



Third Session - Thirty-Sixth Legislature

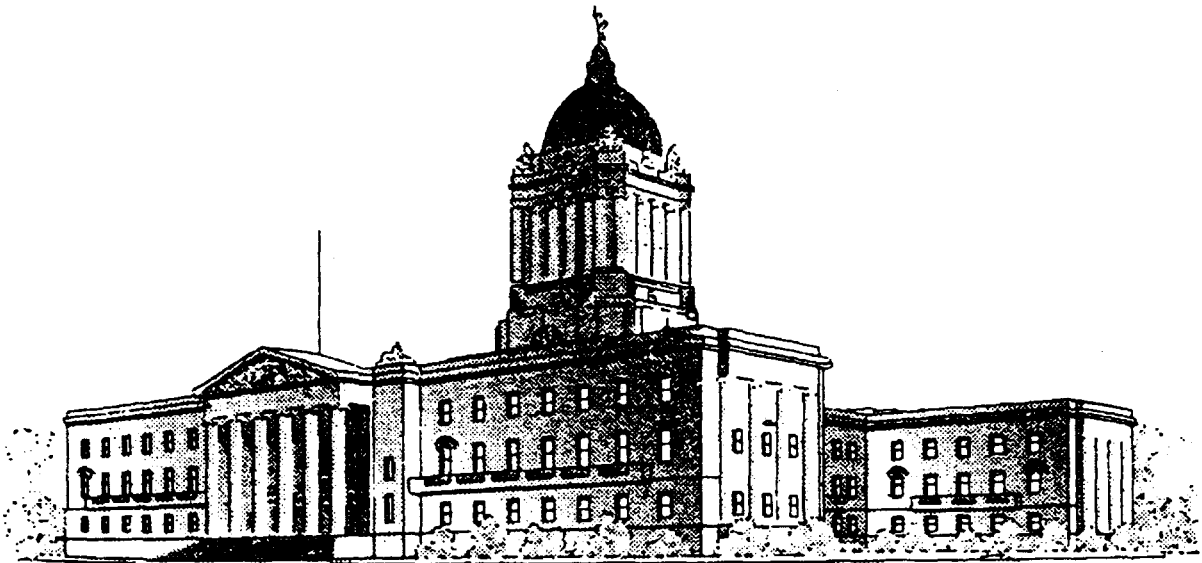
of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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



Vol. XLVII No. 32 - 1:30 p.m., Wednesday, April 23, 1997

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

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 23, 1997

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

### PRESENTING PETITIONS

#### Mobile Screening Unit for Mammograms

**Mr. Stan Struthers (Dauphin):** Madam Speaker, I beg to present the petition of Lorna V. Chartrand, Cindy D. Gray, Robin Gambler and others requesting that the Legislative Assembly of Manitoba request the Minister of Health (Mr. Praznik) to consider immediately establishing a mobile screening unit for mammograms to help women across the province detect breast cancer at the earliest possible opportunity.

**Ms. Rosann Wowchuk (Swan River):** Madam Speaker, I beg to present the petition of Pam Goertzen, Sandra Goertzen, Barbara Kanton and others requesting that the Legislative Assembly of Manitoba request the Minister of Health to consider immediately establishing a mobile screening unit for mammograms to help women across the province detect breast cancer at the earliest possible opportunity.

### READING AND RECEIVING PETITIONS

#### Mobile Screening Unit for Mammograms

**Madam Speaker:** I have reviewed the petition of the honourable member for Dauphin (Mr. Struthers). It complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**An Honourable Member:** Dispense.

**Madam Speaker:** Dispense.

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

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

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

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

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

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

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

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

### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

#### Committee of Supply

**Mr. Mervin Tweed (Acting Chairperson of the Committee of Supply):** 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 Gimli (Mr. Helwer), that the report of the committee be received.

**Motion agreed to.**

## MINISTERIAL STATEMENTS

### Flooding Emergency Response Plans

**Hon. Frank Pitura (Minister of Government Services):** Madam Speaker, I was wondering if we could revert to Ministerial Statements and Tabling of Reports.

**Madam Speaker:** Yes, most certainly. Does the honourable minister have leave to revert to Ministerial Statements and Tabling of Reports? [agreed]

**Mr. Pitura:** I was wondering if I might have leave to share a progress report on the flooding situation in Manitoba with all honourable members here today.

**Madam Speaker:** Just for clarification, is it a report and a ministerial statement?

\* (1335)

**Mr. Pitura:** Sorry, Madam Speaker, it is strictly an update on the flood. It is not specifically a written report.

I would just like to share with all honourable members here today an update on our flood emergency response as of this morning.

Manitoba Natural Resources has released maps of the anticipated flood zone for the 1997 Red River flood. The additional height of water is expected to flood a much larger area than the 1979 and 1996 floods.

### Point of Order

**Mr. Steve Ashton (Opposition House Leader):** Madam Speaker, my apologies to the minister, but I think it should be clarified at the beginning that there

has been an agreement, given the nature of the situation and often late-breaking information, that the normal requirement that copies of the statement be made available has been waived. We are quite agreeable for any time during the flood that if the minister wishes to make a statement at 1:30, it can be done without a printed statement.

**Madam Speaker:** I thank the honourable opposition House leader for that instruction.

\* \* \*

**Mr. Pitura:** I would also like to convey my thanks to the honourable members opposite for that concession.

As I was indicating, Madam Speaker, the height and extending of flooding is expected to cause widespread problems for all local authorities in the Red River Valley.

In regard to states of emergency, in addition to the provincial declaration of emergency on April 22, the following communities have declared states of local emergency: the Town of Emerson on April 20, the R.M. of Franklin and Montcalm on the 21st, the Village of St. Pierre Jolys on the 22nd, the R.M. of Macdonald on the 22nd of April, the R.M. of Morris on April 19, R.M. of Ste. Anne on April 20 and the R.M. of Taché on April 21. It is anticipated that the City of Winnipeg and other jurisdictions in the flood areas will be either declaring states of local emergency today or in the couple of days henceforth.

In regard to evacuations, several communities have already issued evacuation orders or have recommended voluntary evacuations for residents. In addition, due to the increase in the flow rates of the Red River and the potential for the isolation of communities and homes within the Red River Valley, Manitoba Emergency Management Organization has formally and strongly recommended that local authorities commence the mandatory evacuation of areas within the predicted 1997 flood area.

The communities affected: Emerson with a population of 721 has a mandatory status on their evacuation, and they are supposed to be evacuated by the 22nd of April, which was yesterday I believe.

