a strip that was built in the wrong place. It was built there, as I recall my information, because there was a nursing station there, and then subsequently the nursing station moved across the water. The strip is 2,800 feet long, and it is water at each end, so you cannot extend it. So to have a longer strip, it has to be in a new location. That is expensive. These are some of the practical aspects of a difficult problem.

Other strips are in a situation where they can be extended. There are more aircraft movements, and they want to use bigger aircraft, and that generally means there should be longer strips.

So we will review what the working group reports to us and work with the federal government and the operators to be sure that we can do what we can to increase safety under the working conditions that exist.

Mr. Jennissen: I have a letter from Mr. John Briggs who is president of Ministic Air Ltd. dated December 3, 1997. Actually, it was sent to the minister. I will just quote bits and pieces from the letter. So the president of Ministic Air says: The days of mud runways and World War II aircraft are no longer acceptable. The aircraft have improved, but the runways remain at pioneering level.

In particular, Mr. Briggs mentions the airport at Island Lake which is one of remote Manitoba's busiest airports. He also asks for crushed limestone on that

particular runway which would be a great advantage to that airport. He ends by saying: It should be noted that Manitoba and northern community airports at this time are serviced to a lower standard than other provinces we provide service to. The terminal buildings in Island Lake and some of the other northern airports are at best equivalent to Third World conditions and can no longer be tolerated.

So that was the letter from Mr. Briggs, and I just want the minister to comment on that.

Mr. Findlay: Well, I think he might have maybe abused the language a little bit there to say that we are a Third World country. As I said earlier, our airstrips are certified by Transport Canada, and if they were not meeting the standard they set across the country, they would not be certified. So we take that certification as meaning something significant.

At Island Lake, we use a good crushed granular material. It is not that we do not; we do. We accept that input as information and do what we can to meet the requirement, but if we were a Third World style of airports, they would not be certified and they would not be operating. We have 60,000 aircraft movements in these 22 airports. That is a significant amount of activity.

So, by and large, in most cases things are going respectably. They can always be better. I would be the first to acknowledge that. We want them to get better, and we will do what we can to improve them. But I will keep saying we need that federal partner who has a responsibility here to help us deal with these situations because air travel in the North, it is going to continue to go up. It is the way in and out that is convenient to fishing. In many cases, it is the only way. With more tourism and all that sort of thing, it is part of the economic activity of those communities now and in the future.

Mr. Jennissen: Just as an aside, though, I would want to point out to the minister, in a particular case like in Pukatawagan which does have an airport and also would like a road, that two years ago I believe I asked—and I may have, in fact, mentioned it last year in Estimates. I am not entirely sure of that, but I do know

that two years ago 307 medivacs were flown out of Pukatawagan, and if you take into account the cost of one medivac and multiply that by 300 times, I think we could have built that road or at least a good chunk of it, so sometimes it is not a question of an airport or a road.

Sometimes I think the sensible thing would be to build a road. It comes out of a different pocket, but it is the same taxpayer. In this case, it would save us money in medivacs because a lot of those cases from Puk could have been taken to Flin Flon by ambulance. It is not that far away. So sometimes it is either/or, like fixing one would save us some money somewhere else. But that was an aside to the minister.

I would like to ask the minister also, with regard to the Winnipeg Free Press, Tuesday, May 26 article: Airline suing provincial government. I do not know if this is before the courts or not, but Perimeter Airlines is suing the provincial government because orange marker cones at the Gods River airport were replaced by evergreen trees, so that obviously cannot be the preferred safety mode.

Mr. Findlay: As I mentioned on more than one occasion today, the Transport Canada Guidelines certification, that sort of thing, and across Canada that is an accepted practice, according to Transport Canada, to use evergreens to mark airstrips because like a cone can get covered with snow, an evergreen does not. It is more visible, but in northern airports that is an acceptable practice that is recommended by Transport Canada to make them more markable, more visible, and less likely to be covered by a heavy snowstorm. The case is Perimeter has chosen to do what they are doing, so it is before the courts so we cannot say anything more.

Mr. Jennissen: I know the minister referenced the Wasagamack airport in his opening remark. Was it Wasagamack?

