



Fifth Session - Thirty-Sixth Legislature

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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



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

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, June 15, 1999

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

#### Committee of Supply

**Mr. Marcel Laurendeau (Chairperson):** 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.**

### TABLING OF REPORTS

**Hon. Glen Cummings (Minister of Natural Resources):** Madam Speaker, it gives me pleasure to table the Supplementary Information for the 1999-2000 Departmental Expenditures for the Sustainable Development Innovations Fund and the Supplementary Information for the 1999-2000 Departmental Expenditures for the Department of Manitoba Natural Resources.

### 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 Grade 5 students from R.H.G. Bonnycastle School under the direction of Mrs. Melaney Vermeylen and Mrs. Barb Holden. This school is located in the constituency of the honourable Minister of Culture, Heritage and Citizenship (Mrs. Vodrey).

Also, twenty-five Grade 5 students from J.R. Walkof Elementary School under the direction

of Mrs. Linda Wall. This school is located in the constituency of the honourable member for Pembina (Mr. Dyck).

And, twenty-three Grade 6 students from Margaret Park School under the direction of Ms. Dianne Moroz. This school is located in the constituency of the honourable member for Kildonan (Mr. Chomiak).

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

### ORAL QUESTION PERIOD

#### Flooding Compensation for Farmers

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, last week a number of municipalities passed resolutions calling on a specific program for a contingency plan for unseeded land due to the flooding this year. KAP presented a specific \$50-an-acre proposal to the government, a federal-provincial proposal. Last evening at the City Council meeting in Brandon, they too joined many other municipalities and businesses calling on a specific program and calling on a specific \$50-an-acre proposal as a contingency plan.

I would like to ask the First Minister: is there a specific program, a specific contingency plan in place, and do they support the proposal for a program similar to the \$50 an acre that is being proposed by farm organizations and municipalities in rural and western Manitoba?

**Hon. Gary Filmon (Premier):** Madam Speaker, I thank the member opposite for his question. As he knows, we had extensive discussions at five different locations in the southwest part of the province, the Minister of Agriculture (Mr. Enns), the Minister of Natural Resources (Mr. Cummings) and I, last Thursday. In addition, the Minister of Agriculture, the Minister of Natural Resources and the Minister of Government Services (Mr. Pitura) met with other

groups in the Parklands area on Friday, and the Minister of Agriculture had an opportunity to meet with the federal minister, Mr. Vanclief, late Friday. In addition to that, I had discussions on Wednesday of last week and put out a news release on Friday morning, a joint news release with Premier Romanow, requesting certain specifics from the federal government.

What we have indicated is that we believe that an acreage payment should be made and that there are funds available, already committed in substantial degree through federal and provincial governments. In fact, the more than \$150 million in the AIDA program that has been committed, if done on an acreage basis as an interim payment towards what we believe could be readily calculable entitlements under AIDA, as soon as it is known what acreage is not planted, then we could go straightforwardly and make the calculations that would allow us to make an interim acreage payment to the farmers. That proposal has been made both in writing and in the form of the proposal that Premier Romanow and I made, and also directly by our provincial Minister of Agriculture (Mr. Enns) to the federal Minister of Agriculture.

We have not had a direct response yet, other than a willingness by the federal minister, as I understand it, to look at the flexibility that could be used. In addition to that, there are a number of other proposals, which I may touch upon if the member has other questions, that we are putting forward, Madam Speaker.

\* (1335)

**Mr. Doer:** Madam Speaker, as I understand it, the letter requesting disaster assistance was dated on June 9, 1999, to the federal government, a couple of weeks after the flooding first started, obviously in late April, early May.

Madam Speaker, when we look back to the flooding and the damages of the flooding in 1997, the Premier and the federal minister at that point made an initial announcement on May 1, 1997. It is now well into the middle of June, and we have discussions going on with this program and that program, et cetera, but there is no actual specific concrete contingency plan.

So many producers are asking us: is the contingency plan the government is talking about \$50 an acre? Is it more than that, less than that? Is it cost-shared between the federal and provincial governments? In Saskatchewan, there is the crop insurance program that provides for \$25 an acre, as I understand it. Many producers are producing contingency plans in specific terms. What is the specific contingency plan proposed by this government, and will he table the letter that was sent to the federal government on June 9?

**Mr. Filmon:** Madam Speaker, firstly, the member opposite should know that the initial discussions at which the Minister of Agriculture (Mr. Enns) made the proposal to Mr. Vanclief took place two weeks ago last Friday. We would have to backdate that, but it was in the latter part of May. There were verbal discussions that were intended to provide a path and a proposal to the minister. Since the federal minister then took the position in Parliament that he had not received something in writing, it was then put in writing on I guess it was the 9th of June. I do not have that in front of me. The federal minister I understand has now corrected his position saying, yes, he acknowledges that that was proposed to him by our Minister of Agriculture.

The proposals that we have put forward have a desire to achieve something equivalent to the approximately \$50 an acre, which we believe could be flowed through the AIDA program. That will be a little bit dependent on the eligibility of people and indeed their economic circumstances.

As the member may know, and certainly in the discussions with the producers and the municipal leaders, the expectation, in my judgment, was not that there would be an immediate flow but that there would be a cash flow that would come to them approximately at the same time as they would have normally been expecting some income to start to flow from the crop, because if they were successful in seeding a crop this year, they would not be getting income from it in May or June or July. It would not be until after they harvested it. So their expectation is that money should flow at a similar time to what it would normally flow under normal conditions, not immediately.

They are, though, looking for specifics about certain things, and that is why today the minister has announced the custom seeding program so that if the weather continues to provide an opportunity for people to get on the land and seed in the next short while, they can do it on an intensive basis, and there will be a support for the extra costs of the intensive seeding process that would come from government. That was precisely what was done in response to the 1997 flood on the Red River, and that is exactly what we are asking for them to do, to give similar treatment here.

That would be the kind of immediate thing that they would be looking for, and certainly our government has provided for that, saying we are prepared to fund the program and to request of the federal government that they do what they did in the Red River, which is to in fact provide the funding for that. But the farmers need to know it this week so that if they are going to get intensively on the land, it has to be done in the next very, very short while.

\* (1340)

**Mr. Doer:** We had asked the government to table the letter they sent on June 9 in terms of the specific proposal they made to the federal government on that date. Can the Premier indicate when we will have the specific plan in place, the contingency plan in place for unseeded acreage? Will the Premier, with the federal and provincial governments—when will we know, when will producers know?

**Mr. Filmon:** The producers know that our government is making the commitment to them to utilize funds that we have set aside, of which over \$60 million is our provincial funds in AIDA, of which approximately 40 percent of the funds in NISA is our provincial funds, that we will make those funds available to them through this process. They also know that all of the terms and conditions of AIDA and NISA are set by the federal government unilaterally without our control. They also know that in order for those funds to flow, only the federal government can allow for that now. That demand has been made to them by our government, by the government of Saskatchewan and by the producers of western Canada, and it is now going to be up to

the federal minister to tell us when a decision is made and under what terms and conditions those funds can flow.

### **Health Care System IC Units—Northern Manitoba**

**Mr. Oscar Lathlin (The Pas):** My questions are directed to the Minister of Health. Virtually every day now we continue to receive calls from people of northern Manitoba concerned over access to quality health care. This past week, for example, we saw once again the closure of the Garden Hill nursing station, and that was due to a shortage of nursing. This past weekend I was phoned by several other residents concerning the fact that the only IC unit operating in northern Manitoba is at The Pas.

I want to ask the minister if he could tell the House why the other IC units in Flin Flon and Thompson are not operating, and when might they be operating full time.

**Hon. Eric Stefanson (Minister of Health):** The member in his preamble touched on an issue that we discussed yesterday, the need for more nurses at some of our First Nations nursing stations, certainly the issue of Garden Hill. Our department has been working with the federal government on that issue. I have indicated I will also follow up with my counterpart at the federal level on this issue. I am told that out of eight positions at Garden Hill, five were presently filled. I am told now, as of today, there are six that will be filled as of tomorrow. So that is certainly some improvement, but obviously there is a great deal more to be done.

In terms of the IC units that the member referred to, it is a follow-up to a question I had from the member for Flin Flon (Mr. Jennissen) a week or two ago, and again, that is a staffing issue that the RHA and our department are working on addressing.

### **Summer Shutdowns**

**Mr. Oscar Lathlin (The Pas):** Madam Speaker, I want to ask the minister another question, and that has to do with the shutdown issue that he talked about last week, the closures that are happening in Thompson and Flin Flon. Does

that have anything to do with the people wanting to go on vacation and on everything being shut down for the summer?

**Hon. Eric Stefanson (Minister of Health):** Again, Madam Speaker, that is in part what happens in terms of some of the summer requirements. On an overall basis, we made progress in terms of addressing the issue of recruitment and retention of health care professionals in the province of Manitoba, but everybody knows we continue to need more nurses in Manitoba. That is the issue when it comes to some of our First Nations communities, and that is also an issue in other health care facilities. That is why we have set aside \$32.5 million for 650 nursing positions in this budget that members opposite supported. That is why we have set aside a \$7-million nurse recruitment and retention fund. That is why there are more permanent positions being created in the health care system.

A number of steps are collectively being taken to address that very important issue of bringing more nurses into our health care system, and progress is being made and progress will continue to be made to eliminate that issue.

\*(1345)

### **Cardiac Care Program Surgery Cancellations**

**Mr. Oscar Lathlin (The Pas):** I want to ask the minister a final question, Madam Speaker, and that has to do with a patient from The Pas who had been looking to come to Winnipeg to get heart surgery. The minister last week advised me that he was going to check into the individual case and get back to me. As of last Friday, when I phoned the family, nothing yet had been resolved. Now I want to ask the minister again today what he has done to resolve Mr. Porter's rather serious situation.

**Hon. Eric Stefanson (Minister of Health):** Madam Speaker, I did follow up on that issue after a question from the member for The Pas, and I am certainly prepared to provide more information to him subsequent to Question Period today. But the information that I have been provided is Mr. Porter is considered an

elective patient for surgery and therefore is being dealt with within that process. We have indicated that if the situation is emergent, when it comes to cardiac surgery, it is done within 48 hours, and if it is elective, there is a longer waiting period, recognizing that our waiting period in Manitoba, when it comes to cardiac surgery, is significantly reduced. We are now up to over a thousand cardiac surgeries annually in the province of Manitoba, a significant growth in all of that. The Health Sciences Centre alone is doing 50 percent more cardiac surgeries last year than two years ago. That is all because of the additional resources that are being dedicated to address that very important issue.

### **Health Care System Emergency Services Waiting Lists**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, last Wednesday after midnight, I visited a number of the emergency rooms in the city of Winnipeg. I can report that after midnight there were 14 people waiting at the St. Boniface emergency, 10 waiting in the hallways at the Seven Oaks and three in observation, 13 were waiting in the Misericordia, 10 children were waiting in the waiting room at Children's Hospital and over 40 were waiting in the waiting room at the Health Sciences Centre, some of whom had waited since three o'clock in the afternoon, and I was there after midnight.

My question to the minister is: in good conscience, how can this department spend \$175,000 on propaganda Tory television ads when they could be spending that money trying to reduce waiting lists, trying to provide services, trying to provide intensive care units in the North for the members? How can they in good conscience waste \$175,000 on Conservative propaganda ads?

**Hon. Eric Stefanson (Minister of Health):** Madam Speaker, waiting lists have come down significantly all across the board, whether it is in the area of diagnostic services like CT scans or MRI testing or bone density testing and similarly with surgery procedures, that they continue to come down in terms of waiting lists. As well, we are doing more and more surgical procedures. Our surgical volumes are up some 2 percent. We are doing this year alone some 600

to 700 more hip and knee surgeries. I have already outlined that we are doing more cardiac surgery.

I am sure that is one of the many reasons that members opposite supported this 1999 budget of ours, because we have dedicated \$194 million more for health care, in large part to reduce some of the waiting lists and to continue to improve services.

We discussed at length yesterday with the member for Thompson (Mr. Ashton) the need to continue to provide information to Manitobans. Manitobans want information on their health care system, and I believe it is incumbent on governments to provide that health care information. I know the member opposite believes in providing information to Manitobans, and that is exactly what is being done.

\* (1350)

#### **Diagnostic Testing Waiting Lists**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, can the minister tell me, in light of the fact that these new TV ads say that they are increasing dialysis and increasing the number of CT scans: who was the government in charge when our CT scan lists were the longest in all of Canada and when the government laid off a thousand nurses and when the dialysis program was in danger? Who was the government responsible for that?

**Hon. Eric Stefanson (Minister of Health):** Madam Speaker, I will gladly share with the member for Kildonan the information on how Manitoba stacks up today when it comes to issues like waiting lists for diagnostic services, like CT scans or bone density scans or ultrasound or other diagnostic services, as well as our comparisons when it comes to waiting times for surgical procedures, as well as how Manitoba stacks up when it comes to the number of positions per capita, the number of specialists per capita, the number of nurses per capita. That is all because we have continued to dedicate more and more resources to health care in each and every budget, today some 35.5 percent of all of the money we spend on behalf of Manitobans,

\$2.1 billion this budget alone which they supported, \$194 million more to continue to address all those issues, improve services to Manitoba and have some of the shortest waiting times in all of Canada.

#### **Emergency Services Waiting Lists**

**Mr. Dave Chomiak (Kildonan):** Madam Speaker, my final supplementary to the minister, who I note did not answer the question and refused to indicate it was the Tories under whom we had the longest waiting lists: can the minister perhaps indicate to this House whether or not the minister or the Premier (Mr. Filmon) will have the courage to perhaps, since the waiting rooms that I visited all have TVs, will the minister and the government perhaps be willing to show these ads to the patients who are waiting in the waiting rooms at all of the hospitals, the Flin Flon Hospital, and Thompson ICUs, and will they be prepared to show these ads to the patients as they wait in the waiting room to get the service—

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

**Hon. Eric Stefanson (Minister of Health):** They are interesting questions from the member for Kildonan because he asks me about waiting lists. He asks me about hospital over-crowding, and I have outlined to him very clearly that we have made significant progress in both of those areas. In fact, our waiting lists now in many areas are amongst the best in Canada. They have gone down literally across the board, whether diagnostic services or surgical procedures, and that is exactly what this information is providing to Manitobans. It is providing them information on those two very important issues which I would expect he supports.

We have had lengthy discussions about the need to provide information to Manitobans on health care. We believe in providing information to Manitobans on their health care system. Manitobans want information on their health care system. The only people who seem opposed to providing information to Manitobans about health care are members opposite, Madam Speaker.

### **Gangs Reduction Strategy—Hotline**

**Mr. Gord Mackintosh (St. Johns):** Madam Speaker, to the Minister of Justice. Other than the long overdue efforts to track gang members in provincial jails, the only other known little program of this government that deals specifically and in a targeted way with gangs is their gang hotline put in place before the last election, which the former minister said was extremely helpful.

My question for the minister is: would he tell us if the gang hotline is still being advertised, or was it only advertised before and during the last election?

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, I do know something about that gang hotline. It is something that the provincial government funded and that the City of Winnipeg is responsible for maintaining, and I understand that we are still paying the funds for the maintenance of that gang hotline.

**Mr. Mackintosh:** Would the minister, who tries to take full credit for this gang hotline from time to time, not agree, and the former minister, that if the gang hotline was extremely helpful several years ago when gang membership was a few hundred in strength in Winnipeg, it would be even more important, if not critical, now that known gang membership has escalated under this government to about 1,500 in Winnipeg alone?

**Mr. Toews:** Madam Speaker, I do know that in fact today there are approximately 830 inactive gang members. I think that is as a direct result of many of the initiatives that our government has taken.

Madam Speaker, I know that our government believes that convicted drug dealers and gang leaders should be behind bars. I know that members opposite want early parole for gang leaders and drug dealers. They, in fact, supported early parole for gang leaders and drug dealers.

**Mr. Mackintosh:** Well, this minister with a vivid imagination, I do not know where he was

when we opposed early parole for Dwayne Archie Johnston.

**Madam Speaker:** Order, please. Would the honourable member please pose his supplementary question.

\* (1355)

**Mr. Mackintosh:** Would this minister explain why a message that was left two weeks ago today on the hotline still has not been returned? The hotline has gone cold. It is the gang cold line. That is how much they care about gangs, Madam Speaker.

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

**Mr. Toews:** Well, I know, Madam Speaker, in speaking with the relevant authorities, that his office has called at least eight times, never left a message, never left his name, simply hung up. I know that he is checking up on the gang hotline, and that is good to see that the member from the opposition does that.

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

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

**Mr. Toews:** But, Madam Speaker, if he wants a return, all he needs to do is leave his name and number.

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

**Madam Speaker:** Order, please. The honourable member for St. Johns, with a new question?

### **Point of Order**

**Mr. Mackintosh:** A point of order, Madam Speaker. I am sure the minister would not want to leave an untruth on the record. He should know full well that the call that was made was by people other than myself, no return phone call.

**Madam Speaker:** Order, please. The honourable member for St. Johns did not have a point of order. It is clearly a dispute over the facts.



### **Winnipeg Police Service Funding—Consultations**

**Mr. Gary Kowalski (The Maples):** Madam Speaker, my question is for the Minister of Justice. The minister has spent a week highlighting his law and order policies. Yet, if we read today's newspapers, the City of Winnipeg does not seem to be co-operating. In fact, it appears the mayor seems to be declaring war on emergency workers, first cutting a pumper from the fire department, going after paramedics. Now he will be fielding fewer police officers in the coming years instead of more. Possibly the head of their union should have been as co-operative as Paul Moist was with mayoralty candidate Glen Murray.

Can the minister indicate if, before any of his current announcements, including an offer to boost the number of city police officers, he had at any time consulted with the city or the mayor, or did he simply take unilateral action?

**Hon. Vic Toews (Minister of Justice and Attorney General):** Indeed, Madam Speaker, we continuously consult with the City of Winnipeg on a wide variety of issues, including policing. Indeed, the issue related to the Joint Forces Intelligence Unit was a proposal that was brought forward by the Criminal Intelligence Service of Manitoba which involved the City of Winnipeg, City of Brandon and the RCMP.

One will recall that a number of months ago I had occasion to sign the memorandum of understanding in terms of the creation of that, and there was some concern about the police chief not being in attendance at that particular signing. That was of course because it is the RCMP who are our provincial police force. However, I have certainly discussed the issue, and indeed our government responded to a request from those three police forces for the Joint Forces Intelligence Unit.

\* (1400)

### **Funding—Additional Officers**

**Mr. Gary Kowalski (The Maples):** Can the minister indicate if, while the province supplied money to support 40 additional police officers,

in fact Winnipeg has put these officers in the street, or have they just taken the money and kept their complement down?

**Hon. Vic Toews (Minister of Justice and Attorney General):** Madam Speaker, I have had a number of conversations with the former mayor as well as this particular mayor, and I know that there are always issues of whether or not an agreement is being met on any particular day. I think, in these types of agreements where there are issues of human resources, that we see flexibility in terms of the staffing levels. We have tried to be reasonable. I think one of the things that we are trying to stress is, by putting these resources at the disposal of the City of Winnipeg, that we want to work together in partnership for a safe Winnipeg. I believe that we can continue to work together with the City of Winnipeg to ensure that outcome is achieved.

**Mr. Kowalski:** If the city is intent on cutting 100 police officers in order to achieve their budgetary objectives, is this government going to put its money where its mouth is and protect the half of Manitobans who live in Winnipeg by funding a greater portion of police services in the city of Winnipeg?

**Mr. Toews:** Madam Speaker, as I understand it, the mayor has made certain comments in respect of possibilities. These are by no means certainties. I know that other councillors, specifically if what we are to read in today's newspaper is correct, do not support that particular proposal. So this is an issue that city councillors must resolve on the floor of City Council.

I want to tell the people of Manitoba and the people of Winnipeg in particular that this government continues to be supportive of police services, as we see this as a very effective way of reducing the crime rate, and we want to work together with the city to resolve any issues that they might identify and that they might have.

### **Conflict of Interest Civil Servants—Business Loans**

**Mr. Tim Sale (Crescentwood):** Madam Speaker, on January 18, 1996, the Scurfield report on the conflict of interest allegations

against Michael Bessey was released. In spite of this report, this government has failed to take action on the very real problems of conflicts of interest with its senior civil servants.

It has come to our attention that a senior civil servant is now in the habit of loaning his own money at very high rates of interest to companies that have dealings with the same department he works for without disclosing to the borrower his employment in that department.

I want to ask the Minister of Industry, Trade and Tourism whether he will confirm that Ian Robertson, now assistant deputy minister and then managing partner of Financial Services for IT&T, personally loaned \$50,000 for a one-year mortgage to a lodge operator whose loan application had already been turned down by the department, without disclosing that he, Robertson, was a senior official of that same department, Madam Speaker.

**Hon. Mervin Tweed (Minister of Industry, Trade and Tourism):** I can advise the member opposite that when those suggestions were brought forward to my department, I asked the deputy minister to get involved immediately, and that, through him and the office of the Civil Service Commission, an investigation has been carried out. The conclusion of this investigation found that there was no conflict of interest with the person suggested by the honourable member.

**Mr. Sale:** Madam Speaker, how does the minister respond to Mr. Collette's assertion that Robertson had privileged information on Mr. Collette's business plan which could only have come from the business plan which Collette had not given to Mr. Robertson? How does he explain the privileged information that his own official had when he went and made a private loan?

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

**Mr. Tweed:** As I suggested to the member earlier, upon notification of the concern brought forward by Mr. Collette to my department, the deputy minister, along with the Civil Service Commission, carried out a complete and full investigation, and they found that in their

statement back to us there was no conflict of interest.

**Mr. Sale:** Madam Speaker, I want to table the current guidelines of the Conflict of Interest Policy and I want to ask the minister: how does he explain the fact that Mr. Robertson, who is an assistant deputy minister covered by both this policy and by the legislative policy on conflict of interest, does not have a duty to report to his deputy minister his loan activities, not have a duty to disclose to his client his status in the department? How does the minister explain the failure of his civil servant to abide by his own conflict of interest regulations?

**Mr. Tweed:** Madam Speaker, again, being notified of Mr. Collette's concern, we have advised him, and it is available to all people who have a concern or an issue to bring forward that they have an alternative route that they can take. They can request that the provincial Ombudsman investigate, to review to make sure that the investigation was properly performed. If Mr. Collette so desires to do that, he is able to do so. But I would like to just confirm that the investigation carried out by the Civil Service Commission did indeed state that there was no direct conflict of interest.

**Mr. Sale:** Madam Speaker, on a new question, to the Premier. Does the Premier then approve of senior civil servants like Mr. Robertson, assistant deputy ministers, loaning their own private personal funds to companies whose information is clearly available to Mr. Robertson in files of the department Mr. Robertson works for, without disclosing to Mr. Collette or to any borrower his status as an assistant deputy minister in the department, giving Mr. Collette his business card, meeting with him in his own departmental office, never disclosing when he made the loan that he was an assistant deputy minister or a senior official of the department? Is that the conflict of interest policy of this government?

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

**Hon. Gary Filmon (Premier):** Madam Speaker, in all of these things we have to have a due process, and the process that has been

followed has been one of taking the allegation and having it investigated by the Civil Service Commission, which is independent of government. The member knows that. As a former civil servant, I am sure he appreciates that.

So once that is done, if the investigation says that the allegations in some way are not as they appear to be, and then that in fact the civil servant is being supported by the investigation, we would have difficulty in overruling that civil service review. In fact, the member knows that we would leave ourselves open to a lawsuit if we did not follow the due process, the investigation and the recommendation.

So, if the member wants to have the matter looked at further, he has been given the avenue by the minister which was to suggest that the Ombudsman be called in, that that individual would have to then put his information forward and have the Ombudsman do the investigation. We have absolutely no reason why we would want to protect a civil servant who, it is assumed, has done something wrong. We have to go through a process though to verify whether or not all the facts are as they are being presented either in the letter of allegation by the individual or by the member.

**Mr. Sale:** Madam Speaker, then essentially is the Premier saying that he approves of an assistant deputy minister loaning money, meeting clients in his office, not disclosing his role when the money was loaned, using information which potentially is in a conflict, or it certainly has the appearance of being a conflict? The facts are on the record. Does the minister approve of this conduct?

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

**Mr. Filmon:** Madam Speaker, I am saying nothing of the sort. I am saying that when an allegation is made, there has to be a due process followed to investigate the allegation and to establish whether or not it is in fact the truth or whether or not there is something that does not appear to be as is presented, and we did not undertake that. We turned it over to an independent body, the Civil Service Commission, that is independent of government. We asked that they look at it, and they are in a position where they

must not only enforce the conflict of interest rules of this government but they also must ensure that they protect the rights of an individual who is being accused. So they have to be very careful in terms of how they do it.

I have not seen the investigation or the report, but I am saying, Madam Speaker, that we would have difficulty not abiding by the report and in fact would probably open ourselves up to a lawsuit if we did not follow due process and then accept the results of the process as long as it is independent from government, which it is.

While I am on my feet, I am not sure what letters the member opposite, the Leader of the Opposition (Mr. Doer) was referring to at the beginning of the Question Period, so I will table with him the letter of the Minister of Agriculture (Mr. Enns) to his counterpart, the Honourable Lyle Vanclief, dated the 8th of June, and my letter to the Prime Minister, dated the 7th of June, for his information. [interjection]

Sorry, the member did not give me any specifics. He is now saying it was from the Minister of Government Services (Mr. Pitura). I will go back and undertake to get that one as well, Madam Speaker.

\* (1410)

#### **Driver Licensing Written Tests—Ukrainian Language**

**Ms. Rosann Wowchuk (Swan River):**  
[Ukrainian spoken]

[Translation]

I want you to know I can drive a car but in Manitoba I must take a written test before I can get a driver's licence, but our government does not allow me to take my written examination in Ukrainian.

I want to know why this government has cancelled testing in Ukrainian and will not allow me to take the test in my Ukrainian language.

**Hon. Leonard Derkach (Minister of Rural Development):** I understood the member's question from Swan River, asking why it is that people who speak the Ukrainian language could not write their driver's examination in the Ukrainian language. I believe, and this is some-

thing that I would refer to the minister who is responsible for Manitoba Autopac, but certainly I have had members from the Parkland area come to me who have come from a country recently and have asked that same question, and at that time they were allowed to take with them someone who could interpret the questions for them and could then respond in their own native language. I will certainly defer that matter to the minister's responsibility.

**Ms. Wowchuk:** I appreciate the Minister of Rural Development answering the question, but this government has to understand that there are many people who can drive but do not speak the English language and want to take drivers' tests. I want to ask this government why they have reduced the number of languages from over 20 languages down to 11, and they have eliminated Ukrainian as one of the languages that we can take a written test in. Why are you taking this right away from people who want to be able to drive in this province?

**Hon. Gary Filmon (Premier):** Madam Speaker, without accepting the veracity of the preamble, I will take that question as notice on behalf of the Minister of Highways and Transportation (Mr. Praznik).

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

#### Speaker's Ruling

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

I am ruling on a matter taken under advisement on June 1. The opposition House leader (Mr. Ashton) raised a point of order concerning the orderliness of an answer provided by the honourable Minister of Justice (Mr. Toews) to a question posed by the honourable member for St. Johns (Mr. Mackintosh). The opposition House leader did have a point of order. The answer did not deal directly with the matter raised and did provoke debate.

### MEMBERS' STATEMENTS

#### Manitoba Baseball Hall of Fame

**Mr. Peter Dyck (Pembina):** Recently I had the pleasure of participating in the opening

ceremonies of the Manitoba Baseball Hall of Fame and Museum and the third induction dinner in Morden. The town of Morden is a fitting home for the Manitoba Baseball Hall of Fame. Throughout the years, Morden has played host to a number of baseball tournaments and championships. Time and again the residents of Morden have pulled together and acted as gracious hosts, pulling out all stops to make sporting events fun, safe and professional.

Morden is no stranger to baseball talent or stardom. A number of baseball players got their start in Morden. It is always a delight to read or hear about successful young players who cite Morden as the place they got their start. I would like to take this opportunity to congratulate three of Morden's baseball greats. These gentlemen were inducted into the Manitoba Baseball Hall of Fame on Saturday. Jim Mutcheson coached in Morden from 1954 to '62, winning regionals three times and was the driving force behind the Little League program from 1958 to 1985. Bob Thompson was pitcher and infielder for 20 years from the late '40s to the late '60s and led Miami to many victories in the South Central Baseball League. Joe Wiwchar has coached baseball continuously from 1953 to 1998. I cannot say enough about what Joe has done for baseball in this province.

The Hall of Fame is a collection of baseball artifacts, photographs, pennants, jerseys and includes a special display featuring the Manitoba women who competed in the 1940s and '50s in the All-American Baseball League. Please join me in congratulating Joe Wiwchar, curator, and all of the volunteers and staff who have worked so hard in putting the hall of fame and museum together.

#### Cardiac Care Program

**Ms. Becky Barrett (Wellington):** Today, Madam Speaker, we received a letter from Lorrie Roulette from Brandon, Manitoba, that I would like to read into the record. It is entitled Manitoba Health?

Manitoba Health has cut back 100 cardiac surgery cases per year. This is your story. In August 1997, your normally healthy, vital and energetic 43-year-old spouse had a heart attack.

The whole family was in shock. Over the next few months you learned to cope. Better diet, exercise and lifestyle were learned and practised. You had learned to live with the constant knowledge of your loved one's mortality. Your spouse has suffered a serious blow but manages to keep a very positive attitude and struggles to keep life normal for everyone involved. Your family lives in fear now but carries on. I am so proud of you all. You are doing great.

In July 1998, your spouse had a second heart attack. By now you know this problem is not going to go away. You, your children, your brothers, your sisters, parents and friends are devastated by the fact that you are very close to losing a person who you cannot live without, for your spouse is loved by many. You do have faith in the health care system and know that surely they can and will help you through this trying time.

\* (1420)

It is now February 1999, and a third heart attack is your biggest fear. You know that it is imminent, and you watch your loved one become tired and edgy every day. Will the next heart attack cause irreparable damage, or will it be fatal? Disaster can be avoided, you are told. A quadruple by-pass can save the life of the person you love—wonderful news. When?

Wednesday, May 5, you are packed and loading the car, mentally and physically and emotionally prepared. Your shifts at work have all been filled. Your children have been taken out of school and/or have taken time off work. The newspaper has been cancelled for a week. You have made arrangements for someone to sit with your father who is ill and bedridden. A hotel room has been booked. Family and friends are waiting to hear, praying that all has gone well.

Madam Speaker, I will conclude tomorrow.

#### **Manitoba Society of Seniors 55 Plus Games**

**Mr. Denis Rocan (Gladstone):** This morning I had the pleasure of being in Carman which is playing host to the Manitoba Society of Seniors 55 Plus Games. The games kicked off today and

will run until Thursday. With 1999 being the International Year of Older Persons and June being Seniors Month, this year's addition of the MSOS 55 Plus Games is bound to be a time of particular excitement in our province.

Seniors who gather in Carman will participate in events ranging from baseball, bowling, golf, shuffleboard and snooker. In addition to enjoying some physical activity, they will also enjoy the fellowship and friendship gained from gathering their fellow Manitobans to celebrate the games. It is appropriate, especially during the International Year of Older Persons and Seniors Month, that we take the time to honour and recognize the contributions of our seniors, past and present. Their knowledge and experience have provided our leaders with the guidance and direction to make Manitoba the strong and vibrant province we all enjoy today.

I would like to congratulate the Manitoba Society of Seniors, its many volunteers, and the community and businesses of Carman for all their efforts in staging this unique event for our province's seniors. The organizing committee has been hard at work developing a program of sport, recreation and hospitality that is sure to impress the many visitors the events attract. I know the games will be a resounding success. Thank you.

#### **Mr. Brian O'Leary**

**Mr. Gary Kowalski (The Maples):** Madam Speaker, I rise to take advantage of this opportunity to say a few words about the principal of Maples Collegiate. I wish I did not have this opportunity, because today being June 15 would have been the day we would have had a provincial election if it had been called on May 11, and I would be returning to the police force and helping them with their staffing shortage.

Although it is a privilege to represent the people of The Maples, I am anxious to get back and that, but because I have this opportunity I would like to say a few words about Brian O'Leary. He is leaving Maples Collegiate to assume the role of assistant superintendent. My wife and I have been very happy with the way Brian has treated our daughter, Tanya. He has

done many positive things in that high school. I believe I stood up once before in a members' statement and commented when there was a stabbing incident that was not related to the school other than it happened on the sidewalk in front, and Brian took quick and immediate action that lessened the impact of what could have happened. That was typical of the type of action that Brian O'Leary would take.

When Brian O'Leary first arrived at Maples Collegiate, there was some gang activity there, and he took quick and immediate action. As a result, Maples Collegiate is a school that I think any member would be happy to send their child to. He has brought in some new staff there that have improved the music program, the drama program there. All in all, although I did not agree with everything that Brian O'Leary did there, I give him best wishes in his next endeavour, and I wish the new principal, Val McCorkell, will do just as well as Brian O'Leary.

## ORDERS OF THE DAY

### Committee Changes

**Mr. Edward Helwer (Gimli):** I move, seconded by the member for Pembina (Mr. Dyck), that the composition of the Standing Committee on Public Utilities and Natural Resources be amended as follows: the member for St. Norbert (Mr. Laurendeau) for the member for Charleswood (Mrs. Driedger). This substitution was moved in committee this morning. I am now moving the substitution in the House in order for the official records to be properly reflected.

**Motion agreed to.**

### House Business

**Hon. David Newman (Deputy Government House Leader):** Madam Speaker, would you please canvass the House to ascertain if there is unanimous consent for the following adjustments to the Estimates sequence for today only. First, Sport will be considered in this Chamber. Secondly, the Estimates of Energy and Mines will be considered in Room 254, and if the Estimates of that department are completed, they

will be followed by Family Services. Thirdly, the Estimates of Consumer and Corporate Affairs will be considered in Room 255, and if the Estimates of that department are completed, they will be followed by Rural Development.

**Madam Speaker:** Is there unanimous consent of the House to make a difference to the Estimates sequence for today only: (1) Sport to be considered in the Chamber; (2) the Estimates of Energy and Mines to be considered in Room 254, and if the Estimates of that department are completed, then they will be followed by the Estimates of the Department of Family Services; and (3) the Estimates of Consumer and Corporate Affairs to be considered in Room 255. If Sport Estimates are completed, they will be followed by Rural Development. [agreed]

**Mr. Newman:** Madam Speaker, I would ask if there is leave of the House to waive private members' hour today, appreciating that we will be using Thursday morning sitting for Private Members' Business.

**Madam Speaker:** Is there unanimous consent of the House to waive private members' hour for today, appreciating that we would be using Thursday morning for Private Members' Business. [agreed]

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

**Motion agreed to.**

\* (1440)

## COMMITTEE OF SUPPLY (Concurrent Sections)

### ENERGY AND MINES

**Mr. Chairperson (Gerry McAlpine):** Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 254 will resume the consideration of the Estimates of the Department of Energy and Mines. When the committee last sat it had been considering item 23.2. Energy

and Mineral Resources (a) Marketing (1) Salaries and Employee Benefits on page 59 of the Main Estimates book.

**Ms. MaryAnn Mihychuk (St. James):** Mr. Chairman, I would like to ask the minister to clarify how many of the staff in Marketing are involved in media relations and doing promotional things like brochures and writing other information pieces.

**Hon. David Newman (Minister of Energy and Mines):** The number of individuals who contribute as part of their job function to that particular task are four individuals: manager, client services; promotions co-ordinator; graphics technician; and desktop publishing assistant.

**Ms. Mihychuk:** Recently we had an opportunity to educate some of our colleagues in the House on various types of ore that are primarily for metals, base metals. What initiatives has the department taken during Mining Week to enhance awareness or other special projects? Perhaps you can lay out what the initiatives have been this year.

**Mr. Newman:** Marketing participated in developing history of mining, a mining fact sheet; a proclamation related to Mining Week; a news release relating to it. All were sent to all school divisions in Manitoba and all aboriginal schools. All have been put on the website. They also participated in the mine rescue competition materials in partnership with the Mining Association.