The R.M. of Montcalm, Letellier, and St. Jean Baptiste, total population of 1,606. They have a recommended mandatory evacuation, which is to be completed on April 24.

The R.M. of Franklin, particularly Dominion City, and Dominion City—population is 1,651—are under a mandatory evacuation order, and that was supposed to have been accomplished yesterday.

De Salaberry, with a population of 2,985. They have been recommending a mandatory evacuation, and that is to be finalized on April 24.

St. Pierre Jolys, population of 907, is a limited evacuation at this present time.

The R.M. of Rhineland has a recommended mandatory evacuation to be completed on April 24.

The Town of Morris, population of 1,616, has a recommended mandatory evacuation order to be completed on April 24, as well as the R.M. of Morris with a population of 2,865.

The R.M. of Ritchot and St. Adolphe, Ste. Agathe, with a population of 5,146. There is a recommended mandatory evacuation to be completed April 25. Roseau River First Nations, population of 900. It is a voluntary evacuation in place right now, and they are hoping to have that in effect today and tomorrow.

In the city of Winnipeg, they have a limited evacuation right at the present time.

Madam Speaker, it is anticipated that many evacuees will be housed with family and friends.

With regard to emergency response operations, the armed forces: Armed forces personnel have been deployed to Emerson, 130 troops there, 110 troops at Ritchot, 65 troops at St. Jean Baptiste, 50 to Rosenort to help fill sandbags and construct dikes. Fifty-five regulars are ready for deployment, and 30 to 80 reserves are being prepared for deployment. In addition, 300 more troops are arriving in Shilo this morning and ready to be deployed in a matter of hours. Thirty-one water search and rescue personnel are arriving from Edmonton and 150 with the engineering

regiment on April 25 to assist with the evacuation and security of communities. The 17th Wing will host up to 1,000 evacuees.

In agriculture, Manitoba Agriculture and the Prairie Farm Rehabilitation Administration, PFRA, are co-ordinating the relocation of livestock from farms that are now at risk from flooding. I am advised that the Manitoba Agriculture staff and the PFRA staff worked most of the night last night, and they are considered to be doing a very tremendous job out there.

Canada Post is adjusting postal deliveries to accommodate the needs of the evacuees.

With regard to Natural Resources, of course they are operating the floodway. They are closing off ring dikes. They are acquiring additional sandbags for communities. They are monitoring the flood levels and forecasting and operating the flood liaison offices.

\*(1340)

At Highways and Transportation, they are maintaining road access to communities, and they are closing roads as necessary.

Emergency social services: Provincial emergency social services have opened their emergency operation centre and have established reception and accommodation facilities in a number of communities sufficient to accommodate the total evacuated population of the Red River Valley.

With regard to amateur radio, the amateur radio emergency service has established a network in communities within the flood area to provide backup and supplementary communications system. This service is proving to be invaluable as normal telephone and cellular systems are regularly becoming overloaded.

I am advised also that the Department of Rural Development is making arrangements to send staff from its department and other communities outside the flood zone to provide support staff to communities whose own staff are nearing exhaustion. These would be primarily the administration officers for R.M. offices that do backup to the present ones.

Emergency health services are co-ordinating the evacuation of personal care homes and hospitals in the flood area. This, I am advised, already has happened.

The Manitoba Emergency Management Organization is staffing the provincial emergency co-ordination centre on a 24-hour, seven-day-a-week basis to provide co-ordination of provincial response. MEMO community advisers are in the flood area providing advice and assistance to local authorities.

This is the update for today, Madam Speaker. Thank you.

**Mr. Stan Struthers (Dauphin):** Madam Speaker, on behalf of this side of the House, I want to thank the minister for bringing that update to the House and commend him on his efforts to keep us apprised of the terrible circumstances that are unfolding in the Red River Valley and in the city of Winnipeg. We very much appreciate the opportunity to be part of the solution.

I want to begin also by expressing our condolences on this side of the House for the two victims who have fallen to the disaster that we are facing. I want to express our condolences to the families of the two young boys who have perished in this flood of 1997.

I also wish to express our deep appreciation to the volunteers on so many fronts, within the city and all along the Red River and including Selkirk and south of Winnipeg, who have been working in preparation to alleviate the disaster that is impending.

I want to pay particular attention as well to those who are helping right now in the evacuation of people from our towns along the Red River. No doubt there will be a lot of anxiety felt by the people who live in the communities that are under mandatory evacuation orders and a lot of trepidation as they leave their premises behind, open to the ravages of Mother Nature.

I understand that the towns that are being evacuated are being evacuated because they would be isolated from the rest of the province and that the armed forces and others are skilled in going and protecting the houses and businesses of people of the communities that are being evacuated. For that we are grateful.

The other folks that I think should be paid their due are the people who are receiving evacuees from our communities, whether they be in other rural towns or in the city of Winnipeg itself.

I think, as well, we need to point out the valiant efforts of the farm community in the Red River Valley, the moves that were made to store and haul grain out of the flood-prone areas and livestock so that we do not see the kinds of happenings that took place earlier to our southern neighbours in Minnesota and south, and also that way getting around the problems that face us with so many dead animals as a result of the flood.

The other thing that we should point out too are the problems down the road in terms of farmers who are hoping at some point to get on the land and do some seeding. Again, they may be faced, as they were last year, with delays, most certainly they will be faced with delays. At the same time, I think we should all acknowledge the resiliency of our farm community in bouncing back last year, and I am sure, with the co-operation of those of us in this House and others who are volunteering to battle this emergency, that again our farm community will see their way through the impending dangers that are out there.

With that, I want to again pledge on behalf of this side of the House our co-operation in fighting the flood that is on its way. I want to make it absolutely clear that our hearts on this side go to the folks who are in the trenches out there who are putting up with the record-high levels of water, and that those of us on this side will do everything that we can as well to try to ease the pain for these people and help out as much as we can. Thank you, Madam Speaker.

\* (1345)

## INTRODUCTION OF BILLS

### Bill 26—The Corporations Amendment Act

**Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs):** Madam Speaker, I move, seconded by the Minister of Government Services (Mr. Pitura), that leave be given to introduce Bill 26, The Corporations Amendment Act; Loi modifiant la Loi sur

les corporations, and that the same be now received and read a first time.

His Honour the Lieutenant Governor, having been advised of the contents of the bill, recommends it to the House. I would like to table the Lieutenant Governor's message at this time.