Mr. Findlay: Yes.

Mr. Jennissen: But I did not catch the details. Could he give me a little breakdown on the exact time lines again, how long before the planning phase is finished,

and how long before the actual airport is assumed to be operational?

Mr. Findlay: As I mentioned to the member in my opening comments, the price tag is approximately \$17 million for the road plus the airport. We are currently in a two-year phase of survey and design and obtaining of an environmental licence for the airport; \$800,000 is the probable cost of that. Then it is projected that the construction period, which involves the airport plus 28 kilometres of road in virgin territory, would take about three years.

Not too long ago the federal government had written a letter saying that this project was no longer part of their budget, and then we had the 70-30 cost-sharing agreement with them. After some eyebrows were raised and some concern was expressed, we have got a subsequent letter from the federal government saying that it was now back as a budgeted item and they were going to participate with us this year and next year in the survey and design process.

* (1740)

There will be issues that will come up along the way in moving this project from conception to completion. That is why the five-year time frame has been suggested as what it will take. It is not a small undertaking. It is a very large undertaking and with a federal partner and a lot of potential issues around obtaining the land and with the road and the airport and all those sorts of things, that is the kind of time frame that is expected. It is five years.

Mr. Jennissen: I hate to get back to funding again, but it obviously seems to be an extremely important area. It appears to me that if we keep the funding at approximately the \$5-million level, we are never going to get longer runways. We are never going to get paved runways. We are never going to get better navigational equipment.

So I guess I am asking, at what stage can we see some major injection of funds into airports that are just, I think, being overloaded in terms of flights, number of flights, airports that are no longer just used for medical evacuations but for hauling supplies? I just think the

need to be upgraded—I know it costs a lot of money, but I do not see that in the budget I guess. Does the minister have a timeline where he can see that changing?

Mr. Findlay: The standard question I get from everybody is I want more money. The standard answer I hear from the public at large is do not dare touch me for more taxes. So where is the twain going to meet? I know there is need. We all know there is need. There are scarce resources. We have got to use them as astutely as we can and do the maximum we can with them. I will never leave this topic without saying: and we have got to have some federal commitment and participation on an ongoing basis. From the standpoint of airports on a national policy and decided to pull out. Leave it to the communities. Well, sooner or later that will have an impact on the province. They walk away and we are supposed to step in. We have less taxing capability. We do not have the rich tax base of southern Ontario to help us here, but through the federal government we do.

I understand the need, but I do not have any magic wand that I can say I can double the budget here or double it there. The members talked about roads, winter roads, airports, and only one section of the province. These demands come to me from all over the place.

So I am not pleading that it is an impossible position, but it is difficult to try to balance need and expectation with ability. Like I say to many people—and certainly even the City of Winnipeg wants more and more provincial participation on the roads, and so on it goes. If somebody is asking for something, you find out where the money is and I will do it. It comes right down to whether there is enough resources.

The member I am sure, in his own caucus, will know that it comes down to should we be promoting health today or more highways? You lose every time. Health will be the one that gets attention. We certainly try to use the health angle in terms of being sure these airports serve the medical needs. You will have heard me mention in my opening comments, be sure the airports can serve medical needs, because that is a connecting link that puts a greater sense of urgency to

airports than not to use that connection. So, yes, we have to have them up to standard for safe and efficient use. We will work, just like with the roads, as best we can towards that. The sooner we get more federal participation, the faster we can move, and the better our whole system right across Canada will be. I am not arguing just for Manitoba. This is true in every province. Our system across Canada would be better and better and better.

But air is one of those things that if anything goes wrong, it is a big issue. We see some accidents that happen, not only in Manitoba but elsewhere, where the pilot makes some serious errors. That is another thing we have to constantly promote, to be sure that the equipment that they are flying and the pilots are appropriately trained and meet all the Transport Canada requirements before they get into the air.

Mr. Jennissen: Yes, and I know it is even difficult in the North to keep those airports that are really good airports, like Lynn Lake, operational because the federal government has basically walked away. I presume there is some transitional funding available there, but it is a community now of a thousand people. It used to be 3,500 people there. It is very difficult for them, with their tax base, to keep a large airport going. Yet, it seems to be a crying shame to see an airport of that quality underutilized or underserviced perhaps.