**Ms. Mihychuk:** What association did the department have in the recent event called Meet the Miners, which the Mining Association sponsors at the Art Gallery?

**Mr. Newman:** The involvement included the supply of a display unit, the involvement of a business development liaison, and I gave the feature presentation in terms of a speech.

**Ms. Mihychuk:** In one of the minister's recent comments, he mentioned the fact that the department had sent out information regarding Manitoba's geology to schools. Can the minister tell us where and when Manitoba geological features or history are included in Manitoba's

curriculum? At what grade levels is it? First of all, can the minister assure us that Manitoba's geological history is incorporated into the curriculum and at what levels?

**Mr. Newman:** I would not want to answer for another department. I think the Department of Education and Training would be the most appropriate department to put these questions to.

**Ms. Mihychuk:** Having been a trustee for many years and fairly involved in the education system, I am not familiar with any geologists on staff in the department. Those types of resources, I would assume, are linked together, so that specialty areas like geology would be fed into the curriculum by a consultation process with the department.

Maybe I can phrase the question: has there been that type of consultation? I know that the department is under a massive rewriting of curriculum. If natural sciences is being rewritten, it is an opportunity for the department to feed in information about Manitoba about our geological past to make it more relevant and more meaningful to our students in Manitoba. I think that that would be a positive thing. If it has been done in the past or if the opportunity is there, when has it been done or would the department be open to that type of consultation?

\* (1450)

**Mr. Newman:** I have considered your suggestion being so worthy that we are thinking likewise about this particular issue, and we are investing in a needs, strength and gift assessment in relation to aboriginal communities, youth, education institutions and the general public this fiscal year, and will be engaging a contractor to perform that kind of function because we are very interested in enhancing awareness, interest, and positive attitudes towards the history and future of mining in this province. So we are mounting that specific initiative to enhance that process which has already been done, in part, through our aboriginal mining accord process which is designed to build understanding reciprocally, as well, between the industry and the aboriginal community.

One thing that we will undertake to check out and provide you with is that I am advised

that several years ago there was an elementary level, I believe, Grade 7, junior high level, curriculum developed by members of Geological Services and will investigate to what extent, if at all, it has been incorporated into curricula in the Department of Education. It was an initiative.

**Ms. Mihychuk:** One of the major events that the department does is sponsors a mining convention annually and this year, even though commodity prices were so low and our mining industry is suffering, we had a fairly good turnout. I think overall we can say that the convention was a success.

Can the minister indicate the number of staff hours involved to organize the mining convention and the cost of the convention to the department?

**Mr. Newman:** We do not have that information at our finger tips. Rather than take the time right now, we will undertake to provide that to you.

**Ms. Mihychuk:** Can the minister indicate the outreach that the Marketing Branch has done in the past year, or what it projects to do? Is it the same as last year? Are we reaching out to others? Is the strategy changing, given that we are in a recession in mining? Are we looking at new initiatives? What is our plan for the upcoming year?

**Mr. Newman:** The general categories of our outreach would be through our website and the continuing updating of that. Secondly, through our Team Manitoba concept, which is now being expanded to Northern Affairs and First Nations communities. The third category is the Mines and Minerals Convention generally. The fourth category is the aboriginal mining corridor guidelines. When the assessment is done that I described earlier, we will decide what other new initiatives we should proceed with, building on the strengths and gifts of the individuals and communities who can contribute to the development of mining exploration, production, jobs and entrepreneurial opportunities.

**Ms. Mihychuk:** One of the roles of the Marketing Branch is to monitor global market trends and measure socioeconomic impacts of

the mineral industry in Manitoba. Can the minister give us an assessment of global market trends and where we see the next four or five years? We have had numerous meetings with Inco and Hudson Bay and others and the mining association. They have their perspective, and it is probably fairly accurate, but I would be very interested in hearing the government's analysis of global trends and where we see the mineral sector going in the future. I mean fairly recent future. We would like to know what is going to happen in terms of Manitoba's economy.

**Mr. Newman:** The advice that I have been getting from the department, through the Marketing Branch, is that we cannot control global commodity prices, so we focus our efforts on continuing to create a positive environment to invest. We, on a regular basis, receive the feedback and forecasts of the industry members, and they can deal with the specifics of a particular mineral and their anticipation of what the future might bring.

But we have learned in recent years that they do not have very good foresight either, and Voisey's Bay and the prices of nickel are probably one splendid example of that. The largest nickel producer in the world made some forecasts which turned out to be less than perfect in their acquisition of properties in Voisey's Bay.

On the other hand, you have Hudson Bay Mining and Smelting and what Hudson Bay Mining and Smelting has done in our North with a view to making themselves the lowest-cost producers they possibly can be and to generating a level of profitability which warrants their continued, indeed enhanced investment in this province. They share with us their profitability percentages. They share it with their union, they share it with the general community, and then they work at reducing their unit costs of production by enhanced technology and the best ideas that come from their employees, the community and experts. Then our department staff, based on the best wisdom they have, either validate or not the kinds of information that come out of those companies, and to the extent their shared information is legitimized, we then decide as a government to what extent we might do our share on behalf of taxpayers to ensure



that the maximum numbers of jobs and income and capital investment are continued in the province.

\* (1500)

So we work very closely with Hudson Bay Mining and Smelting with respect to their vision toward 2012 which is now extending further into the future as they enhance their knowledge of the quality of their deposits intended to become mines.

We do the same thing with Inco. We do the same thing with our gold producers, and we do similar things with our industrial mineral producers. We do the same thing with Tanco.

So we do not really make a major investment trying to do the research or to try and duplicate what is done by these companies acting in their own self-interest, but we do validate what they come forward with as shared information or question what they come forward with as shared information. So through that relationship, we collectively as a department and me as a minister get a handle as to what the future of producers and also exploration might be in this province. I mean that we track to a certain extent with our geoscience people what is happening with diamond exploration and some of these new exploration efforts which have not yet manifested themselves in any shared information for public dissemination yet.

**Ms. Mihychuk:** I am reading the Activity Identification in the Estimates book which clearly identifies one of the roles of the Marketing section, which basically would be an economic officer to monitor global market trends and measure socioeconomic impacts for the mineral industry. I know several people who have had that position in the past, including Lyle Skinner and the present executive director of the Mining Association, both who had experience in economics and both with a good grounding in the mineral industry.

Who in the branch is now doing that role, or is this perhaps a carry-over from past days? Are we actively monitoring global trends and doing this kind of work, or are we relying on industry to provide government the information?

**Mr. Newman:** Lyle Skinner and Rick Halas provide that function. I should have added in my list of minerals, one of the minerals that a considerable amount of research has been done on to validate industry information and to anticipate global market trends is potash. Based on the guidance that we have from the department, a strategy has developed in relation to that, similarly with respect to industrial minerals generally, which is, as you know, one of the new initiatives funded by MEAP.

**Ms. Mihychuk:** I am very interested to find out what type of data the department collects on the impacts of the mineral industry. That is because we recently had an opportunity to be in Thompson. I was speaking to the owner of a trucking company who was reflecting on how quickly the negative cycle in mining was impacting his company, which is based in St. James, so he was not only a constituent but also in the critic area of mining. He was talking about how the number of trucks that head up north every day is a good signal, a good sign of how healthy our mineral economy is in Manitoba.

I am wondering what sectors or what indicators the department measures to see what the impacts of the mineral industry is in Manitoba. I really do not believe that many people understand how important mining is to each and every one of us, whether we are in Killarney or in Winnipeg in a suburb. If we are actually working or living in a mining community, that is a different thing. Those people may be aware of the impacts of mining, but for the majority of Manitobans it is a fairly remote, little understood industry. To perhaps relate it to something that we can understand like the number of semis heading up No. 6 is a good indicator for people. They would be able to understand that there is not as much food being bought, there are not as much supplies, and that impacts the workers here in Winnipeg.

I would be very interested in knowing what types of indicators the department monitors on a regular basis.

\* (1510)

**Mr. Newman:** In a partnering relationship with the Mining Association and the Manitoba

Bureau of Statistics, we have been in the process of developing indicators, measures of the importance of mining and the impacts of mining and exploration. That includes the direct and indirect consequences of mining. When we do an analysis for the purposes of determining impacts now, we look at numbers of employees, we look at the wages paid, we look at the taxes generated, we look at the capital investments and those fundamentally, but we are developing a new set of indicators which would be more readily understood by the general public.

**Ms. Mihychuk:** Moving up the activities column in the Estimates book, the second item is: "Monitors and lobbies for positive changes to fiscal policy and regulatory regimes." I would just like to ask the minister: is it normal to have a government department or government branch lobby itself? I mean, clearly it is the department that puts forward ideas and policy changes and recommends regulatory regime changes, so I just have to question what the minister means by lobbying for positive changes, and what those positive changes that the department feels need to be made and that government is not listening to.

**Mr. Newman:** The choice of words might suggest connotations which are not intended by that term, but the kind of advocacy and action which is intended to be captured by that term includes participation, for example, in the tax committee with the Mining Association dealing with the impacts of our fiscal regime on our mining activity here, but also in relation to the federal government. We have, for example, now an ongoing effort to try and get the federal government's regulatory scheme in relation to reserve lands made more user friendly and consistent with the kinds of standards we have in our own area of jurisdictional control in the province, and that kind of activity also falls under that term.

Similarly, in relation to other departments of government or government agencies like Workers Compensation, we deal with them under that rubric. Another example would be in dealing with the energy suppliers, usually Hydro, and there is no question it is an advocacy kind of function that is performed on behalf of members of the industry, sometimes through

business liaison people. Under the Marketing Branch there is an issue with the Department of Education in a remote community which is, in the eyes of employees who send their children to school there, not providing proper service or the school bus is not properly accommodative or, in relation to the Department of Highways, there are issues about roads and the quality of safety or efficiency of roads. That falls under that function as well.

It is all part of the lobbying or advocacy function performed by empowered people in the department, and when they need my help, I get involved.

**Ms. Mihychuk:** One of the things that we hear about in the North a lot is the condition of the roads in the North, and I know that mining companies have approached me to get roads fixed, so I am sure that complaints come through to the department. Has the department made a recommendation to enhance the amount of spending in the North? Perhaps he could indicate how much and which roads and to what degree or what type of plan the department has recommended in terms of our highway infrastructure which is in some need, no doubt, of upgrading.

**Mr. Newman:** The approach of the department is to think very strategically about this and also to identify what we call client needs and aspirations and then to use the needs and aspirations of those clients to be addressed through a mutual education approach so that they understand the kinds of constraints that the funders have, the priorities they have and we, in turn, understand their constraints and their priorities. Growing out of that mutual understanding, we can sometimes build a case which justifies the strategic expenditure of money in a different priority because the kinds of considerations that resulted in the tentative initial decision or the actual decision did not have a complete understanding of a particular situation that has emerged, so we do that on an ongoing basis where a good sound business case can be made.

I know that these matters come to my level in relation to companies like Continental Lime. We had issues in relation to Tanco, the tantalum mine on the road which carries their product

where issues of safety and quality of the road were at issue. We have an emerging issue which is really fairly blue-skying, relating into infrastructure development on the east side of Lake Winnipeg, with the process being more important than anything. It has to be a respectful process to ensure that all relevant wisdom is put on the table and a consensus is arrived at about what might be of mutual advantage for infrastructure changes there, and we know that will be beneficial to mining, so mining is at that table.

So that is how we deal with all of those kinds of issues. It is not a matter of percentages of dollars paid to a geographic area. It has all to do with a specific case properly analyzed and a business case generated out of that, and then with all the cards on the table, trying to determine what is in the best public interest to the province of Manitoba generally.

**Ms. Mihychuk:** The federal government's, or through CN, the overall rail policy for rail line abandonment has a huge impact on municipalities and, in this case, mining companies. Geologically, or from my perspective, it seems to make very little sense to move from a rail line which requires a certain amount of resource and move what has traditionally been able to carry some very significantly large loads onto our municipal and provincial road structure which is much more, I think, a resource-consuming option.

But we ended up having to shut down a number of rail lines, and some mineral and mining companies were impacted. Can the minister indicate what that has cost us in terms of road maintenance, increased road maintenance, and increased transportation cost to the mining sector?

\* (1520)

**Mr. Newman:** That would not be within the area of our expertise, but Highways and Transportation might have done that kind of analysis. I do know this, is that it is most unfortunate that the Canadian government did what it did in relation to Canadian National without having a better appreciation for the consequences to the people of the North in the

province and to the province generally. Our department was very much involved under the previous minister in fighting to retain a rail line connection to Ruttan, the Bay line, and it was only through the very vigorous efforts of my predecessor in this ministry and the government backing him that CN and the Canadian government finally acquiesced in that situation.

I am not happy with what was done in the past by the federal government or by CN because of the impact on the province. We continue to pay a price for that on our road system, and it is all the more reason why the federal government should be contributing to the maintenance and enhancement of our road system out of the taxes that they take out, the gasoline taxes they take out of the province.

**Ms. Mihychuk:** Can the minister indicate if mining companies are assuming the costs of the road maintenance in their municipalities, or are municipal governments forced to cover the additional costs?

**Mr. Newman:** My staff have only shared with me knowledge of one road that the company pays for the maintenance and repair of, and that is one in Thompson.

**Ms. Mihychuk:** Well, clearly, this is an area where we see again sort of downloading by the federal government those additional costs. By rail line abandonment there are clearly additional costs to the local areas, and municipalities are picking it up. We hear about it in rural areas for agriculture and the increased traffic, and in mining communities, trucking ore over roads can have serious negative wear and tear on roads.

I know that to be true, so this is an area that municipalities are forced to pick up in times when we are looking at closures and downsizing. It is another indicator that municipalities in the North or near mining communities are suffering and maybe are not able to provide as much as they were in the past and are directly impacted by rail line abandonment.

I would like to now move to the first activity identified in the Marketing Branch, which I think is extremely important and have always felt that the Geological Services Branch knew of

or had very gifted people who were able to identify and many times discover mineral potential in Manitoba.

These potentials I would say in the past have not been marketed as effectively as they could. I am familiar with a case in Newfoundland, for example, where a deposit was marketed internationally. There was an international auction and the best price was gotten for this property. I think we talked about it last year. I am not familiar that that has ever happened in Manitoba. I would like to know what projects the Marketing Branch and Geological Services have worked on together to develop Manitoba. It is talking about new mineral opportunities. Perhaps the minister can indicate if Manitoba has these potential gifts and what they are and how we are going to move these forward to maximize our potential benefits from these opportunities.

\* (1530)

**Mr. Newman:** The mineral development opportunities for the various base precious and industrial minerals which have been promoted in co-operation with the Geological Services Branch, of course, are a very extensive list. Depending on how far you want to go with this, let me describe the detailed list.

The description is the Marketing Branch worked closely with Geological Services to release 11 reports, including the report of activities with 30 individual preliminary field reports and 42 maps in '98 and '99. Two open file reports were released as CD-ROMs, providing clients with digital data in several formats for improved interpretation and manipulation of geochemical survey results and stratigraphic data.

The Marketing Branch produced a number of promotional publications including the very well-received Manitoba Exploration News, which highlights current developments in Manitoba's exploration and mining industry. The Exploration News was distributed in the industry and in our mining and aboriginal communities to keep all stakeholders well informed by providing them with industry news, mining community profiles, and information on our government programs, products, and services.

The revelations show or the disclosures show, of course, is the Manitoba Mining and Minerals Convention, where there is a release of some of the most exciting of these kinds of things each year. I can list the reports with the different specific kinds of minerals that are the subject of promotion, but just let me share a few to illustrate the diversity of this, everything from Phanerozoic black shales to carvable soapstone, mineral resource potential, and overburden thickness for the purposes of the Capital Region study. I am prepared to table the entire list and get copies if you wish that information.

**Ms. Mihychuk:** Can the minister indicate which of those projects has the greatest economic potential for development?

**Mr. Newman:** For clarification, that is of the total listing, not the ones I expressed orally, but all of them?

**Ms. Mihychuk:** Well, some of them provide a broad base sort of geological assessment of an area or give a perspective of a potential for a certain geological deposit, like the overburden study would be assessing whether it is a valuable tool. We could not really go and market overburden. We would probably wish we could, but besides the quarry potential and sometimes you can find a few diamonds in it, we have not found it particularly useful as an exporting commodity.

So some of those projects, although highlighted as something valuable, are not necessarily what Manitoba can look forward to in the future as something new or innovative that we are going to be doing a push on. So it is interesting that the department highlights all projects, but I am not really interested in that. I am more interested in what projects we see as being viable in the near future that we are going to focus on.

**Mr. Newman:** The most significant opportunities growing out of the different surveys that have been done are base metals, gold, and diamonds, pursuant to multimedia surveys; the northern extension of the Thompson nickel belt revealing new nickel, copper opportunities; and the crushed stone enhanced potential in the Capital Region.

**Ms. Mihychuk:** It is interesting. Can the minister indicate why the Cross Lake deposit was not on that list? Are we looking at developing or marketing? Do we have something in the bag here that we are just sort of waiting for the government to make an announcement? Are we looking for customers for that very significant deposit, which I hope will be developed as quickly as possible?

Knowing the communities of Norway House and Cross Lake very well, the people in those areas deserve to have meaningful jobs. The development of the Cross Lake deposit would provide many, many opportunities for economic development in that region. As we wait and wait and wait, the Cross Lake deposit still remains in the ground, undeveloped. I know that the private sector is doing exploration and various other work, but is that now being put on hold? Will we be seeing the economic development of that project soon?

**Mr. Newman:** What is happening in the Cross Lake area in relation to the identified titanium deposit is a very frustrating situation from the perspective of any traditional thinkers about developing what appears to be a splendid opportunity. A challenge that is faced here is the challenge of a current leadership which is a unique kind of leadership, I might say, in this community. It is not just the chief and council, there are far more groups involved. There is a youth group; there is an elders' group; the chief and council are one group; and there are the people responsible for the mining joint venture. There is a women's group as well. One has to be very patient and very understanding, given our traditional way of trying to build a relationship in connection with development, and the frustration of people that think in the traditional ways for economic development is shared not just by us but by people in the very community, the people that understand the international mining issues, the global marketplace, the nature and dynamics of opportunities that arise like this one for titanium at this particular time.

\* (1540)

A lot of advice going to the people in that community comes from lawyers who purport to be experts or experienced in the whole concept

of mining and the necessary consensus to move ahead. They kind of take advantage of an opportunity of ways and sometimes require fairly quick decisions to be made. Decisive and firm decisions to be made which others can rely on are not being made here because of the very complicated process. The kinds of advice they are being given, other priorities than mining, a desire to use this mining opportunity as a lever to gain other kinds of payback make progress in this opportunity very difficult.

The moment you start moving ahead, you think it is a mutual understanding. The next moment that mutual understanding is dashed, because they have changed their mind or they have taken a totally new tact and got another legal opinion that says they have rights that no one ever thought they had. Then we get legal opinions to test out their legal opinion, and then we would come out with more than one legal opinion that says they are on the wrong track, and they come up with another legal opinion.

It is a very frustrating process, but what we are exercising so far is maybe an unprecedented amount of patience and tolerance. The ways they show sometimes their reaction to our positive gestures of good will are to demonstrate and threaten to disrupt the Pan American Games, to protest and prevent my plane from leaving their community when I have been invited to go up there and agreed to go up there. It has been that kind of difficulty which we see as a challenge, which we trust in the people of Cross Lake democratically, ultimately, to decide the future of their community. A grave concern is sometimes that, when the spokespeople who are not either aboriginal or in any way connected to the band other than by a retainer and make money from this perpetuated effort not to achieve anything immediate, those relationships that the band has sometimes prevent them from getting even accurate information. We are concerned about that. We are very concerned that whatever they ultimately decide to do may not be based on the level of informed consent that has been part of every major deal that has been made.

There was the original comprehensive deal that we made with the other four First Nations communities in relation to Northern Affairs, the

NFA 1977 comprehensive settlements; there were efforts that we have been making to settle the NFA '77 with Cross Lake when we had a deal, a substantial agreement in 1997, in June. Then, when the new chief and council and this new kind of complex leadership came into being, they started to call the shots and put an end to the conclusion of the comprehensive settlement. We have been trying to work within the auspices, within the parameters of NFA 1977, in creative ways, with working groups, and trying to come up with a comprehensive plan which involves this potential mining opportunity as a way to achieve the goals of eradication of poverty, goals of socioeconomic development of the community.

Hydro and my department and Northern Affairs, Economic Development Board, all have lent their best intelligence and best good will, as has the Mining Association of Manitoba and, to a certain extent, the Government of Canada. For example, the Government of Canada funded attendance of two representatives from the band and a consultant representing Gossan Resources to attend an international titanium oxide conference in Padova, Italy, in mid-April this year. Pursuant to that, a lot of contacts were made, and opportunities for developing relationships with potential serious investors at a world level were made, it was revealed.

We and all the different players who have an interest in socioeconomic development in this community for the benefit of the individuals and the community as a whole continue to work with anyone in that community who wants to move forward, and their working group. We take all the kicks in the head that we get day in and day out and the reverse of what appears to be progress, because it is ultimately they who will decide whether they will take advantage of this opportunity or they will conclude, hopefully in an informed way, that they want to abandon this opportunity or suspend it and take a look at it 10 years or 20 years or 30 years from now or never. We have been very conscientious in trying to make them aware of the realities of the marketplace, the small window this opportunity might have, the world competition for investing. This is not the only deposit in the world. We have, however, been advised that it is probably

one of the best, if not the best in the world, that is immediately available for viable development.

\* (1550)

So this is all part of the growth of our aboriginal people as they decide to what extent they want to embrace development. If they are not properly advised and do not do the right thing, they are going to learn a very serious lesson about the consequences of not getting the right kinds of advice from the right kinds of experts, the right kinds of experienced people, the kinds of people who have objective wisdom that they are prepared to share for pay or otherwise. A number of contacts have been made with different companies. Just to show you the level of stature of some of these companies that had, in the Italy meeting, expressed an interest, they include Kronos, Titan AS from Norway, ISCOR heavy minerals from South Africa, Falconbridge out of Toronto, Namakwa Sands Division from South Africa, Kemira Pigments from Finland, Millennium Inorganic Chemicals out of Hunt Valley, U.S.A., Kerr-McGee Chemical LLC out of Oklahoma City, and Tinfos Development out of Norway. In helpful, friendly ways we continue to facilitate these kinds of relationship building.

We also relate to the federal government on the whole issue of what form the land tenure should take. It is an issue which has resulted in all of these different legal opinions that have emerged. What we are hoping is that they will simply make up their minds which way they want to go and what is in their best interests, what is in the best interests of achieving socioeconomic development and personal development of their people. That is our interest as the government of the province of Manitoba.

It is very interesting. One sees the working group function in ways they are trying to get them to come forward with a plan. I mean, you tell us how you want to do personal and socioeconomic development in your community. You give us the plan so we can then as friends, as responsible government in Manitoba and government in Canada and Hydro, give you our best advice, but give us something that you want.

We had not received that after many months of seeking this. There was a meeting in Cross Lake this last Thursday and Friday where they were expected to table that. What took place was positive on the Thursday, and then on the Friday the lawyers got involved and started to, through one of them particularly, make the kinds of threats that I alluded to earlier, which are simply a repeat of the kinds of personal involvement I have had with Mr. Andrew Orkin [phonetic] in particular.

**Ms. Mihychuk:** The Cross Lake deposit is now talked about as a world-class deposit with potential of creating employment for I have heard estimates of 1,000-2,000 individuals. Not only that, but then there would be spin-offs besides that. Like other deposits, the window is open for a while but then shut if major companies decide to go elsewhere. This has the potential for being the next major economic development in Manitoba. As we wait and wait, the door becomes closer to being shut on this opportunity.

From my experience, and it has been fairly limited, but proud to say that I have been involved in a process with First Nations people in developing the first aboriginal school in the city. That involved a process where the community was able to mobilize and that the local government, in our case it was the school division, was able to move things very rapidly. I think one of the fundamental issues here is a matter of trust. Government has a role in being a facilitator, I think, in this process and carries baggage. Government carries baggage, I think, from years of perhaps neglect, whatever it is. If you lived in a community where unemployment exceeded 80 percent or 90 percent, where almost everybody was desperately poor, where the water was not of good quality, where the hopes for the future looked dim, it is no wonder that the people there have huge issues of trust and do not trust government and maybe do not trust Hydro.

One of the issues that I know is lingering on the table is the Cross Lake bridge. You go to Cross Lake, you have to cross via ferry. The ferry only runs at certain hours. The bridge has been promised and promised, in fact, I understand has gone through arbitration a couple

of times, and the band has actually won. Is the government prepared to build the bridge at Cross Lake? Would that not be a symbol of that trust or a gesture that we are willing to move ahead? The bridge will be absolutely essential for the people of Cross Lake even now. Given that we have, hopefully, a major mining production just on the north shore of Pipestone, is it not time to go ahead with the Cross Lake bridge?

**Mr. Newman:** I will use this to illustrate the complexity of this and the difficulty of this situation. If we said we are going to build a bridge, that would be regarded as paternalistic, unilateralism and they want to make those kinds of decisions. They want to have that as part of their proposals. We have encouraged them to make that part of their proposal. We have indicated indeed that that is something that we will do. We would be very interested in doing it if that is part of their plan for personal and socioeconomic development. It is part of the big picture. I mean the whole goal here and the whole goal they are asserting is under NFA to, by agreement, do something that is going to achieve an improvement in the quality of life of their people.

We share that aspiration with at least as much commitment as they do. It is so easy to come in and say, well, here is what is best for you. Lack of trust probably comes about because that is what Premier Schreyer did in the development of the Lake Winnipeg regulation and this particular project that did the damage to Cross Lake which we are talking about today. So Premier Schreyer and the NDP government of the day did what was best for them, and to this day, as I understand it, Premier Schreyer says they did it right, and he has nothing to apologize for and it was good for them, it is good for them.

\* (1600)

There were, of course, some consequences that are costing us hundreds of millions of dollars every time we make an effort to resolve the consequences in ways that are generally acceptable as being fair and reasonable and healing. We have done that for 80 percent of the bands and Cross Lake is the holdout. The difficulty with them is since June of 1997 we

have not been able to deal with them in any, what I would describe, a reasoned, good faith manner. We provide the reason, we provide the good faith, and they would contend that we are not demonstrating that. But we just do not appreciate that interpretation, and everything that is negative that they have done to us we would regard as hurtful to the relationship when it is not reasoned or from the heart or sensitive or in good faith.

So we have got a difficulty, but there are some very wise and reasonable people that are within the community and outside the community who are First Nations people who simply want what is best for their people. Over time, we expect they will emerge and they will prevail as has been the case with aboriginal people over many centuries.

**Ms. Mihychuk:** Well, I guess just to clarify the record from my perspective, the loss of this deal, this titanium deposit on Pipestone is clearly in the hands of this government. It was found in the late '80s, mid-'80s, and the failure to move on the development of this deposit is not Schreyer's fault, not the NDP's fault. Ten years have gone by and as we sit there and if the door closes on this deposit, that failure will rest on the shoulders of Filmon and this Conservative government. So to put the record straight, the failure of this deposit—and I sincerely hope that is not the case, the door is not closed, and we must make every effort to develop trust and get this deal done. But 10 years have gone by, and the people of Cross Lake are no better for it. We still wait, and words do not feed children. Mistrust and lawyers just take money out of the band and we know that. So I think that we are both aware that this deposit and the economic future would be very bright if we could move things along.

I think the record from my perspective had to be put forward, and I am quite content to move on out of Marketing. Once this deposit is ready to be sold to the world, I am sure that there are a number of interested parties, and I look forward to developing a major mineral deposit on the shores of Pipestone in the near future. I am quite confident it will be an NDP government and look forward to the good days coming.

**Mr. Newman:** I am going to be even more like that for the honourable member for St. James (Ms. Mihychuk) who is here representing her party as the critic, the official opposition party as the critic on Energy and Mines.

The Schreyer government, the NDP government of the '70s, having created the lack of trust and the consequences of a development that was not done sensitively or appropriately, have in the period since June of 1997 done nothing, nothing which would indicate to the public at large that they really do have an interest in the community of Cross Lake making an informed nonpolitical decision in the best interests of their own people.

The participation and the actions of the honourable member for The Pas, Oscar Lathlin, the participation and comments of the Leader of the official opposition, Gary Doer, and you, yourself, in relating to Cross Lake have, I would assert, taken a partisan position which is trying to turn what is happening there into an election issue. I think it is no accident that Oscar Lathlin and Gary Doer were in Cross Lake just before this working group began its meeting, nor do I think it is any accident that you are raising this issue in the way you are in trying to suggest that there should be an accountability of the Filmon government.

I believe you are doing nothing but playing politics on this issue, and it is most unfortunate because what they need is responsible, reasoned, good faith and understanding government. The NDP, in its past performance and in its current performance through its members trying to regain office as MLAs of the North, and you trying to get some sort of justification for you becoming a Minister of Energy and Mines, are playing with fire here. You are doing a disservice, I believe, to the people in that community, and you are encouraging, through your politics, the kinds of politics which are not going to support the advancement of the individuals and the community of Cross Lake.

This is a very complex issue, and it is most unfortunate that it is being thrown into the mix of an election campaign to come. We will continue to treat the community members and their leaders with respect and good faith and hope that they will come to some sort of



consensus that does not lose this opportunity, or if they decide to lose the opportunity, they do it with open eyes and open hearts and open minds. It would be more helpful if the official opposition, rather than making this a political issue and postponing something positive happening until the election, would contribute to a reasoned, good-faith approach by the leaders of that community.

So, to the contrary, I do not think you have put anything on the record but pure effort to put responsibility for this issue outside the community itself, and that is where it lies. You should be empowering community members, I would submit. You should be showing respect and good faith to leaders. You should not be playing politics with them. You should be encouraging them to do what you espouse to want to do here, and that is to have them as quickly as possible make an informed decision about whether they want this opportunity to go ahead or to be suspended.

**Mr. Chairperson:** Before I recognize the honourable member for St. James, I would just remind the committee that when they are making remarks, the committee should make their remarks through the Chair and not directly at individuals.

\* (1610)

**Ms. Mihychuk:** I am ready to move off of Marketing and hope that future discussions can stay away from laying blame. I feel that the minister provoked that type of politics with his comments and do sincerely hope that Cross Lake moves on as quickly as possible and gets developed and sincerely hope that we have other additional significant mining opportunities coming forward where the Marketing Branch can be successful in promoting opportunities for Manitobans.

**Mr. Chairperson:** Under 23.2. Energy and Mineral Resources (a) Marketing (1) Salaries and Employee Benefits \$850,500—pass; (2) Other Expenditures \$475,400—pass.

23.2.(b) Petroleum and Energy (1) Salaries and Employee Benefits \$1,537,500.

**Ms. Mihychuk:** The petroleum industry in Manitoba is small but very sweet, since we like to be just like our big western brothers and sisters, and I understand that it is under water. Can the minister update us as to the impact of the flood in southwestern Manitoba?

**Mr. Newman:** Mr. Chair, there has been minimal impact, I am advised, on the oil operations there, but if you do plan to go down there on a tour wear your rubber boots.

**Ms. Mihychuk:** The minister hints around my desire to go down actually on Friday and take a tour of the field and see what oil and gas is all about besides it floating and being put into my vehicle. I have some knowledge of the petroleum industry, but I have to say very limited, so I am looking forward to going out and staying on dry land and learning a lot more about the oil and gas industry in Manitoba.

Can the minister update us as to the overall status of our petroleum industry in Manitoba? We have changed some of the tax regimes. The grant has now gone. What impact does that have on Manitoba's petroleum industry, and what does the future look like?

**Mr. Newman:** Effective April 1, 1999, my department introduced royalty and tax changes for the petroleum industry. The new third-tier royalty and tax rates are being implemented as a replacement for the Petroleum Exploration Assistance Program. Third-tier rates will reduce royalties collected on oil production from Crown-owned oil and gas rights by an average of 14.5 percent. Freehold production taxes collected on oil production from freehold oil and gas rights will drop to 44 percent. Royalty and tax reductions will apply to vertical wells drilled after April 1 of this year and inactive wells that are reactivated in enhanced recovery projects that begin after April 1. The new third-tier rates are an important financial incentive to stimulate investment and employment in our oil and gas industry. Saskatchewan and B.C. also announced third-tier royalty and tax rates in 1998. With our new third-tier rates, we have restored the competitive advantage so critical to Manitoba's oil patch.

We have also extended for another two years, until January 1, 2004, the Manitoba

Drilling Incentive Program. This program provides a royalty or tax holiday on production from new wells and qualifying wells where a major workover has been completed. Extending this long-running program maintains our competitive and stable fiscal regime which is the most effective way for government to encourage oil and gas investment.

I get weekly well activity reports and watch with interest as the oil prices have moved upward, compared to last year at the same time, and also do note the challenging times reflected in things like number of metres drilled, compared to even last year; the wells licensed, but not spudded, way down; the wells completed as potential oil wells, way down, compared to last year; and new wells on production, way down. I notice the negative picture when we have our lease sales. The amount we get as a premium for lease sales is way down. The amount of interest is down. So we are going through a challenging time in relation to our oil patch.

Just as with mining, we try and make sure that we are as a province well positioned in terms of the regulatory regime and the fiscal regime that Manitoba has, so that when there is a desire to invest that Manitoba will be given a favoured consideration as well as other jurisdictions. So we are doing the right things, but we are going through a challenging time with the prices going upwards giving us every expectation that we will see more favourable results in the foreseeable future.

**Ms. Mihychuk:** Can the minister indicate reserve potential? This is a sector that I cannot seem to quite understand. It is a finite pool, if I understand correctly, and we had a very limited resource, as projected by some of the numbers that I saw. Yet annually we seem to always have the same number of years remaining. So is it that we are exploring new pools? Is the field actually bigger? What is the life expectancy of the oil and gas reserves in Manitoba as presented now?

**Mr. Newman:** At the end of 1997, Manitoba had 4.7 million cubic metres of remaining recoverable oil reserves. Petroleum and Energy Branch is currently in the process of completely completing the 1998 reserve estimates. Last

year, oil production totalled 634,000 cubic metres, a decrease of less than half a percent from 1997. Based on historical production, decline rates and reserve additions from new discoveries, Manitoba's oil production will continue for many years to come and provide jobs and income for those living in southwestern Manitoba. The branch conducts these reserve estimates annually, and so far exploratory drilling each year has added new reserves.

**Ms. Mihychuk:** Does the department do any active exploration?

**Mr. Newman:** No.

\* (1620)

**Ms. Mihychuk:** Is there a requirement to keep some drill core that companies retrieve when they do a well so that we have a record of the geological formations that are being passed through?

**Mr. Newman:** Yes.

**Ms. Mihychuk:** Can the minister elaborate? Do we get specimens from each well that is drilled, and is it stored at the Brady—no, we have moved that. I think it has moved to a downtown site. But those drill cores are available to interested parties, or how are they catalogued?

**Mr. Newman:** Yes, each well provides samples that are stored at the Midland storage site, and access to them is available on request.

**Ms. Mihychuk:** How long have we been keeping samples of those cores, and how many wells do we have represented?

**Mr. Newman:** I am informed that the companies provided samples which were not under the auspices of the department going back to the beginning of drilling in the province in the '50s, but that the department then took responsibility for storage of those in the '70s and have been involved in that storage responsibility since the early '70s.

**Ms. Mihychuk:** That is very interesting because it is a huge wealth of information available on the stratigraphy for geologists, universities,

others. It is a very positive thing to do. Does the minister receive samples from the metallic mineral industry and store those samples for the department, for the public?

**Mr. Newman:** Yes.

**Ms. Mihychuk:** So am I to understand that the diamond drilling that exploration companies do are logged by the department?

**Mr. Newman:** Not all cores are stored, but those that are provided and are of interest are stored.

**Ms. Mihychuk:** Can the minister elaborate what he means by those provided? Is that an option for industry to provide the core? If so, why? Since apparently the petroleum industry or the Petroleum Branch recovers these cores as a matter of course, why would the mineral industry not also have the same expectations?