**Motion agreed to.**

### **Introduction of Guests**

**Madam Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the Speaker's Gallery and adjoining public gallery where we have with us today 39 teachers from Thailand visiting Manitoba under the sponsorship of AFS Interculture Canada. These visitors today are under the direction of Mrs. Nesta Becker, a teacher at Victor Mager School.

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

## **ORAL QUESTION PERIOD**

### **Flooding Safety Concerns—Children**

**Mr. Gary Doer (Leader of the Opposition):** Madam Speaker, as I stated yesterday, all of our primary and priority concerns must be the safety of our citizens and particularly our children who are most vulnerable in this crisis situation we are facing. The novelty of dikes in many rural and urban communities and the water that is now lapping up to those dikes presents a real danger to children and young people who are spending some time on those dikes.

I would like to ask the government, the provincial Premier, whether the EMO is aware of this situation where kids are on these dikes. Are they aware of the danger that would represent to them, and what specific EMO action has been taken to enforce those dikes to ensure that no children are on them and that we can be sure of their safety?

**Hon. Frank Pitura (Minister of Government Services):** Madam Speaker, we have been advised of

the specific areas where there are dangers that are imminent to young children or younger children being on the dikes and the possibility of something happening to them in regard to accidents. Our Emergency Measures staff have relayed those concerns to the authorities in the city. We hope that by doing that kind of a co-ordination that type of a situation will not happen in the near future.

\* (1350)

**Mr. Doer:** Last year we had a tragic death of a young person from the Mulvey School, and then following that there were courses implemented on safety of our river systems at some of our school divisions. Yesterday the government answered questions dealing with the safety programs that are in our schools and the co-ordination in our schools. Again, we have the very, very unfortunate tragedy at the school in the northwest quadrant of Winnipeg.

I would like to ask the Premier—yesterday he reported that the Minister of Education reported that the deputy minister was meeting with all “stakeholders” in the system. Can the government report on the standards of safety training in schools and in school curriculums to do as much as we can on this very, very treacherous situation?

**Hon. Linda McIntosh (Minister of Education and Training):** I thank the member opposite for the question. Indeed, yes, the deputy did meet yesterday with the superintendents, school trustees, teachers and school business officials to discuss a wide variety of topics related to the imminent flood and to the flooding that is already beginning to occur in Manitoba.

The prime concern, of course, was safety of our students, and that involves a number of things. As the member has correctly indicated, some schools already have in place teaching on safety, particularly water safety around rivers, but as well, superintendents and teachers in classrooms have been making a special point in these last few days and weeks of talking to students about their own personal safety where water is concerned, and for that we commend them and thank them and encourage them to continue in those efforts.

Other facets of the discussion concerned other aspects of learning and instruction, the first concern of course being, as the member has correctly identified, personal safety.

### Sandbag Availability

**Mr. Gary Doer (Leader of the Opposition):** People across the province are phoning about the map, and they are phoning about sandbags to members of this Legislature. Yesterday I asked questions about sandbags. On Scotia Street, Kingston Crescent and Ritchot there was a shortage of sandbags as reported to us by volunteers that are being involved in those sandbag lines. We also have had calls from Lorette and La Salle about the fact that their communities are not on the map that was reproduced in some of our newspapers today.

Will the government be upgrading their map to reflect the present forecasts of flooding, and will there be again under EMO a more concentrated effort to make sure that volunteers can get sandbags? I know it is a "municipal responsibility" but it is a collective responsibility and a community responsibility to ensure that volunteers have the bags to make sure those dikes are built, Madam Speaker.

**Hon. Gary Filmon (Premier):** Madam Speaker, with respect to the maps, the maps are updated on a continuous basis. What is not done, of course, is to be able to identify areas of flash floods on tributaries or where a culvert could block and it could back up into an entire field or sections of land. Those things are not possible to be able to identify, because those things are unpredictable and the consequence of unique and often freak local circumstances.

What Natural Resources is attempting to do, and I know the member opposite has seen the map, is to identify, based on currently expected levels, what would be the reach of the water within the Red River Valley. With respect to the second aspect and the availability or at least the distribution of sandbags, there has to be a process and a system in place that cannot be run out of my office. It cannot be run out of the minister's office. It cannot be run out of EMO's office. It has to be delegated to local authorities.

\* (1355)

The responsibility of EMO is to get the bags to the municipalities in the quantities that they require as quickly as we can respond. If you cannot have the local authorities tell you how many bags they need and then proceed to have that flow take place, then this is not something that can be done out of an office in Winnipeg so the bags that are available are sufficient to meet the demand.

In fact, we just identified today another million bags that are being moved to us from the United States. So it is not a question of quantity, it is a question of distribution. The question of distribution has to be in the hands of the local authorities, and that is where the people should be calling. They should not be calling the minister's office; they should not be calling, with all due respect, the Leader of the Opposition's office. They should be calling their local Emergency Measures co-ordinator who would then get the bags to them.

I will emphasize one thing, and that is that all of us have a responsibility as much as possible to calm people's nerves and to calm people's attitudes. I have been engaged in the last few days discussing with people, and I know that people are stressed to the max. There are some people who have not slept since last Friday. There are people certainly within our own public service who have been up late hours day after day after day.

We have to try and do our best to calm people's nerves, to reassure them that the resources are available to them and to ask them to go through the right channels to get the services that they require. The only correct channel is the local Emergency Measures co-ordinator. For the city of Winnipeg there is a number, for each municipality there is a location and a person to be contacted, and for Manitoba there is obviously the central EMO number which is known to everybody.

It is through that process that we should be operating, and it is in that way we should be referring people as opposed to trying to make it the responsibility of a minister or a Premier or somebody else to take care of a need on a particular street at a particular time.



### **Flooding Water Levels—Selkirk**

**Mr. Gregory Dewar (Selkirk):** Madam Speaker, my questions are for the Minister of Natural Resources.

The constant upgrading of the flood forecast is creating concerns in both Winnipeg and rural Manitoba. Yesterday the minister issued a media release which stated that the water levels in Selkirk will be similar to 1996. This morning I spoke with officials in Selkirk, Water Resources staff in Selkirk, and they suggested that the level could in fact be two feet higher than it was last year.

My question to the minister: Will he confirm that when the Red River does crest in Selkirk, presumably on May 3 or May 4, it will be two feet higher than it was in 1996? If that is the case, has he alerted municipal officials to prepare for even more widespread flooding than we had last year?