Also in Thompson I have some concerns. I think the minister is aware of them. Perhaps he can update me on this. It appeared to me it was last fall they had some problems with navigation at the Thompson airport, NavCan I believe. I do not know, I guess that problem must have been rectified, but it certainly did cause some problems. It may, in fact, have even cost the life of one young person that was being medivacked. We are not 100 percent sure on that, but that certainly is a problem that has arisen. Has that arisen because the federal government is walking away, basically, from airports? I am asking the minister.

Mr. Findlay: Mr. Chairman, certainly Nav Canada has been set up to operate the navigational services across Canada. They are going through a process of cost recovery and on it goes. We do not think they have compromised safety. The problem the member

identifies in Thompson, there was some issue with automatic flight instrumentation, anyway, and computerization, and it was not working as well as it was expected to. So there were some startup problems, and I think Transport Canada kept it manual for a longer period of time until all the computer-related glitches were worked out. But these are ongoing growing pains and the process is to be sure that we do not compromise safety in the process.

This has been a nation-wide process of Nav Canada taking over these responsibilities with a cost recovery agenda. I do not know of anybody that does not want to maximize safety at airports in any location in Canada.

Mr. Jennissen: I do know that a while ago, at least a year, perhaps two years, talking about privatization of The Pas Airport, there was question about whether, you know, talking about cost recovery, being able to afford those what I think are very important safety features. There was a question about whether that fire truck could stay at the airport, and to this day I do not know if it actually is there. Seems to me when you pull a fire truck or fire fighters away from a fairly major airport, that is pretty scary. Which also brings me to the fact that in no northern airport at the moment, I guess, in no remote, perhaps in no small airport anywhere, as far as I know, is there any security anymore. Like at one point at Flin Flon you would go through security. In Thompson, The Pas, that is not the case, and I have had people tell me there are a lot of absent-minded, mind you, not a lot, but some, you know, might have blasting caps in their pockets, all kinds of stuff that people should not be carrying, but there are no security checks.

On the one hand, I think it is great you do not have to go through the hassle, and most of the time nothing goes wrong anyway; but on the other hand, you could argue it is kind of scary to know that nobody checks anybody who walks onto the plane. Yes, you do save one person in terms of salary, but maybe in the long run, again, maybe we might be jeopardizing lives. I do not know, I am just raising the issue. I am sure the minister is aware of it.

* (1750)

Mr. Findlay: I guess one way to say it is we have never had security at our provincial airports in the North, and I am not aware that there was ever any incident that came because of it. That means we live in a reasonably secure society from that point of view. The idea of security became a really big issue internationally with certain events that happened, the hijacking of airplanes, and so on and so forth. Security is focused on those bigger airports where you are involved with long flights, international flights, where the potential of terrorist activity is real, but it is never perceived that it is a problem in the airports in northern Canada, for that matter, let alone northern Manitoba.

The cost to have the equipment there and the staffing to do that is really prohibitive, particularly when there is not an identified reason that it should be there. If you are going to spend scarce dollars, I think they are better spent on the runway or approach lights to the runway or that sort of thing. It can improve safety more than security in the small airports. I guess our track record of safety in that context is very good. I would just like to keep it that way.

I do not think we could afford to extend the security that we have at Winnipeg International to the North. There is no security even in Brandon. But if you come to Winnipeg to board a flight to Edmonton or anywhere else of any significance, you will go through security at Winnipeg before you get on those larger flights to go longer distances.

Mr. Jennissen: It struck me as odd, though, that at a time when people seem to be coming more security conscious, especially in the United States and in Europe, some fairly large airports like—I would guess I would certainly classify Thompson as a fairly good-sized airport—would move away from security. It was in place for years and years and years and, all of a sudden, when the rest of the world seems to be tightening security, we seem to be saying, well, it is really not needed, when we really do not know. It just struck me as odd timing.