**Mr. Newman:** The answer is that the provision is voluntary in the mineral industry. The rationale for that is that the volume would be so extensive that it would be an unmanageable kind of exercise.

**Ms. Mihychuk:** Would the minister consider making a requirement where the department has an ability to request certain core? There are certain geological structures that are particularly interesting. I know that diamond drilling goes on that there are numbers, hundreds of drills, core done in a particular deposit. However, there seems to be a great deal of benefit that would be achieved if the department had the ability to retrieve some of those cores which it deemed in the public interest rather than making it voluntary. Because there may be, I am sure, instances where industry would like to keep these core as confidential as they can.

\* (1630)

**Mr. Newman:** As I say, the magnitude of the core that is drilled is so great, the practicality of doing it does not make much sense. If there were just a requirement for certain samples or something to come forward, my information is that no one has ever requested that. I should not say no one, but I am not aware of any demand

for that from the industry that had ever come to my attention.

The implications of making it mandatory in the industry, given the circumstances relating to confidentiality and competitiveness, all of the security issues, the supervision issues, the enforcement issues, it would be a very complex undertaking which would require an enormous amount of, I would think, consultation and consideration. It is the kind of thing that if it were an idea it should be brought forward by explorationists or producers or other people interested in the industry. But so far, that has not happened.

Would I proactively take a look at something like this? If there were any opinion, any informed opinion expressed to me that this would be in the public interest of Manitoba and mining exploration and development in Manitoba, I would take a look at it, but I have not had any such advice. If you are urging that as something that you would do if you were the minister, I suppose I would analyze it. If you are just throwing it out as a question to me, it is just not on my agenda at this time.

**Ms. Mihychuk:** Is there an effort to collect core from the exploration projects that receive MEAP grants? These are projects that receive between 25 to 35 percent government funding. In this case, the public of Manitoba has a vested interest in those projects. It may be valuable to get selected core from those projects. The request would seem to me to come from academics and others who may be interested in the geological history more so—or even government itself who is interested in doing more comprehensive exploration—than industry itself. They, I am sure, would argue that it is more costly and it is whatever to have samples of core, but it would seem to me that the request would actually come for the public good from the academic or non-industrial sector where such a library of information would be for the public good, as I say, rather than for economic interest.

**Mr. Newman:** You have offered some opinions, and the opinions simply do not coincide with what my staff would advise me makes sense or is desirable from the point of view of people involved in the industry or from the point of

view of trying to attract investment and to avail themselves of the MEAP program.

The implications of what you are talking about are very significant and the kind of process that any idea, if considered worthy in the public interest, the broad public interest and all the stakeholders, the process for testing that idea out is, as I say, a lot of consultation and feedback. At this time, not enough merit has been shown for this idea to warrant it being subjected to a process, which is not to say that having that information would not be valuable to the department, valuable to beneficiaries of the information that would result from an inspection of those cores, but you have all the issues of the reliability of the samples; you have to have supervision. I mean, there are all kinds of implications, the timing.

It would be an enormous exercise of government intervention which is something that we are not enthusiastic about doing in my government. That is my answer.

**Ms. Mihychuk:** One day when I have an opportunity, I will put my boots on and come and look at some of that petroleum core. I am fascinated that we have such a long history and such a regional sample. I do not know if that would be horribly inconvenient, but I do not plan to do it next week. Maybe some time in the future I will have an opportunity to look at it. I would be very interested in doing so.

**Mr. Newman:** Mr. Chair, I extend an invitation to you to have a tour of the core storage facility. You can spend many days and months and even years in there inspecting them, and I will make sure that I will be your pair in the House as a member of government, you and the official opposition, while you engage in that study.

**Ms. Mihychuk:** Can the minister indicate of the 31 staff in this branch, how many are in petroleum and how many are in energy?

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

**Mr. Newman:** Eleven in energy, 18 in petroleum, and two are shared positions.

**Ms. Mihychuk:** Are the staffing levels in petroleum, have they remained constant over the last 10 years, or has there been any change of staffing ratios, and can the minister indicate whether in his opinion the staffing component is desirable or does there need to be change?

**Mr. Newman:** The staffing over the last 10 years for petroleum has been constant.

**Ms. Mihychuk:** My second part of the question was: Is the minister satisfied with that level? Does he see any changes required because of new trends or new challenges?

**Mr. Newman:** The present situation is adequate from the perspective of my staff and myself.

\* (1640)

**Ms. Mihychuk:** This is the branch that includes energy, and this is a sector that has seen quite significant staffing changes. Can the minister indicate what the staffing levels were in '88 versus now?

**Mr. Newman:** To save time, we will have to undertake to provide that information. We do not have that handy.

**Ms. Mihychuk:** Can the minister indicate, of the 11 people in Energy, how many are in management, how many are professional and how many are support staff?

**Mr. Newman:** One management, one support staff secretary, nine technical.

**Ms. Mihychuk:** One of the things that the Energy department does is advise the minister, and it does several projects, or used to do even more projects than it does now, but one of the things that it does do and we get some publicity on is the R-2000 program where houses are insulated to a degree where they are extremely energy efficient, but the number of houses that are involved are quite small. If I remember correctly, it is in the amount of 30 or 40 houses. This is like the Cadillac of insulation. I am looking maybe more to a more populist view of getting Manitobans into an energy conservation mode, and is the department satisfied with its R-2000 program? Are we trying to convince

people to go for the Cadillac version rather than maybe a more modest insulation program, or what is our plan on this home insulation program?

**Mr. Newman:** Because of the way you preambled your question, I think it might be useful to clarify that the R-2000 program is far more than an insulation program. The federal R-2000 program began as a result of government agencies and researchers establishing criteria for high quality, super-energy-efficient houses. It has evolved over the years to include methods to improve indoor air quality and reduce overall environmental impacts. Regional R-2000 committees involving Natural Resources Canada, provincial governments, energy, utilities and home builders associations are in place across Canada. The Manitoba R-2000 home program is operated by a committee composed of Energy and Mines, Natural Resources Canada, Manitoba Hydro, Centra Gas and the Construction Association of Rural Manitoba.

In September '94, the department assumed the management and administration functions of the program. R-2000 houses are designed and built to a specific energy performance standard. They can only be built by a builder who has undertaken R-2000 training. Each house is examined and tested before it can be certified as an R-2000 home. Marketing efforts over the last couple of years have increased consumer awareness of the program.

The 1997-98 fiscal year saw 34 homes enrolled, representing a 20 percent increase over the previous year. In 1998-99, 44 homes were enrolled, a 29 percent increase over the previous year. The 1999-2000 program business plan defines a program mission of increasing penetration of R-2000 in all new home construction activity, which is driven by the following goals: to present all Manitoba new-home buyers with the R-2000 alternative to conventional housing; to increase the number of R-2000 enrollments by 30 percent over '98-99 to 57 enrollments; to provide the Manitoba home building industry with the necessary skills to build quality R-2000 homes; and to be recognized as having the most successful R-2000 program in western Canada.

To continue to raise the level of consumer awareness, the following initiatives will be undertaken: print advertisements, newsletters, open-house events at new R-2000 homes, new-home workshops, public information service.

The Canadian Home Builders' Association is a strong supporter of R-2000 and has, over the last year, committed itself to a revitalization of the program in all provinces across Canada. CHBA has been lobbying the federal government to increase funding for the R-2000 program and has proposed a new national business plan for program delivery. R-2000 builder workshops will continue to be held throughout Manitoba for the certification of new R-2000 builders and updating the existing builders. Just over 80 builders in Manitoba are registered and eligible to enroll and build an R-2000 home. Of the registered builders, about 30 are active in the program and have built R-2000 homes; the remainder just find the program's technical training advantageous.

The department is in the process of evaluating the program through a survey of users and nonusers. The survey will identify potential areas of R-2000 weaknesses and strengths for future marketing purposes.

**Ms. Mihychuk:** Can the minister tell us, are there any R-2000 homes in northern Manitoba?

**Mr. Newman:** I am told the answer is yes. We will get specifics of where, if you are interested.

**Ms. Mihychuk:** Yes, I am very interested. Northern Manitoba has many challenges. One of them is kind of tough winters, and energy conservation programs up there are needed. Particularly, I would say, in First Nations communities, where some of the housing seems to be substandard. Is the department looking at any type of home insulation program for northern residences?

**Mr. Newman:** The Northern Affairs department and the Energy and Mines department have had a number of discussions about a housing initiative which would involve the serious consideration to expansion of R-2000 units in the North, but I just gratuitously offer that the program is significantly driven by the market-

place. When a builder or a prospective homeowner sees that this will attract purchasers, then the marketplace will determine this is a very attractive option.

\* (1650)

Again, the kind of role that we try and play, and the philosophy of our government, is to make people aware of the facts about the benefits of R-2000 and over time the better economics and health that can be derived from R-2000 construction. So I can say this, that we are looking at ways of nudging the marketplace with some incentives, but we are very respectful of the role of the marketplace in determining who chooses these homes and where they go.

You have probably noticed, as I have, in the local media there have been several articles over the past year that have been a very good dissemination of information about R-2000. In fact, there were two feature articles in the Winnipeg Free Press in the past two months. I give great credit to people in the department responsible for this program because they have attracted enough attention and done enough good public relations and have enough satisfied clients out there that they want to promote the program. So I think we have turned a big corner over the past year.

I know that, if you are going to Brandon next week, when you are down in the south, or this Friday, I urge you to have a look at the condominium development there that is all R-2000 construction and is right on top of the hill there. I handed out certificates to the people there, recognizing their investing in the R-2000 homes. They were just delighted with the opportunity to contribute to a more positive environment and climate change challenge. At the same time, we were of the belief that they were getting over time very good value out of this investment.

**Ms. Mihychuk:** Moving away from R-2000, which, I think, is again an elitist program in building construction sort of realms, if we looked at the average home in the North, they are probably not going to look to converting it to R-2000. If they were looking at energy conservation, they are going to need other options. I am wondering if the department has

looked at the development of new initiatives. That is one of the items identified as the role of the Energy Branch, to develop new initiatives leading to energy efficiency. So for northern Manitobans, I think they in particular would be interested in some new ideas, particularly those that would be affordable and those that deal with the existing housing stock.

**Mr. Newman:** Through you, Mr. Chair, I must take issue with the use of the word "elite" program. I think you do a disservice to the program by saying that. Now we have to overcome that kind of message that you are sending out to the world with our marketing. You are making our department's initiative and life far more difficult with those sorts of negative descriptions of a very worthy program. But having said that, I am aware, because of my responsibilities, for example, on the Sustainable Development Committee of Cabinet, of a number of initiatives.

We have an Eco-Village concept, which has been funded in part by that, which is in the city at the moment. We have had expressed interest for the proponents of the Eco-Village to try these innovative things in Northern Affairs communities. We are supportive in encouraging these kinds of initiatives.

The role that the department plays very specifically, in less of a total package kind of way, are through education of the public. We had our department involved in two separate series of workshops throughout Manitoba for builders, contractors, suppliers, and individuals planning either to build a new home or retrofitting an existing home. The workshops are three hours in length and are delivered by leading experts on energy efficient, environmentally responsible home designs to promote practical, affordable tips on planning a new home or retrofitting an existing home.

The New Home Workshops are structured around the technical guidelines of the R-2000 program under their design to provide clear, impartial advice on how to find a qualified contractor and avoid common planning and building mistakes. The Home Energy Saver Workshops are designed and presented as an education forum and are typically held in the

evening in different communities throughout Manitoba. Three New Home Workshops were offered in Winnipeg, and 11 workshops were offered in rural Manitoba between January 26 and March 10, 1999. One of these workshops was held in a flooded area and three were offered in areas of the province where the workshops had not been offered in previous years.

The Home Energy Saver Workshop material continually reflects current changes in the industry and were held in seven rural and two Winnipeg locations between January 26 and March 4, 1999. A partnership has been formed with the Federated Co-op and McMunn and Yates building centres to sponsor workshops in the communities which they serve. There is no charge to attend either of these workshops. Preregistration is handled by the department, the Federated Co-ops, and McMunn and Yates. Both workshops are advertised in local newspapers in rural areas and in the Winnipeg Free Press Community Review in Winnipeg.

New Home Workshops and Home Energy Saver Workshop posters were redeveloped and displayed in hardware stores and lumber stores in Winnipeg and throughout the community rural locations. New Home Workshops flyers and Home Energy Saver Workshop flyers were distributed to residents through Canada Post and the Continuing Education version of the Home Energy Saver Workshop developed a few years ago was not being offered this year. It will be examined, however, to see if it can be revised to better fit into the program in future years.

Also, Energy and Mines conducted energy audits in preliminary energy savings evaluation at the following buildings: Oak Tree Towers in Portage la Prairie; Villa Heidelberg, 33 Edmonton Street; Kildonan Horizons, 505 Monroe Avenue. An outside engineering firm conducted the energy evaluation at the fourth building in Morden. Retrofit work is nearing completion at Oak Tree Towers and Villa Heidelberg. The building in Morden and retrofit plans at Kildonan Horizons are presently on hold. MHA plans to monitor the pilot projects for the fiscal year '99-2000 and make a decision to proceed on the other buildings based on the results of the monitoring.

**Ms. Mihychuk:** Can the minister indicate how many workshops were conducted in the North and where those workshops were conducted?

**Mr. Newman:** I will undertake to get the list of workshops held in the North.

\* (1700)

**Ms. Mihychuk:** Has the department looked at alternative energy sources? I am sure they have. Perhaps the minister could update us as to ethanol or wind generation. I know that projects like these occurred in the past. Has there been any update on those types of alternative energy development?

**Mr. Newman:** We have a very focused effort and have for a number of years, but growing in towards fruition over the last year particularly towards increasing ethanol production in Manitoba. My hope is that we will have something to announce in that respect within the next few months.

**Ms. Mihychuk:** Just one final question, in terms of energy, is the minister actively pursuing the sale of Manitoba's hydroelectric resources?

**Mr. Newman:** If I may complete the answer to the first question, because I dealt with ethanol, but there was another part I wanted to add. That is, Manitoba Energy is developing an energy map outline of potential alternative energy resources throughout the province of Manitoba.

Then in answer to the other question, I can say without any equivocation at all that nothing is being done by me or under my direction or to my knowledge nothing is being done by anyone in the department exploring the potential or theoretical disposition of Manitoba Hydro into private hands or public hands.

**Ms. Mihychuk:** I am willing to pass this section.

**The Acting Chairperson (Mr. Dyck):** 23.2. Energy and Mineral Resources (b) Petroleum and Energy (1) Salaries and Employee Benefits \$1,537,500-pass; (2) Other Expenditures \$612,000-pass.

23.2.(c) Mines (1) Salaries and Employee Benefits \$1,444,500.

**Mr. Gerard Jennissen (Flin Flon):** I am wondering if I could ask a few questions that may not necessarily jibe with what my honourable colleague was just talking about, but they do affect my part of the constituency and they deal with mining and mine waste. Would the minister be prepared to deal with that for some considerable time?

**The Acting Chairperson (Mr. Dyck):** I see a positive affirmation. Go ahead, please.

**Mr. Jennissen:** My first question is regarding the community or communities, I guess, of Sherridon-Cold Lake. I see them as one community, but I guess technically they are two communities. There was a mine there a number of years ago, I believe until the early '50s, a copper mine. There is a considerable amount of mine tailings left there. In fact it is visible even by air as sort of a raw, red scar on the landscape. I know this was long before our time, but it does affect the communities, it does affect the drinking water, and it does affect eventually the organisms in the lakes, particularly Kississing Lake as well as Camp Lake and probably other places as well.

I know the department has attempted to control some of that damage. My questions are: exactly how severe is the problem, what has been done to date, and what is the cost associated with that?

**Mr. Newman:** A civil engineering study was done of the situation you have described and the province contracted with Acres International Limited to provide a Phase 2 engineering report to detail the feasibility and cost of constructing a rock-fill embankment across Camp Lake. The cost of the dam and other associated work was estimated to be \$650,000. The department and me as minister are very interested in getting approval for a strategy to deal with identified orphan mine site situations where a rehabilitation program could make a difference and remove the consequences caused by people who abandon sites against which accountability cannot be enforced, so that they pay for the consequences wherever there is liability which

could be enforced. My department has instructions to aggressively pursue anyone, any mining operator or entity who has been responsible for contamination and has created a negative good will towards mining when it is practical to do so and the probable outcome is positive.

*Mr. Chairperson in the Chair*

**Mr. Jennissen:** The civil engineering study the minister is referring to and the dam that he is referring to, this is future tense, right. We are talking about something that could be done. This has not happened yet obviously.

**Mr. Newman:** My advice is that several efforts were made to address the problem pursuant to \$400,000 of funding approved in August 1996 to divert and restore Sherlett Creek to its original drainage channel. The project was commenced in November 1995 and completed in December 1996, but since that project completion ongoing high levels of acid and mine drainage from the Sherridon tailings area have contaminated Camp Lake and in turn Sherlett Creek. The diversion of Sherlett Creek was subsequently shut down to prevent contaminated water from Camp Lake entering the community.

**Mr. Jennissen:** So are we saying then that the \$400,000 spent on that project was basically wasted money? In other words, it did not solve the problem; it, in fact, worsened the problem.

**Mr. Newman:** My advice is that it helped, but it was not a complete solution nor an adequate solution.

\* (1710)

**Mr. Jennissen:** I am not exactly clear what the original intention was I guess, and I am asking for clarification, because all I could see was that where there was a road from Sherridon to Cold Lake, suddenly there was a culvert there. There was a hole dug across the road and now apparently there must have been more than that because this cost \$400,000. At any rate, that water is no longer flowing and it has been bulldozed shut, so my question still remains, \$400,000 was spent for what.



**Mr. Newman:** The funding was for the purpose of funding a civil engineering program to divert and restore Sherlett Creek to its original drainage channels.

**Mr. Jennissen:** Well, I am given to understand, talking to the people who live there, that it has not improved their water quality and it has not solved the problem and that in fact this Phase 1 was a boondoggle. And, if we are now entering on Phase 2, which is a cofferdam or a earthen structure across Camp Lake to contain some of the waste, well, that is another phase, but it still does not solve the first part which is why the engineers did not foresee that problems would ensue with Phase 1. I mean it is a lot of money and it does not seem to have done anything for anybody. It screwed up the creek. It did not improve the drinking water. It spread out the waste even further, as far as my people over there tell me. Now I am no expert on this, I will be the first to admit it, but that is what the local people are saying. So I guess I still come back to whether the engineers did not foresee what would happen when they proceeded with Phase 1 and why they did not foresee the problems.

**Mr. Newman:** The approach is a phased-in approach, with the next step to be a Phase 2. That is the one I described with Acres International, and it is effectively one step at a time to make sure that it is going to indeed work. The next step will determine what, if any, third step will be necessary.

**Mr. Jennissen:** So Phase 2, the second step, the building of this dam which would then make part of Camp Lake a holding pond, I guess. When is that supposed to start?

**Mr. Newman:** We have not secured the funding for this in the recent budget that our respective parties both approved in the House, but we are aggressively pursuing funding to address all our mine sites in the province, this being one of them.

**Mr. Jennissen:** The funding would come out of the Mining Reserve Fund, I presume. Is that correct?

**Mr. Newman:** That has not been determined. The funding that was sought was not sought

specifically out of the Mining Reserve Fund. It was sought out of general revenue.

**Mr. Jennissen:** The minister is then saying that in order to even attempt to address that particular pollution problem, we would have spent, or will be spending, in excess of a million dollars with possibly no guarantee that there will be a satisfactory solution to the problem.

**Mr. Newman:** The amount that we sought in total was \$750,000, with this being a \$650,000 part of that.

**Mr. Jennissen:** I guess I need some clarification. The dam itself would cost \$650,000. Where does the other \$100,000 come in?

**Mr. Newman:** The \$750,000 was thought to be the appropriate figure to cover that particular study. When we got the study, the estimate was \$650,000, we sought \$750,000 to fund it. I might say towards that study, the Phase 2, Acres has at this time before us a proposal to update the study they had done previously, and it is now being evaluated by the department. All of the Phase 1 work, I am advised, has been completed.

**Mr. Jennissen:** When this dam construction project does get underway, I presume it could be fairly labour intensive. Is there any way that the local people can get involved because of a high unemployment rate in Sherridon-Cold Lake?

**Mr. Newman:** The answer is yes. There has always been an effort to maximize the involvement of local people in these initiatives, particularly if it is funded from Mining Reserve, of course.

**Mr. Jennissen:** When this process started, when the whole project started a number of years ago, I am not privy to the information underlying the beginning of that activity, but is it basically an environmental issue we are dealing with, or is it something as narrow as the drinking water for Sherridon-Cold Lake, and only part of the town is hooked up to water and sewer?

I guess I do not know the extent of the problem. Does the minister have a feel of how big this is and what it is that we are addressing?

**Mr. Newman:** Maybe I could usefully share the background on the record, so that we can shed some light on this. I commend you for pursuing this because I think it is good to have this information generally available.

My information is that the Sherridon mine operated from 1931 to 1951 as a copper-zinc producer and deposited some 7.4 million tons of acid-generating tailings into nearby designated lakes. Over time these lakes became acidic, aggravating the pH level of nearby Kississing Lake, a large recreation lake from which the community of Cold Lake, that is Sherridon as it was, obtains its potable water, processing this water through a water treatment plant in Cold Lake.

Sherlett Creek, flowing from Sherlett Lake at one time, entered Kississing Lake at the community of Cold Lake, but was diverted for processing purposes by the mining company at Camp Lake. Mayor Cyril Perry of Sherridon requested that Sherlett Creek be diverted back to its original water course, not only to once again provide the Cold Lake community with fresh water from Sherlett Lake, but more importantly to also reduce the flow of contaminated waters from Camp Lake entering Kississing Lake. Mayor Perry further requested that a dam be constructed across Camp Lake to protect the integrity of Sherlett Creek once the diversion has been effected.

Studies conducted on the Canada-Manitoba Mineral Development Agreement between 1981 and 1985 had earlier evaluated the technical feasibility and cost of the two proposals requested by Mayor Perry. The cost at that time to implement the creek diversion/dam construction scenario was \$800,000.

\* (1720)

A technical review committee from Energy and Mines, Environment and Northern Affairs determined that the creek's diversion and dam construction scenario still offered the preferred long-term solution. The committee recommended initially that a one-year water quality monitoring program of Kississing Lake be undertaken at a cost of \$5,000, together with a review of previous engineering data at an estimate set an additional cost of \$20,000. Order-in-Council 46/1995 was subsequently

approved on February 8, 1995, authorizing \$25,000 from the Mining Community Reserve for the purpose of funding these water quality monitoring and engineering review programs.

Based on the subsequent findings of these two programs, the technical review committee later proposed that only the Sherlett Creek diversion component of the project proceed at a cost of \$400,000. The need for dam embankment across Camp Lake would be determined later through water quality surveys in the affected area. OIC 436/1996 in the amount of \$400,000 was approved in August 1996 to fund a civil engineering program to divert and restore Sherlett Creek to its original drainage channel. The project was commenced in November 1995 and completed December 1996, as I said earlier.

**Mr. Jennissen:** When I tour the tailing site, it is a fairly large area and highly concentrated, it looks like a red oxide. I am wondering whether there is any chance of it ever going through another process of recovery. I know that when metal prices were higher, particularly gold, some of the old sites that had been worked before, the gold sites, were worked again and proved to be quite profitable. I am not suggesting that this is one of them, but I am just wondering if there has been any kind of study done, whether maybe that site could be used again because the technology that was used there recovering copper was a technology of the '30s and the '40s, so maybe there is still quite a bit out of that material that could be recycled as it were. I do not know; I am just asking the question.

**Mr. Newman:** We know of no interest shown in doing that, but if the honourable member for Flin Flon has any ideas or knows of expressions of interest, we certainly would pursue them.

**Mr. Jennissen:** Just one final question, when Phase 1 was attempted to divert Sherlett Creek, whatever it is called, was the attempt then also to flood part of the tailing site, which then would make some of those minerals soluble, I guess, in the water because a lot of that seems to be under water? Was that not under water prior to this?

**Mr. Newman:** My advice is it was to hold the flow as to contain the water so it would not flow into the lake.

**Mr. Jennissen:** Mr. Chairman, I thank the minister, and I would like to turn it over to my colleague from Thompson, who, I am sure, has some questions on nickel mining, among others.

**Mr. Steve Ashton (Thompson):** Most definitely. In fact, I want to start off addressing the current situation with Inco. We are in an interesting situation. The price of nickel has declined significantly down to \$1.80 or so a pound. It has sort of been up; it has been down. Actually, the last couple of weeks, it dropped 38 cents in one week. So if there is anything that was certain about the mining industry right now, it is the uncertainty. It is something I know the minister is certainly aware of and everybody in Thompson is definitely aware of it.

I want to focus on a couple of things. One is the obvious fact to my mind that we are dealing with a situation where we have to be competitive on a world basis. When we are dealing with nickel, it is not simply a question of being competitive, say, with Ontario or potentially with Newfoundland, with Voisey's Bay perhaps, being put into place in the next number of years depending on current negotiations. We are dealing with new mines, particularly Australia, where there is new technology, some questions about the ability actually to deliver on that technology and some of the cost figures that have been used, but certainly it is a potential competitive threat there. There is the ongoing threat in Russia, including with scrap nickel from out of it that has been put on the market at various different times.

I am wondering what the minister's strategy is to ensure that we are competitive on a world-wide basis both in terms of mining taxes, other charges and taxes, and I point, for example, to some of the recommendations that the Mining Association made recently. I know they met with the minister. They have certainly met with us. They did come up with some concrete suggestions. So I am concerned generally for the sake of the mining industry but particularly in terms of nickel, and I would appreciate the minister's own thoughts on that too in terms of how we position ourselves in a very competitive market. We have some advantages obviously. We have a significant plant that is in place. It is a fixed cost to Inco. Inco has put a lot of money

into Manitoba the last number of years, so we are into an interesting situation but a very difficult situation. I would appreciate the minister's strategy on how we can keep mining in general competitive, particularly, nickel mining which obviously mostly affects the current operation in Thompson.

**Mr. Newman:** I know you do not want me to repeat at length what I said in my opening statement to the honourable member for St. James (Mr. Mihychuk) as the official critic for the official opposition. Let me just try and sum it up in a way and get right to the nub of, I am sure your primary concern, the future of Inco being a successful corporate citizen and producer in Thompson and in the vicinity.

All of our strategy is designed to make Manitoba the most attractive place in Canada for sure, and if not the world, to invest in mining and that is for exploration purposes, and exploration helps Inco. If they can unearth other deposits that give them economic, in a competitive way, world-wide opportunities to continue their operation and take advantage of the capital investment that they have placed in their current development in Manitoba, they will take advantage of it like anyone else. Maybe with their knowledge of the underground, they will know better than anyone else the risk involved in making those investments. So they benefit greatly from our incentive programs, and they are not disintitled from MEAP. We work with them in very specific collaborative ways together with our department and the academic community and the federal geological survey people to unearth other development opportunities.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

All of our strategy, as I say, is to make Manitoba the most attractive place to invest whether it is improving security of land tenure or whether it is improving access to new areas, whether it is the predictability engendered because of our enlightened approach to endangered spaces, whether it is our fiscal regime which we always try and make sure is competitive. That is why in our budget of which we both approved, we reduced mining taxes by a

couple of percent and motive fuel tax on vessels coming into Churchill. Exemptions, keeping our Workers Compensation rates down, keeping hydro rates down. All of those are significant contributors to the future of nickel in Manitoba and the operators and the explorationists in connection with nickel and all the industries dependent on the Inco producer.

\* (1730)

The kinds of things that we do are good faith, open door, candid, sharing, forthright relationship with the people entrusted with the management of Inco and Manitoba. The leaders of the union entrusted with leading the union in Manitoba, the people in the community, the mayor and council representing the interests of the community, relating as I say in a positive, supportive, good faith, candid way to try and tackle this challenge together has been a commitment of our department, our government.

The approach that was taken by the management of Inco and the union of Inco was in effect to come to us and say we need in order to be a continuing presence in Manitoba a percentage of return. We want a certain percentage of profitability. We are going to be very candid about it and we will tell you what it is. We have told the union, we tell you, we cannot continue to do business here unless we collaboratively meet this challenge, because that is the kind of return we can get in other places in the world.

The union made its deal, and dealing with the union president, I said you have your relationship with the company where you have your relationship through a collective agreement. It is up to you to carry out your responsibility as the leader of your union to do what is best for your members in the long term, and it is up to the company to deal with you on that. I will not get involved in that, and I fully respect the kind of role that you have and the kind of role the company has in this relationship.

But where we are prepared to look at things is where we have a contractual relationship with Inco or where, through normal fiscal tools, through the kinds of relationships that we have with the mining industry of the province, there

are things that we can do specifically to accomplish an objective which will prolong the future, or probably prolong the future of Inco in Manitoba as, again, a successful and productive and important corporate citizen providing jobs, taxes, and income for many other employers and their employees that depend on them.

So we understand what they need and what they want in order to effectively commit to a life beyond 2004 and they, not unlike Hudson Bay Mining and Smelting, were looking at a 20-year mining plan. We listened to that, and we analyzed that. We know what they have, in effect, set out as the conditions for them embarking on that plan, and we have determined to what extent things that we could do, to what degree things we could do, would contribute to them achieving their objective. We have also had shared with us by the union and the company the kinds of things they have collectively done to improve productivity and reduce the unit costs of production without reduction in wages and with a minimal or a controlled minimal amount of job loss.

So we are into that with them right now. We have met with the mayor and council, as well, and we have met with a representative of the school division because everyone is impacted by this that has an elected position. You are now involved in this process by asking these questions, and I am prepared to be very candid with you in relation to the challenge that we have in this situation.

**Mr. Ashton:** Mr. Chairperson, in fact, we are faced with a significant challenge, because, on the one hand, Inco certainly has legitimate reason to need to be competitive—I think everybody is more than aware of that—and I think the minister gave a good representation of the degree to which that view is accepted in the community at large, whether it be the union or the community. In fact, some of the initiatives were actually undertaken not just by Inco's initiative but by the union itself in terms of trying to get a competitive focus and getting the internal operations operating in a competitive manner.

There is one significant problem, and the minister is aware of that. I know there are on-

going discussions, but there is no public secret of the fact that Inco has announced its intention to significantly reduce its contribution by the grant in lieu of taxes. There is a two-tiered portion of it. One tier is a tier that is not part of the core grant. The problem, of course, is that would have a significant impact on the school district and the City Council in Thompson, a very significant impact, and would lead to either significantly reduced services or major tax increases. So it is something that has created concern in the community.

I know there are ongoing discussions. I do not know if there is anything that could be called negotiations, but so long as there are discussions there is hope I suppose. But the concern I know in the community is that if there is an element of making sure that Inco is competitive, it is not something that the local community can do by losing a significant chunk of grant in lieu of taxes. We have to remember grant in lieu of taxes is basically a system that was set up and set up in many other cases as a substitute for property taxes.

I mean, Inco is not within the ability to assess direct taxation, and this goes back to the 1950s agreement, which in itself was quite unique. It extended the mining rights that Inco has far beyond what had been the practice at the time. No one had even heard of the kind of long-term leases, and part of that partnership was Inco's commitment to the community. Many of the early facilities in Thompson were established by Inco itself.

I guess the question I want to ask is what role the minister sees—and I do not want to get into any sensitive discussions. We have had this discussion, and I am not trying to have those discussions out in the open. But I feel a certain obligation, knowing what is happening, what might happen, of at least raising it in this committee publicly and asking both for the minister's thoughts on this but asking if the minister has looked at ways in which this effort which—and I accept is an effort in good faith. From the reports I have had of discussions the minister has had with various people, I accept his good faith in dealing with the real challenge.

But the reality is we end up with the current situation. The provincial government has far

more impact on Inco's direct day-to-day operations than the school board or the City Council in every which way except one, which is the grant in lieu of taxes. It is not just the broader questions we have dealt with but, for example, just in terms of the mining tax structure. I mean, minor changes can make a big difference. I am sure if I mention the words "new mine status," the minister will know what I am referring to, and I know what has been the basis of discussion there. So I am not asking on that.

\* (1740)

But, I mean, simple question, how you deal with a certain mining proposal makes a huge difference in the rate of return of the company, and the rate of return is what is going to determine whether it goes ahead or it does not go ahead. The reality is the more uncertain the price of nickel, the lower the price has been, you know the less likely of it bouncing back, the more that companies, if they are going to finance, are going to have to significantly look at—I mean, you cannot guarantee a rate of return—but have a fairly high rate of return, far greater than perhaps some other industries where you have got more certainty and less insecurity.

So I guess I would appreciate the minister's views in a general sense, because I am not trying to pre-empt any discussions that are ongoing, but what the minister's views are in terms of this very real challenge for not just Inco but for the community of Thompson.

**Mr. Newman:** If there is anything I would invite you to take back to the constituents you represent in Thompson and the other elected leaders in Thompson, it is that I hope that they get to the table as soon as possible to deal with the issues that are within their jurisdiction and are part of the contractual relationship they have with Inco in terms of the payment in lieu of taxes and come to grips and negotiate something, just like the union. It has very professionally and responsibly, you know, drawn their line in the sand and said we do not want to have lesser wages, we do not want a formula like we did in the past contingent on future prices of nickel. We simply want the same wages and the same benefits, and we do not want layoffs except

where absolutely necessary. However, we will work with you co-operatively to reduce costs of production by greater efficiencies, pooling our best creative intelligence. So should the City of Thompson and so should the school board.

They should not wait for the province to do something. I would hope they should get involved and try and engage with the company and the union and try and come up with something that they can live with over this 20-year or 15-year plan which hopefully will emerge out of this. We will do our part, you know, as a province within our relationship just as the union has done and just as we urge the city and the school board to do.

There is no question the kinds of issues that we are faced with are—we have had a request for new mines status; we have had a sharing of, you know, all of their projections over time, and we have done our own analysis of all of these things. We will take into consideration the number of different things besides the immediate impact of that. There are other things that are, have been over a period of time, agreements to disagree that we would like to get clarified in this present situation. So we are coming down, we are coming close to I think an indication of where we are prepared to go.

It would be helpful, I think, if the city and the school board were prepared to indicate where they are prepared to go because Inco has been very good for Thompson. I mean, it has paid high wages, it has provided a good situation in Thompson for many years for people who have chosen to live there. To be a healthy and sustainable mining community in this world requires adjustments from time to time, and weathering low international prices is the history of all mining communities. So, just as the city of Flin Flon did things with HBM&S—the company dealt directly with the city and the school board—well, Inco is doing similar things in its way in relation to Thompson.

As I say, my hope is that in tandem we will be coming up with effectively what will be a win-win-win for everybody, bearing in mind all of the relevant circumstances that no one is hiding. We have to just determine to what extent each of us within our spheres of influence

and responsibilities can justify to our constituency of people, in my case the whole province of taxpayers.

**Mr. Ashton:** I guess my appeal is on a number of fronts here, for example, the new mine status. I had discussions with the minister. I think that is critical to the Birchtree extension, which is critical to maintaining an underground mining operation at Inco.

The real question with Inco is twofold. One is the overall operation generally, but in reality it is underground mining and of course the surface processing. Very different factors go into each part of that equation. The underground aspect is very much driven by continuing new developments. General exploration has been done, by the way. I am sure the minister is aware of this. There are a great deal of reserves in the area. Going from what is a reserve into a productive mine is quite something else, and Birchtree itself has been in operation, was closed for many years, has reopened. What is critical, I believe, is the rate of return that Inco can get.

One of the key elements is the tax treatment of it. That can mean very differing tax treatments. The minister knows that. I appreciate his comments. I think I understand what he is saying. I will leave that aspect at that other than to urge him to give full consideration to I think the joint presentation he has received both from Inco and the union on that. I am not expecting a response beyond that.