**Hon. Glen Cummings (Minister of Natural Resources):** Madam Speaker, as the member is aware, we very often have excessive levels in the Selkirk area because of ice dams. We are again aware that we are going to have enormous amounts of water going through. We believe that the ice situation is better this year than last year. I am not going to second-guess the member on the levels. Certainly, if there is a discrepancy in the levels, the department will be notifying the municipal officials, because these are intended to be the best forecasts of the levels coming through the Red River.

We should all be aware, and I think this is something that is important for anyone in the flood plain, as the Premier (Mr. Filmon) said a few moments ago, that localized intensive water levels can be caused by a local influx of water, but I am concerned that he suggests there may be a discrepancy in the numbers and we will certainly check that.

\* (1400)

### **Contingency Plans—Selkirk**

**Mr. Gregory Dewar (Selkirk):** Madam Speaker, two feet higher than last year could cause some serious

problems in the Selkirk area. What contingency plans does the Minister of Government Services (Mr. Pitura) have in place to deal with the fact that water could be higher than it was last year?

**Hon. Gary Filmon (Premier):** Madam Speaker, with all due respect, I think we ought to verify the numbers that we are dealing with so that we do not create panic. I have this morning's projection from Manitoba Natural Resources. They indicate that the maximum flood stage in Selkirk at the PTH No. 4 bridge, for instance, was 727.50 last year, and the range that is still being predicted for this year is between 726 and 727.50. So I do not think we should deal with the speculation that somehow this is higher than last year when in fact this is the best advice that we have available to us from Natural Resources. I would prefer to have the Minister of Natural Resources (Mr. Cummings) verify those figures and find out whether or not what the member is bringing to the House is accurate.

**Mr. Dewar:** Madam Speaker, it was Water Resources staff in Selkirk that offered those numbers to me.

### **Military Resources—Selkirk**

**Mr. Gregory Dewar (Selkirk):** My final question is to the Premier. Will the government now act—and this is a very urgent matter in Selkirk—would he act to get armed forces personnel in Selkirk to sandbag and to prepare sandbags in case the fact that the two-foot number is a valid one? Will he act to get armed forces personnel in Selkirk?

**Hon. Gary Filmon (Premier):** Madam Speaker, we will act to ensure that the information that we are dealing with is correct, and based on that information and assurance, we will take the appropriate action.

### **Flooding Information Co-ordination**

**Ms. Becky Barrett (Wellington):** As the Premier has stated today, these are trying times for all of us and most particularly for the thousands of volunteers here in the city of Winnipeg who have been spending day and night working to shore up their properties and properties of their fellow citizens against the coming effects of the Red River flood. Inevitably, in situations

of this magnitude, there will be problems that occur. We have all heard problems with sandbag quantities and distribution, people not being given information as to how to correctly put their dikes together so they have had to take them down, information not flowing from the centre to the local spots where things are actually taking place.

I would like to ask the Premier what the province is doing to assist in the co-ordination of information and supplies being sent and given to people so that that will help calm the situation down, which the Premier was right in saying we need to do.

**Hon. Gary Filmon (Premier):** As a result of inquiries that are coming to all of our offices, coming to the offices of various of our members and obviously members opposite, most of which I might say have to do with the city of Winnipeg, the Minister of Natural Resources' office has contacted the City of Winnipeg to convey the concerns about the integrity of the dikes that have been built, the quality of the dikes that have been built, and perhaps the lack of supervision and/or instruction in the dike construction process. My understanding is that there was a commitment by the City of Winnipeg to go and inspect those dikes and to satisfy themselves of the quality of construction and perhaps to reinforce if it were deemed necessary.

Again, with respect to the availability of sandbags, our inquiries produced a response from the City of Winnipeg. They are not short of sandbags or materials to fill the sandbags, so again that is a distribution problem that remains in their hands and that we must entrust them to fulfill. What we need to do is ensure that resources, including the people, are properly allocated. The City of Winnipeg has a very extensive works and operations department with a larger workforce than we would have to deploy to the situation. They have engineers far in excess of the number of engineers we would have to bring to the task of supervision, instruction, inspection and all of those things. We must expect that they will take the responsibility to deploy those people and make them responsible for the construction that is going on.

**Ms. Barrett:** Is the province prepared to do anything more than convey concerns to the city and talk about the need of the city to take responsibility for the

situation? I am asking the Premier if the province has plans in place to take a more active role in dealing with the situation in the city of Winnipeg. It is time to stop the jurisdictional disputes or lines and work together.

**Mr. Filmon:** Madam Speaker, there is no dispute. The City of Winnipeg knows, and I will repeat for the benefit of the member for Wellington, we will offer our assistance and our resources wherever they are needed. That is what EMO's responsibility is. That is what our co-ordination with the federal government produces, is that if they are short of manpower personnel, if they are short of equipment, of anything, we will do our best to make it available to them. The one thing they understand very clearly is that we have no dispute as to jurisdiction. They are in charge of the deployment of the resources and the fulfilment of the requests because they have the material available to them, they have the equipment available to them, they have the resources available to them. They have to ensure that they get to the point where they are needed.

We cannot go in over top of them and say: Get out of the way, send all of your people home, your hundreds of employees home, we are taking over. That does not work. It does not work in southern Manitoba in the rural municipalities, it does not work in the towns and the villages and it does not work in the City of Winnipeg. What does have to work is that they have to follow the plan, the emergency preparedness plan, and that makes them the front-line responders. We supply the material and the resources when they are required.

**Ms. Barrett:** While the responsibility for the implementation is the city's, there are growing concerns on the part of residents in the city of Winnipeg, not only of the people who are directly affected by the potential of a flood but the people who have been working night and day helping those people. It appears to many of us that the co-ordination efforts of information, of supplies, of resources is not working to the optimum. While the city has the responsibility and no one is suggesting that they do give up the resources, it seems to us that it is essential that the province take a more proactive role in helping with the co-ordination of these concerns, of the problems; otherwise, the people in the city of Winnipeg are going to suffer greatly. The province has the ultimate responsibility here.

**Mr. Filmon:** Madam Speaker, I accept that the member opposite wants to resolve the problem and so do I. That is why the Minister of Natural Resources (Mr. Cummings) made direct contact to the city to ensure that they knew the resources that were available to them and that we conveyed these concerns to them. I guess the only other thing that the member could do would be again to directly call the city, whether it is her councillor, whether it is the commissioner, whether it is the mayor, and convey her sincere concerns about this issue because it is in their hands to solve the problem. They have the resources.