Mr. Findlay: Clearly it was a federal airport, federal jurisdiction, federal decision. Be it good, bad, or indifferent, I just say our track record is pretty positive.

We do not have incidents that lead to reasons to keep it there.

Mr. Jennissen: In this year's budget, I notice the minister had announced earlier as well in a press release, I believe, \$300,000 for upgrading some of the small southern airports. Now, had this ever been done before?

Mr. Findlay: Up to this point, we have 100 percent funding for maintenance, operating, building, and every aspect of the 22 airports in the North, 100 percent provincial dollars, no municipal dollars there, no local community dollars, all ours. In the south there are approximately 30 airports. They were built over the course of time by various ways and means, sometimes with federal money, sometimes with a lot of municipal money. They are also very important for medical reasons, for medivac access to communities particularly that have hospitals or hospitals close by.

We felt that it was important that those infrastructures be maintained in those airports. We have discussed with the owners of those airports, which is generally a municipal government, or two or three municipal governments combined, for what challenges they face, because they do not have much of a revenue stream of any fashion. They are there for use, for citizens, for business use. Definitely as a province you want them there for medical use.

We proposed a very modest program where we are spending \$5 million in the North. We are proposing to cost-share 50-50 with \$300,000 on our side. If we have a grant to a particular airport for crack filling for \$5,000, they have to have the matching \$5,000. We had a lot of discussion with the municipal owners, and they believe that it will be a good initiative to give them extra dollars to maintain the basic infrastructure.

I gave priority 1, priority 2, priority 3 in my opening comments. Priority 1 is the landing surface and the taxiway. Those are the priorities. To maintain it, we have to do a capital upgrading, whether it is crack filling, or replacing, regrading the surface, whatever it is that will increase the length of life of that particular airport. One of the other basic criteria to be successful

in applying is that it has to be a public airport, public access.

So that is the genesis of it. People have criticized me for spending \$300,000 in the south when I spent \$5 million in the North. They are not even comparable. I think it was important to help the municipalities invest in that infrastructure in their communities, and our reason is medical reasons.

Mr. Jennissen: Well, I do not wish to be unduly critical. I guess the point I wish to make though is that in many cases in the North those airports are absolutely crucial and essential survival instruments, if you like, whereas in the south they may not necessarily be. But, yes, you can make an argument that you have to be global in addressing upgrading airports. It is just that the North is so chronically in need of more funds that I personally would have preferred to see the \$300,000 obviously go to northern airports, but I make no bones about the fact that I tend to be a little bit biased towards the North. Borealtropism or something, I am not sure, there must be a scientific name for that.

I do not know how much time we have, Mr. Minister, but could you give me a brief update, perhaps, on the ongoing saga with St. Andrews airport?

Mr. Findlay: I will quickly give a bit of a response and I might be able to give more beginning of the next day. When Transport Canada got involved in devolving the airport in Winnipeg, it was always Winnipeg/St. Andrews to be jointly devolved. They carried on with the Winnipeg Airport, and the St. Andrews sort of got left on the sidelines and discussions have gone on involving Winnipeg Airport, St. Andrews and Transport Canada. Whether they are completely dead at this moment, I would not be sure, but the R.M. and the Tenants Association at St. Andrews are in some element of discussion with the federal government to initially announce that they either had to have somebody else operate it or they would walk away.

We have had some involvement in discussion, but we are just not able to come to the table with dollars, so hopefully there will be an agreement arrived at eventually that will be good for St. Andrews. Just from

an operational point of view, I think it is good that large aircraft uses Winnipeg primarily; and smaller aircraft have another airport some distance away, so that there is not a conflict of traffic. I just think that operationally makes sense to me, but Transport Canada is on a pretty hard and fast route, and at this point St. Andrews is still significantly up in the air as to what will eventually take place there.

Maybe I will give him some more response the next day after I have a chance to review what is current, but it did not resolve the way it was originally intended,

that there would be a joint devolution from the federal government.

The Acting Chairperson (Mr. Dyck): Order, please. The hour being 6 p.m., committee rise.

Call in the Speaker.

IN SESSION

The Acting Speaker (Mr. Dyck): The hour being 6 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 8, 1998

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