In terms of the situation involved in the grant in lieu of taxes, one of the dilemmas there, the real dilemma is that unfortunately it is not like collective bargaining. As the minister knows, in his previous life, where he has been involved in issues related to collective bargaining and he knows the process very well, you have a situation where at some point in time you have to have an agreement. Each side has certain elements which they can control in terms of sanctions and then strike or lockout. There are various things that can be done in terms of processes to move it along, but in the end there is a quid pro quo. It is essentially under collective bargaining. It is withdrawal of labour on the one hand, as a sanction of the union. The company can withdraw the operation of the

company through a lockout. You have some requirement, if you do not reach an agreement at some point in time, you end up with a very difficult situation in place. Everybody in Thompson knows that this year. It is a contract year so everybody is anxiously awaiting what will happen there and we all wish everybody well.

But it is quite a different circumstance, what we are dealing with in terms of the grant in lieu of taxes, because in essence the grant in lieu system was an agreement that predated the city of Thompson and predated the school district of Mystery Lake, the original structure. There have been various revisions of it from that point on, but the provincial government is obviously the key player in terms of the original discussions. I mean, mining is under the jurisdiction of the provincial government, the original development, and various provincial governments have had to deal with sort of this balance. I accept what the minister is saying, by the way. Inco has played an important part in the community.

At the same time, though, Inco has benefited from a community with full services, a good education system. I am somewhat biased. I graduated from high school in Thompson. I think it is one of the best school systems anywhere. That is part of that trade-off.

\* (1750)

I guess the real difficulty as I see it is that there are not the trade-offs available. I do not know the details of all the private discussions, but essentially we are dealing with a situation of loss of a significant amount of the grant in lieu of taxes, period. That would have a devastating impact on the community. I understand the situation Inco is in, but many of my constituents, and I use this analogy, when I spoke to the Chamber of Commerce recently on this, you know, a lot of my constituents have been laid off from Inco. There have been a limited number of layoffs, but people have left town, especially the contractors more directly than Inco. Obviously there are people that have houses that are still up for sale and you still have to pay your property tax to that point in time whether you are laid off or not.

It is difficult because, as long as discussions are ongoing, I do not want to prejudge what may or may not happen, but I guess one thing I would urge the minister to look at is the fact that the provincial government really has far more say over this. The provincial government in the '50s decided not to put Inco in a situation of being part of the assessable tax base. That is why the grant in lieu of taxes was set up. Other mines are, by the way. I am not prejudging or even suggesting that that would be an alternative in this case, but obviously once you make that decision, that is a decision made by the provincial government.

Local self-government came to Thompson in the mid-'60s. In fact, my predecessor, Joe Borowski, the MLA for Thompson, in 1969 first became known for camping on the Legislature here, became quite a regular at it, and one of the issues was the sales tax. The other one was local government for Thompson, because up until that time it was run essentially by an administrator, a very competent administrator—I actually went to school with his son—but very much the original system, very paternalistic system. Actually, at one time, I believe, the administrator used to—just slightly before my time—go to the train station. This is the time that women were only just barely being admitted to the townsite, and it was just to make sure that the women coming in had a reason to be there, some family connection. You will not see any Yukon stories coming out of Thompson. Well, maybe a few but not officially anyway. It was a very structured community.

What we got in the 1960s was self-government, so in essence the agreements that we are talking about here predate the city and predate the school district and were agreements that were made with the provincial government, and there were trade-offs. Inco provided the investment capital quite significantly, also achieved significant benefits in terms of long-term mining leases that were put in place which had never—in fact, I have read the documentation at the time. They were far in excess of what had happened. So it seems to me at some point in time—and maybe I am sort of prejudging what I can see happening—I think the minister may find that if there is no resolution of this given the huge gap that is in place, the amount that we are

dealing with here and the huge impact that would have on the school district and the city and obviously the significant amount of money that Inco would save from dealing with that. I would like to hope there would be a negotiated settlement, but the problem is it is not really a classic situation, there is not much to negotiate.

I do know from talking to people who have been part of meetings that there have been discussions. I do not know if anyone would describe them as being negotiations, and that concerns me. It concerns me because at some point in time this year we are either going to end up with a major reduction in the grant in lieu of taxes or we are going to end up with no reduction. If there is a major reduction it is going to have a huge impact on the community, a huge, huge impact.

So I am stating this in a more indirect form than I might be saying down the line. I know I have had various discussions with the minister, and he knows I have been more than aware of the discussions, and people on both sides of this, both with Inco, I think, and with the school district and the city know I have been more than aware of what has been going on now since original meetings back in December. I have talked to people directly about it. I know what is at stake. I have not gotten involved because so long as discussions are ongoing that would not necessarily help, it would hurt. The minister is quite aware of the negotiations process, and I think he has played a similar role up until now, but it seems to me that if something does not develop fairly soon, a number of us may have to be involved in some way, shape or form in trying to get a resolution.

My feeling is—and I will put this on the record, and I put it on the record at the Chamber of Commerce—that in order to make Inco productive and competitive, the clearest way to do it is through the kind of levers that the provincial government holds. I understand the responsibility of the minister to the public as well, but in many cases I think we have to recognize we are not in the '70s, we are not in the '80s anymore. It is a different world economy for mining. I know the minister well enough to know that he would agree with that.

We are not in a position where there are excessive resource rents that can be taxed away through mining royalties and taxation. That model applied perhaps when prices were much higher and costs much lower. It does not exist. I mean, even as late as 1988, the province took in, I think, \$110 million; \$120 million in royalties from Inco alone. Those days are gone. I think they are gone permanently. I am an optimist, I think there will be some relative recovery, but recovery may be \$2.75 a pound for nickel not \$4, not \$4.50, in which case, if we are going to make the mine competitive, I do not think it can be done at the expense of the tax base in the city of Thompson. There may be some accommodations that could be made that could help. I am not prejudging that, but you cannot just have one community deal with it.

I point out that the new model we are into, I think, is the basic element of benefit that the province will get from mining by and large will be from income taxes, which are considerable, and from other taxes, corporate taxes, indirect taxes, rather than previous decades in which obviously the royalties themselves would have been quite significant. I do not have to lecture the minister on this, he knows quite well what has happened to mining royalties per se; they have evaporated in this province because of the low prices and the structures in place.

So it seems to me that the model that we are going to be looking at is yes, being competitive, but a lot of those decisions are going to be made at the provincial level. I do want to credit, by the way, some of the moves that this minister has made, but a previous minister once, Don Orchard, who as the minister will probably know, we had some disagreements, Don Orchard and I, on a lot of issues. I mean, I think our outlook on politics was about as different as you could get, but not in mining. He brought in some significant changes on the cost of hydro, the sales tax element, a number of other changes made at the mining taxation level, and I think he made a huge difference in making our mines competitive in the '90s, and I agreed with that. I was the Mines critic at the time.

I guess in a way what I am suggesting is I think the minister may have to look at that. With respect, I look at some of the stuff I have seen in



some other jurisdictions. I have been getting material from Saskatchewan. I realize we are not dealing with Saskatchewan as a competitor for nickel, but we may have to have a review similar to the review that Mr. Orchard made back, I think it would be '93-94, around that time.

I also think that may have to be done in partnership with the mining companies and perhaps the message sent generally that the way to solve the problem is with the senior level of government that does have some financial flexibility, not with local governments. Local governments, I do not believe, can in this case afford the amount of money that is being talked about through the reduction in grant in lieu of taxes. They cannot do it. You have schools; you have to operate them. You have to put teachers in them. Same thing with garbage collection. What do you do? Do you shut down arenas? Do you not collect garbage? There are real limits to what local governments can do and my view as a provincial member of the Legislature, quite frankly, is that they are efficient. There is always room for more efficiency, but I have always been impressed by the city and the school district in terms of the way they operate. So they do not have huge abilities to reduce their costs, so I do urge the minister to consider that.

I think we may, in a very short period of time, have to look at yet again another—and in a way it is sort of accelerating. It used to be you could perhaps review mining taxes every 10 years on a comprehensive basis. We did it in '94 under Mr. Orchard. There has been some change. I welcome those changes under this minister, but we may have to move again because time is moving very rapidly.

**The Acting Chairperson (Mr. Dyck):** The hour being 6 p.m., committee rise.

## CONSUMER AND CORPORATE AFFAIRS

**Mr. Chairperson (Ben Sveinson):** Order, please. Good afternoon. 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 for the Department of Consumer and Corporate Affairs.

As had been previously agreed, questioning for this department will follow in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

**Mr. Jim Maloway (Elmwood):** Yesterday, just before we left off, I think I had asked the minister a few questions regarding private detectives, and I promised to get back to her as to where they were registered. My assistant checked it. It is with the Justice department, the Law Enforcement Services branch. So they register and set rules and regulations for security companies and private investigators. So I guess any questions I have in that area I would have to hold on to for Justice department Estimates.

**Hon. Shirley Render (Minister of Consumer and Corporate Affairs):** I am just trying to find my note to answer a question that the member had left with me. I put it on a sticky and it seems to have fallen off, but it had to do with the legislation regarding amendments to the insurance act, and, yes, the legislation did go through. It went through March 12, I think my note said, and did come into force. This had to do with your questions regarding whether or not heads of companies were going to reap many benefits. I think I had mentioned to you that, no, there was a regime put into place, and certain elements of the regime, one of them was that management was prohibited from benefiting from the company's demutualization proposal. So I just wanted to advise the member of that, but, as I say, I cannot find my note with the bill number.

We can get it for you in half a second here. Yes, here it is. Just for the member's information, it is the federal Bill C-59, an Act to amend the Insurance Companies Act. It was passed and came into force on March 12, 1999, along with related regulations.

**Mr. Maloway:** If the minister has any fact sheets that would indicate what exactly the regulations are, any kind of a summary of the regulations and the legislation, if she could provide me with a copy, I would be most appreciative.

**Mrs. Render:** Yes, what we will do is we will provide you with the package that we have. I

believe it is the press release with the related information.

\* (1440)

**Mr. Maloway:** I would like to ask a few questions concerning the telephone scams that seem to never go away and with reference to project phone busters. I would like an update as to whether this activity is increasing, whether it is decreasing, whether we are getting a handle on the problem, how big the problem is right now, just generally an update as to what the situation is regarding the telephone scams.

**Mrs. Render:** I guess scams have been around from the start of time and will continue to be around, whether it is deceptive telemarketing and mail scams or the scratch-and-win kind of promotions that continue to plague Canadian consumers according to recent phone busters statistics, but, interestingly enough, Manitoba has experienced the greatest decrease in the number of victims who fall prey to these scams.

I guess I will just finish off by saying that the Consumers' Bureau regularly receives inquiries from consumers who are suspicious about calls or promotional mail, but it appears that consumers are, on the whole, alert to the fact that if it sounds too good to be true, it probably is.

**Mr. Maloway:** Mr. Chairman, on page 10 of the annual report of the department, a reference is made to renovation scams regarding the flood, and I believe at the time the minister of the department evidently distributed an information package to flood victims warning about types of consumer scams.

I do remember that at that time and, in fact, even now, because the economy is doing reasonably well and the tradesmen are quite busy, unlike times when the economy is in a downturn, and you can phone a tradesperson or company in the renovation business and show some interest, and they will be at your door in minutes very eager for your business. But when the economy is fairly decent, it is very difficult to find tradespeople because they have a lot of work.

So I know that with situations like the flood, with the sewer backups in 1993 and other natural

disaster situations one sees an influx of people from other provinces, a lot of fly-by-night companies hoping to scoop up a lot of business, and oftentimes what happens is that a company might have a good salesperson working for them who will sign up a lot of jobs, but the work people are not able to take care of all of the jobs, so the result is they end up juggling several jobs and no one is really happy because of that happening.

So what I would like to know is what happened during the flood, the aftermath of the flood, and how did this information package and the whole situation revolving around these scams, how did it develop in the period after the flood?

**Mrs. Render:** I thought I had a briefing note on this and I cannot seem to find it, but if my memory is correct, and I am sure that my staff here will correct me if I am wrong, there was a special committee set up just for flood victims, for their purpose, and, as it turned out, the committee was not needed. There were no problems, so the bureau had jumped in perhaps before need, and, as it turned out, there was no need.

Now, speaking on a more general basis, in 1998-99 home renovation complaints continue to decline. It was a slight decline, but it was a decline nevertheless. There were no major scams as seen in previous years. Last summer, a small group of individuals from out of province were successful in scamming a few rural residences and businesses, but because of the swift response by bureau investigators working closely with the RCMP, those individuals very quickly left the province. I guess it would be correct to say that as a result fewer numbers of individuals were scammed, and a file is still open on these people should they ever return to the province.

**Mr. Maloway:** The minister is saying that in the aftermath of the flood that her department received absolutely no cases at all of scams arising out of flood repair work. If that is the case, that is pretty amazing.

**Mrs. Render:** Yes, the member is correct, we received no cases. Actually, on page 18 of the report, it actually addresses this very question:

To address potential issues encountered by flood victims in the spring of 1997, the Consumers' Bureau took the lead in organizing a special investigation unit which included provincial and federal officials from a number of departments as well as representatives of enforcement agencies. The purpose of this special investigation unit was to deal with unfair business practices or fraudulent activities which might further victimize those homeowners who required repairs to their property following the flood. This proactive approach contributed to the lack of complaints received by the bureau about flood-related repairs and construction. The special investigation unit will continue to be available to flood victims in '98-99 should problems with home repairs be identified.

**Mr. Maloway:** Can the minister tell me where in the annual report will we find the list of the grants that the department gives out? Traditionally, the department has given out two or three grants every year, one to the Consumers' Association, another two, I believe, to the Community Income Tax Service. I am just not sure what the level of grants activity is this past year with the department.

**Mrs. Render:** To my knowledge, it is not in the annual report. I believe it is in the Estimates booklet. Just to follow that up, it is actually on page 28 of the Supplementary Estimates.

**Mr. Maloway:** So the grants that were given then last year I assume are the same? The grants have not increased year over year?

**Mrs. Render:** The member is correct.

\* (1450)

**Mr. Maloway:** Does the minister have a way of determining whether the government is getting value for the grant monies given? For example, in the case of the Consumers' Association, the grant that is provided there, is there any accountability whereby the Consumers' Association submits documentation as to what the grant money is being used for?

**Mrs. Render:** Mr. Chair, yes, I am advised that they are very accountable. They meet with either the deputy or the minister at least once a year, go

over the proposed budget. The department also receives copies of their newsletter which is put out on a regular basis, and either the deputy or the minister attend the annual meeting. If my memory is correct, I just finished seeing in this last little while a copy of the latest handbook put out by the—[interjection] I am mistaken about the handbook that I am thinking about, but, yes, I believe the department feels that the grant money is used appropriately.

**Mr. Maloway:** We get periodic complaints about the high price of food in northern Manitoba, and I wonder if the minister's department has done any recent studies about this problem; well, whether she has any studies about it, whether she has any observations about it and whether she has any plans or solutions to the problem.

**Mrs. Render:** I am advised that this department does not look into food prices. The area that does is the Manitoba Bureau of Statistics which I think falls under I, T and T.

**Mr. Maloway:** I wonder if the minister then would show some initiative here and ask the Manitoba Bureau of Statistics to compile data on food prices in northern Manitoba.

**Mrs. Render:** Mr. Chair, I can certainly ask the bureau to provide me with this kind of information.

**Mr. Maloway:** Page 22 of the annual report talks about a plain language program. I remember when I first got here in '86. Marty Dolin was MLA at that time for Kildonan. One of Marty's major initiatives and drives was to try to translate the laws into English. He was convinced that the public and the consumer were at a disadvantage in dealing with lawyers and governments and just the bureaucracy in general. He felt that, wherever possible—I know that he would bring this matter up in caucus periodically—he wanted to translate all the laws into English. While it had a humorous side to it, the point was that it was well taken, because certainly that has been an ongoing problem. It has certainly provided work for lawyers, more work, and lawyers do have I believe enough work as it is without having more.

Now, over the years I know that the insurance industry has tried to translate its policies, at least included an easy-to-read version. I do not know how well that has worked out, because I have heard conflicting reports on it, that, in fact, it sometimes leaves the consumer more unclear, and that, in fact, the true legal wording is the best way to proceed. But the complaints I think are not great in number. I think most people appreciate the translated English version of the policy documents.

So I would ask the minister just to give us an update as to how this program of hers is working, this effort to develop a more plain-language approach to help consumers.

**Mrs. Render:** Yes, I very strongly agree with the whole effort for plain language. I think plain language is also needed among some of our own MLAs.

However, on a more serious note, I am advised that consumer education is responsible for co-ordinating a department-wide plain language program. I believe Marjorie Simpson, who is sitting right next to me, is really the lead person for working with each of the branches within the department. Each branch each year does pick something to focus on and bring about a change to try to reach the goal of a plain language.

For instance, the Residential Tenancies Branch has taken a look at its procedures manual, which is used by consumers out there, just looking at it and trying to make sure that it is written in plain language. But I guess, on a more general basis, the department has worked very hard to make sure that things like forms and form letters are put into plain language. Staff have been trained to write in plain language, so really it is an ongoing thing within this department and as I say, initiatives are brought up each year so that the idea does not lapse, that each year each branch does tackle one area.

**Mr. Maloway:** Mr. Chairman, I would like to proceed now to the Research and Planning department and deal with a couple of issues in that area that may, in fact, take up the rest of the day. I want to deal with, in no particular order here, gas prices, I want to deal with the lemon

law, and at some point we are going to have to look at the PUB. I do not know when the PUB can be arranged.

**Mrs. Render:** Could I just clarify, may Marjorie Simpson go, or will she be back this afternoon?

\* (1500)

**Mr. Maloway:** Mr. Chairman, I would like to begin questioning in the Research and Planning area and ask the minister how up to date her information is as to the price of gasoline in the city of Winnipeg. My question is does the minister have the latest gas price survey for Winnipeg, and how recent is it?

**Mrs. Render:** To my knowledge, the gas price is 56.5 today.

**Mr. Maloway:** Mr. Chairman, well, just before committee today, I had staff check several locations in Winnipeg at random. What we determined was that Petro Can at 729 Henderson Highway, the price for regular unleaded was 56.5. We checked Shell on Notre Dame. That is halfway across the city, and it was 56.5. We checked Esso on Sturgeon Road. That is quite a bit away, and it was 56.5. We checked Co-op on Logan and Keewatin, and guess what? It was 56.5. We checked Mohawk on Pembina, and you guessed it, 56.5. So what we have here is a variety of companies, we have a variety of locations across the city, and we have identical pricing. Now, what does that tell you?

I might elaborate a little further in terms of competition, because the minister defends the big oil companies and the gasoline business and this government defends them consistently over the years as being competitive. I want to ask her where is the competition here?

**Mrs. Render:** I am not too sure what previous ministers have said. I am not defending or condoning the oil companies at all. I guess what I would say is that I think most people see the oil companies as the bad guy. They look at the price of crude and figure that if crude is going up or going down—well, let us say if crude is going down, then that must automatically mean that the price of gas must go down. I think most people do not stop to think that crude makes up

roughly only about 25 percent of the price of gas, that there are other things that impinge upon the price of gas at the pump.

The cost of crude, as I say, is roughly 25 percent. Taxes come close to 50 percent. Here in Manitoba, we have a 11.5 percent tax. Then there is the federal tax, 10; GST at 7 percent. This city is fortunate that we do not have a municipal tax. There are other costs: refinery, marketing and distribution. Local factors play a cost, so I think it would be wrong to look at the price of crude; in other words, just pointing a finger specifically at the oil companies for the price that we pay at the gas pump.

The member asked about competition. I think it is the nature of the beast whether we are talking about the price of crude or the price of the refined product, in this instance, gas. It is like many things, whether we are talking about, say, bread, where if one outlet drops the price, virtually every other outlet will drop the price. Indicators: I think probably back in Economics 101, indicators of a competitive market, very briefly, it can be put in very simple terms, are that you have to have fluctuating prices. That is certainly the story with gas.

**Competition:** Another indicator of competition is a diversity of retail brands. We do have a diversity. Another indicator is openly posted prices. There is not too many other things on sale that have their prices posted in big high letters.

That is not to say that I, myself, like paying a high price. I am a consumer so I am not any happier than the member is if the price of gas goes up, but I think we have to be careful about simply pointing a finger at one particular source as the cause of our agony over having to dig deeper into our pocketbook.

\* (1510)

**Mr. Maloway:** So does the minister agree then that there is competition in the retail gasoline field in Manitoba and in Winnipeg?

**Mrs. Render:** Mr. Chair, yes, there is competition, although I know exactly what the member is getting at. I guess the problem is the

fact that what one does, quite often the other does, so it looks as if there is no competition. However, there is evidence of competition. I am sure the member knows that some stations offer coupons and other lures to come in to fill up at that particular station. There is at least one, if not more than one, retailer who very regularly drops the price at the pump each Saturday, or Saturday and Sunday, to bring customers to his pump. So, yes, there is competition.

**Mr. Maloway:** Then what is the minister's observation about her predecessor, Mr. Ernst's comments, then, that the retail gasoline industry in Winnipeg and Manitoba operates as a cartel? Those are the words he used when he wrote a letter to the federal minister asking for an inquiry into price fixing in the gasoline business.

**Mrs. Render:** Well, not having seen the letter, I cannot comment. I can advise the member that over the years I think consumers in all cities have asked the question, are we getting ripped off? I suspect that virtually every minister—I know that not all provinces have ministers of Consumer Affairs but whatever minister looks into this kind of thing, there have been innumerable government inquiries over the past 20 years.

Most recently, the federal government, Industry Canada, I believe it was, the Competition Bureau has conducted a number of studies in the 1990s, as well as various provincial governments have conducted studies, British Columbia, for one, Newfoundland, Nova Scotia, New Brunswick, just off the top of my head, and those studies showed no signs of collusion, no evidence suggesting that there is a national or a regional conspiracy to limit competition.

I think that any of us who have been reading the financial pages over the last year or so have certainly seen a lot of articles talking about misery in the oil patch.

**Mr. Maloway:** That is absolute nonsense. The fact of the matter is that Minister Ernst knew it well, that if you go out and talk to anybody who works in a gas station—and I have had occasion to do it, and they have told me exactly how it works, that they get a phone call. It is done over the phone, from head office. It does not matter what company it is, and they are told to raise the

price, raise the price or lower the price, and they do this in concert. So, you know, in any other industry this would be viewed as collusion and price fixing and would be actionable.

Let me give you some examples. Certainly in the travel business at different conventions, I believe even the ACTA conventions, I can recall more than once the speaker being cautioned to let us not go any further in this discussion because somebody might be in the audience with a tape recorder and might misconstrue the comments as advocating collusion and violate the price-fixing laws. Also, in the travel business, I know of cases where people have talked to other agencies about getting together and setting a price and being very careful about doing it because they are worried about what the federal government might think if they were to find out.

I believe in the insurance business that companies can get together, representatives of the companies get together informally in certain unnamed locations downtown in Winnipeg here for a little discussion, a little managers' meeting. They talk about rates and stuff like that, areas of common concern, but nothing would be put in writing about this because it may violate competition laws.

So, clearly, this issue certainly has been studied to death, there is no doubt about it, but perhaps some of the laws need changing. For example, for many years in the United States the government was unable to get a handle on organized crime, and it was not until about 10 years ago, when the Americans passed the RICO laws basically where it was allowed that being part of a criminal conspiracy allowed the authorities to take action and put these people in jail, that they were, in fact, successful.

The result is these RICO laws have proven so successful that, in fact, a big chunk of the American mob are behind bars right now, and this is happening right here in our own province where now we have new federal legislation, and guess what? We have members of the Manitoba Warriors now behind bars awaiting trial. We now have massage parlour operators as of yesterday. What do you think they are being

rounded up under? These new laws which deal with criminal conspiracy.

So, clearly, the law that currently stands has allowed successive governments and successive studies in gas pricing to say, in a very narrow technical way, that the companies are not price fixing even though we all know they are. So, clearly, some legislative amendments are probably in order to deal with this issue, but, first of all, I think, you have to recognize the problem, and Minister Ernst did. Now, I guess it did not get him anywhere ultimately. He is not here anymore, but I have to admit that out of all of the different ministers that I have seen in this department over the years, on this one issue, in my opinion, he was dead on in his analysis. While he did not, ultimately, do anything, he at least sent a couple of letters to Ottawa clearly outlining the problem, and he called it what it was. He said it is price fixing, pure and simple.

I invite the minister to look through his files, and certainly your Research and Planning staff must have copies of these letters. But no other minister other than Minister Ernst did make any, I believe, honest effort to pursue this issue. I would like to know what the minister's comments would be on Minister Ernst's efforts.

\* (1520)

**Mrs. Render:** Mr. Chair, well, that is perhaps a moot question whether the Competition Act needs to be changed. I am not too sure whether the member knows that there was a conviction against a major oil company within the last decade, a company that was trying to dictate price to an independent retailer. Now again, I think it depends whether the retailer—there are various ways to get your gas, whether it is a franchise operation, whether you are independent or not. Certainly if you are an independent retailer, then the big companies have no right to make the phone call and tell that individual what to set his price. If the member opposite has proof, then I think he has an obligation to either bring it to this department and we will forward it on or he can alert the Competition Bureau under Industry Canada.

**Mr. Maloway:** Mr. Chairman, well, the member knows full well that what happens in a

case like that is the whistle-blower ends up getting fired and nothing happens at the end of the day. That is what happens. In fact, I have run into a number of cases where people have—and I am not talking about people who are currently working in the business necessarily either, although there are a number of those. We are talking about people who have retired. I have talked to several franchisees who were retired from the business. They have told me how it works, and it is consistent. Each and every time it is consistent. Nobody has a different story here. It is the same story every time. So you cannot tell me that the Competition Bureau and this government and this minister do not know that price fixing is occurring.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

But just to point to examples of where the federal government has looked into the problem and saying, well, we cannot do anything because under the narrow law that is there right now they are judged to be not price fixing when, in fact, they move their prices in concert constantly up and down is no excuse here. The minister should be making representations at her ministerial meetings, and the government should be making an issue of this travesty that has been occurring in this province and this country for many years.

But what do we see? We see basically indifference on the part of the minister, indifference on the part of the government, basically just worshipping the free market. That does not make sense to me, particularly from a government in a province where we do not have a lot of oil resources. I mean, I could understand it coming from the Alberta government, because in their case it would certainly be self-interest, but certainly not the Manitoba government.

**Mrs. Render:** Mr. Chair, I was going to let the member opposite finish his comments, but I guess I cannot let his comment that I am indifferent slide by without making a comment.

I take exception to the remark. I am a consumer. I do not want the price of gas to go up any more than he does. I would say that within days of my being appointed minister, I

took the step to immediately call all the heads of each of the major companies to come in and visit me. So, as I say, very shortly after I was appointed minister, I met with representatives from the Canadian Petroleum Products Institute, Petro Canada, Esso, Shell. I also talked to Professor Costas Nicolaou. So "indifferent" is not a word to apply to me. As I said, and I will say it again, like everyone else in this room, and I suspect in the city, I do not want to pay any higher a price than anyone else. So I would just put that comment on the record.

I would also like to say that there is a major study that will be undertaken by the federal government on this very issue. It will likely be up and running by the fall. It will be a steady, long-term study, long term in that it probably will take a year to complete. The province will be having input, as will all provinces to my knowledge have input to this study, because it is a question, as the member has recognized and as I certainly recognize, that comes up every single year. It sort of resurfaces every time there is a long holiday weekend coming up because I think consumers sort of anticipate that the price of gas may go up with the first spring holiday weekend and once the summer starts.

So, as I say, this is a concern. I think every single government, and it does not matter what stripe of government—I remind the member opposite that it was his government that initiated a study that asked one Professor Costas Nicolaou to study this. The professor brought in a study, and nothing was done with the study. So, again, I just want to put that information on the record.

**Mr. Maloway:** Mr. Chairman, does the minister believe that price fixing does occur in Manitoba in the retail gasoline business?

**Mrs. Render:** I guess I would have to say that it is a hypothetical question.

**Mr. Maloway:** It is not meant to be hypothetical. I mean, the minister can have her own opinions. I am not asking her right now for the opinion of her caucus or her government or her research staff or anyone else. I just ask for her opinion.

In the case of Minister Ernst, he came at it with the approach that there was price fixing. Other people perhaps—and I do not want to suggest that Minister Radcliffe did not, but my guess, having talked to him, was that he actually did not believe there was price fixing, but he was prepared to do some studying of the issue.

That is really what I am asking. Do you come at the issue believing that there is price fixing and that you do or do not want to do something about it, or do you come at the issue believing there is not any price fixing and you will or you will not do something about it? I just want to know, do you believe there is?

**Mrs. Render:** I will simply answer that question by saying that once I see the results of this study, I am certainly prepared to look at it. Once again, I will repeat that I want to make sure that the prices that are at the pump are fair prices and fair to everyone. I had somebody rap my knuckles when we were discussing this on a very casual, social kind of occasion, and he reminded me that for every person who complained about the price at the pump, that individual, either through RRSPs or mutual funds or something, probably was some sort of a shareholder of the oil companies, and oil companies do have an obligation to their shareholders.

So, as I say, I need to look at the evidence. I am not about to say one thing or the other just on emotion. As I say, like most of us, if the price at the pump goes up, my emotions kick in rather than my brain, and I want to point a finger and say the blame is all in one particular direction.

I need to see more facts, and I will be most interested in seeing the results of the federal study. Again, I am repeating myself. This is a question that comes up constantly. The federal government is doing something about it, and we are participating in this study.

\* (1530)

**Mr. Maloway:** Well, I will take that as an admission that you do not believe that there is price fixing but that you might be open to change when you see some better evidence.

**Mrs. Render:** Well, again I take exception to the member opposite. He is putting words into

my mouth. I am simply open to look at the facts. I am not prepared to make a comment when I do not have all of the facts in front of me.

**Mr. Maloway:** I am interested in some of the studies that Minister Radcliffe before he left announced I believe last fall, basically just an attempt I think to buy some time because that is convenient. It gets you over the bad periods, gets you over the humps. Oh, well, we will study it. Then when nothing happens, you study it some more.

I would like to know where are his studies? Where are Minister Radcliffe's studies on this gasoline issue that he promised last fall? Where are they?

**Mrs. Render:** I think the word "study" has been taken out of comment. I believe the previous minister simply said that he would look into it. The word "study" to me gives the implication that there is going to be a nice fat report. That was not the intention of the previous minister at all. My understanding was that the department was going to check into prices. I can certainly give the member some copies of our prices, but it was not a study in the sense that there is a bound report that I can give to the member.

**Mr. Maloway:** We could certainly dig up our information on this, but Minister Radcliffe gave the media and us the impression and the public the impression that a major study was underway and that there would be results forthcoming, and that there would be a report that we could get our hands on. Now the minister is saying that Minister Radcliffe misled the press, the public, and that really there was no study planned at all.

**Mrs. Render:** Mr. Chair, again I would caution the member for perhaps using incorrect words. The previous minister I do not believe misled the public. He said that he would look into it. Other people picked up and used the word "study."

**Mr. Maloway:** Well, it is too bad the former minister is not here to answer for himself, because I can assure you that he went out of his way to tell reporters, to tell the public that he was conducting an honest-to-goodness study that was going to result in action. In no way was he suggesting that this was just going to be some



monitoring, as Minister Connery used to do, or some price checking, as is being suggested right now.

That is absolutely not true. He conveyed the impression that that was action going to happen here, that he was conducting a study and that that study would be available. So for the minister to say that did not exist right now certainly casts Minister Radcliffe's role in a big cloud.

**Mrs. Render:** Again, I sometimes believe that other people, whether it is a minister or an MLA or anybody's word, takes it out of context and perhaps inflates something. I do not know exactly what words the previous minister said. If the member opposite can actually show me something in Hansard that the previous minister stated, I would be happy to look at it, but I know from experience that sometimes a word that one individual uses, another individual takes that same word but translates it into another word and all of a sudden the meaning has been subtly changed. The previous minister had no intention of leading anybody astray or misleading anyone. He said that he was going to look into it, and the department has done some tracking.

**Mr. Maloway:** I would like to again ask the minister then if she would release the studies that Minister Radcliffe indicated that were ongoing at the time and would be released shortly?

**Mrs. Render:** I wonder if the member would clarify what he means by "release what was ongoing." What was happening then?

**Mr. Maloway:** Minister Radcliffe told the press and told the public that he was studying the business of high gas prices and that he was going to be presenting a report on the subject with the intention of taking action, and his time frame for this was some time last fall. He did this on a couple of occasions. Had I known that there would be some dispute on this point, I would have had the press releases pulled and the information pulled, and I would have had it here right now.

I assumed that I would come here and that I would get the reports presented, they would be ready by now, and we would have copies of

these reports just simply by asking the question. If it means that we have to come back another day, I am certain that will not be a problem with us or with the minister and her department, but I would like to get this matter clarified as to how far Minister Radcliffe intended to go. Because if the minister is saying that he was simply doing nothing more than blowing smoke, then that reflects badly on him, and I do not think he meant that at all. I think he was fairly honourable and honest about his intentions. I know that he saw things differently than Minister Ernst in the sense that Minister Ernst said there is price fixing going on. I want Ottawa to do something about it, and I am prepared to fire off some letters in support of my contention, my belief that price fixing is occurring.

Minister Radcliffe was somewhat more free market and somewhat less inclined to believe that price fixing was occurring, but he was prepared to do the studies necessary to determine what sort of course of action he should take. If he had no intention of doing or presenting anything or following through, then why would he make these suggestions to the press and the public? The department has to have something. He has to have ordered something to be done and the results have to be there.

**Mrs. Render:** Again, I think the member will acknowledge that quite often what is reported in the media is not exactly what has always been said. My understanding was that the previous minister asked the department to look at the cost of crude and look at the cost of gas. He was asking the department for advice, looking for advice as to what should be done.

When you look at these things, you do not necessarily get a bound report. This takes time; it takes money. I happened to be appointed at the beginning of February. I stepped in at that moment. I believe the previous minister's next step was to meet with members of the industry and that is exactly what I did. Just because the newspapers reported a study and gave the implication that there was going to be a study with lots of paper and some kind of a visible report that could be handed out, that was not my understanding when I came on. So I take exception that somehow or other the previous

minister was blowing smoke and mirrors. That is not correct.

**Mr. Maloway:** If that is the case that he did not produce a study like he said he was going to, then even if he has just little sticky notes on the subject, could the minister release copies of these sticky notes or whatever he could have done in his last months as minister? Can we see some evidence that he was doing something about gas prices? Surely there has to be at least one piece of paper available on the subject.

\* (1540)

**Mrs. Render:** Mr. Chair, I am advised that there was an oral briefing given to the previous minister, but the department had not finished looking into things. So whether or not the previous minister had any pieces of paper, any stickies, I am certainly not aware of them.

**Mr. Maloway:** Mr. Chairman, this whole process then really leaves a sad reflection on the former minister's last days in office, if that is the case, because he gave the impression that he was going to do something and conduct some studies, and he obviously did not do it.

**Mrs. Render:** Mr. Chair, the previous minister said that he would look into the matter and he was looking into the matter. He did not complete things because there was a change. I think the member also has to remember that ministers have a multitude of things on their agenda, and it is not just a one-issue department. As I say, I came in practically in the middle of it and picked up where he left off, so for the member to imply that the previous member did not do anything is unfair. As I say, the inquiry into it was not complete when there was a change in ministers.

**Mr. Maloway:** Will the minister now undertake to conduct a proper study to attempt to determine whether price fixing is occurring in Manitoba?

**Mrs. Render:** I believe the member asked me if I would look into price fixing. Was that his question?

**Mr. Maloway:** Yes.

**Mrs. Render:** And, again, I would say that that is not something that this department is doing. The federal government is going to do a study, and I would suggest that we wait for the federal government to conduct the study. We do not regulate the price of gas. This, as I say, will be done right across the country by the federal government. They will be studying this issue.

**Mr. Maloway:** Mr. Chairman, could the minister inform the committee then as to when precisely this committee will be hearing? Is it hearings in Ottawa? Will they be travelling around the country? What is the composition of the committee? Who is invited to make representations? What is its time line for reports? What date will its report be available, and what is the potential or options for action once the report is complete?

**Mrs. Render:** I believe that the study does not get underway until September, and it will take approximately a year. The terms if the study are being developed right now.