#### **Public Housing News Release—Behnke Road**

**Ms. Marianne Cerilli (Radisson):** The public's reliance on the government giving them accurate and honest information is always crucial. Given that the Communications Secretariat of some \$300,000 is a division of the Premier's Office operating as government's political media machine, and we know how it is controlled by the Premier's Office in their centralizing of public relations, I have some questions for the Premier. Did the Premier and his message makers write or approve of the news release that was released from the Ministry of Housing on April 15, 1997, with regard to the demolition of the Behnke Road properties?

**Hon. Gary Filmon (Premier):** Madam Speaker, I received a copy of it from Information Services, as probably the member opposite did. I do not preapprove those news releases.

**Ms. Cerilli:** Madam Speaker, given that this is an anonymous news release, that it has no contact person listed on the bottom of the news release, I want to ask the Premier: Is the misinformation in this news release a result of the spin doctors in his Communications Secretariat when they seem to be more interested in political spin than giving accurate information on behalf of the Ministry of Housing?

**Mr. Filmon:** Madam Speaker, I think that the member opposite speaks nonsense, but I will look into it and attempt to find a better answer for her dilemmas.

**Ms. Cerilli:** I want to ask the Premier, the First Minister, to also see if Information Services who are

supposed to ensure factual and fair information, if they reviewed this news release, or did the government make a mistake, or is it that they thought that they could get away with this.

**Mr. Filmon:** My assumption is none of the above, Madam Speaker, but I will look into it.

\* (1410)

#### **Civil Servants Flood Preparations**

**Mr. Kevin Lamoureux (Inkster):** Madam Speaker, my question is also for the Premier.

There have been some concerns with respect to the number of sandbags and availability and so forth. At other times there is a concern with respect to volunteers. I guess it is a fairly straightforward question that I have of the Premier in asking him: Does the Premier believe to date that we do have an appropriate number of volunteers, that the resources are in fact there today?

**Hon. Gary Filmon (Premier):** To the best of my knowledge, yes, Madam Speaker, and we do have, obviously, access to military personnel and others on an urgent basis to supplement the resources that are available.

**Mr. Lamoureux:** Madam Speaker, I am wondering if the Premier might look at—I understand Manitoba Telephone System has actually allowed for their staff to leave and receive pay in order to assist in the flooding scenario, in the flooding problems. I am wondering if the government is prepared to do likewise and find if there are individuals within the civil service who are prepared to go out and assist in resisting this flood or helping out with the flood, that they would in fact be paid if need be. Is that a resource which the Premier has looked at?

**Mr. Filmon:** Madam Speaker, the Minister of Labour (Mr. Gilleshammer) has written to all of the senior management of government to outline the essence of the policy that we must attempt to implement as a government and that is to try and balance between the necessity to carry on the public services of government to the people of Manitoba in the midst of this time of crisis and challenge. We need to have the assurances

that government can continue to offer through all of its offices all of the services, whether they be in health care, whether they be in social services, whether they be in other things such as just providing for them to renew their driver's licence or anything else. We cannot shut down the offices of government.

On the other hand, there will be demands placed upon people in these special circumstances. One is to try and respond to the crisis needs that may be there for their own families. There may be people who have to all of a sudden go and evacuate, help evacuate family. I know of one of my staff people who had to go out to Dominion City and evacuate his mother and do other things very, very recently, yesterday. So there has to be discretion. Managers have to be able to say, yes, this is a legitimate situation that you should respond to. There will be others who will say: My brother-in-law's house is in danger of going under; I need to go out there and sandbag. Again, we are saying that should be something to be responded to.

I have a letter from Peter Olfert, the president of MGEU, who in essence has offered co-operation to perhaps bend the normal rules of our collective agreement and other issues, and we are saying this is a good thing. We want to be able to utilize this kind of flexibility, but the managers will be given the authority to be able to try and balance these two necessities. One is to provide services to the public, and the other is to respond to unusual, unexpected demands for people to go out and participate in the flood-fighting efforts.

**Mr. Lamoureux:** Just to clarify, the Premier is indeed then saying if the need is there in nonessential government services, employees then will be allowed with pay to go and assist with respect to flood control. If that is the case, we believe that it is a very positive thing and applaud that particular action.

**Mr. Filmon:** That is what I am saying, Madam Speaker.

#### **Flooding Water Levels—Selkirk**

**Hon. Glen Cummings (Minister of Natural Resources):** Madam Speaker, in order to make sure the public has the most current information, I wonder

if I might have leave to respond to a question I was asked earlier in more detail about the flood levels at Selkirk.

**Madam Speaker:** Does the honourable minister have leave to respond to questions posed earlier? [agreed]

**Mr. Cummings:** I appreciate the concern of the member for Selkirk (Mr. Dewar) to bring his most recent concerns to the Chamber, but because this is being broadcast to a large number of people who are very concerned about their situation, I want to assure them that today's levels are not increased and that the forecast as of today and as having just been reconfirmed by the department is not expected to fluctuate. The two-foot level that he indicated is not verified by numbers that we have today.

#### **Flooding Evacuations—Health Care Facilities**

**Mr. Dave Chomiak (Kildonan):** I wonder if the Premier (Mr. Filmon) can inform the House whether or not any provincial institutions, specifically St. Boniface Hospital, Riverview or any other health centre, have been served with any notices of evacuation or potential notices of evacuation.

**Hon. Leonard Derkach (Acting Minister of Health):** On behalf of the Minister of Health (Mr. Praznik), I will take that question as notice, and he will get back to the member as soon as possible.

**Mr. Chomiak:** My supplementary is if the minister can advise the House whether any contingency plans have been put in place today that are presently to deal with potential bed shortages in hospitals, because I am aware as we speak, in fact, patients are in the hallway of St. Boniface Hospital and there could be an increased demand on the hospital sector in the city of Winnipeg as well as pressures from outlying regions as of today.

**Hon. Gary Filmon (Premier):** Madam Speaker, because we are anticipating all sorts of demands that are unexpected, unusual and unprecedented in our health care system that will result from many, many closures of hospitals and personal care homes in the Red River Valley, I believe there has been identified

some 1,700 available beds for people to be moved to. They are identified. That is within the city of Winnipeg, and then there are rural areas. For instance, Steinbach has already been accepting people from its immediate area and so on. I do not have the specifics, and I will get the specifics to the member as quickly as possible. That has been part of the process of attempting to go throughout the system and identify areas where people could be moved to.