**Mr. Maloway:** Fine. So there is the minister's opening then, to get the research department busy and develop some terms of reference that can be presented to this committee as a suggestion to them as to how they should proceed. I have no interest; I do not think the consumers of Manitoba have any interest in another whitewash study to get politicians of any level off the hook, whether it is the provincial minister who is facing an imminent election or whether it is the federal government that is facing an election. Tell me now, what is the point of spending thousands and thousands of dollars of taxpayers' money on yet another useless study into this problem, given that there have been literally dozens of studies over the years, when, in fact, what appears to be the solution is probably toughening up the Competitions Act and making it tougher. I got into that a few minutes ago about how the RICO laws in the United States changed things when it came to organized crime, so perhaps that is part of the solution, so has the minister determined that this study has any hope of accomplishing anything?

**Mrs. Render:** I think perhaps the member has said two different things here. He wants me to

do a study, but on the other hand he is asking the question as to whether a federal study would accomplish anything.

First of all, I do want to clarify that it is my understanding that the federal study is not looking into price fixing. That is an offence under the Competitions Act. What the study is looking at is the whole industry and how it works. It will be looking at the structure, why different locations have different prices. So, as I say, I just do not want to lead the member astray, and there may be comments coming out on that particular aspect, but the study has not been set up nor designed to look at price fixing. They are looking, as I say, at the whole industry and how it works.

And, yes, I would hope that this study will accomplish something. As I have said, certainly the industry has heard from me. I have met with the industry. They know that I was extremely unhappy with the price of gas. We are in contact with the industry. I suspect that the oil companies have received many phone calls. I would hope that the study by the federal government is going to be asking some very hard questions and, hopefully, when the member and I meet again in another year, I might be able to provide him with some more details, although I think the study will take a year so. The member and I may have to meet in two years time.

**Mr. Maloway:** On the surface of it, it sounds like another whitewash to me because, if the fundamental problem is price fixing and the federal government is going to have a study that does not include price fixing, then where is the hope that anything good will be accomplished out of this? Where is the provincial government, as a component part of this country, where is its voice in making representations to the federal study to try to change the course of the federal study before it gets underway?

Clearly and surely the minister would see some value in making representations to the federal people at this early stage and say that, you know, if you want our co-operation and our involvement in this study, we demand that you look at price fixing, that it be included as a component in the study.

Otherwise, what is the point of doing the study? What are we trying to accomplish by the study? I think we are trying to find out, is there price fixing or is there not price fixing? That is what we are trying to find out. You are saying the study is not even going to deal with the issue.

**Mrs. Render:** If there is price fixing, that would be determined by another area of government. Those complaints should go to that particular area of government. That particular area of government has done a number of studies.

I guess perhaps a question that has not been asked, an assumption has been made, and I do not know whether or not the assumption is correct. This is why I was not prepared to give an answer to the member earlier. We do not know that the problem of high gas prices is because of price fixing. What happens if the price drops and everyone has a low price? Is that a problem? I think the member is perhaps not totally correct when he said, if you do not look at price fixing, what is the point of the study?

I think you have to look at the whole structure because, as I say, if the price drops and everybody has a low price, there are going to be no complaints. It is not a matter of the price, it is a matter, is the price a proper price or is the consumer being taken advantage of?

\* (1550)

*Mr. Chairperson in the Chair*

**Mr. Maloway:** Would the minister endeavour to provide us with the terms of reference of the committee so that we can see what this committee is attempting to do? We have had no indication from the minister as to what this committee is going to do. All we know is that it is not going to look at price fixing. Well, if it is not going to look at price fixing, then what is it going to look at?

**Mrs. Render:** Yes, in answer to your question, we would be happy to provide you with that kind of information as soon as we receive it. I do not see any reason why we could not.

**Mr. Maloway:** Mr. Chairman, it would be I think our suggestion to the minister that when

she gets these terms of reference and when the department looks at it that they attempt to make some sort of a conclusion as to how valuable the study will be, and that if they feel that it needs some strengthening that they, in fact, take the initiative and suggest that it be expanded to include price fixing and/or any other section.

*Mr. Peter Dyck, Acting Chairperson, in the Chair*

I do not buy the argument that only the Competition Bureau can look at price fixing, because they are looking at it from the narrow point of view that the current legislation covers. Perhaps this committee that is looking at it right now is taking the broader view and, in fact, may be looking at the advisability of changing the Competition Act and the competition legislation. So maybe that is where we have to look at addressing the problem. If that is part of the terms of reference of the committee, then that might be a credible way of proceeding, as well. So I am concerned that when the minister gets the terms of reference that her department take a look at how they might improve the terms of reference for this committee.

*Mr. Chairperson in the Chair*

**Mrs. Render:** Mr. Chair, yes, I take the member's comments as he has made some very valid points.

**Mr. Maloway:** Mr. Chairman, regarding studies closer to home, I wonder if the minister has thought about updating the study that was done by Dr. Nicolaou in, I believe, 1987, a time, by the way, at which while correctly she points out that a previous government was in office, the fact of the matter is that the report really did not come out until the dying days of the government, and, in fact, there was really not an opportunity to act on the report. So while technically she is correct that we did commission the report and technically she is correct that we did not act on the recommendations of the report, the truth of the matter is that there was not really a lot of time between the time that her government took over and our government left.

So with that in mind, given the report is now 12 years old, I wonder if the minister has looked

at some of the recommendations of the Costas Nicolaou report, and since she has met with the author of the report, whether she could tell whether any representations have been made by the author to her to provide an updated report or whether she has considered updating the report.

**Mrs. Render:** Mr. Chairman, my understanding is that the report did come out in 1986, not in the dying days. I guess Professor Nicolaou himself has said that it is not updated, and a lot of his own figures are not valid anymore. In answer to the question would I update it, I guess, there is a philosophical question here as to whether or not it should be updated.

I guess the philosophical question is does this government believe in regulating the price of gas, because essentially that is what Professor Nicolaou's model does. Even though he is on record and said to me that he does not believe in regulation of gas, in essence, that is exactly what his model does do. It is a very interesting report, very interesting in theory, but sometimes theory does not work out in practice.

For instance, when we talked about the government-owned stations and the fact that government would set the price of gas at these particular stations, we asked whether it would occur only in Winnipeg or right across the province, and Professor Nicolaou said only Winnipeg, so right there we have a problem. What happens to northern communities? Do they pay a different price, perhaps a higher price? That was not part and parcel of his report. There were a number of things in the report that I do not know that this particular government would agree with. First of all, you have to have a capital investment. Somebody has got to build those stations. I do not know what that capital investment would be, \$5 million, \$7 million. Are these simple gas stations, are they open 24 hours a day? Professor Nicolaou suggested that the gas stations would only be up and running for as long as it took to get the big guys to drop their prices.

Who is going to want to come in and put down money to operate a gas station that might run only three weeks at a time before they were out of business? How would you ever operate a viable business in that manner? There were a lot

of questions that I asked that were not answered. Professor Nicolaou said that he did not want to put the big companies out of business, yet his model talked about a proper price. So I come back again to that question of regulation. In essence, a proper price is a form of regulation, a form of price control. He talked about governments setting an acceptable margin. His margin in 1986 was 5 cents a litre.

Well, as it turns out, Winnipeg has one of the highest operating margins across the country, and there are many local factors that have to be taken into consideration. As the member well knows, we do not have any refineries here in Manitoba, so we have transportation costs. But, again, getting back to his concept of these government-owned gas stations, somebody has to come up with the capital to build them. That somebody is government. So is the member suggesting that the government take money from another department, say such as Health? But, as I say, somebody has got to come up with that money. Who is going to run them? That businessman out there is not going to come up with the capital to build them, and what businessman is going to run an operation that might only run for a few weeks before it was going to be shut down?

\* (1600)

**Mr. Maloway:** Mr. Chairman, my question to the minister actually was did Dr. Nicolaou, Professor Nicolaou, offer to update the study, or did the minister offer the professor the opportunity to update the study?

**Mrs. Render:** Yes, Mr. Chair, if our memory is correct, the professor did say that he would be happy to do further work but that implies a cost. As I say, he did acknowledge that his numbers were out of date and there were certainly changes since he had done the study.

**Mr. Maloway:** I thank the minister for the answer. That was what I was interested in knowing. I recognize what the minister says about some of the conclusions and recommendations of the study as being largely impractical. When asked, I have never said that we should be getting into the gasoline business and so on. I have taken a different approach to it and

suggested that we look at bringing gasoline in through different sources and that is through the Port of Churchill.

Right now the problem that you really face here is that you do not solve it by, I do not believe anyway, playing around with the markup in retail gasoline. It is a very good exercise to set up gas co-ops. Thompson has a very successful gas co-op. I gas up there regularly when I am in Thompson. In Brandon they attempted a gas co-op there a number of years ago. There are a number up North and where practicable that is a very good solution.

I think the department should be encouraging co-op gas bars wherever possible, but you have to understand that what you are dealing with when you are dealing with a co-op gas bar or a retail gas station is you are dealing with the markup. That is all you are dealing with. You are dealing with the possibility that one station can reduce its price over another and cut into its operating revenues and cut into its profits. Ultimately, that does not solve your problem.

The only way to solve your problem is follow the trail back to the source of the gasoline. Unless you are prepared to drill for oil in Manitoba or have some big discoveries here for oil, or unless you are prepared to buy some oil wells in Alberta or buy a refinery, and you would have to take action at all those levels, you would have to have some oil wells and a refinery, then you could really solve the problem. In the absence of doing that, because I do not detect this government or any government will be willing to do that, then one has to look for an alternative distribution system.

Since the pipelines and the refineries are all controlled by a couple of companies, the only solution is to look for another way of bringing the gasoline in. So either you do that from the south or you do that from the north, and we have looked at the southern possibilities. The minister will know that during the Gulf War in 1991, an independent entrepreneur brought in tankers full of gasoline and sold them through a station on Pembina Highway and undercut the price, and it could only do that because the price of gasoline was cheaper in the United States,

through the pipeline in the United States, but that is not always a reliable way of doing it.

So the other solution if you cannot go east or west, and south is not that reliable, then let us look north. When you look north, you find the Port of Churchill. You find a railway that has now been privatized and is run by Denver-based OmniTRAX. It is looking for opportunities. The Port of Churchill needs development, needs business and there is a huge tank farm up in Churchill. In fact, the minister should know that at the current time, that tank farm is used every year. That tank farm is used for storage of gasoline that is brought in, stored there and taken—where?—not south but taken north. So Churchill Tank Farm is supplying northern communities, I believe, Rankin Inlet and other places north.

All I have said is why not look at the possibility of diverting some of that product and bringing it south. You have a railway link, OmniTRAX is prepared to do business, and why could they not be taking grain products up to load them on ships and bring gasoline back down? The concept is really nothing short of trying to flood the Manitoba market in an effort to drive down prices. So if you could establish a reliable source and a reliable route through the Port of Churchill, you would increase the Manitoba activities, jobs and economic growth up north. You would put a lot of pressure on the refineries and the whole petroleum chain that currently exists right now, and that to me would be the most painless way of approaching the problem.

I would like to know what studies the minister has done, this planning department has done, in this whole area because I have asked that this be done over two years ago now. I think it will be three years this August when we wrote letters to OmniTRAX. We wrote letters to the minister. We said let us look at this as an alternative because price regulation of gasoline has not been proven to be effective in other provinces where it has been tried in the Maritimes.

Government buying gas stations does not necessarily sound like the most brilliant idea to come across the table, and other suggestions.

Gasoline co-ops I have already said are excellent ideas, but they do not ultimately solve your problem, because all you are doing is dealing with the retail price and not the wholesale price of the product. Why cannot we look at this as almost an economic development sort of initiative, and why do we not have some studies to show that this is feasible or not feasible?

I have been up in Churchill. I have met with the mayor several times now. The mayor thinks it is a wonderful idea, and I guess he would. If I was the mayor of Churchill, I would think that too. As an MLA, I think it is a wonderful idea, as well, but I am waiting for somebody to show me why this is not a good idea. Even Costas Nicolaou agrees it is a terrific idea. I did not get the idea from him, but he said the idea as well, so it is not as if this idea just sort of came around one day. It sort of evolved over time as sort of an effort to find a solution out of the problem rather than banging our heads against the wall and complaining. I am getting sick and tired of doing press interviews about high gas prices and someday we may have our roles reversed, and I do not want you sitting over here telling me, going after that planning department saying where are all these studies. I do not look forward to that at all.

I would like to know what you are planning to do about this as it relates to the solution that I have been talking about here.

**Mrs. Render:** I am not too sure that I quite believe the last part of the member's sentence. I am sure he would like to see the roles reversed. Interestingly enough, Churchill has captivated the minds of various Manitobans from the early part of the century. As the member opposite knows, I am an aviation historian in my other life, and way back in January 1926 the federal Department of Railways and Canals put out a tender to see whether there would be any airways company in Canada that would airlift some material into Churchill to see about the viability of Churchill as a port to use it for entry purposes here into the province. Just a little piece of history to get away from gas talk, all this gasoline price talk.

There was a company here in Manitoba that undertook to fly in many tons of equipment

including explosives the first time that explosives had ever been airlifted in the world. That company was called Western Canada Airways, and it was formed right here in Winnipeg. It took off right at the end of Brandon Avenue on the river there, and it is called the Churchill Airlift. The studies that were performed that spring made the federal government realize not only the importance of using aircraft in peacetime, but also really opened up the idea of the potential of Churchill as a northern port for this province to distribute products.

Unfortunately the question seems to have hung many times, and whether or not Churchill has been utilized to its full benefit could probably be another discussion of many hours length. I will acknowledge that what the member has put on record, again, some very, very valid points. I think the key question, though, is how feasible is it to use Churchill as a port for the shipment of products through Churchill and fanning out through Manitoba and then possibly being distributed east and west.

Just so that the member does not think that all of his questions have been for naught all of these years, although I would not like to give the impression that it was the member who initiated this particular initiative, I will advise the member that, as a matter of fact, there is a memorandum of understanding between Manitoba and the Northwest Territories, Nunavut. There is a working group that is examining the feasibility of fuel shipments through Churchill and looking at various transportation issues of interest to both Manitoba and Nunavut.

\* (1610)

**Mr. Maloway:** I wonder if the minister could clarify that statement a little bit further. Does she mean that the committee is looking at sending gasoline north along the OmniTRAX route to Churchill and further north, thereby cutting out the ships that are bringing the gasoline in at the moment, or is she talking about what I was suggesting, and that is that they would continue to bring gasoline into the Port of Churchill, and rather than just shipping it all north, that they would divert some of it and ship some of it south?

**Mrs. Render:** My understanding is that the fuel could go either way. Probably what I should suggest to the member is that this is not something that this department is involved in. The member might like to talk with Manitoba Highways, because I believe they are the ones that are directly involved. So my answers are, I just do not really have the answers to any sort of in-depth kind of questioning. I really just wanted to let the member know, because I knew he was interested in Churchill, it appears that Churchill has once more resurfaced and done more than resurfaced. It is actually back on somebody's agenda to be talking about it.

**Mr. Maloway:** Perhaps if the minister could endeavour to obtain more documentation on this from the Highways department, because there is no guarantee that I will be able to get to Highways Estimates. I have another set in Government Services after these ones. So if she could make a note of trying to get, she will probably have a better chance of getting documentation from the Highways department than I will in the first place, if she could use her good offices to obtain this information.

I do not expect miracles overnight here. If the first year they can simply upgrade the tank farm and ship a few carloads, I would be happy to see just a few carloads shipped south just to prove that it can be done. If it can then, there is a market for it. I can see some expansion of it going. I mean, Manitoba is in a situation where we have to use whatever advantage we have got. We do not have these oil wells. So if we can use the port, we solve a whole bunch of problems. We solve problems for Consumer and Corporate Affairs, we solve problems for the Highways department, and we solve problems for northern Manitoba all at once. It is a win-win-win solution if we can come up with something.

Another solution, and I guess I do not lie awake at nights losing sleep over oil companies and stuff like that. It may sound like I do, but I do not. I do think that the ultimate revenge of the public against the oil companies will be the day when we can get off oil. So I have taken an active interest in the electric cars, yes, and the hybrid fuel system, Ballard bus, and so on.

In the Government Services Estimates in the last couple of years, we have talked at length about how we could start phasing in alternative-type cars into the fleet. The former minister, the ex-MLA from Portage la Prairie—there have been so many of them in the last few years—when he was Minister of Government Services, had adopted just a pure free-enterprise approach. Unless he could save two cents per car, he was not going to make a move. He was not prepared to make any commitment or any adjustments for the environment or anything like this. With him, it just was dollars and cents, and as long as he could save a few cents a car into the future using gasoline-powered vehicles, that is what he was going to do. He had a very closed mind when it came to anything new. I am probably not telling any tales out of school here when I say that.

So I know that the electric vehicles, when I was here in 1977—no, I guess it was '75, when the Schreyer government bought some electric vehicles, a Renault electric vehicle from, I think it was from a company in Minneapolis, and a van. You know, those were days when we were into testing different ideas and so on. They were pretty exciting times. We were a lot younger in those days. I remember seeing the electric vehicles driving around the front of the building here, and the press all out taking pictures of them. At the end of the day, the experiment was 25 years ahead of its time. But, like a lot of ideas, you know, it takes people to develop the idea, and eventually it becomes a normally accepted practice.

But I think the government should be showing leadership and not just reacting all the time. So I know that the electric vehicles have dropped a little bit in favour, but the hybrid-fuel vehicles are starting to show a lot of promise. In fact, I think the first production models will be around in the next year or two, mandated and helped partially by laws in California and, I believe, Arizona, and so on, requiring car makers to produce cars that burn less fuel. So part of our problem may get solved with moves to get off the addiction that we have for gasoline and gasoline-powered vehicles.

The minister mentioned bicycles. I am having bad luck with bicycles this year. I had one stolen right in front of the Legislative

Building, about 25 feet from the steps in full view of the guards and another one stolen just the other day. So I have kind of given up on the bicycle idea. But I am looking at any other solutions—

**An Honourable Member:** Roller blades.

**Mr. Maloway:** Roller blades, the minister suggests. That may be my next solution. But I would ask her to make some comments about that as to what priorities she puts that whole area in when it comes to the whole question of gasoline prices.

I know it is not the answer to tell people to park their cars. That was a solution advocated by some people on the Internet recently, a couple of months ago. They wanted people to stop buying gasoline on one day. I know this is not the correct English word, but that was one of the stupidest things that I have heard lately, that on a certain Friday they said no one should buy gasoline. So that just meant people gassed up on Thursday or Saturday and would give the gas stations a holiday on Friday.

As it turned out, I do not think anybody paid any attention to this one-day boycott, although some would argue that anything that draws attention to the problem is good. So I would like to get the minister to give some comments about just where she is coming from. She is clearly free market. I can see that. She is not red by any stretch here on these issues, but I would just like to know, if she is not exactly red or pink, just where is she coming from.

\* (1620)

**Mrs. Render:** The member has put some interesting comments on record. I wish I could remember the name of the Winnipegger, but I was told, and I am not too sure how accurate the story was when it was given to me, that there was a prominent Winnipegger back just after World War I, who had an electric car. Just so that all of us here do not think that the idea of an electric car is something from the '70s or the '80s, in fact there was one here in Winnipeg. This individual had a special garage built, maybe the member knows and can tell me the name of the person, but he would park it on this very



specially made pad, and during the night the car would be recharged. He had to back it into the garage in a certain position, and apparently it was on some sort of a turntable. Then when he was ready to head out in the morning, it would be facing the door for him.

So this particular Winnipegger was doing his best way back in the early decades of this century to bring in the idea of electric cars. Now, whether his reason was he was hoping to market them or whether he was environmentally conscious at that very early stage of the century, I am not too sure.

But I guess what I can say is that when there are alternatives, competition always increases, so I think the industry itself, as well as others, are always looking at alternate ways of fuelling cars, the same as whether it is cars we are talking about or heat, solar energy.

A number of years ago I can remember when Manitoba Hydro brought in, you know, going all electric was the way to go to heat your house. They brought in new ideas and new concepts on insulation, and you had the various types of foam. Hydro itself had a particular type of foam that it was testing and marketing. If you used this and if you triple paned your windows and if you put foam in your roof and everything was totally insulated, then you were going to save hugely on your heating bills.

So I would say that over the last two to three decades, certainly Americans, North Americans have become far more conscious of the environment, of reducing nonrenewable resources. I would say that probably most governments across the land, and I am saying across the land in a general term, not just Canada, but the United States, work to find alternative sources to the energy sources that we are presently using. I say energy again in the broad sense, not just gas for cars, but also for lighting, also for heating and that sort of thing. So like the member opposite, I think we have to work towards this.

**Mr. Maloway:** I believe the minister is correct that at the turn of the century or at a certain point around that time there were more electric cars than there were gasoline cars. I believe the

person she was talking about in Winnipeg was from Fort Rouge, but I forget the name.

But the point really is, though, that it takes vision to promote these ideas and also a lot of capital, because if you follow Ballard Power Systems in Vancouver, I mean, they had the engineering expertise. The fellow who started it stuck with it. Now he has become partners with major car companies across the world, and the idea is starting to move. That is, I think, probably one of the best solutions, because the by-product is hydrogen and it does not cause pollution, and so on.

But, you see, unless there is a commitment, unless there is some direction from the government, unless the President of the United States, as happened with I think the DBD standard a couple of years ago, issues the order that this is the way the standard is going to be, then there tends to be chaos out in the market and nobody really makes a proper move. So it is up to the government to marshal its forces and lead, I think, by example and not be constantly reactive.

I know it is easy enough to get into that kind of mode, because many years ago I was assistant to one of the Schreyer ministers. I know that when you get in the government you develop a sort of a fortress type of mentality and, you know, the opposition is the enemy and your concern is the next election. That is not why we are here, because at the end of day we find out we get old and we have not really done anything. So our time here, you know, we are just renting space. We are not here permanently, and I think the average MLAs last about—what?—six and a half years, you know. We should collectively try to make as good use of the time as possible, and that I think points to the fact that we should be proactive and not reactive.

So when the current member for Portage la Prairie (Mr. Fauschou), his—the former MLA, the big advocate of the flat earth society. He approached things from just dollars and cents, and he was not interested in listening to any new ideas. As a matter of fact, the previous minister, member Ed Connery, was, you know, for all the gruff exterior that the man had and all the right-wing tendencies that he was alleged to have, the guy was actually a fairly progressive guy in

many ways. So this is what you need. You need people who are prepared to try new ideas, and in this case the government fleet is a good place to start looking at alternative fuel vehicles.

I do not know that the deputy minister has a government car and the planning department has a government car. I do not know how far all these cars go, because it is so many years since I have been around government cars. But I would suggest that maybe as an example the Premier (Mr. Filmon) and the cabinet ministers could do something revolutionary like start driving vehicles that are operating with alternative fuels, or as the minister has suggested, buy a bus pass or ride bicycles. I mean, you know, try to lead by example. Now having said that, I am not intending to follow the minister on a bicycle anytime soon, but I just want to pre-empt a counterattack by her.

In any event, I understand that she is interested in these issues, but the government should develop some sort of a comprehensive attack on the fuel price question. You know, in Europe gas prices are extremely high, very high, and North Americans would just be shocked if they were dealing with the prices that you see in other countries. Of course, one of the arguments that conservationists will use is they will say, well, you know, if the price of gas is really high, then people will not afford to drive, and they will start taking bicycles and roller skates and all sorts of other things. They will start walking and getting in shape and jogging and doing all these other things, right. Clearly, in other countries you have people accommodating to high prices.

So people are prepared to make a sacrifice, I guess, if they understood what the sacrifice was for. So if the Premier (Mr. Filmon) started riding a bicycle or taking the bus to work, I think the average person might say, well, if the Premier can do this, if the minister can do this, if the deputy can do this, all these people, the leaders of the community are prepared to make some sacrifices, well then we do not mind doing it, too. I mean, you know, it is not really that complicated. The minister knows that we can make changes to the gas pricing approach of the government, and people will buy into it if they see that there is some hope of success.

\* (1630)

I would like to leave this area and get on to the area of CAMVAP. I understand that the Planning department is involved in this area as well. Now, by way of background, the lemon laws have become—well, I guess maybe 12 years ago the former member for Riel, Gerry Ducharme, I recall him asking questions about lemon laws, so certainly there were people interested in it that far back.

In states like the United States, Dr. Nowicki I believe in Florida wrote his Ph.D. in lemon laws. So I know people find that sort of humorous or have found it humorous in the past, but the fact of the matter is that it is a serious issue. In fact, lemon laws have spread throughout North America over the last dozen years. Now that is not to say that we have really excellent programs though in all states and jurisdictions. We have some programs that are heavily favoured, favour the car companies, sort of known as lemon law light, I guess, and we have some other programs that really are very onerous on the car companies, and they tend to benefit the consumers.

Florida was, and I have not been following it that much lately, but I used to get their annual reports, and I have been down there and attended some of their sessions in the past, but they were No. 1, and I am not sure that they are right now. But let us assume that things are as they were, and that is that Florida had one of the toughest laws. In fact, they even had lemon law for used cars.

Now what happened was that in Canada the provinces negotiated a national program, and at the time I do not think that—this was around 1990-91, and I know the auto manufacturers put a lot of pressure on the Ontario government of the day to prevent them from bringing in a very tough lemon law. So, you know, I understand how the system works. Basically, the car companies are trying to get into the program as cheaply as possible, get out of the program as cheaply as possible, have as few constraints in their business operations as possible. So I have been somewhat suspicious about the federal program or the program we have in Canada because it did involve all of the provinces

getting together and setting standards. I mean, one would expect that if Ontario were to agree to the standards with all the car companies there that the standards cannot be that high. But I was prepared to give it a fair run, and it has been now, I do not know, four or five, six years that it has been operational.

So I would like to get a report, an up-to-date report, on what is happening with this program, whether it has met or exceeded expectations, what its possibilities are and whether it is satisfying the problems of consumers of Manitoba.

**Mrs. Render:** Mr. Chair, coincidentally, there was an announcement today on CAMVAP, and there have been changes to the CAMVAP program. Most of the changes will benefit consumers. Two of the changes, kilometreage limit on vehicles eligible for the program and an age and kilometreage—what a weird word—limit on vehicles eligible for a buy-back award—something a little different.

Let me just maybe for the member's benefit go through some of the changes. I am reading off the news release. As the member may have been advised in previous Estimates, in 1996 CAMVAP hired an accounting firm by the name of Clarke Henning Company to review all aspects of the plan. It was really an operational review, and identify areas for improvement.

So just as the member was talking about, we can always have things up and running, but the question has to be asked within a short period of time how effective is a particular project or a particular program. So this group was hired to undertake an operational review. They reported back to CAMVAP's board of directors in September 1997, and the report contained several recommendations for improving the program. Now some of the recommendations obviously pertain to administrative matters such as internal processing of applications, but on the whole I believe most of the recommendations pertained to the effectiveness of the program in terms of eligibility coverage and awards.

Now, the main changes are, one, where vehicles are bought back from the consumer by the manufacturer, the consumer will now be

eligible for compensation for charges such as freight and administration fees in addition to the price of the vehicle. So I am sure that the member will be pleased with that particular change. Secondly, where the vehicle is leased, consumers will be eligible to receive greater compensation for their security deposits and down payments, and in addition, the consumer will no longer be required to make arrangements with the vehicle's lessor to terminate the lease. This task will become a responsibility of the manufacturer. So again, a step in the direction of easing the burden on the consumer. Third, a new maximum kilometreage limit of 160,000 kilometres will be introduced. Also, vehicles that have been in service for more than 36 months or 60,000 kilometres are not eligible for buy-back awards but remain eligible for all other CAMVAP awards.

Vehicles owned by businesses will be eligible for CAMVAP provided that the person applying for arbitration is an owner of the business and the vehicle is driven by that person or a member of his or her family and that the vehicle is used primarily for personal use. Vehicles such as snowplows, couriers and taxis will continue not to be eligible for arbitration under the plan.

Something else that I think the member will be interested in is the out-of-pocket expense allowance to pay for towing and taxis and accommodation, diagnostic fees and other incidentals relating to problems with the vehicles will be increased from \$350 to \$500. Again, another change which I think is important is that consumers will be able to bring any person of their choice to represent them at the arbitration hearing. In the past, only a lawyer or a family member could assist the consumer in presenting his or her case.

Also, CAMVAP awards will no longer be confidential. Consumers will be free to talk publicly about their experience with CAMVAP and the result of the arbitration. CAMVAP will post arbitration results on its Internet site later this year.

**Mr. Maloway:** Mr. Chairman, I did not make note of all of the changes that the minister read into the record, but I would like to ask the

minister whether each and every one of the changes is an improvement in the plan, or are any of the changes taking away something that was previously offered.

**Mrs. Render:** Yes, one of the changes that I did talk about, the 160,000 kilometre limit, I suppose you could look at it from a consumer point of view and say that it will have a negative impact, but I think the member will understand that the change was made because once you get into that high mileage area, it is hard to determine whether it is wear and tear on the vehicle or whether it is a defect. So I think that change is certainly an understandable change. I should advise the member that the Consumers' Association of Canada was supportive of the changes.

\* (1640)

**Mr. Maloway:** So could the minister repeat then what was that change? It was from where to where?

**Mrs. Render:** Up until today, there was no limit. So, as I say, I think the member can understand that if somebody brought a car in with 300,000 kilometres and said I have a problem with it, that is a little late in the day. Is the problem because of the defect or is the problem just simply wear and tear?

**Mr. Maloway:** Can the minister indicate who drove that change, whether it was one of the automakers or whether it was one of the provinces, the Consumers' Association? I cannot see it being the Consumers' Association.

**Mrs. Render:** Mr. Chair, we do not have that information.

**Mr. Maloway:** Could the minister attempt to get that answer for us as to who made the representations regarding this change to the program? Could the minister also, while she is checking this out, tell us whether there have been any studies done comparing this program to other programs in the United States? I would like to know whether you have a chart that indicates which states have a lemon law and what the features of the lemon law in each state are.

**Mrs. Render:** I believe that most of the states have some sort of lemon law. I think they vary from one state to another. We do not have a chart stating the various features for the lemon laws.

**Mr. Maloway:** Mr. Chairman, I have great hopes for this minister, and I am counting on her to find out where this program sits with regard to the other programs in the United States and to make efforts to get some changes that will benefit consumers.

I mentioned earlier that in Florida I believe they have already a used car program. So I fail to see how we are ever going to get a used car program in this country if we are already putting limits on new cars in terms of kilometres, if we are already saying that new cars are unlimited, and now we have said they are back to 160,000 kilometres and they no longer qualify. If we are already making changes like that, then how are we ever going to get a program that will apply to used cars, because that is even opening the door even wider?

So I would ask the minister if she would try to do that comparison. It is not that difficult to do. All the department has to do is phone Phil Nowicki in Tallahassee in Florida, and he will fax you up the reports. I do not get the annual reports anymore. So I guess he has taken me off his mailing list, but I used to get them for several years. Perhaps in those annual reports that he has, I believe they do have comparisons right in the annual report. Because they are No. 1; they want to stay No. 1; they are only too happy to do the comparisons and show that they are behind or ahead. But there are a lot of states, Mr. Chairman, that have very, very poor lemon law and that it is lemon law that really is just basically in favour of the company. Under certain circumstances, companies will push the idea themselves because they want to look like they are consumer friendly when in reality they are just simply taking pre-emptive action to keep consumer groups at bay and not having to live with a tougher solution which they will have to do if they do not make the initial move.

So the question is: who is controlling the agenda in the lemon law? We know in Florida it was the consumers who were controlling the

agenda. They were pushing the flag further down the field and forcing changes. I do not get the impression that the Canadian version of it is all that advanced.

**Mrs. Render:** Just for the member's information, and probably he already knows this, this program does cover not only the current year of the car but also four previous years. So in a sense we do have sort of a used car protection here. I just want to advise the member that the president of the Consumers' Association is on record as saying that their representatives, in other words, Consumers' Association of Canada's representatives on the CAMVAP board of directors have worked closely with the industry and government representatives to bring about these very positive changes. I am quoting for the record here the president of the Consumers' Association, and I continue her quote: The Consumers' Association of Canada believes that the changes to the award structure and making the program results more open and transparent will make CAMVAP a stronger and better program for consumers.

I find it interesting that their next objective is to have CAMVAP available to consumers in the province of Quebec. So I would say that CAMVAP is serving the consumers very well.

**Mr. Maloway:** Could the minister give me the name of the Consumers' president? Is this Consumers' Canada in Ottawa or is this Consumers' in Manitoba?

**Mrs. Render:** Yes, this is the Consumers' Association of Canada. The president is Gail Lacombe.

**Mr. Maloway:** When the minister says that it goes back four years, I think what she means is that it is going back four years but for the original owner of the vehicle. Is that not correct?

**Mrs. Render:** I have to ask the member to repeat his question. Was your question that this CAMVAP only applies if it is the same owner?

**Mr. Maloway:** Yes, I was looking for clarification because my understanding is that it applies to the original owner of the vehicle.

**Mrs. Render:** No, my understanding is that it applies to whoever happens to own the vehicle, whether it is the original owner or whether it has changed hands two or three times.

\* (1650)

**Mr. Maloway:** Another big problem with these programs is how the public is informed about them. If you notice the 1997 reports, I guess, that is the latest report I have, the annual report of CAMVAP indicates that there does not seem to be a procedure. In Florida, there is a procedure whereby it is mandatory when the new car is sold that the lemon-law booklet be in the glove compartment and that the rules and the understanding be communicated to the purchaser at the time of purchase. Now, I can tell you that that is just not happening here at all. That is not happening. It is not a requirement.

Just as a test, when I bought a new vehicle November of '95, I waited to see whether I would be given the book and I was not given the book. I was not told anything to this day. I felt good about my purchase and whatnot and not wanting to alienate the dealer, I did not say, you know, where is my book? Why is it not here? I am going to take you to the Minister of Consumer and Corporate Affairs, whoever that was at the time. I just accepted it, but I kept a mental note of it. At no time did anybody—now, later on in the process, a month or two later, I did talk to the salesman. I did ask him, and he knew absolutely nothing. We are talking about a salesman who had been in business for a number of years, never heard of lemon law before. So I do not know what these people think, how they think they are going to promote the program if they do not make it a requirement that it be provided with each new car purchased. Tell me why is that not the case?

**Mrs. Render:** Mr. Chair, CAMVAP does make consumers aware of their existence in a number of ways: a website, distributing the literature on the plan itself through a variety of ways, through the provincial Consumer Affairs offices, through provincial courts, auto dealerships, Better Business Bureaus—I am talking right across the country here, not just Manitoba—the Consumers' Association of Canada and the Canadian Automobile Association.

In addition, all auto manufacturers specify dispute resolution procedures in the operator's manual of new vehicles. According to CAMVAP, for instance, GM and Ford mention CAMVAP by name and provide addresses and phone numbers. Chrysler and some of the Japanese automakers prefer to direct dissatisfied consumers to their customer assistance centres first, while mentioning their participation in a national arbitration plan in their operator's manual. If the customer assistance centre is not successful in resolving the consumer's problem, then the centre directs consumers to CAMVAP.

Over the years, the number of consumers who become aware of the plan through the dealers and the manufacturers has been increasing. CAMVAP appears to be operating well, so perhaps the incident that the member was speaking of happened a number of years ago. I am not too sure whether he mentioned the date or not.

**Mr. Maloway:** Mr. Chairman, I wonder if the minister would make inquiries and after that representations to CAMVAP that if they are not requiring it at the current moment, if they are not requiring that the booklet be given to and explained to new buyers at the time of sale, that that requirement be put in the rules. Would the minister endeavour to determine that and take action on that line?

**Mrs. Render:** The director goes to the annual meeting, and I have asked him if he will bring that up at the annual meeting.

**Mr. Maloway:** That has always been a fundamental point with these programs and certainly one that differentiated Florida from a lot of the others, in that while the programs existed and were in some cases car company friendly, others, like Florida, were consumer friendly and had the requirement that each and every car sold, that the book had to be present, it had to be explained and it had to be given to the person so that they understood that it was available.