### **Civil Servants Flood Preparations**

**Mr. Steve Ashton (Thompson):** I want to continue in terms of some questions that were raised about provincial staff. I also want to indicate that while negotiations have not been complete, I know we have had discussions between House leaders which would move beyond the current situation where we essentially have an acceptance of the fact that some members may not be able to attend all sittings of the House, to a point where we may during the flood emergency not sit on Fridays and certainly this Friday, because we feel that it is getting to the critical point and people should be out in their communities and helping other communities.

I am just wondering if the Premier would be willing to go further than the commitments he made earlier in terms of provincial staffing and make it a government policy similar to the Filmon Fridays, where that was a decision of government in that case to save money by having people take time off, in this case to actually make the full weight of the provincial civil service available to fight the floods. I realize the talk of senior-level management, but I think what we really need here is a clear commitment from the province itself and from the Premier saying the No. 1 priority of the civil service outside of all the other essential services it provides is to fight the floods. Will he give that commitment as a matter of government policy?

\* (1420)

**Hon. Gary Filmon (Premier):** I hope that the member opposite is not trying to make this a political issue of one-upmanship. What we want to do is to take our responsibilities as seriously and as thoroughly as we

can. We have two responsibilities. One is to not further disrupt people's lives by not having services that they depend upon available to them. We could talk about things like health care; we could talk about Corrections; we could talk about so many—[interjection] Sorry, the member for St. James (Ms. Mihychuk) has something to say.

We could talk about all of these different things and go through the process, but people do have needs each and every day that they depend upon government services for. To start an ad hoc process of saying, well, we will close down Fridays or we will close down Mondays or we will open Wednesdays or we will do that, we believe that we have ultimately a responsibility to serve the needs of the public in a whole host and variety of ways that government is mandated to do.

At the same time, we believe that we have to do everything that is reasonable to free up people where there is a reasonable request to fight the floods. I frankly, in my own assessment of the situation and my discussion with my colleagues, do not believe that it is in the best interests of anybody to start making ad hoc decisions to close down government on Friday or any other particular day, but it is in our interests to try and do what is reasonable to allocate resources to fight the flood.

So we are trying to be in the position of carrying out two specific mandates. One is the provision of government services that people depend upon, and the second is freeing up people where it is reasonable to do so to go and help in the flood-fighting efforts in this time of need.

**Mr. Ashton:** Indeed it is not a question of political one-upmanship, and I want to indicate, Madam Speaker, I hope that the Premier is not suggesting that these are being raised in a political sense. The reason I mentioned Filmon Fridays was not to get into that political debate, but there was a government decision and offices were closed down—

**An Honourable Member:** Question.

**Mr. Ashton:** —essential offices remained open, and I am not suggesting that the same model be used exactly, but what I am asking, given the urgent nature—

**An Honourable Member:** Question.

**Mr. Ashton:** I realize I am not following the normal rules here, but we have also been fairly co-operative to the member for Portage (Mr. Pallister), I think, in this House in dealing with flood-related matters and to the member, who probably will not be here next week to worry about this, some of us want to make sure that our intent is clear.

#### Point of Order

**Mr. Brian Pallister (Portage la Prairie):** I suggest to the member that the only people who are concerned about this flood are not the people in this room right now, and for him to imply that I will somehow have less concern about the people of Manitoba whether I am in this Chamber or not is a ridiculous and sad implication. This is a time for understanding and a time for co-operation. This is not a time to score political points. The member should remove his comment and apologize to me. I would appreciate it if he did that.

**Madam Speaker:** The honourable member for Portage la Prairie does not have a point of order.

\* \* \*

**Madam Speaker:** The honourable member for Thompson, to quickly pose his question.

**Mr. Ashton:** The only reference about the member not being here next week was the fact that we are all expecting a federal election to be called. We know he is running. I think the member should develop more of a thick skin in dealing with some of the comments. I want to say, Madam Speaker, I was simply saying to the member—and I wish he would not have heckled me in terms of the fact that I had exceeded the normal preamble. I know I have done that, but we are dealing with the flood here, and it is a very serious circumstance.

I am just wondering if the Premier will, if necessary, and we may disagree on what is needed now, but if we do hit a critical situation, will he make the commitment to do what we have done in other circumstances and that is to free all resources of the provincial government.

I realize the local governments are co-ordinating and that was the answer earlier, but if we start hitting the crunch, and when we have seen some of the circumstances of just this past week with the rapidly escalating flood forecast, and we know what happened to Fargo and Grand Forks and what has happened in Emerson and communities in our own province where unexpected circumstances happen, will the Premier give that commitment, that the No. 1 priority of the provincial government is to make sure we use every available staff for fighting the flood?

**Mr. Filmon:** Madam Speaker, this may come as a surprise to the member opposite, but this government has been expending a great deal of time and effort and all of its focus on this flood for a considerable period of time.

Madam Speaker, the member opposite wants to make references to Filmon Fridays. This was an issue that was the product of many, many months of preparation, surveys that identified for us when perhaps we had some availability of time, when there was less demand on government offices, and we picked certain specific times based on that review of the lack of demand. We also provided for staff to be able to provide services to people or alternate arrangements to be able to be made when a last Friday of the month was a time for renewal of licences and all sorts of things that took a great deal of time and preparation. They were not something that took place as a result of somebody coming up with what they thought was a brilliant idea in the middle of Question Period. Quite honestly, I do not want to belittle the member's efforts, but this is not a time to try and score political points. This is a time for planning. This is a time for—

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

#### Point of Order

**Mr. Ashton:** On a point of order, Madam Speaker, this whole week we have been asking questions on the flood. We have made every possible accommodation. We respect the fact that the government is doing a lot of work on this. Every individual MLA is. This is not about scoring political points. It is about making sure that we do the best job possible in this province to fight the flood, and I hope the Premier will withdraw that.

There is no politics in the flood. The bottom line is we are all interested in the same thing, and that is to fight the flood and do the best for the people of Manitoba.

**Madam Speaker:** The honourable member for Thompson did not have a point of order.

**ManGlobe  
Michael Bessey Role**

**Mr. Jim Maloway (Elmwood):** I have a question to the Deputy Premier, and it concerns Mike Bessey's involvement in the ManGlobe project.

Madam Speaker, yesterday the minister admitted that Mike Bessey was involved in getting funding for ManGlobe. Given his close personal connections with the ManGlobe president, did he absent himself from all votes on this matter when it came to Treasury Board?

**Hon. James Downey (Deputy Premier):** Madam Speaker, I would ask the member to give further clarification to his question. I am not quite clear as to what he is asking.

**Mr. Maloway:** Madam Speaker, I am simply asking the minister to confirm that Mike Bessey absented himself on all votes when he was chairing Treasury Board that dealt with the ManGlobe project.