The list on the final page of the report indicates the number of manufacturers. I just wanted to make certain that everyone was participating in this. It starts from Chrysler to

Volvo, but I do not know that every manufacturer is in the program.

**Mrs. Render:** Mr. Chair, it is my understanding that the vast majority, virtually all, are involved in the program. There may be a couple that are not.

**Mr. Maloway:** I was just interested in knowing if there were any exceptions to the rule.

I have a case, and I do not usually deal with individual cases, but in this case the person who is involved in this got several thousand signatures and presented them to me, and I would like to present them to the minister and her department for some sort of action.

I wanted to read the letter that she had sent to the Consumers' Bureau on July 28, 1998, and it gives you some idea that not all people are happy with the CAMVAP program and that there are still problems out there.

She said that we bought a brand new '92 Ford Explorer 4x4 in August of '92 from Parkside Ford, 2000 Main Street. The vehicle now has a mileage of approximately 42,000 kilometres. So that does not sound like a lot of kilometres. I do more than that in one year. This was in '92, and she wrote the letter in '98. Still looks like brand new, and they purchased an extended warranty on the truck, and it is still under warranty until August of '98. They have special mats on the floors and towels to cover the seats. The windows are always kept shut. The inside of the vehicle is clean. It is usually parked in the garage. If it is parked outside for a long time, it is covered with a truck cover. If the exterior of the truck gets dirty, it is washed immediately.

Now, they live in a rural area. She claims they do not travel very fast, and they do not drive it all of the time. She says that the truck has been in and been serviced more times than she can count. Antifreeze was disappearing out of the motor. The radiator was replaced. The radio was replaced. There are two oil pan leaks. Throttle sensors replaced. Cruise control wire was broken. Fuses were in the wrong place in the fuse box. Power motor for the rear passenger window was replaced. Module for the

daylight running lights was replaced. Horn replaced. Hubs replaced. Tires not balanced from factory. Battery replaced, and it goes on and on.

\*(1700)

The shocks are worn out for the second time in the front. The back shocks and valves have been replaced but are crooked and wearing abnormally. The moulding rubbers and hinges have been replaced, but the doors still do not line up properly and are wearing down the paint inside the door frames. The steering wheel is crooked and wobbly. There is a crack in the moulding of the dash. When you take out the ashtray, the ashtray is crooked on its slot. Also, the glove compartment box is crooked. Everything is crooked on the truck. The bumpers have rust damage around the holes, indicating the bumpers formerly held fog lights or something similar. The bug deflector cracked by simply driving in cold weather, and two broken pieces do not even line up properly.

There are two shades of white on the vehicle. The roof and the hood look to be white, while the rest of the vehicle, the white has a slight beige to it. She goes on: the white spray paint and the black trim on the doors and hood and back hatch reveal the vehicle has been repainted. When you unscrew the screws on the fender, it is not white underneath, nor is it white underneath the two doors on the driver's side. There is also visible damage under one side of the vehicle, and a mess of silicon covering some kind of repair on the other side. The vehicle does not sit balanced. One side is higher than the other. The area on the dash where the VIN number is located is different from other 1992 Ford Explorers. We have finally located the other VIN number on the frame of the truck, and there are scorch or blow torch marks next to them.

They also have two warranty cards with our VIN number, one from Canada and one from the United States. It is as if the vehicle was produced twice. Another owner's name came up on the vehicle's computer record almost two years ago, and this is when we started really investigating things. Unfortunately, we were unable to track the person down, and we were

receiving mail in our name but at a different address. As it turns out, the people at that address also own a 1992 Explorer, although they purchased it from a different dealership. Their truck was produced in March 25, '92. Ours was April 3, '92. Ours is white. Theirs is green.

They have talked to 50 Explorer owners. None of them have had anywhere near the problems that they have experienced. Now, the vehicle has never been in an accident in their possession, and they have a frame gauge, and the frame is bent. They have never repainted the truck. It still has the factory and dealership decals on it.

**An Honourable Member:** Who drives it at night?

**Mr. Maloway:** I do not know.

We drove the truck off the dealership lot and straight to Ziebart, when they first bought it, to put protective coating over the top of the paint. The truck has been a nightmare. Repairs are done, and yet more problems continue to arise. They have proven to us time and time again that they cannot fix this vehicle, and now we know why. The damage this vehicle has suffered is too extensive.

It was clearly not brand new when we purchased it, and no amount of repair will ever be able to fix it. Besides, Parkside Ford and the representatives at Ford have denied any wrongdoing on their part. Sincerely, Bertha Micholov [phonetic].

She has followed this through now. This letter was to the Consumers' Bureau. She went around and collected petitions. I am going to present the minister with copies of the petitions and would ask her if she could make copies and just return them back to me. I do not have the originals. She has just given me copies of the petitions. But I will read the petition.

She obviously does not think that Manitoba has a lemon law or at least does not have one that is very effective, because her petition says: Manitoba needs a lemon law.

She says: I am fed up with automobile dealerships misrepresenting the vehicles they are

selling, selling damaged vehicles to unsuspecting people, not honouring the warranties on the vehicles they sell, saying too bad when owners discover a multitude of problems with their vehicles, charging Autopac twice the cost to repair parts in the event of an accident so as to increase the chances of a vehicle being written off.

She says the law should be protecting consumers, not allowing huge corporations to get richer at the expense of their customers. Manitoba needs a set of lemon laws that will force automotive corporations to take responsibility for the products they sell.

She has gone to quite an effort here, because she has several thousand signatures. I would like to present these to the minister, and perhaps the minister could investigate this case and get back to me with some possibility as to what the solution in this case might be. I do not know whether she needs a copy of the letter, but I would like to get that back. [interjection] Just the front page maybe of the letter, so she knows how/where to reference. [interjection] No, it has never been presented to anybody. She just wanted me to present it to the minister.

**Mrs. Render:** Perhaps I could the ask the member a question. When did the consumer first start making noises about her problem car?

**Mr. Maloway:** I have never met the complainant personally, but my assistant has been dealing with her on and off now probably for the last—I am thinking it is probably a year. It certainly seems like a long time but it may have been a year, a year and a half. I am not exactly sure, but certainly she has been running around trying to get satisfaction in various different places. I am not sure just all of the places she has been.

I see by the letter, obviously, she wrote the Consumers' Bureau. [interjection] Mr. Chairman, if the minister would like a full copy of the letter, she is certainly welcome to have it. I simply got her a photocopy just of the front page so that would indicate Bertha Micholov's [phonetic] name and the date that the letter was sent. I have no copy of the reply that came from the Consumers' Bureau. What I would like to

know is in this case why would the lemon law not have dealt with the—I am not holding anybody to task here and I am not blaming anybody for not doing anything, I am just saying why is it that you have a woman that bought the vehicle way back in 1992, she went in as an unsuspecting consumer, in good faith put down the money to buy this vehicle and has had nothing but problems with it.

That would be fine if we did not have a lemon law but we have lemon law, so the question is why does it not respond? Is there something inherently wrong with the lemon law form that we have that did not allow this to be dealt with by that form? After all, lemon laws came about primarily to make it easy, so people would avoid lawyers and courts. There has always been a solution to go to a lawyer, spend all kinds of money suing the car company and suing the dealership, but where is a working person supposed to be able to afford the time and the expense of a lawyer? Why should they have to sue, in this case Ford Motor Company and a car dealership who probably have more resources than she does? I would bet on that. Why should she have to do that?

So that is why lemon laws have come about. It is basically nothing more than an arbitration system to keep the whole business out of the courts so we do not run up legal bills, and we do not put people to all sorts of aggravations that they should not be put through. I would say that in her case she has been through an awful lot here. From 1992 this is almost eight years. That is an awful lot for people to go through. So clearly there is something here that has fallen through the crack. I am just wondering whether we can, between you and me, come up with some sort of a solution as to what might be beneficial to this person.

\* (1710)

**Mrs. Render:** Just to be clear, I am sure the member knows that CAMVAP will not cover this particular individual's problem, and I am accepting this information for information because I do not know that we can do anything for it. CAMVAP is not legislation. It is a program that is voluntary, that is put together by the manufacturers. I think all of us know of at



least one person that has had a problem with a car. Sometimes just the threat of taking a dealer to court quite often does what is needed and a customer gets satisfaction, so I just do not want to, as I say, be accepting this material under false pretences.

**Mr. Maloway:** I am certainly accepting of that. I know that is true. I do know that earlier this year, or last year, I am not sure when it was exactly, there was a case involving a vehicle where the Consumers' Bureau solved the problem in no time flat. The person in question in the other case had been dealing with a lawyer and had got no satisfaction from the lawyer, and when upon going to the Consumers' Bureau had the situation resolved in a matter of days. It was perhaps weeks, and this was a case that was equally as old as this.

It was from around 1991 or 1992, so it was several years old, and the Consumers' Bureau in that case obviously took the bull by the horns and went out in this person's favour and went to the car dealership. An offer was made, and it was accepted. The cheque was picked up and the whole operation was done, I believe, it would seem within a few days. It seemed like it was a week and it was done. Now, that is pretty abnormal, I would think, to have those kinds of quick solutions, and that was a situation where it did not seem like there was any possible resolution either.

Obviously, when you have lawyers mixed up in it and they cannot get anything done, you would think that it is kind of beyond repair, right? At this stage, the Consumers' Bureau got involved and it was settled in a week, and the lawyers could not settle for two or three years before. Now, that is one example. I could probably find some examples on the other side, and, as a matter of fact, I can find some examples on the other side where the Consumers' Bureau was unable to do and accomplish what it should have done. But we will deal with the good ones today. We will deal with the bad ones tomorrow.

So I accept that there may not be a possibility of help here, but certainly if the minister takes over this file, takes a look at it, and tries to help this poor woman out of her

dilemma that she is in right now, then perhaps she will be happy at the end of the day. But I would imagine she is probably scarred for life based on her experience with this vehicle.

Now, I have a bunch more. I have a bunch of files that, well, they are quite thick actually. I did not bring them today, but they are similar sorts of problems that people have had. At a time when you have a lemon law, you wonder why there are still examples of this around. Does it not make sense to you that if you have a good lemon law in this country that (a) people should know about it, and they do not, (b) people should be getting their problems solved, and we know they are not? I know that it is probably usual that if people get a solution to their problem, they do not go to the opposition critic complaining because they are happy, so I accept the fact that I am not seeing people that are happy.

I am not seeing people that have got a solution to their problem. I am seeing the ones that are unhappy, so I accept that. The question is why do we have so many? Why is it so easy to find these people? Why, in Bertha's case, is she able to, in her travels, come up with several pages of people with like problems, presenting them to me with names, addresses and a synopsis of their problems when we live in this world of effective lemon law? So, that is the point. Why do we have this kind of after-market here when this CAMVAP is supposed to be solving our problems?

My suggestion is it is one of two problems. One, people do not know about it; or, No. 2, it is not strong enough. So we have to get to the bottom of why that is. If it is so effective, then why are we having these people falling through the cracks? Why is that?

**Mrs. Render:** I do not know what the answer is to the member's question. I doubt if there is any program in this world that is going to guaranty 100 percent satisfaction for everyone. I will say to the member, though, that this department has not received any complaints about CAMVAP itself. So I guess there is an onus on consumers that if they feel that the program that they are utilizing to obtain satisfaction for a poor product is not helping them, they have also got to pursue it themselves.

I know that sometimes people will complain once, and they say, well, I have made one complaint, what more should I do. Well, human nature being what it is, sometimes you have to do more. So there is an onus also on the consumer to pursue something if they do not feel that they have been dealt with in a proper manner.

But my answer is purely speculation. As I say, this department has not received any complaints about CAMVAP. If it did, I am sure that the department would ask the very specific question: what kind of service did you receive, where did it fall down, where is the problem? So I simply cannot answer the question, other than offering a few suggestions.

**Mr. Maloway:** I think if the minister goes to the trouble of making certain that the cars, when they are purchased new, have the lemon law book in them, that there is a requirement that it be discussed with the new car buyer, then that should go a long way. Consumers cannot come to me and then say, well, I did not know about it. Right?

Second of all, if she does a bit of a comparison with the federal program to the one in Florida or any one of the good ones in the States, she should readily be able to see whether there are some things there that might be advocated on her part by her department. That is easy enough.

\* (1720)

She can write down the points, for example. One of them would be perhaps used car lemon law. So she could take that up as one of her causes, you know, put that down for her next ministerial meeting, lemon law for used cars, and other points that one would find in various programs in the States. It should not be that difficult for the department to come up with a half a dozen improvements that she could advocate, because surely she is not going to go to meet with her federal counterparts and advocate that things be taken away from a consumer. She is not going to do that. I know that, okay?

So what she should be doing, I think, is looking for things that could be improvements to

the system. That might go a long way to helping solve the problem because after all these years, I would have expected that these kind of complaints would dry up. Honestly, I would not have expected to be hearing from people anymore. As a matter of fact, I am hearing probably from as many now as I was before. The number has not really dropped that much, so that is why there is clearly something not quite right here. If that can be checked out, I will save, you know, going through the pages of people I have here because I do not have all of their permission to go through their individual cases. I just have names, and then I have files.

I know that in some cases, a few years back, some of them were going to demonstrate here in the Legislature and demonstrate out at the car dealership. The car dealerships are very direct. They send a letter out to the person complaining and say, if we lose any business because of your demonstrating, we will sue you for loss of business.

So I had one older man in here a number of years ago, and he was really scared about this. He had his signs all painted, and he was going out for revenge against the car dealership. As soon as he got that notice from the lawyer, saying if he appeared back in front of that dealership again, that he was going to be sued and be held responsible for loss of income. How you would prove that, I do not really know, but there are ways of doing it. That sure scared him off, and he put all his signs in his truck and went home, right? I could not be in a position of advising him to go out and break the law or get himself into more trouble than he was in when he came to me in the first place, because how would that look? He goes to see the critic with one problem, and he leaves and he has got two, and I am supposed to be trying to eliminate the first one. So that was a problem, too, and that does not make anybody feel very good.

So maybe we could leave the lemon law then. I had anticipated that we could spend much more time on this because, you know, it is an area that I like to talk about, well, because it is an area that all of us have to deal with. We all end up buying new cars sooner or later. We all know somebody who has bought one, and the car companies are profitable enough as it is that

they can afford to take the odd one back, with a deduction for wear and tear because that is how the program works.

Nobody is getting rich by going through these lemon law programs, and when a product you buy is as bad as some of these vehicles are, then it is only fair that the company take them back. If you buy a computer from Dell or Gateway or one of these national companies, buy it on the Internet, buy it on the toll-free line, if it does not work for any reason I think in the first 30 days they take the whole thing back. If it is not working, they will take the whole system back and they reconfigure it and probably resell it again, but at least, when they sell it, it is supposed to be working and it is supposed to be warrantied or guaranteed for a certain amount of performance, certain amount of time.

Now, one other area that does not get a lot of attention here is the whole area of octane levels. I do not know if the minister is familiar or not familiar with octane levels. Being a pilot she should know all about octane and all those kinds of things, I think. I do not know whether octane is—

**Mrs. Render:** I used to use 80-87 and now I use 100 low lead.

**Mr. Maloway:** There you go. So I did not know anything about 80-87 or whatever, but I do know when you go to the United States that there are octane levels posted right on the gas pumps. That is a big deal with some people, I know, and I do get the odd complaint about it. People phone in and want to know why is it that they cannot have octane levels on the gas pumps here. I think several years ago I did bring this subject up and I have no idea of whatever became of the idea, but maybe we could take a look at it now.

**Mrs. Render:** I think most people recognize the fact that the gas that they get is of the lowest octane level. I understand some of the companies are actually posting the octane level rating.

**Mr. Maloway:** Well, could the minister tell me what companies are posting them. I take it that it is not a requirement. Companies are just doing

it for competitive reasons or they do it because it looks nice on their pumps or, I mean, why? Which companies and what is the status?

**Mrs. Render:** I cannot tell you which companies nor the reasons why they do it. We have never received any complaints about it, so it is not something that we have gone out and asked questions about.

**Mr. Maloway:** Well, could the minister then attempt to find out the answers to these questions and let me know which companies are doing it and maybe consider just making it a requirement that everybody do it.

**Mrs. Render:** We will certainly find out which companies are doing it and we will ask the second question also as to why they are doing it.

**Mr. Maloway:** One of the questions I had not got to I had on my list here to ask the minister regarding the gas prices was an issue dealing with the tanker trucks. The minister will recall years ago in the '50s probably, around that time, that farmers had little tanks. I do not know if they were 50-gallon tanks or 500-gallon, but anyway they were small tanks and smaller gasoline trucks would drive out to the farm and download gasoline, right?

Now, evidently, when we looked into this back in 1991, what happened was, if you remember from a number of years ago a group of Conservative M.P.s in the '70s bought a gas station, and that was a different issue, but they bought a gas station outside of Ottawa and they were fighting metric, so that will give you an idea of where the Conservative Party was in 1977 or thereabouts, but they were bound and determined that metric was a bad idea, and they were going to fight that. Anyway, they bought a gas station, and they sold gas in the old system and in gallons rather than in litres.

Anyway, in 1991, I heard about this fellow on Pembina Highway that was selling gas, so, of course, rather than just demand that the government regulate gas prices, I decided to go out and get my own gas station and try to do the same thing he was doing. I tracked it all down and I got the tanker. In any event, thank goodness at the end of the day, I had found out

that the gas station I was going to use had leaky tanks. So I would have started out trying to once again solve one problem and ended up with two and been in more trouble than when I started. In any event, it was a pretty good idea at the time, I thought.

So since then, about three years ago, I started to go back on this idea to see if I could do this when the prices went up. I found that when I went to the original supplier back in 1991, this guy had gone from one beat-up truck in 1991 during the Gulf War and now he has 20. They are not old anymore; they are nice new ones. So his revolutionary zeal is kind of muted a bit now, and he is part of the establishment these days. He said, ah, there is no point fighting the establishment. You might as well join them, he said. If you want to get in the gas business, I know a nice gas station for \$100,000 that you can buy and sell cigarettes and chocolate bars and stuff like that and join the gang. I assured him I did not want to join the gang. I still wanted to see if there was a way to break into this business and sell gas at lower prices.

What I found is that every step of the way, you are prevented from doing that. First of all, you cannot find anybody to sell you the product in the first place. Second of all, you cannot find a gas station that you can borrow, rent, do anything with that is not controlled by one of the companies.

Let us say you could find yourself a gas station and pass all the rules and regulations, and let us say you could find somebody to sell you a tanker full of gas. You might get one or two tankers sold, but then you would not get a reliable supply. So then I looked at, well, why not just take the tanker and sell the product right from the tanker? And I ran into a whole bunch of more rules.

**An Honourable Member:** Cruise up and down the streets.

\* (1730)

**Mr. Maloway:** Sure. I even had a—I will not tell you where. That would be giving out proprietary information here, but I had a location picked out and the whole works. I was going to

get my hose and get the press out there and start filling up tanks. Once again, I had lots of problems every time I turned around. Then I thought, well, maybe I will go with a smaller tank truck, because you can do it for farms and you should be able to.

What I want to know is, and without getting into shovelling it off to the Environment department and stuff like that, why is it so difficult to combat the gasoline retail business because of these regulations? Is there any possible way that you can put the gasoline into a smaller truck and distribute it that way? Do you know? Have you heard? Is there any possible way of doing it, because I kind of gave up on the idea after I tangled with the bureaucracy?

**Mrs. Render:** I have visions of a Dickie Dee truck going up and down the streets. Maybe we could all have this as a sideline. [interjection] Free enterprise, certainly. However, free enterprise usually also has to contend with government rules and regulations. Regretfully, the member asked not to sort of pawn it off to Environment, but I am afraid this is an area that I really cannot speak on. Rules and regulations are put into place particularly for something like gas which is volatile, flammable, hazardous. I can think of a number of adjectives that would go with it. Obviously, there are a number of rules that have to apply.

That is something else that now applies to gas pumps. As the member I know knows, if you do not use a pump for X number of days, there are rules that kick in, what has to be done to that particular pump. If it is not used for a longer period of time, the pump has to be drained. If it is not used for a 12-month period of time, another set of regulations kick in which must be followed.

So, as I mentioned to the member a day or two ago, maybe it was last week, I have been sitting on the committee which has been looking at rules and regulations, which have been around I think since government began making them here in the province of Manitoba. Some of them have been on the books for many a year, and you wonder about some of the rules and regulations. So it was with a very careful eye that the reg committee looked at rules, and if we could get

rid of them, we did, if they were not serving a useful purpose.

Having said that, on the other hand, in this day and age of environmental concerns and hazardous concerns and safety concerns and a whole variety of concerns, there is a place, as the member well knows, for rules and regulations. Regretfully, it is not easy sometimes to get a business up and running without jumping through some government rules and regulations. So I am fairly pleased to hear the member talk about some of the rules and regulations and the fact that they hindered him setting up Maloway gas truck, or whatever his trucking company was going to be called, because I do know that sometimes members opposite wonder why we try not to bring in rules and we try to make this province have a climate that makes it easy for a company to be established here in Manitoba.

*Mr. David Faurshou, Acting Chairperson, in the Chair*

As I say, probably the most constant complaint I have heard from business people, whether it was a small- or medium- or large-size business, was the rules and regulations that were in place that government imposed. So the long answer to the question is that the rules and regulations are usually, hopefully, in place only to make sure that a company is operating properly, safely, and within the laws and regulations of various pieces of legislation, and on the other side of the equation, that the consumer, or the general public at large, is protected.

I say that in a general sense because, of course, in this instance, as I say, with gas, which could be classified, I guess, as a hazardous product, you simply have to have some regulations in place so that it is handled properly and stored properly. As I say, there are certain rules and regulations just surrounding the distance you must be from a pump before you can have a lighted cigarette. As I say, there are rules and regulations that, obviously, the member found a little too onerous to overcome.

**Mr. Maloway:** Well, Mr. Chairman, definitely I had no intention of getting into the gas business. This was just nothing more than a fleeting fancy,

an attempt to do, in effect, essentially, what Costas Nicolaou was recommending without getting the government mixed up in it. I saw it happen in 1991, with Careway on Pembina Highway. They created their own little gas war on Pembina Highway. The guy was selling it as fast as he could bring it in. It seemed to me that all you needed was half a dozen other little Careways around the city; I do not think it goes quite down to the Dickie Dee level, but it was an attempt to solve, to do what Costas Nicolaou was recommending, but basically do it without the governments but without having any profit motive in mind because obviously I have enough to do already without getting into more businesses, right, so I am not exactly worried about making any money.

So it was just an idea to break even, just to see, could it be done, rather than sitting back and just complaining, which is what you find happens in opposition, right? I was hoping that we could do a little more than complain, that we could actually do something and show the government, which is what Careway did. He showed the public of Manitoba that you could create a gas war and he brought his gas in from the United States. So why is that a bad idea? But unfortunately there are so many rules that are there. Part of them are safety, but part of them, you actually protect the monopoly that exists, the existing patterns of business that exist, and it is hard to fight the establishment. That is absolutely true. I found that out over the years.

I wanted to move on to a couple of other areas here in the Research and Planning because it is possible that we could finish Research and Planning today. Well, I would not say that, let us try to get most of it done. [interjection] Yes, just from the last couple of days, for sure, but we have left to do, just from memory now, we have the PUB, we have the Securities Commission. We have the automobile injury appeal board, right? We have the credit unions, right? And what else? Anything else here that we are missing? We have a few of those, so we should maybe try to do maybe two of them in a day or maybe try to get more of them done, try to get this all done.

\* (1740)

**Mrs. Render:** We had our Securities Commission person here earlier today. How about Securities tomorrow? What else would you like to do?

**Mr. Maloway:** Assuming that we are even allowed to go on tomorrow, assuming that we are, then maybe we could try to do them all or try to get them all taken care of. I do not know how many questions I would have to ask about the credit unions other than maybe Internet banking and their Y2K information.

So this is the problem with this business, you never know how long it is going to take or not take, right, it just depends. Sometimes you plan it might be a half hour and it will take an hour. Sometimes you think it is going to take an hour and it is done in a few minutes, right? So it is really hard to say, but I would like to try to get this done so we can go on to Government Services as soon as possible.

I leave it to you to sort that out. You know we have lesser and lesser things to deal with, so let us deal with the disclosure of the cost of credit. I understand on page 10 that your Research and Planning you are dealing with the disclosure of the cost of credit, and it is to do with these harmonization requirements. I would like to know just what has been happening with that lately and where are we at. How is that working?

**Mrs. Render:** Actually it is the Consumers' Bureau that is working on this particular issue. We are attempting to harmonize right across the country. We are discussing this, I guess that I could say, on a national level in that sense. We will also be consulting here in Manitoba.

**Mr. Maloway:** The Free Trade Agreement, the original Free Trade Agreement was signed, I think, in 1988. Was it not the end of the year? Mulroney's second win was in the fall of 1988, and the Free Trade Agreement took effect, I think, the first day of the year 1989. So that is over 10 years ago. It seems to me that deal progressed really quickly, I mean, it was done, and here we are 10 years later, we are still discussing internal trade problems and working out the details. Am I right in this assessment? It just took a short period of time to get an

international free trade agreement put together, and here we cannot seem to get our act together on minor little things on internal trade issues.

**Mrs. Render:** As I am sure the member appreciates, the cost of credit disclosure is complicated, and also trying to harmonize, we are having to talk with the other provinces. It is not a simple kind of thing. I can certainly see his analogy, wondering why you can do one thing and it appears that it would take something else a far longer period of time. I do not know how long it took to negotiate the trade agreement, but the changes that are contemplated are not going to be simple. I think it is imperative that it be done correctly.

**Mr. Maloway:** Could the minister tell us what the problem is? Who is holding the process up?

**Mrs. Render:** The first step was to develop a template. That did take a very long time. I guess really to answer the member's question, nobody is really holding anything up. It is being worked on very diligently but, again, quite often, as you as an MLA will be juggling many things, so too is the department juggling many things. This particular department does not have an excess of staff, so each of our staff members is doing many things at any one time. After the template was developed, the next step was to assess that template against provincial legislation to see what changes might be useful, and the next step will be consulting with Manitobans.

**Mr. Maloway:** The annual report makes reference to e-commerce. I would like to know what the Research and Planning Department is doing in the e-commerce field.

**Mrs. Render:** I have been advised that the department did review the report that came out from the advisory council, just to see what the implications were for this department.

**Mr. Maloway:** Could the minister explain the role and the make-up of this advisory council?

**Mrs. Render:** We do not have that information with us, but it is believed that it was both a combination of private and government representatives. Actually, I have been advised that I should clarify that this was not an advisory

group to the Minister of Consumer and Corporate Affairs. It was likely, I do not know, but it was likely to the Premier.

\* (1750)

**Mr. Maloway:** What was it doing? I mean, this government had a foray into Internet malls, and we lost \$2 million in that fiasco. This obviously had nothing to do with, I do not think, had anything to do with the Internet malls, but just what is the role of the minister in e-commerce? Are you trying to regulate e-commerce in Manitoba? Are you trying to encourage e-commerce? Are you getting into it yourself and maybe trying to sell some of your services on the Internet, so that consumers—[interjection] Well, I will let you finish.

Do you have a website where you allow people to come in and purchase reports and stuff like that? If I wanted to get a consumer report on gas prices, assuming there was one that existed, I could go on the Internet and give my credit card and pick up a copy of the gas prices report. Are we talking about that kind of e-commerce?

**Mrs. Render:** I have just been advised that the group reported to the minister responsible for the information highway, so it was not coming to this—

**An Honourable Member:** Who was that?

**Mrs. Render:** At that particular moment in time, it probably was Minister Glen Findlay. I believe he was the minister.

**An Honourable Member:** I think he is now. I am not sure he was then.

**Mrs. Render:** I do not really know, but I believe it was Glen Findlay.

**Mr. Maloway:** Mr. Chairman, well, I mean, Glen Findlay was the Minister of Highways.

**An Honourable Member:** Yes, but he was also the information highway.

**Mr. Maloway:** And he is the minister of the information highway. I would have thought that it would be Industry, Trade and Tourism, in a

way, because they were the people that were forking out the money for the ill-fated, much-maligned Internet shopping mall that was set up by this government and the big fiasco that it turned out to be. I would have thought that the Deputy Premier and the Minister of I, T and T at the time would be in charge of the information highway. That would make sense assuming that we are talking about the Internet here.

**Mrs. Render:** To my knowledge, the Minister of Highways was also the minister responsible for the information highway, so if we are sounding vague here, that is why.

**Mr. Maloway:** Well, that leaves me even more confused here. What was the minister in charge of the information highway doing? What was his role? What did he do? Did he set up any Internet malls? Exactly, what was the role of this initiative?

**Mrs. Render:** I cannot answer those questions. Those are questions better directed to the current minister responsible for the information highway.

**Mr. Maloway:** Mr. Chairman, could the minister find out for us?

**An Honourable Member:** I would say that the Minister of Highways (Mr. Praznik) is the minister responsible.

**Mr. Maloway:** You think he still is.

**An honourable member:** Yes.

**The Acting Chairperson (Mr. Faurschou):** I am sorry, I believe the honourable minister's remark did not come through the mike. Could you perhaps repeat?

**Mrs. Render:** Okay. I believe I am correct in advising the member that the current Minister of Highways (Mr. Praznik) is also the minister responsible for the information highway.

**Mr. Maloway:** I would like to ask the minister whether the department is contemplating or has contemplated providing their services on the Internets on a paid basis. I mean, I would expect they have a website.

**Mrs. Render:** Mr. Chair, through the Better Systems initiative, those offices that provide a registry type of service will be providing that kind of information on the Internet and in the Personal Property Registry, for instance.

**Mr. Maloway:** First of all, the department has a website, yes or no?

**Mrs. Render:** Yes.

**Mr. Maloway:** The website is available through the Better Systems initiative program or is available just now on the Internet?

**Mrs. Render:** The website is up and running now. It is available now. It is an information site at the moment.

**Mr. Maloway:** So then is it contemplated that this website at any time in the future, near or far, will be turned into an e-commerce site whereby it will sell, for a price, information or some sort of documentation to consumers for anything that is required or that the department handles right now. For example, the department might have information that is valuable enough that people would be willing to pay for it. It might have information probably on its website right now that is free, that is available to the public. Is there any contemplation that the department will start selling its services on the Web?

Perhaps I can just get another question in under the bell here. For example, if I wanted to renew a direct seller's licence, why could I not do that over the web and pay that through a credit card transaction and either print my direct seller's licence or have you mail it to me through snail mail? Why could I not do that?

**Mrs. Render:** Very, very quickly, at the moment we do not have any current plans to do what the member is suggesting. I will just leave my answer at that at the moment.

**The Acting Chairperson (Mr. Faurschou):** The time being six o'clock, committee rise.

## SPORT

**Mr. Chairperson (Marcel Laurendeau):** Would the Committee of Supply please come to

order. This section of the Committee of Supply will be dealing with the Estimates of the Department of Sport. Would the minister's staff please enter the Chamber at this time.

**Ms. Marianne Cerilli (Radisson):** I can see the minister shuffling through his papers over there. I wonder if he has any more information for me. I am still waiting for him to provide me with a number of documents, including the departmental expenditures above and beyond the existing Pan Am Games allotments as well as the Crown corporation's contributions. We have taken the time to do a little bit of review of the Public Accounts to try and determine this on our own. I will ask the minister some questions about those figures, but I am wondering if the minister can start off with tabling any other documents for me.

**Hon. Eric Stefanson (Minister of Sport):** Rather than read this into the record, I have a couple of copies of just a brief memo on a couple of issues that the member asked about. The first one is the whole issue of participation in the Pan Am Games, the countries, the notification time and so on, Mr. Chairman. I have two copies of a memo on that issue that I will table. It talks about the process for the national Olympic committee to participate in the Games, and it outlines in detail the information on that issue.

I also have two copies of information on the Pan Am Games advertising and promotion ticket sales campaign that the member asked about.

*Mrs. Myrna Driedger, Acting Chairperson, in the Chair*

Madam Chair, the member also asked about the visit of Her Royal Highness to the Games, and I am told that very early in the planning stages of the Pan Am Games, the Games Society extended a written invitation to Her Royal Highness The Princess to attend. An early response indicated this invitation would be considered and a positive reply has since been received. Pan American Games Society staff were assigned to develop a proposed program for Her Royal Highness which has been conveyed to the royal household for consideration. The Pan Am Games Society will be able to confirm Her



Highness's program once all of the information is confirmed with the palace. We have seen some coverage in the media in the last few days. All costs for the visit have been arranged through the Pan Am Games Society, but I am told that the federal government is providing a jet to and from England to transport Her Royal Highness and that they are also covering the security costs related to her visit and that hotel accommodation has been provided by the government of Manitoba. I think that gives a summary of some of the questions of the royal visit.

In terms of the issue about expenditures from other departments, we are canvassing all of the departments to be sure that we do not miss anything in terms of any departments that might have an expenditure that relates to the Pan Am Games. We do not have that information yet. We discussed some that we are aware of yesterday, issues like the retention pond, issues like the Birds Hill Park. If the member has any specific questions from other parts of the Estimates process, I welcome those. We are still waiting for the final information from the Crown corporation.

**Ms. Cerilli:** Madam Chair, I am wondering if the minister can confirm that I will get that information from him prior to the Games. I know that in the past you have given me responses in writing to questions, but I often get it quite a bit after the fact. So I am interested in seeing what kind of time commitment the minister will make in terms of the turnaround on getting the additional information, if I will get that prior to the end of the session.

\* (1450)

**Mr. Stefanson:** I think, if I understood correctly, the member asked if she would get this information prior to the end of the session. Is that—of course, neither one of us know when that might be unless she has an indication she can share with me, but having said that, we have started the process on both. Certainly within the government, that is an area within our degree of control, so to speak. I do not expect that will take very long. Crown corporations are independent to a certain extent, but I also do not anticipate any problem getting that information.

So I would expect that that information should be able to be available before we are out of session, Madam Chair.

**Ms. Cerilli:** I would appreciate that. Maybe I can be more specific with saying before the end of June would be maybe a better way of phrasing it.

**Mr. Stefanson:** Madam Chair, I fully expect we can provide that information before the end of June. If I cannot, I will certainly explain to the member why I cannot.

**Ms. Cerilli:** Picking up on one of the other responses the minister just provided me with, since I asked these questions there has been an article in the Free Press with some details about Princess Anne and her visit. I just want to confirm a couple of things. The minister has said that the hotel for Princess Anne as well as for her entourage, for lack of a better word, is being paid for by the government of Manitoba. I am just wanting a dollar figure for that amount and the line that that is coming from. That is outside the Pan Am Games budget, I am assuming.

**Mr. Stefanson:** I am told that the estimated cost of hotel and other accommodation, and so on, is approximately \$10,000. It is not a Sport expenditure. I will confirm for the member the funding source for that \$10,000.

**Ms. Cerilli:** I am not sure if the minister, in his comments, I did not take note of it, has given a total dollar figure for the Princess Anne visit. The information I had been told was that it was approximately a million dollars, if that is accurate or not. I appreciate the minister has described that as being borne through a number of different partners. But all the other outstanding issues the minister has confirmed is that it was the Games Society that put forward the invitation. He has not said it, but it seems like that is not following the protocol which, as it has been described to me, is it is supposed to be the federal government, through the Governor General probably, through their office, to invite members of the Royal Family. Can he confirm that is the case?

**Mr. Stefanson:** Well, I have outlined for the member the information that I have been

provided by the Pan Am Games Society in terms of what role they played for the royal visit. Whether that is traditional protocol, I could not say. I am not an expert on protocol. I am certainly prepared to look into the issue of protocol, but the information that I provided the member today is directly from the Pan Am Games Society, so I am certainly prepared to look into that issue further, Madam Chair.

**Ms. Cerilli:** Well, I appreciate that. Just to clarify then, what is the budget line for the princess, and it is all coming out of the festival's or ceremonies' line?

\* (1500)

**Mr. Stefanson:** Madam Chair, well, the information that I have been provided is, as I have said, the transportation costs of getting the princess here are being paid for by the federal government, the security costs are being paid for by the federal government, and her accommodation costs here in Manitoba are being paid for by the provincial government. I am told there are no additional expenses for the Pan Am Games Society, but I will confirm that one more time to be absolutely certain that we are not missing anything in terms of any costs that the Pan Am Games Society might be incurring relative to the royal visit.

**Ms. Cerilli:** We had left off yesterday discussing some aspects of the budget and as it related to the Pan Am Games agreement. One of the things I had inquired about earlier was to see if there was a more detailed overview available of the revenue lines. I know the earlier budgets had some more detail, but does the minister have more information to separate out—I guess we could do, subtract the ticket target revenue and figure out what that sponsorship line would be on its own. It looks like then it would be about \$20 million. Is that correct that the sponsorship, corporate sponsorship, is going to be about \$20 million?

**Mr. Stefanson:** Madam Chair, I believe the member is correct. As we have discussed, the projected ticket revenue is \$13 million. That line item under the revised business plan, it actually remains the same under both business plans that the member has, the previous plan and

the revised one that she received in the last day or so. So there is total revenue of \$33,701,000, and if you take out the ticketing revenue of \$13 million, you are left with approximately \$20 million from sponsorship.

**Ms. Cerilli:** The member for Inkster actually wants to get in here and ask a question. I am so accommodating.

**Mr. Kevin Lamoureux (Inkster):** Madam Chairperson, just one quick question. I was actually having a discussion with an individual in regard to the Pan Am Games. I thought it might be appropriate to make a statement, and if the Minister of Sport wants to respond to it, he can feel free to respond.

The Grey Cup festivities were a huge success in the province, and I do not think anyone would question the hard work and effort that so many people put into place in order to make it happen. There was one concern that was raised and that was in terms of the stands and the cost of the tickets for the Grey Cup game. Now the reason why I bring that up is because at the very last minute, they tried to resolve that particular issue in different ways. At the end of the day, it was felt that had they addressed the issue earlier there would have been more people in the stands for the Grey Cup.

I bring that up because that was the example that was used in reference to the opening ceremonies of the Pan Am Games. From what I understand and from what I have been told, the tickets for the opening ceremonies are nowhere near what expectations would have been given the importance of the opening ceremonies or the kick-off are to the Games. The single biggest impediment, again from what I am being told, is the cost of these tickets. The question to the government is more so no doubt they are monitoring what is happening with respect to the opening ceremonies indirectly or directly, and I am sure are involved in some capacity whether it is through direct influence or possibly the preparation itself for the opening ceremonies.

The concern is if there is a problem with ticket sales for the opening of the ceremonies, is the committee working today trying to resolve that in a substantial way or is it the intention to

see a number of the seats just closed off in a similar fashion, I understand, that the Grey Cup was done where there would have been more seats available because of the limited number of tickets sold? It is more to raise a bit of a red flag, acknowledging that there is a potential situation. Is the government aware of it and is the government going to be taking any sort of direct or indirect action to address that particular concern?

**Mr. Stefanson:** Madam Chairman, I thank the member for Inkster for that question. From the very outset, I believe the Pan Am Games Society have been very cognizant of the whole issue of pricing and pricing the venues appropriately and ensuring that they are not overpriced and that they are affordable for individuals or families and so on. If the member has not had a chance to see the detailed ticket guide, it does outline all of the individual prices for different venues, being anywhere in the \$10, \$15, \$18, \$20 range for individual venues. He is right that for the opening ceremonies the ticket prices there are the more expensive tickets of the entire event, in the range of anywhere from \$50 to \$135. Again, I am told that is pretty consistent pricing with opening ceremonies for similar events and that the Pan Am Games Society believes that it is not overpriced.

We discussed this whole issue of ticket sales because that is really the last major issue for the Games. They believe they can come in on budget on their expenditures. Obviously they are going to receive their government support, and they are going to hit their sponsorship targets and so on. The one outstanding issue is ticket sales. As at June 11, total direct revenue was about \$5.9 million, representing 231,000 in ticket sales or 46 percent of their \$13-million target. The Games organizers are optimistic that advance sales can reach 65 percent, which is their target, and it is anticipated that walk-up traffic will generate the remaining \$4.5 million.

So, at this particular point in time, all information I have been provided from the Pan Am Games is they believe that their ticket sales target of \$13 million is achievable, and it is achievable within the price range that they have established after doing an awful lot of review of appropriately pricing all of the venues. So that

is the information we have. We believe that they can hit their targets and that they have taken that issue into consideration in the pricing of the Games.

**Mr. Lamoureux:** I do not want to claim to have the background information in terms of all the different venues that are being planned and being promoted; it is just the one major event of the opening of the ceremonies in which there has been some concern in terms of that particular venue being a sell-out. Would the minister actually have a number of available seats, for example, for the opening ceremonies, the number that have been sold? Can he give some sort of assurances as to how tickets are going on that specific event, or am I being too specific by posing that particular question and maybe he could just get back to us at another point in time?

\* (1510)

**Mr. Stefanson:** It is probably best I get back to the member. I have the information I provided on the overall ticket sales, but the detailed breakdown, particularly as it relates to the opening ceremonies, I will undertake to obtain that and get back to the member.

**Mr. Lamoureux:** I will not take any more time other than just to say that I raise the issue only because of concerns that have been expressed to me. I think that it is imperative that we do what we can in terms of assisting in a proactive way at ensuring in particular that the opening event is a very successful event, as I am sure it will be organizationally. We just want to see as many Manitobans enjoying that spectacular event as possible.

Thank you for the opportunity, and I thank the member for Radisson (Ms. Cerilli) for letting me cut in at this point.

**Ms. Cerilli:** Maybe I will just pick up where the member for Inkster was asking questions because there are other articles in the paper today that discuss the issue of the lack of ticket sales for the opening and closing ceremonies. There have been other articles in the paper. I wonder if the minister can explain why the opening and closing ceremonies, the ticket prices

are so much more than some of the other events. I think that he made reference to the cost too. The article that I am looking at says between \$35 and \$135 apiece. That is a lot of money to spend for the ceremonies. I know the amount of time that is being invested. There are school groups and all sorts of organizations that are preparing for the ceremonies and learning dances and routines and all that. I am assuming that a lot of that work is volunteer. I do not know if the minister has more information about why it is that those prices for those tickets for the opening and closing ceremonies are so expensive.

**Mr. Stefanson:** I am really just being repetitive, Madam Chair. I will certainly ask for further background from the Pan Am Games, but I recall, I was there the day they launched their ticket sales. I know that their board and everybody associated have really tried to ensure that the overall Games are appropriately priced and are affordable, and so on. I think it is fairly common practice in major sporting events that your opening and closing ceremony tickets are the more expensive tickets. I am also told that these ticket prices are not out of line at all with opening ceremonies from other similar events held in Canada. I have provided information on an overall basis in terms of ticket sales that the Pan Am Games Society believe that they can achieve their overall target of \$13 million. I agree with the comments from the member for Inkster (Mr. Lamoureux). I think we all want to see a full stadium at the opening and closing ceremonies.

I can certainly undertake to get some further information in terms of the basis of the pricing for those ceremonies, but I believe the Pan Am Games Society themselves spent an awful lot of time ensuring that all of the venues were appropriately priced and affordable.

**Ms. Cerilli:** Is there any truth to the claims in the Bartley Kives article in today's Free Press, I am assuming this is today's, I do not have the date on it, but it is suggesting that the lack of response to the ticket sales for the opening and closing ceremonies are causing the Pan Am Games such concern that they are trying to not promote the other free aspects of the Pan Am Games at this time because they are concerned

that it may further keep people away from that sort of entertainment and performance aspect at the opening and closing ceremonies.

**Mr. Stefanson:** Well, Madam Chair, I happen to have scanned that same article the member is referring to. I think it might have been in yesterday's paper, if I recall. It has been in the last couple of days anyway. From my discussions and discussions of officials and information that I have been provided, I am not aware that there is any plan of that nature from the Pan Am Games Society. But I will certainly inquire of them about that issue.

**Ms. Cerilli:** Can the minister just refresh my memory? Who has the various contracts for the advertising and promotions and marketing for different aspects? I appreciate that you have given me this sort of overview of some of the advertising and promotion plan, and I must say that I remember being at the launch where they had Donovan Bailey at the launch of the ticket sales. I thought that was quite ingenious and having him answering the phone on the message machine. I also think I have said before I thought some of those kind of things were good and really positive.

But I am just wanting an explanation, before I get into some more details, about what various contracts there are for advertising and promotion of marketing and who has those contracts. If the minister has the kind of detail, the sort of dollar amounts that have been allocated for the marketing, those various contracts for marketing and advertising.

\* (1520)

**Mr. Stefanson:** Again, Madam Chair, the member is right. I think we discussed this, in part, in the past. I know going from memory that one firm that has done some advertising work, I believe is Palmer Jarvis. But I will undertake to obtain a listing for the member of who is doing the advertising work on behalf of the Games and certainly provide as much information as I can around that issue, depending on any issues of confidentiality and any agreements. But I will certainly undertake to provide whatever information I can relative to the costs and other aspects of the services they are providing.

**Ms. Cerilli:** Maybe the minister can explain how this works. The Pan Am Games Society has the ability to receive different proposals and bids. I know that they have gone through a couple of different staff in this whole area over the past couple of years. There has been some sort of controversy, I guess you would call it, with that whole process. But what I am wanting to understand is who actually is making the decisions? The Pan Am Games Society contracts with some of these professionals or experts, and they have come up with these different plans for how to target a promotion, where to target the advertising, what type of medium to use.

Does that actually get approved through the Pan Am Games Society? Is there some involvement there at that level, or basically are they just hiring these people that it is their professional work to do, advertising, marketing, and they basically accept what they recommend?

**Mr. Stefanson:** Well, again, I am prepared to get the member more information on this issue. I happen to notice as well that the information I tabled with her on ticket sales also happens to show that McKim Communications Ltd. would appear to be doing some work as well. But the Pan Am Games has an overall board of directors; it has a number of committees formed from those boards. Again, like any organization, I am sure recommendations are coming from staff to the committees and to the board. I am sure, once certain budgets are approved, the staff have certain delegated authorities within certain financial limits and certain parameters. I am also aware that certainly as much as possible and in most instances they do their absolute utmost to ensure that there is a tendering process or an RFP process, a process to give firms an opportunity to bid on work. So I think their reporting relationship, their structure is a fairly typical one, and there are a series of checks and balances throughout the entire system from the board through to the committees through to the individual staff, Madam Chair.

**Ms. Cerilli:** Well, does the minister know if there is any concern expressed at any of those levels about this communication and marketing and advertising strategy that is relying so heavily on Winnipeg? There is also market research

done. I guess that was to some extent the basis for this, but I am wondering if there has been much discussion about the wisdom.

*Mr. Chairperson in the Chair*

I look at the way that the ad campaign in the newspapers is laid out. It is only going to Grand Forks, Thunder Bay, Saskatoon and Regina. The minister has made reference, and there is a reference here, to full-page ads in The Globe and Mail. There are six of them, but I am wondering if that is The Globe and Mail across the country or if it is just sort of targeted as these other ads are. So there are a couple of questions there. I wonder if the minister can clarify those things.

**Mr. Stefanson:** In the written summary of this ticket sales campaign, the member will note the third or fourth bullet down, national advertising. It is referred to as national advertising, including six full-page ads in the Globe and Mail. I believe it is the national Globe and Mail publication. The bullet above that one of course talks about radio, regional television, print advertising in Winnipeg, Brandon, Regina, Saskatoon, Thunder Bay, Grand Forks, and Fargo. Additional advertising is scheduled for North Dakota and Minnesota. About the fifth bullet down, in addition to the advertising campaign there is a direct response mail and telemarketing. It is targeted at corporate sport, households, over 100,000 direct mail packages being delivered in Manitoba, Saskatchewan, northwest Ontario, North Dakota, Minnesota. It goes on to talk about international markets, service through the national Olympic committees, and so on. At the very bottom it talks about group sales presentations and direct mail campaigns underway in Manitoba, northwest Ontario, North Dakota. Those are the most obvious markets in terms of getting the greatest return, the greatest number of people participating in the Games, and the Games committee is using a number of approaches to go after that market.

**Ms. Cerilli:** The question a lot of people are wondering about, though, is this strategy working, is it going to work, is the way the ticket sales are going a result of that strategy or is it something else? So I am wondering if the minister has information about a contingency plan, particularly for the issue we were

discussing earlier in terms of the opening and closing ceremonies. Are there any plans for last minute seat sales? I do not know if you would want to discuss that publicly at this stage. I do not know if that would be wise in terms of marketing, but that is the kind of thing I am wondering. Is there some type of additional plan that is going to unfold in order to address what is happening with the ticket sales?

\* (1530)

**Mr. Stefanson:** Yesterday we spent some time talking about the Legacy Fund and how optimistic we both were that the budget was going to be achieved, in fact that there might even be a small surplus. To do that these ticket sales targets have to be met. I provided a status report from the Pan Am Games Society. They continue to be positive about their ability to hit their \$13-million ticket sales. They are certainly going at the market where they expect the greatest likelihood of success, which is the Manitoba, northwest Ontario, Saskatchewan, North Dakota, Minnesota, South Dakota market, where the majority of individuals can and will come from. At this particular point in time, as I have said before, the Games fully expect to be within their expenditures. All of their other revenue sources are basically confirmed and on target, and the only area of some vulnerability is ticket sales but the organizers continue to expect to hit their target of \$13 million.

**Ms. Cerilli:** Am I to interpret from the minister's answer that there is not a contingency plan, and he does not believe that there is a need for a contingency plan, or that the Games does not believe that there is a need for a contingency plan in terms of the marketing strategy and the ticket sales?

**Mr. Stefanson:** No, I do not mean that at all, Mr. Chairman. I know the Games continue to look at their contingency plans. As any flexibility opens up on any of the expenditures, they are assessing whether or not there is the ability to apply that as a contingency against ticket sales, so they are taking all of the appropriate and prudent steps to do everything they can to ensure that they have a balanced budget for these Games.

**Ms. Cerilli:** I guess what I was getting at, especially as I have now read the document the minister has provided with in terms of the Pan Am Games advertising promotion and ticket sale campaign. I was getting at the question particularly of the opening and closing ceremonies, if there is a priority to have those seats full and if there will be anything done to try and attempt to get those seats full if they are not by June 22 or 23.

**Mr. Stefanson:** Mr. Chair, I am aware that the Games continue to look at all aspects of marketing the Games and certainly an important part of that are the opening and closing ceremonies. They are developing various approaches to encourage individuals, firms, to purchase tickets for those events. Again, I think on an overall basis we expect them to be successful with their ticket sales. The information that I have been provided is they are using some targeted approaches with sporting organizations, targeted approaches with corporations acquiring opening and closing ceremony tickets either for employees or for other groups and so on. So they are taking a number of steps to ensure that those events are well attended and are a success.

**Ms. Cerilli:** Reading from the same document I just made reference to, the last point is that "Games organizers are optimistic that an advance sales target of 65 percent is achievable. It is anticipated that walk-up traffic will be sufficient to generate the remaining \$4.5 million." Now the other day we spent quite a bit of time talking about the \$500,000 to \$600,000 ticket target. That equals about \$13 million. Is that the 65 percent target that this is referring to, or is this 65 percent target in terms of advanced ticket sales different?

**Mr. Stefanson:** The 65 percent of advance ticket sales is 65 percent of the \$13-million target or 65 percent of the 600,000 tickets. I believe that is the amount. That is correct, Mr. Chairman, the 65 percent is based on the target of \$13 million, the budgeted amount for sales. So they are expecting that 65 percent of those tickets can be sold in advance, and the remaining 35 percent, if you take 35 percent of \$13 million, you will get \$4.5 million. That is the amount

that they expect to be generated as walk-up and sales throughout the period of the Games.

**Ms. Cerilli:** So it is as I was describing it the other day where the additional tickets to reach sort of a sell-out, that would still be the same amount and would be additional revenue above and beyond the \$13 million. It does not really change from what we were discussing the other day then.

\* (1540)

**Mr. Stefanson:** That is correct that there are more tickets available. If they were sold then that would obviously generate the surplus. So it is no different than we talked about the other day, \$13 million is the amount in the budget. That is still the target that they expect to achieve at this particular point in time, and as it says here 65 percent of that target is expected to be achieved prior to the Games, the other 35 percent during the Games. But if the ticket sales are stronger than that, as we discussed the other day, then that will generate additional revenue that either can be spent, if there is a need to spend it in some area to enhance the Games, or it becomes a surplus that we discussed yesterday that then 50 percent of it ends up in the Legacy Fund for the benefit of amateur sport in Manitoba.

**Ms. Cerilli:** I just think this is a really important point. We spent quite a bit of time discussing this the other day, but I find it interesting that the target would only include a 35 percent of walk-up or during-the-Games kind of ticket purchasing. Does the minister have any explanation of why that is the case, why you would have been relying more to reach your target on the advanced tickets?

**Mr. Stefanson:** Well, again, Mr. Chairman, this is coming from the Games that has done the surveys and the polling and the total analysis of what they feel is achievable. I think, as Games organizers, you obviously would prefer to sell as many tickets in advance as you possibly can, because then you know with certainty going into the Games that you have achieved your financial targets and your budget. Having said that, we also know from other Games experiences that

there are significant walk-ups. The World Junior Hockey was an excellent example where an awful lot of those tickets were sold once the Games started and during the Games.

The Games Society believes that this is what is achievable and, so long as they achieve it, they will hit their overall target of \$13 million. Mr. Chairman, 35 percent, \$4.5 million is a lot of money to be achieving during the Games themselves, but obviously they feel they can do that, as I say, based on past practices, other events and the polling and surveying they have done. But, if they are even more successful during the Games, as we have discussed over the last few days, that will give the Pan Am Games the flexibility of having a legacy or spending the money if they have any area that they need to spend the money on.

**Ms. Cerilli:** As I look through my notes here, I am reminded of another issue that we discussed the other day. The minister was going to get back to me with some kind of an explanation on the mix-up that has occurred with some tickets anyway between Select-A-Seat and Pan Am Games. I have more details now about what actually occurred, and there are a number of issues here.

There were only the two days of time for people to respond in April, and then there was one week after that that the tickets would arrive. That is the notes I have taken here. But I remember now, it was a very short amount of time that people had to respond and you had to phone Select-A-Seat and confirm that the tickets you received as noted on a card, a confirmation card, were the ones that you wanted.

As I described earlier, we telephoned in and attempted to make a change because we thought they had made a mistake on the tickets that they had issued to us, and when we received our tickets, no correction had been made or no change had been made. We now have, as I described earlier, 14 tickets for one event. We have a big family and we are lucky, or else we would be inviting members opposite. So this is the issue I have been raising regarding the scope of this mix-up. I wonder if the minister has any more information on that now.

**Mr. Stefanson:** Mr. Chairman, no, I do not have that information yet. I am still awaiting it from the Pan Am Games.

**Ms. Cerilli:** One of the other notes that I have here is with respect to the advertising promotion. I think it was an opportunity that was missed with the Pan Am Games. I again want to compliment them on the idea of having the insert in the phone book. That is where we got the idea for purchasing those early tickets. It was timely in that it was before Christmas. I mentioned the other day that I purchased a bunch as Christmas gifts, but was disappointed that there was no confirmation card that I received that could be given out as the actual gift, when I gave that to my nieces and nephews. That would have been, I think, a nice touch, and it would have been another way that they could have promoted the Pan Am Games at Christmas time when people obviously are doing a lot of gift buying.

I think that some of these considerations—I guess it is a little late to deal with them now. I mean there is nothing that could be done about that. But the contract for that promotion campaign or that advertising, I do not know if that is something that was ever considered, if there will be some kind of a review of this type of matter with the company—I guess I will find out when you provide me that information—that did that promotion for the tickets, if some of these issues will be discussed with them, and how that will be dealt with in terms of these kinds of mixups, and in terms of the kinds of missed opportunities that I have just described.

**Mr. Stefanson:** Well, Mr. Chairman, as I have indicated, we are following up with the Pan Am Games Society, so I will provide the member with more information on that issue, and I will certainly pass along her comments.

**Ms. Cerilli:** One of the other issues I guess we should just touch on while we are talking about the advertising, and that has to do with the television coverage. I guess there is a different take on this, depending on who you talk to, in terms of what could be expected by the television interest in covering the Pan Am Games, whether there has been great success in terms of the coverage that is going to occur, or if it is somewhat lacking.

*Mrs. Myrna Driedger, Acting Chairperson, in the Chair*

The issue that I wanted to raise has to do with local stations that are, I guess, not going to be allowed actually at the venues to do their own taping. That is, I guess, because of the kind of agreements that are with certain television networks to have exclusive rights. Can the minister clarify if that is the case, if what is expected is that local television stations, particularly if they are wanting to show the success and the accomplishments of local athletes, are going to have to get sort of second-hand tape? I guess I should ask the question: by what kind of arrangements will they have to get the actual footage in order to include that in local newscasts?

\* (1550)

**Mr. Stefanson:** Again this issue received some media coverage fairly recently, and I know meetings are being held with the local TV nonrights holders to discuss the whole issue of services and access. Follow-up meetings are scheduled and as well a major meeting was held on May 12 with all media reps, managers and photo marshals to go over the venues and the services established and so on. Really the issue is access to filming of the actual event itself and then access to athletes before and after events for interviews, Madam Chair. So the information I have is that the Pan Am Games and the TV nonrights holders and organization involved are meeting to discuss and resolve that issue.

**Ms. Cerilli:** So obviously there is not any resolution to this yet, and some of the local broadcasters are still upset that they are not going to be able to have access in the venue to athletes, and they are being told that they would have to make arrangements to do interviews after the fact. The other part of the question I asked is in terms of including footage in local news, is that something that is being discussed in these meetings? I am not that familiar with how this would usually work in terms of any games where they are occurring locally, but local television stations are not the ones that have the rights to access the venues.

**Mr. Stefanson:** I would not want to say unequivocally that the issue has not been



resolved. The information I have is a couple of weeks old, so meetings have been taking place and I will provide a status report to the member. One of the issues is the issue of footage that is being discussed, access to footage of the events and so on, Madam Chair.

**Ms. Cerilli:** One of the implications of the article that I am reading is that there was consideration of what was being called a possible boycotter. No, they said they stopped short of threatening a boycott, but I want an explanation of what that would mean. Would it mean that local television stations would not include any coverage in the news of events?

**Mr. Stefanson:** No, Madam Chair, I would not want to suggest that for a minute. I fully expect, and based on everything we have seen to date, that this event is going to be very well received by the media. It is going to receive extensive coverage from all of our media outlets in the lead-up to the Games and, in particular, during the Games.

What is at issue here and what is being resolved I believe through these meetings is the common issue with any games of any size, to get major sponsor support, corporate support. One of the issues is exclusivity, whether you are in media rights or television rights or food services or financial services or whatever it might be, and it is a matter of balancing that with the needs of the local community. That is exactly what these meetings are undertaking to do, and I am confident they will reach a resolution that everybody can certainly live with, Madam Chair.

**Ms. Cerilli:** Well, there is something here that I am not understanding. The whole concept of exclusive rights to broadcast a special event like this is based on the idea that the broadcaster would pay the organizers of the event for exclusive rights. But, as I understand it, that is not what is occurring here, that the coverage that we are getting on television is actually costing the Games. So can the minister explain how that is working?

**Mr. Stefanson:** Madam Chair, I know we discussed this in the last Estimates. I believe I provided some follow-up to the member. I will follow up on this issue again. I believe she is

correct that the Pan Am Games, in effect, paid for the advertising rights, and they are selling the advertising time. I will provide the information as best I can to the member recognizing there are certain confidentiality provisions, I believe, in some of the contracts and also recognizing that CBC and TSN are both dedicating fairly significant hours to the broadcasting of the Games.

**Ms. Cerilli:** The minister is talking about advertising time being sold, but what I am talking about is broadcast time. Can the minister maybe, to start off with, go through—there is CBC, there is TSN, there is some type of Latino network—just what television stations there are that are going to be covering the events themselves, not as part of their news but as part of a whole program coverage, and how much each of those are paying, or I should say being paid to do that?

\* (1600)

**Mr. Stefanson:** Madam Chair, I will undertake to provide that information to the member. I know in Canada it is CBC and the TSN-RDS networks that are televising the Games. There is an affiliation in the South American countries, and I will provide that information for the member.

**Ms. Cerilli:** Well, I know we have been here for a while going through this, but it seems like the minister's answers are getting more and more where he is taking just everything as notice and I am not actually getting anywhere. The minister must have more information about this than what he has given me in terms of how this is working, that he has not answered the question about the financial arrangements in terms of these television agreements. If he does not actually have the detail of the actual cost in number, at least, some explanation of the financial arrangements, the type of arrangements that are being made with these different television contracts.

*Mr. Chairperson in the Chair*

**Mr. Stefanson:** Mr. Chairman, well, the member is right. I am going to get back to her on some of these questions. I think she could go and ask Glen Murray or she could go and ask Lloyd Axworthy or Ron Duhamel a detailed

question on the Pan Am Games and she would get an awful lot less information than she is getting here today. I think you have to look at the nature of the organization that we have a board that is in place with community volunteers and people appointed by levels of government. We have a bureaucracy in place, a fairly significant bureaucracy, to run the Games and obviously we approve budgets. We approve overall plans for the Games, but when you get into the detailed day-to-day operations throughout these last few years, it is the board and the staff that are doing the majority of the work in those areas. It would be no different than asking detailed questions about what is happening at the University of Manitoba in the Education Estimates or her asking detailed questions about what is happening at the City of Winnipeg in the Urban Affairs Estimates, or I could go down the list in terms of comparisons. We have a fair degree of information, we certainly have some here today, we have some in my office, and I will certainly provide her all the information I can for any questions that she asks.

**Ms. Cerilli:** I would think, though, that the minister is being briefed on matters related to the Games that are receiving the kind of media attention like this would be. I mean, when you have local television stations with a headline saying they may boycott, I am sure the minister has some interest in finding out some of the issues related to this topic. So for the minister to say that I should ask Mr. Murray or Mr. Duhamel, neither of those individuals are the Minister of Sport for Manitoba, and they are not members of this Legislature. I do not have the same type of relationship or opportunity to ask questions, and they do not have the same kinds of responsibilities as the minister has in being accountable for public funds to this Legislature through the Estimates process.

So I hear what he is saying about the fact that the Pan Am Games Society is somewhat arm's length, but I was making the comment that I have noticed since we started this process that the minister's discussions with his staff are remaining the same in terms of the duration, but his answers are getting more and more like he is just taking all the questions as notice. I am not getting the same kind of information and answers I was getting when we started this

process a few days ago. So this point that I am asking, we have gotten some detailed information about other matters, and I am not even asking for the detail of the number in terms of the cost for these television station agreements. What I am asking for is an explanation of how this works.

I am also interested in terms of CBC, if they are the ones that have exclusive rights in Canada for broadcasting other matters in terms of the kind of agreement that is in place in terms of the advertising that they are going to be doing and if that is part of their contract. I mean, that kind of detail I can even leave aside.

The point that I think that the minister must be able to answer is: what is the agreement with these television stations in terms of the cost and how it works, as I described earlier, because I remember that this was discussed publicly quite a bit, that the nature of these large events is changing in terms of television networks being able to bid and getting exclusive rights, that there is not the same type of interest, that now what is happening is they are actually paying to have television coverage, and that is an expense that the Games are having to incur. So that is the matter that I am wanting to get clarified. I do not think that that is some detail. I think that is sort of a major point. I wanted to see what the arrangement was for each of the different networks, if it is the same for the CBC as it is with TSN and any other television contracts that are being signed.

**Mr. Stefanson:** The point I was making for the member, if she missed it, by comparisons to Mayor Murray or Lloyd Axworthy, was not that they are accountable to this Legislature. It was a comparison. They both have responsibilities on behalf of their levels of government. If she were asking the same degree of detail of them, I think she would get, if anything, less information from asking the question without their going back and obtaining a great deal of the information from the Pan Am Games Society.

I certainly did give briefings and have discussions with them about a number of issues, but we also do not maintain or keep a lot of the documentation that is maintained by the Pan Am Games Society. Rather than go by memory, if

she wants to get into detailed questions about arrangements for television, we had a bit of a discussion on this I know a year ago. We provided some information at the time. I do not have the letter I sent her outlining a number of the issues she asked back in last year's Estimates, but I have indicated I will get the details for her, and I will provide them to her.

\* (1610)

**Ms. Cerilli:** So the minister is telling the committee that the staff that he has with him who are here to provide him briefing and advice do not have any more information about the television contracts.

**Mr. Stefanson:** Mr. Chairman, the short answer is yes. I can give her some information I think she already is aware of, that a news conference was held May 26, 1997, to announce the Canadian broadcasting for the Pan Am Games, and the Canadian Broadcasting Corporation, CBC, and NetStar Communications, TSN-RDS, will provide joint coverage of the 1999 Pan American Games.

CBC will provide approximately 35 hours of prime time coverage, including the opening and closing ceremonies. CBC's coverage will include two hours in prime time to the full English language network. An additional hour will be seen locally every night during the Games on CBC Manitoba and its northwest Ontario repeater stations. NetStar Communication's commitment is for 65 hours of additional coverage during the day on both TSN and their French language counterpart RDS.

CBC has been announced as the host broadcaster providing the picture and international sound for all rights holders. The Panasonic international broadcast centre will be located at the CBC Winnipeg studio.

I have indicated that I will get other information on other television rights, Mr. Chairman.

**Ms. Cerilli:** Well, we have covered a number of items that have flowed, I guess, from the kinds of questions that were initiated by the member

for Inkster (Mr. Lamoureux), but when I started off, I was asking questions about the budget and the Pan Am Games Agreement.

The minister had said he was going to look into providing me with copies of a number of the plans under the business plan, the financial plan, the marketing plan. I guess that is one of the ones I have now, or, no, that is different than the one I have, perhaps, the risk-management plan, the plan for greening of the Games.

Is that something that the minister is just going to include in the same package, or am I going to get that sooner than some of the other items he will probably put in a letter?

**Mr. Stefanson:** Mr. Chairman, I indicated earlier this afternoon to the member when she asked specifically about two areas, the information from Crown corporations and information about expenditures from departments of government that have a relationship to the Pan Am Games, that I felt I could get that to her before the end of June.

We have been keeping track of her various requests since we started the Estimates process. We have provided some of the information as we have gone through the Estimates process, Mr. Chairman, and we will certainly undertake to provide the rest of that information as soon as possible.

**Ms. Cerilli:** The question I was asking, though, is I know the kind of letter that I am going to get from the minister with answers to some of the detailed questions. What I was asking him, though, is if I could get copies of some of these documents ahead of time of that, rather than waiting for you to go through all of the notes you are taking and put that in a letter form. If some of the requests that I have made are documents that you are going to provide me with, if you could provide that to me sooner than waiting for you to compile the letter and all the other information.

**Mr. Stefanson:** Absolutely, Mr. Chairman. I will provide them as they become available, rather than waiting until we have everything compiled and then doing it all at once.

**Ms. Cerilli:** But one of the issues under here that I wanted to discuss is also a matter that has come up today publicly. It has to do with the plan for the Pan Am Games, Greening Our Games. One of the items under there that was, as I understand it, discussed at the Pan Am Games Society with the head of the environment committee is that the Pan Am Games had a position that they would not be requesting to have the City of Winnipeg spray with malathion for mosquitoes. We know that there are plans to go ahead and do this. Not only are they going to do it, but they are going to have the city waive the usual system that is in place where residents can request the buffer zone around their property. So I am wondering how this could occur. If the policy at the Pan Am Games, through the environment committee, was not to have this practice occur, why is it that the city and other areas are going to be sprayed with malathion for mosquitoes?

**Mr. Stefanson:** Well, Mr. Chair, obviously, this is an issue being dealt with primarily between the City of Winnipeg and the Pan Am Games Society, and I will certainly undertake to get more information for the member on the issue.

**Ms. Cerilli:** Is the minister aware that was the policy of the Pan Am Games, or that the intent was to not have spraying done? Is that the minister's understanding?

**Mr. Stefanson:** Mr. Chairman, I believe that one of the policies of the Games is certainly to be environmentally friendly. In terms of the specific aspects, again, I will check on that, and I will check on what discussions have taken place with the City of Winnipeg.

**Ms. Cerilli:** There is also a policy through Natural Resources, an understanding not to have natural areas like Birds Hill Park or other venues like that that are being used sprayed, and that is an ongoing policy. Is that policy going to be followed for the Pan Am Games?

\* (1620)

**Mr. Stefanson:** Well, Mr. Chairman, I will check with Natural Resources as to what their plans are.

**Ms. Cerilli:** In reading through the Pan Am Games agreement, one of the items on page 11 indicates that the Pan Am Games Society can make amendments to their budget as long as it is not in excess of a million dollars. I am wondering if the minister can tell me how many times there have been such amendments made to the budget, if this is something that has occurred over the course of the life of the Pan Am Games Society in the various compilations of budgets we have seen, if what has occurred is that the Pan Am Games Society has been utilizing this power to make amendments to the budget that are less than a million dollars.

**Mr. Stefanson:** Well, Mr. Chairman, under that Clause 6.2 on page 11 of the agreement, there has been the one amendment that we referred to the other day when the funding support from both the federal government and the provincial government was increased.

That was in 1998, Mr. Chairman, that that amendment to the agreement was put in place.

**Ms. Cerilli:** Well, I am sure the minister can provide me then with information on any other amendments since then that would have occurred in the budget that would have been under that dollar amount.

In the same vein, item 6.5 under the same business plan, accounting and auditing, there is a requirement that each level of government would be provided with financial statements of an audit for each year that the society is in operation. Can the minister tell me the number of audits that have been done and if that is another document that would be provided to us?

**Mr. Stefanson:** The member is correct that the society has to prepare and provide audited financial statements. I will undertake to provide her copies of all audited financial statements since the signing of the agreement, Mr. Chairman.

**Ms. Cerilli:** Can the minister also tell the committee who is the auditor that is representing Manitoba who would have access on an ongoing basis under No. 6.6 and if there is any involvement by the Provincial Auditor?

**Mr. Stefanson:** Mr. Chairman, 6.6, as it says, is the society shall permit reasonable access to auditors representing Canada, Manitoba and Winnipeg, and, obviously, that would be at the discretion of each level of government what auditors they wanted to access. The Province of Manitoba, if we so chose, could use the Provincial Auditor or we could use any other auditing firm.

**Ms. Cerilli:** It does not sound like Manitoba has done that, but I think from our discussions there have been other levels of government that have utilized that provision. Can the minister clarify that? Has Manitoba made any access through the Auditor and what the results of those inquiries are.

**Mr. Stefanson:** Mr. Chairman, I believe that has been done once by the federal government and once by the City of Winnipeg, but I will confirm that for the member.

**Ms. Cerilli:** Then not by the Manitoba government obviously. The minister can confirm that, too, but I want to move on.

The next area of policy agreement is governing travel expenditures and purchase of goods and services and tendering policies. It has been raised with me that there may have been change in some of the tender agreements. Will the minister provide me with a list of all the companies that have been given the opportunity to utilize the Pan Am Games logo on products or any other contracts where they have been manufacturing goods for the Pan Am Games or where there is agreement for them to sell products related to the Pan Am Games? Will the minister agree to provide that information to us?

**Mr. Stefanson:** Mr. Chairman, I will undertake to provide that information. If there is a problem with that, I will let the member know; otherwise, I would expect I should be able to provide that information.

**Ms. Cerilli:** Is there a problem with that? Is there a problem with getting the list of the companies that are now working with the Pan Am Games as suppliers, as distributors, manufacturers? Is that not something we should have access to?

\* (1630)

**Mr. Stefanson:** No, I indicated I did not expect that there would be. If there is a problem with that, I will outline what the problem is.

**Ms. Cerilli:** There is a clause in this agreement that requires the Pan Am Games to give priority to Canadians and Canadian economic interest in terms of selecting of suppliers—

**Mr. Chairperson:** Order, please. The honourable member for Radisson, could I have you face the microphones? They are not picking you up at all, and it makes it a little difficult. Just when you are facing the side, it does not work.