**Mr. Downey:** Madam Speaker, first of all, Mike Bessey did not chair Treasury Board and did neither vote at it either.

**President's Salary**

**Mr. Jim Maloway (Elmwood):** I would like to ask the minister, several times I have asked this minister to provide the salary for the president of ManGlobe. Will he confirm that the ManGlobe president's salary was \$240,000 as indicated in the ManGlobe submission to his department?

**Hon. James Downey (Deputy Premier):** Madam Speaker, first of all, the ManGlobe project is a research and development project carrying out work for the further development of the communications industry in

the province of Manitoba, and, no, I cannot confirm that that is the salary that the individual took.

**Agreement Tabling Request**

**Mr. Jim Maloway (Elmwood):** My final supplementary to the same minister is this: Can he confirm that taxpayer money advanced by his department was diverted to settle past lawsuits, and would he table a copy of the Canada-Manitoba Communications Agreement with ManGlobe virtual which clearly indicates that it is improper to use R & D money to settle these past lawsuits?

**Hon. James Downey (Deputy Premier):** No, Madam Speaker, I will not confirm that.

\* (1430)

**Children's Advocate  
Reporting Process**

**Mr. Doug Martindale (Burrows):** Madam Speaker, on several occasions the NDP caucus have introduced a private member's bill to require the Children's Advocate to report to the Legislature. In view of the fact that just yesterday the Children's Advocate reiterated his recommendation that he report to the Legislative Assembly instead of the minister and in view of the fact that in other jurisdictions this is the case, will the Minister of Family Services listen once again to this recommendation and not only listen but act on it and amend The Child and Family Services Act so that the Children's Advocate is given more independence by reporting to the Legislative Assembly?

**Hon. Bonnie Mitchelson (Minister of Family Services):** Madam Speaker, I thank my honourable friend for the question, but I kind of question where he is coming from. He happens right now to be part of a process and a committee that is looking at the office of the Children's Advocate, listening to the public and going to come back to the Legislature with recommendations for changes. He wants to preclude the public from making representation and make a unilateral decision. Shame on him.

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

## NONPOLITICAL STATEMENTS

### Canada Book Day

**Mr. Mervin Tweed (Turtle Mountain):** Madam Speaker, do I have leave to make a nonpolitical statement?

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

**Mr. Tweed:** On April 23, we celebrate Canada Book Day. Today we recognize the contributions of Manitoban and Canadian writers, illustrators and publishers to the cultural life of our province and this great country of ours. They help us preserve our history and our heritage while forging new paths into the realm of imagination. Books have provided cultural, recreational and educational enrichment and enhanced understanding throughout history and continue to be an important part of society. Canadian authors, illustrators and publishers are receiving increased worldwide recognition and Manitoba authors and publishers are holding special events today to recognize the achievements of Canadian publishers and authors.

We are very fortunate in having a flourishing arts community in Manitoba. Our writers, illustrators and publishers are gaining renown on the world stage and bringing credit to our province. We are proud of them and their achievements. Thank you, Madam Speaker.

### Sam Kitchekeesik

**Mr. Steve Ashton (Thompson):** Could I have leave for a nonpolitical statement?

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

**Mr. Ashton:** Madam Speaker, April 7, 1997, was a very significant day in the community of Split Lake. Sam Kitchekeesik celebrated his 100th birthday on that date surrounded by family, friends and many people in the community. In fact, it was unfortunate that a major snowstorm was on at that time because many of us were invited to attend that significant occasion. I did,

however, this Monday have the opportunity to attend a small reception with the family where I was able to make a presentation on behalf of the Province of Manitoba to Sam Kitchekeesik.

I want to mention that Sam is 100 years old according to the records that we have currently. The estimates are he is actually 107 because the records are based on the baptism certificate, the only record that existed at that time. When you consider that Mr. Kitchekeesik remembers, with very clear detail, the signing of the treaty at Split Lake in 1908, I think it shows, first of all, just how much collective memory Mr. Kitchekeesik has of what has happened in northern Manitoba in his lifetime. Also, I think it is attributed to the fact that at 100 years old, Sam Kitchekeesik, who spent his life working with CN as a trapper, is as lucid today as he was 50, 60, 70 years ago.

In fact, I had a very interesting discussion with him. I must admit, I did ask him what his secret of longevity was, and there was various discussion in the family. I think I cannot repeat all the suggestions, but they were all because of the fact that Mr. Kitchekeesik is a fine individual who led a very good life. By the way, the most important part is when he was asked whether it was a long life or whether it was a good life, he said, yes, most definitely.

So happy birthday, once again, to Sam Kitchekeesik. Happy 100th birthday, and I look forward to many more birthdays ahead. Thank you.

### Age and Opportunity

**Mr. Conrad Santos (Broadway):** I would like to make a nonpolitical statement about Age and Opportunity. May I have leave of the House?

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

**Mr. Conrad Santos (Broadway):** Age and Opportunity Inc. will be celebrating its 40th anniversary in several locations, including the location in my riding at 185 Smith Street. As we know, Age and Opportunity provides seniors with the social link that is needed in our lives, whether we are young or old.



We cannot exist alone. It was King Solomon who said: Two are better than one because they have a good reward for their labour, for if they fall, the one will lift up his fellow but woe to him that is alone when he falleth, for he hath not another to lift him up. Again, if two lie together, then they can have heat, but how can one be warm alone? No person is an island in himself. Everyone is a social being and being socially linked with others, with family, with friends, with acquaintances is good medicine for many of our social ailments.

More important than medical factors perhaps, like stress level or cholesterol or body weights or regular checkups, is having acquaintances and friends connected to our lives, to be linked to some social group or to some community organization. Why is that?

Our mind and our body and our social environment work as one integrated system. Scientific research has shown that there will be unfavourable changes. If there are unfavourable changes in one's network of human relationships like family and friends that are adverse to us, regardless of age we suffer physically. For example, there was a comparative study of men who lost their spouses in certain stages of their lives and also along with it some students who have lived away from home. They both reported loneliness, and it was revealed that in both groups they have weakened antibody responses.

\* (1440)

Our immune system gets weaker with a lack of human companionship. Our feeling with our body is the best indicator. Any human being who is isolated, who is a loner, lacking any link with others or any link with any social group will display symptoms of physical and mental distress. So we had to cope with being alone, with being isolated in our lives. With social and technological changes around us, we or others who belong to the seniors group are facing new challenges, but there are also new opportunities.