**Ms. Cerilli:** Yes. I was saying that there is a clause in the agreement that requires the Pan Am Games to give priority to Canadians and—

**Mr. Chairperson:** Order, please. I hate to interrupt the honourable member. Could I have those members wanting to carry on a conversation to do so in the loge, please? It is a little hard to hear the member for Radisson speaking.

**Ms. Cerilli:** I am wanting to ask the minister about the Pan Am Games policy with respect to buying Canadian or hiring Canadian in terms of suppliers and contractors, and if this policy is being followed to the minister's understanding.

**Mr. Stefanson:** Mr. Chairman, the information I have is that Section 75 is being complied with. We will certainly inquire again of the Pan Am Games to ensure that that is the case.

**Ms. Cerilli:** One particular instance has been drawn to our attention and that involves some changes that were made in contracts for the development of a line of clothing or manufacturing of clothing. I am wondering if the minister would confirm that there have been changes made, that there was a Canadian company and that the Canadian company is no longer involved, and now the clothing for Pan Am Games is now being supplied through China. Is that something that the minister could confirm?

*Mr. Edward Helwer, Acting Chairperson, in the Chair*

**Mr. Stefanson:** Well, again, all the information we have is certainly Section 7.5 is being complied with. We are aware of a number of Manitoba firms that are providing clothing to and as a result of the Pan Am Games. But I will inquire about the specific issue or question raised by the member.

**Ms. Cerilli:** I am also interested in getting a copy of the conflict of interest policy and the travel and expense policy that was to be developed as per this agreement.

**Mr. Stefanson:** Yes, we will undertake to provide copies of both of those documents.

**Ms. Cerilli:** We have already discussed to some extent the issue of how a deficit for the Games will be dealt with. I am wondering if Manitoba has any type of a legal report on this or any type of sort of legal opinion on this, if you have asked for that.

**Mr. Stefanson:** As outlined in Section 8.2 of the agreement that the member has a copy of, it says: "Canada, Manitoba and Winnipeg shall not be responsible for any Games Deficit." I believe that this agreement would have been reviewed by Legal Counsel at the time of entering into. There has been no subsequent legal opinion obtained since that point.

**Ms. Cerilli:** If there is a deficit and the Pan Am Games Society is going to be responsible for that, can the minister describe what usually happens in a Games like this, with the way the Pan Am Games Society will deal with that deficit considering that after the Games, the Pan Am Games Society itself will be dissolved? As I understand it, once the Games are over, the Pan Am Games Society will be dissolved.

**Mr. Stefanson:** As we discussed yesterday, and the member herself indicated, she did not think there would be a deficit. I do not think there will be a deficit, but obviously the Games Society would have to address that. There are different things they could do.

They could continue to attempt to get some financial support from the public or the corporate sector, recognizing it is more difficult once the Games are over, but that certainly is an

avenue. They can look at the assets that they have acquired during the Games, and whether or not any of those assets could be sold off. That would be something they would be looking at as well. So there are various steps that they can take, if a deficit were incurred, but we do not expect that to be the case.

\* (1640)

**Ms. Cerilli:** Just to clarify, I said that I was more, I guess, optimistic regarding the financial history of the Pan Am Games, once I more fully understood how the target for the ticket sales worked, that there was quite a bit of room there, even if the target was met.

I think, though, that obviously, because the other levels of government have gone to some lengths to try to understand more clearly what a deficit would mean to them and mean for them, and what we have been talking about in terms of the ticket sales, there still is an issue in terms of the possibility of there being a deficit.

So I appreciate the minister's explanation. I guess the question I am asking as part of this is: would the Pan Am Games Society continue to exist as a legal corporate entity in order to deal with any kind of a deficit?

**Mr. Stefanson:** I would not agree with the member when she says the other levels of government would understand more clearly. I would say quite the opposite. Just because they sent in an auditor does not in any way enhance their understanding of the overall operations of the Games, and they are faced with the exact same situation that we are faced with as a partner in the Games today, Mr. Chairman. I would suggest that we have as much contact as any of the government partners in the Pan Am Games.

But, having said that, yes, I would expect that the entity would remain in place, if there was a deficit, until the deficit issue was resolved.

**Ms. Cerilli:** I guess the reason I said what I did about the federal and the city levels of government is we know that, through the city Audit Department, this review of the status of the Pan Am Games led to them saying that—they were trying to investigate if there was sufficient

information to determine if any liabilities could rise out of the Host City Agreement. I think just the fact that both other levels of government have involved an auditor means that there is cause for some concern on their part. I was just using that as an example then to reinforce the idea that I think, on the one hand, we have discussed what would happen if there was a surplus but it is also a responsible thing to look at what would occur in the case of a deficit. The minister, the other day, explained that it was Manitoba's position that they would not have an auditor involved at this point because they thought that would be a duplication of services that were already being undertaken by the other levels of government, and the minister wanted to see more co-operation between the different levels of government on this matter. At the same time, I think the minister had also said though that he has not received a copy of the federal government's audit. I think that is probably still the case.

**Mr. Stefanson:** I think the important thing is neither one of those audits, while I am sure they were of some value, led to any actions being taken whatsoever by the Pan Am Games or by the city or by the federal government. So to compare those to the ongoing involvement we have had with the Games in terms of reviewing issues, going over their budgets in the absence of an audit, those audits did not lead to any findings that led to any fundamental change or any change in direction or any recommendations that changed the financial picture of the Games. That is my point that we have had ongoing discussion with the board, with staff, I would suggest as much or more than the other two levels of government, and it is also what steps are being taken to be absolutely certain these Games are a success in terms of supporting the Games with a number of their issues, whether it is raising revenue or assisting them in other aspects of putting on the Games.

**Ms. Cerilli:** Well, the fact that the city audit includes that statement that I have already read, that there was some outstanding possibility that because of language in the Host City Agreement that there could be some liability on the City of Winnipeg, is that something that the minister has reviewed and does he have any information on that? I guess further to that was it agreed that

with the federal government's comments that it was the city that bid on the Games and they would be more likely to have to assist the Pan Am Games Society with any debt reduction left in terms of a deficit.

**Mr. Stefanson:** Mr. Chairman, I think this clause in the agreement speaks for itself on the issue of deficits. We do not expect the Games to end up in a deficit position. I have already outlined for the member some of the steps that the Pan Am Games Society could take and I am sure would be looking at if there is a deficit. We have certainly been extremely supportive throughout this entire process with the Pan Am Games to make sure the Games are a success on a number of fronts, and I would hope and expect the other levels of government have been doing the same. If there is a deficit, then obviously all of the parties will have to work co-operatively to resolve that. But I have outlined the kinds of steps that the Pan Am Games Society would probably be looking at to deal with any potential deficit.

**Ms. Cerilli:** In the November 1997 update from the Pan Am Games Society, under local fundraising, it makes reference to a new category which was developed in the Friends of the Games, a participation package and it would include sponsorship ranging from \$5,000 to \$150,000, and there was a list of businesses that were going to be approached. I am wanting some kind of a report on the success of that project and an indication of the individuals or businesses who have become Friends of the Games under that program.

\* (1650)

**Mr. Stefanson:** Mr. Chairman, the Friends of the Games has been a very successful initiative. I believe it was chaired by Mr. Kerry Hawkins from Cargill, and if the member were to look at the April-May partners report that I provided her the other day, on page 10, it will give a status report at that particular point in time, where the confirmed contributions are \$3,443,365. In this particular report it outlines who the new Friends of the Game were at that particular stage and it lists a number of companies. I could certainly undertake to provide a status report of the total amount raised under the Friends of the Games

and the listing of the firms that have been supporting.

**Mr. Gary Kowalski (The Maples):** I am interested, and the minister also being the former Minister of Finance, about the projections for income, the benefits to the Pan Am Games. I am not too sure I understand because so much of the money being spent, to me, is flow-through money, money going to the Holiday Inn hotel chain flows through Manitoba. There are some small minimum wage jobs that maybe they have had to hire a few but it is flow-through money. It goes to somewhere else. Money going to networks, flowing through. I would like to know what economic benefits we will see in Manitoba other than for the brief two-week period. We will have a small amount of employment there, but it is a lot of effort by a lot of volunteers. What economic benefits are we going to see in Manitoba because the Pan Am Games are here?

**Mr. Stefanson:** I will not read all of this, but there was a Manitoba impact assessment done by the Manitoba Bureau of Statistics on behalf of the Games and it really is meant to do exactly what the member asks. It looks at direct employment in Manitoba and expenditures in Manitoba, and it is meant to factor in the elements that the member is referring to, what is actually happening in your economy, what is happening in the rest of Canada's economy and so on. At that particular point in time out of the budget it said, direct Games expenditures in Manitoba, \$118.3 million, therefore for each dollar in direct Games expenditures in Canada 92.7 cents are estimated as direct Manitoba-based expenditure. So that takes into consideration what the member is saying that some of these expenditures do not stay in our province, but the study done by the bureau indicated that almost 93 percent will stay in Manitoba.

It then goes on, and it factors in leveraging the economic impact. It goes on, and it talks about employment and person-years of employment and direct expenditures, impact on GDP, labour income, employment persons, direct and other employment. It goes on to factor in income taxes generated as a result of the Games and as a result of visitors. So it totals total provincial taxes, local taxes, federal taxes. This study, at

that particular point in time based on the current budget of the Games, showed total Manitoba impacts in terms of taxes collected being about \$37 million, which was broken down about \$14 million in provincial, \$4.5 million in local and about \$18.8 million in federal.

So I could go on at length reading the summary of this, but it might be better to make a copy available to the member, and then he can go through it himself, Mr. Chairman.

**Mr. Kowalski:** I would appreciate a copy of that document, because I remember reading something written by Carl Ridd, especially when we were looking at the Save the Jets, and there were people looking at building arenas and that. At the time, there were a number of academics and expertise that said that consistently, whether it is the Commonwealth Games, the Olympics, that the revenues are always overestimated. The economic benefits are always overestimated, and most of the cities are prepared to justify the amount of effort that goes into something like this.

So I will be interested in examining this document closely because I hope this will not be another one. Yes, we are going to fill up hotel rooms; yes, we are going to have some legacies here. I do not think there will be as many legacies as from the last Pan Am Games. I could be wrong there, but I do not see the amount of construction we saw such as the Pan-Am Pool and the Velodrome from the last Pan Am Games.

I am really cynical and skeptical about the economic benefits to Manitoba from these Pan Am Games. There have been some advertising companies that have made some good money on this. There have been some people hired from Atlanta and Americans who have been hired who have made some good money on this, but I would be interested to read this document to see if there is a great economic benefit for Manitoba and Manitobans.

**Mr. Stefanson:** Well, Mr. Chairman, I will provide a copy of this economic impact assessment, and, certainly, the member can go through it, and we will gladly answer any questions. A fairly common approach used by economic



agencies in terms of calculating the economic impact—I think the one argument that is often made that is really very subjective is I think most do not question these calculations; they just say how much of that is incremental spending? If you did not have the Games going on, would those people still be spending that money somewhere else in the province of Manitoba, either at the lakes or at the restaurants or at other venues, and that is something that is very difficult to quantify. If you did not have the Games, would you spend the money, or would you go outside of Manitoba? Would you go down to North Dakota or would you go to another province or something like that?

That is the argument that many people often make, is when you are factoring in the spending by Manitobans, how much of that is truly incremental? Nobody that I am aware of has developed a model to sort of factor that in in any way because it is, if you just think of it logically, extremely difficult to get a handle on. But the actual calculation based on the amount of money spent, I think most do not disagree with that. The argument is often this issue of incrementality, a similar argument at the time of the Jets. If the Jets were not here, would that money still be spent on our economy? Where would it be spent in our economy in terms of entertainment and so on?

But I will provide the member with a copy of this. I think he will be pleasantly surprised on the issue of the capital projects. I would have to go back and look at 1967 in terms of the dollar cost of those projects, and they certainly were key projects, the Pan-Am Pool and the Pan Am Stadium at the university and the Velodrome, and so on, but if you look at issues like the Investors building out at the University of Manitoba, it is a great facility for basketball, volleyball, gymnastic. Some things are being done, not directly for the Games, but that will benefit the Games. The baseball stadium was not done for the Pan Am Games, but they are certainly going to benefit from that facility.

The Pan Am Games directly, as we discussed yesterday, is spending about \$15.6 million on capital, of which the largest project is the Investors building. The second largest one is some improvements at the University of Manitoba Stadium, a new track and so on.

But, as we discussed, there are some other capital projects that are benefiting the Games, certainly the stadium, the baseball stadium, being a good case in point. So in 1967 we did very well with our facilities, but I think one of the reasons we were able to get these Games is that we do have a good nucleus of facilities, but this also is a chance to really upgrade some of our key facilities like the Pan-Am Pool and so on, but also to add a couple of new facilities. So I do not think we are doing too badly, but it would be interesting to do that comparison. I think we have probably fared well, both in '67 and today.

**Mr. Kowalski:** One more question, in regard to turnover in staff at the Pan Am Society. You know, for an organization that was serving such a short term, I am surprised at the amount of turnover that they have had. When Ernie Nairn was let go, along with a number of other people, I was surprised by the amount of turnover for an organization that only lasts for that period of time.

Do you have any figures on the amount of staff turnover that has occurred since the Society has moved in, full-time staff that have been let go or have quit or moved on to other things? Do you have any information about that? It strikes me that possibly, and I am just guessing, one of the underlying reasons is that these Pan Am Games, unlike the previous ones, are relying on more paid staff than volunteers. We have brought in experts from the United States. We brought in people from Atlanta and that, where the previous Pan Am Games were sort of the volunteer games. We pay people to do what people were volunteering in the last Games, especially at the higher management levels. As a result, there is not that community spirit; there is not that working together. As a result, you have had a high amount of turnover in the staff there. Now correct me if I am wrong.

\* (1700)

**Mr. Stefanson:** I will undertake to provide what information I can for the member. I do not think there have been a large number of turnovers, but I will get the numbers for the member. There have been some issues with some individuals. The member for The Maples

(Mr. Kowalski) certainly touched on somebody whom most of us know, Ernie Nairn, and that received some media coverage at the time.

I think what the Games has been dealing with is this whole issue of people who have Games expertise versus trying to maintain a strong volunteer and community commitment and so on. These Games, in so many ways, have changed in terms of this whole issue of drawing on people who have some Games expertise.

I will get the numbers for the member in terms of people from outside of Manitoba who are serving for the Pan Am Games. I do not have those numbers with me, but I can certainly provide a breakdown of the total complement of staff, how many are from outside of Manitoba. When it comes to volunteers, back in April, May, the Games had something like 17,500 Manitobans registered as volunteers. I believe over 11,000 of those volunteers have now completed a training program. So, not surprisingly in Winnipeg or Manitoba, there is no shortage of people being prepared to volunteer, contribute and get involved. The key challenge is to make sure you make the best utilization of those people and it is a rewarding experience for them and everything is successful. I think the Pan Am Games will do that. I think they recognize the volunteers are going to be the key to the success of the Games, and they are certainly putting them through a general training program. I will get specific numbers on the staff complement, the issue of turnover and how many of those staff are from outside of the province of Manitoba.

**Ms. Cerilli:** I was just listening to the questions by the member for The Maples (Mr. Kowalski), and I just want to reiterate some of the questions that we asked the other day in terms of trying to determine the number of tourists that are going to come to Manitoba for the Pan Am Games. I think that will address some of the issues he was raising about in terms of the economic impact statement that was done, new money that will come to Manitoba, not just having Manitobans here spending money that would already be in our own economy but trying to increase the number of tourists that would come here. I was raising concerns about the way that the advertising and promotion media strategy has

been targeted really in and around Winnipeg and Manitoba.

Granted we, I guess, usually get the majority of our tourists from the states bordering on Manitoba and the surrounding provinces, we did discuss earlier today the checks and balances that were in place in terms of the promotion and marketing strategy that is being used and any contingency plans that are in place. [interjection] Pardon? Well, the member for The Maples says Minneapolis, they have not heard of them there. I think that they had a couple of ads in their paper, but I will leave the minister to answer. If that is a query, maybe he can give more explanation of what exactly a large centre like Minneapolis has had in terms of inducements to them to come to Winnipeg for the Games.

**Mr. Stefanson:** Well, as we discussed earlier and it is in the memo that I gave the member for Radisson, there is regional television, radio, print advertising, and additional advertising has also taken place in North Dakota and Minnesota. As well, Minnesota is receiving part of the direct mail packages being sent out. So there certainly is some focus being given in the state of Minnesota by the Pan Am Games, but I will undertake to determine specifically what promotions are being done in Minneapolis.

**Ms. Cerilli:** Going back then to some of the questions I have been asking arising from the updates that we have been receiving on the Pan Am Games. I am interested in finding out how much it is costing us to rent the Convention Centre that is being used. There are a variety of sports that are going to be there as well as other uses. Can the minister explain what budget line that is from and what the cost is of the rental agreement for the Convention Centre?

**Mr. Stefanson:** As the member knows, we discussed yesterday the Convention Centre is being utilized for some venues and for various media activities. I will inquire about the arrangement between the Pan Am Games and the Convention Centre and get back to the member.

**Ms. Cerilli:** The same memo also makes reference to an MTS rate card for technology services that we provided. I would also be interested in more information about any kind of

agreements with MTS in terms of a rate card and operations that were going to be involved, whether it is for media or for other uses for the Pan Am Games.

**Mr. Stefanson:** As we know, MTS is one of the largest corporate sponsors of the Games. Obviously they have an agreement in place with the Pan Am Games. I will inquire from the Pan Am Games Society about the issue of the rate card and provide whatever information I can on that issue.

*Mr. Chairperson in the Chair*

\* (1710)

**Ms. Cerilli:** I also would be interested in finding out or getting an update on the status in terms of accommodation. There is a number of issues in this area.

I think a number of people were surprised that after all the time and the talk of how horrible it has been that Manitoba has had to have children in care of Child and Family Services stay in hotels, it took the Pan Am Games as an incentive or an impetus to finally get kids out of those hotels. I think it would be interesting to see now where they finally are gone, but does the Pan Am Games Society then have information about how many hotel rooms have been freed up as a result of having young people moved out of hotel rooms to make way for the Pan Am Games?

**Mr. Stefanson:** Mr. Chairman, if you look under the April/May partners report, Games Services Accommodation, it shows that internal invoices to date are \$6,380,785, including hotels, home stay, bed and breakfast, and campgrounds. The release dates for both Tier 1 and Tier 2 hotels are passed. The Accommodations Department is working with the hotels on an individual basis to keep a variety of inventory of rooms in the Pan Am Manitoba Reservation System. It goes on to talk about other issues, so again a great opportunity for our hotel industry. The Games is managing its inventory and supply of rooms for the Pan Am Games.

Specific questions about the whole issue of utilizing hotel rooms for Family Services, the

Family Services department, should probably be more appropriately asked during those Estimates.

**Ms. Cerilli:** I am sure that my colleague the MLA for Burrows (Mr. Martindale) can ask the questions in Family Services. These people have mentioned to me that there must have been enough of a need, I guess, to have that kind of decision made—

**Mr. Chairperson:** I hate to interrupt the honourable—

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

**Mr. Chairperson:** Order. Could I ask the members who want to carry on a conversation to do so quietly in the loge. I know I could ask, and then I could kick you out of the Chamber. I am having great difficulty hearing the honourable member. I know the minister has to hear the questions. Thank you.

**Ms. Cerilli:** I was just making the point that the minister, I guess, really did not answer the question in terms of the number. He has just read me what is in the report he has provided me with, but he did not give any indication of the number that have been freed up because of kids that were in there. I guess we will follow that up with Child and Family Services.

Another issue that I find interesting on here in terms of logistics is the planning and scheduling of Games-timed freight movement. I am assuming that means there are going to be some attempts to have trains that travel through the city to be on a schedule sensitive to scheduling of major events. Is that the case, and how have those negotiations gone? What has been agreed to in terms of CN and CP?

**Mr. Stefanson:** Just to conclude the first issue, the reason I suggested it is more appropriate at Family Services, the issue of utilizing hotel rooms for Child and Family Services Agencies, Mr. Chairman, I am not aware of any correlation between that issue and the Pan Am Games, because the Pan Am Games has certainly been able to acquire the rooms that they need in respect to that issue. Therefore, the utilization of hotel rooms for that kind of support and service

is an appropriate question during the Family Services Estimates.

If the member is referring to page 5 of the April/May Partners, under the logistics where it talks about planning and scheduling of Games time freight movement, that has nothing to do with trains. That is purely the movement of supplies from central locations out to the various venues, the equipment that might be required, other supplies that have to be set up and so on, Mr. Chairman. That is all that is meant to refer to.

**Ms. Cerilli:** I guess, I was thinking about some of the problems that occurred in the last Olympic Games in the States, when there was all those problems with traffic. I do not think we are going to have the same kind of problems here, especially in the middle of the summer, but I know that there can be an awful lot of trains coming through Winnipeg if that is going to occur especially out around the Stadium. I notice that there also is a traffic committee that has been meeting.

One of the other programs I wanted to ask question about though is the program where Winnipeggers or, I guess, other Manitobans as well were offered a chance to host guests. I believe, I know one person anyway. They were offered \$300 a night for giving up their house for a certain number of days. They had someone come in and sort of do a check-list inspection and had their property and home assessed and were given a five-star rating, I think, and that meant they were eligible for a certain amount of money.

I am interested in finding the budget for that program and the number of homes. I remember reading something about this in the media, as well, but I just want to get an update on that as well.

\* (1720)

**Mr. Stefanson:** Mr. Chairman, again, if the member were to look on page 6 of the April/May partners report, she would note that sales of 12 executive class homes to nine clients are being processed, and they have approximately 100 executive class homes in inventory. Interested clients may look at photos of many of the homes

and can arrange to view specific homes. That is being done in conjunction with the Winnipeg Real Estate Board, and it is like a service being co-ordinated by the Pan Am Games Society.

**Ms. Cerilli:** What is the budget for the program? I am interested in finding out which line that is from. Just to continue on, I am assuming that program is in place because there are certain visitors that are going to be here for a duration, or their circumstances lend themselves to having a larger space. I maybe just want some kind of explanation for the intent of that program or the objectives and reasons for having that kind of a program. It is actually smaller than I thought it was.

Just to continue on on that program, it would also be interesting at some point to get an indication of where those homes are. I am not sure if that will be part of some kind of final report on the Games. I am not saying I need to get that information prior to the Games at all.

**Mr. Stefanson:** The member is right in her assumption that there are just certain families or groups that would want access to this kind of accommodation. I can undertake to get a listing of this information, but I will have to confirm this is not a cost to the Pan Am Games, because it is recovered from the people using the home. I will certainly get the financial details for the member.

**Ms. Cerilli:** That is good. It answers my question. Okay.

The other area that has been a concern, and I know I raised this last year, is the athletes village. I think I have a letter here from the minister from last year where he outlined some of the venues that were planned as athletes accommodations, but I know in talking with some people involved in the sports that this is a concern, that some of the athletes are really squished in. With all the athletes that are coming that in an international Games like this, it is not common to have them three and four to a room, and in the Pan Am Games that is what is going to happen.

I am wondering if that has changed since last year and if I can get a rundown of where all

the athletes villages are and if that is at its final state or if it is still in progress and there actually is still not a completion on locating all the accommodations for athletes.

**Mr. Stefanson:** I believe the athletes are being housed here in Winnipeg at the University of Manitoba, in Portage la Prairie at the Southport facility, Brandon University, I believe, and at Gimli as well. In those locations, well, I am not aware of any problems relative to the services for the athletes in terms of their housing or their access to utilities and so on. But I will certainly get a status report for the member.

**Ms. Cerilli:** So the minister is not aware of the concerns that I have just expressed, that other Games athletes have had a lot more room at the international level. You can appreciate the importance that privacy and rest and suitable accommodations are for high performance athletes. If they are going to be bunking in bunkbeds, four to a room, that is, in the opinion of some athletes and coaches and sport representatives, going to be a problem. Interesting to note the minister is aware of that.

**Mr. Stefanson:** My point is, I am, from the information I have I am not aware that there is anything untoward with our athletes village compared to other Games that have been held in other parts of Canada or other countries in the world. They have been toured by the PASO organization. The issues like the food services and amenities have been reviewed, and there is no indication that PASO, sport-governing bodies, agencies, are concerned that our athletes village or housing of athletes are in any way lacking compared to what is normally provided for games of this nature and magnitude.

**Mr. Chairperson:** At this time, could I remind members that they might want to wait until the little red light goes on before they start to speak? Their mikes are not live until such time.

**Ms. Cerilli:** I am also wanting to get some clarification on the transportation policy for athletes. One of the documents the minister has provided for me says that all parties agree to develop and implement a transportation subsidization policy requiring that the organizing committee transport a minimum of 15 partic-

ipants free of charge, and for each participant beyond 15, the costs would be no more than \$185 U.S. per participant from an agreed-upon location.

Does the minister have a report that has been presented from the society that deals with the arrangements for transportation of athletes that would deal with each country and the cost for transporting athletes, where they are being transported from and that type of thing?

**Mr. Stefanson:** Again, we have discussed this in the past. The member knows that was part of the bid package for the 1999 Pan American Games for Winnipeg and Manitoba, and I think she is referring to one of the documents I tabled with her the other day, the co-operation agreements between the various countries and the Games committee and the government. Mr. Chairman, that refers to exactly what she talked about, the transportation subsidy based on a minimum of 15 participants free of charge and beyond 15, the cost no more than \$185. I will undertake to provide her what information I can on a country-by-country basis relative to this transportation policy.

\* (1730)

**Ms. Cerilli:** Is there a different arrangement for the U.S. team in terms of the kind of funds that they are going to get? Who is paying the cost for the transportation for the U.S. team?

**Mr. Stefanson:** Mr. Chairman, I will undertake to obtain information, as I have already said, on the relationship with all of the countries, including the United States.

**Ms. Cerilli:** One other concern that has been expressed is that we are not able to fulfill the requirement to have an ambulance at every venue to deal with any emergency that would arise and still have security for the population of Manitoba. How is this issue being addressed by the Pan Am Games Society?

**Mr. Stefanson:** Mr. Chairman, again, the April/May partners report touches on the issue of medical services on page 6. At this particular point in time the draft proposal for city ambulance coverage is being reviewed by the

PAGS legal department. We were also waiting for the proposal at that time from the regional health authorities to provide rural ambulances. The draft agreement is to be presented to their executive committee on May 26, form the base of their subsequent agreements to be negotiated, the medical committee service providers to begin the process of scheduling our medical volunteers.

I am sure this is all being done as striking an appropriate balance in terms of having ambulance and medical services available within reasonable travel times to various venues, but also not in any way putting at risk or in jeopardy the services that they provide to the city of Winnipeg.

**Ms. Cerilli:** It has been suggested to us that this is not going as smoothly as the minister suggests, that there is concern. Is there going to be the purchase or hiring of emergency vehicles and paramedics from outside of Manitoba? It seems to me that when you have 5,000 athletes that are doing what they do, there may be a need to have additional emergency services. We know the emergency services have been stretched in the province of Manitoba just to cover the population that is here. That is without dealing with 5,000 athletes who are trying to have a peak athletic performance potentially in the blazing sun.

**Mr. Stefanson:** Mr. Chairman, I will get the member a status report, but I think we have to show some degree of confidence in the people that have the expertise in this area, in terms of city ambulance providers, rural ambulance providers, RHAs, that they put together the proposals to strike the appropriate balance of providing service to the athletes, but also continuing to provide service to the citizens of Winnipeg and the people of Manitoba. I will get a status report, but I am confident that that is being addressed.

**Ms. Cerilli:** A couple more questions on this topic, though. Is this another area that is covered by agreement for international events such as the Pan Am Games, whether there is sort of a minimum requirement for emergency services for the protection of athletes? Is that something that is dealt with through PASO or any of the

other organizations that deal with international amateur sport? My other question would be: is this one of the costs that will be borne as a line item through Manitoba Health's involvement in the Games?

\* (1740)

**Mr. Stefanson:** First of all, Mr. Chairman, the second question, there is no expenditure in Health to cover these services. They are being done from within the Pan Am Games operation. In terms of the spelling out within the agreement, I will have to check whether it is spelled out in any of these agreements, but again I think it is recognized that it is an important service to be provided for hosting the Games. We will confirm whether it is spelled out in any agreement.

**Ms. Cerilli:** I think so in terms of the new requirements there are in terms of these Games for security. There has also been some attention paid to the kind of protection in case there is any terrorism or emergencies. There probably are some requirements related to that aspect alone in terms of having emergency services available, so I am interested in finding that out.

The other thing is I go back to this agreement on the Pan Am Games. There is information in here about accreditation of provincial and related officials, and it suggests that there is going to be some kind of a pass or tickets or something given to the Lieutenant Governor and the Premier (Mr. Filmon) and MLAs and cabinet. I just want to get some idea of what that involves. I was surprised to read that actually.

**Mr. Stefanson:** Starting on page 16 of the Pan Am Games Agreement that the member has a copy of, she can see the issues of accreditation. The first section, Section 14, is Accreditation of the Royal Family and Federal and Related Officials. Section 14.1 goes into detail on that, and 14.2. Section 15 is Accreditation of Provincial and Related Officials. It goes through basically a similar summary as for the federal government, and then Section 16 on page 18 shows Accreditation of Winnipeg and Related Officials. It is all spelled out in the agreement

what the funding partners receive in terms of accreditation.

**Ms. Cerilli:** To differ with the minister, it is not clear what "accreditation" means. It says that they are supposed to be given appropriate accreditation and be treated as representative guests, no less than what a comparable representative of the levels of government or sponsors would receive, but that does not tell me what that is exactly. That is what I am asking you. I have the same pages in front of me. I said that is what has prompted my question.

**Mr. Stefanson:** Mr. Chairman, I am told that for each of these sections it varies, each of these categories. If you look at Section 14 a. to h. or Section 15 a. to h., there are different packages in different areas having to do with things like access to VIP settings or accommodations, access to venues, to games, access to motor pools or vans that are shuffling people from venues, so it will vary in each of those elements. I am told that all of that is just in the process of being concluded.

**Ms. Cerilli:** So we do not quite know yet, but how will that be made known to the various targeted groups?

**Mr. Stefanson:** Mr. Chairman, it is all just being finalized, and I am assuming it can all be made public at that time in terms of the federal government, the provincial government, the City of Winnipeg, and so on.

**Ms. Cerilli:** I am looking on page 24 now of the same agreement, and 19.1 makes reference to Article 6. There are a number of other articles. Are those like an appendix for this agreement, and is that something that we could also get? Or is that Article 6 referring back to the other section that we were discussing before?

I will wait for the minister, but as I read it again I think it is more clear to me than when I was making my notes for questions. I think it is clear now that it refers back to No. 6 in the report. Maybe the minister can confirm that.

**Mr. Stefanson:** Well, Mr. Chairman, that is why I was not sure of the question, because if you read 19.1 it does refer back to Article 6, and

it has notification provisions in this cause if the society felt they were going to run a deficit.

**Ms. Cerilli:** Yes, it is clear. One of the other issues is I would like to find out the type of insurance that the Games Society has and the amount of the insurance. There is some detail in here. I am also interested in finding out where that insurance policy is located.

**Mr. Stefanson:** Section 23 on page 26 goes into length on the whole issue of liability and indemnification. Section 23.7 on page 28 indicates the society of its expense, obtain and maintain all appropriate insurance coverage, including directors' and officers' liability, loss of revenue, and such other insurance as deemed necessary by the Risk Management Committee and so on. It talks about the extent of the coverage on page 29, so it goes into a great deal of detail about the insurance coverage requirements of the Pan Am Games.

**Ms. Cerilli:** My question was the cost for that policy and where it was from. Just confirming, I acknowledge that there was quite a bit of detail. I just want to confirm that that is indeed the insurance that has been secured.

\* (1750)

**Mr. Stefanson:** I am certain it has been secured, and I will undertake to provide information relative to the cost and the placement of that insurance.

**Ms. Cerilli:** Has the Pan Am Games Society had to incur any legal costs? You know, the agreement also outlines that there would be some protection for employees and that. What I am wondering is if the Pan Am Games Society has had to incur any legal costs incurred. Some discussion today about the number of employees that have left, some of them, I understand, have been let go. Any legal costs for those type of things or any other kind of disputes that may have arisen?

**Mr. Stefanson:** The Pan Am Games Society have in-house legal counsel. That is not to say they might not have incurred some external legal costs for some reason. I will inquire at the Pan Am Games and get back to the member.

**Ms. Cerilli:** I was just trying to find in the budget here, I have a list that we made up on the budget that does some of the work that I was asking the minister about in terms of the appropriations from different departments going towards the Pan Am Games. I wonder if he can confirm the in-kind services in the revised budget, the total amount for in-kind services.

**Mr. Stefanson:** Mr. Chairman, in terms of the Province of Manitoba, I believe our in-kind support is \$500,000. I think I gave a status report to the member after the last Estimates. I will undertake to do the same in terms of our in-kind services.

**Ms. Cerilli:** I just want to clarify then, money that is expended from a department of the provincial government to the Pan Am Games, that is going to be over and above what is listed as in-kind services, that there are actually dollars flowing from some of the budgets from departments for the province, that it is not all in-kind services. That is one of the things that I am waiting for is an up-to-date list of not only the in-kind services, but the dollar amounts flowing from different departments or the dollar amounts allocated for expenditures in that department as well as for the Crown corporations.

**Mr. Stefanson:** Mr. Chairman, the member is aware of our total financial commitments to the Games, and part of that is a commitment for \$500,000 of in-kind services, which I will provide a status report for the member. We have also discussed issues that have an impact on the Games. Without repeating all of that, expenditures that are being incurred that will benefit the Games, but are being done for a number of other reasons as well. I have indicated I am going to canvass all the departments and

determine what would fall under that area as best we can, that is the issue like the retention pond in Transcona and so on.

Mr. Chairman, we will also canvass any other expenditures related to the Games and coming from individual departments, not funding to the Pan Am Games Society, but expenditures being incurred as it relates to the Games.

**Ms. Cerilli:** Well, I will wait to get the minister's report. I was just looking at a list that was prepared for me by our caucus, so I will leave that and wait for the minister's report.

One of the other issues that I wanted to touch on, and I am just looking for where in the most recent updated report this is mentioned. I think it is mentioned in there that there are ongoing negotiations to deal with an aboriginal component. That would be, I guess, part of the festivals and trying to encourage aboriginal participation during the Games. Would the minister provide me with a status report on this component of the Games?

**Mr. Stefanson:** Yes, I will, Mr. Chairman.

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

Call in the Speaker.

#### IN SESSION

**Mr. Deputy Speaker (Marcel Laurendeau):** The hour being six o'clock, this House now adjourns and stands adjourned until 1:30 p.m. tomorrow (Wednesday).



# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, June 15, 1999

## CONTENTS

### ROUTINE PROCEEDINGS

<b>Presenting Reports by Standing and Special Committees</b>		Conflict of Interest Sale; Tweed; Filmon	2779
Committee of Supply Laurendeau	2773	Driver Licensing Wowchuk; Derkach; Filmon	2781
<b>Tabling of Reports</b>		<b>Speaker's Ruling</b> Dacquay	2782
Supplementary Information, 1999-2000 Departmental Expenditures, Sustainable Development Innovations Fund; Supplementary Information, 1999-2000 Departmental Expenditures, Department of Natural Resources Cummings	2773	<b>Members' Statements</b>  Manitoba Baseball Hall of Fame Dyck	2782
<b>Oral Questions</b>		Cardiac Care Program Barrett	2782
Flooding Doer; Filmon	2773	Manitoba Society of Seniors 55 Plus Games Rocan	2783
Health Care System Lathlin; Stefanson Chomiak; Stefanson	2775 2776	Mr. Brian O'Leary Kowalski	2783
Cardiac Care Program Lathlin; Stefanson	2775		
Gangs Mackintosh; Toews	2778		
Winnipeg Police Service Kowalski; Toews	2779		

### ORDERS OF THE DAY

<b>Committee of Supply</b> (Concurrent Sections)	
Energy and Mines	2784
Consumer and Corporate Affairs	2811
Sport	2842