On this 40th anniversary of our social organization, which we appropriately call Age and Opportunity, we are charting new roles for our senior citizens. As our children grow up, as they inevitably leave us and live

on their own, leave us behind, sometimes our partners and our spouses may be lost to that or to divorce, we find ourselves alone facing the world. Instead of despairing, this is what we should say to ourselves: This is a great opportunity for us to create in us a new person physically, mentally and socially. We can do that, and Age and Opportunity presents the opportunity for us.

Mentally, we know that a sound mind emerges from a sound body. If we are physically healthy, more or less, we can expect to be also mentally healthy. If we are physiologically healthy and we are mentally alert, we are able to do those things that are pleasant and useful to us, like reading a book, listening to good music, even enrolling in some lifelong learning in our educational institution regardless of our age. Age and Opportunity presents us with such an opportunity in our lives. On its 40th anniversary, I wish to extend wishes to the leadership of Age and Opportunity, to their staff members, to their membership. They certainly deserve our moral and substantial support of our levels of government so that they can help our seniors in the waning years of their lives. Thank you.

## ORDERS OF THE DAY

### House Business

**Hon. James McCrae (Government House Leader):**

By leave, the sequence for Estimates consideration in Room 255 as set out on the document tabled on March 27 is to be amended by introducing the Estimates of Consumer and Corporate Affairs immediately following completion of the Decentralization Estimates. This is one of a number of accommodations that get made in the conduct of the business of the House, in this case so that the Minister of Government Services (Mr. Pitura) can carry out his responsibilities in light of the present flood circumstances.

**Madam Speaker:** Is there leave to adjust the sequence for Estimates consideration in Room 255? [agreed]

**Mr. McCrae:** Madam Speaker, yesterday the House gave leave to waive the quorum requirement in the House and in the Committee of Supply, and I simply today seek leave to extend this waiver to standing committees that sit as well.

**Madam Speaker:** Is there leave to waive the quorum requirement in the standing committees? [agreed]

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

**Madam Speaker:** I will entertain the motion by the honourable member for Gimli (Mr. Helwer) before I leave the Chair. I believe it is committee changes.

### Committee Changes

**Mr. Edward Helwer (Gimli):** Madam Speaker, I move, seconded by the member for Turtle Mountain (Mr. Tweed), that the Standing Committee on Public Utilities and Natural Resources be amended as follows: the member for River Heights (Mr. Radcliffe) for the member for St. Norbert (Mr. Laurendeau); the member for Gimli (Mr. Helwer) for the member for Emerson (Mr. Penner).

**Motion agreed to.**

\* \* \*

**Motion agreed to,** and the House resolved itself into a committee to consider of the Supply to be granted to Her Majesty with the honourable member for Sturgeon Creek (Mr. McAlpine) in the Chair for the Department of Rural Development and for Decentralization; and the honourable member for Turtle Mountain (Mr. Tweed) in the Chair for the Department of Agriculture

**Madam Speaker:** Because the Deputy Speaker (Mr. Laurendeau) and the Deputy Chairperson (Mr. Sveinson) are unavailable today, I am requesting that the honourable member for Turtle Mountain (Mr. Tweed) chair the section of Committee of Supply meeting in the Chamber, and the honourable member for Sturgeon Creek (Mr. McAlpine) chair the section meeting in Room 255.

### COMMITTEE OF SUPPLY (Concurrent Sections)

#### RURAL DEVELOPMENT

**The Acting Chairperson (Mr. Peter Dyck):** Order, please. Will the Committee of Supply please come to

order. This afternoon, this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Rural Development.

When the committee last sat, it had been considering item 6.(a) on page 118 of the Estimates book. The item considered was 6.(a) Grow Bonds Program (1) Salaries and Employee Benefits.

**Mr. Tim Sale (Crescentwood):** Mr. Chairperson, can the minister indicate whether there are any Grow Bond companies that are also in receipt of vision capital loans from Vision Capital?

**Hon. Leonard Derkach (Minister of Rural Development):** Mr. Chairman, I do not think there are any, but we will double-check to make sure that, in fact, what I am indicating to the member is true. We will double-check that.

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

**Mr. Sale:** Mr. Chairperson, are there any Grow Bond companies that are in receipt of provincial farm improvement loans? If so, if you could indicate which ones; that is the point.

\* (1450)

**Mr. Derkach:** Mr. Chairman, there is one project, as I understand it, that has an FIL or a farm improvement loan.

**Mr. Sale:** Mr. Chairperson, could the minister indicate which project and the amount of the loan?

**Mr. Derkach:** It is the RCS Greenhouses project, and the farm improvement loan, as I understand it, is for approximately \$250,000.

**Mr. Sale:** Mr. Chairperson, would it then be correct to say that the government exposure on this one is a sum of \$280,000 for the Grow Bond and \$250,000 for the fill, plus perhaps some other amounts we have not yet identified?

**Mr. Derkach:** Mr. Chairman, I think it should be noted that a farm improvement loan is a federal

improvement loan—it is not a provincial loan—and the security on some of that, of course, would be the farmland that was involved in the project.

**Mr. Sale:** Mr. Chairperson, could the minister indicate what the—I will wait for the minister if he is wishing to provide further information.

**Mr. Derkach:** Mr. Chairman, I may have misled the member. I would like to just correct the information, and that is that the security on the \$250,000 is not the farmland. It is the land and the buildings that RCS Greenhouses is situated on.

**Mr. Sale:** I thank the minister for that information. Could the minister then just provide us with an outline of all of the funding that was involved in bringing that project on line?

I believe he has indicated to date \$280,000 of a Grow Bond, \$250,000 from a farm improvement loan which he is indicating is a federal loan secured against the business land and property. What other organizations or programs, federal or provincial, are or were involved in supporting this project?

**Mr. Derkach:** There is no other provincial money in this project. My understanding is that at some point in time after the initial project was launched there was an investment by Community Futures in the project, as well.

**Mr. Sale:** Could the minister indicate the Community Futures investment level?

**Mr. Derkach:** I do not want to misquote the figure, and we do not have that information here with us today, but I will get that information for the member.

**Mr. Sale:** Mr. Chairperson, a rough figure is fine. I am not going to hold the minister to an absolutely accurate number, but was it in the \$50,000, \$75,000, \$100,000? What is the level?

**Mr. Derkach:** I think the maximum Community Futures investment is \$75,000, and I think this was between the \$50,000 and \$75,000.

**Mr. Sale:** Then it would seem that the Virden Credit Union would have been the entity that would make up

the balance between the \$708,000 that was identified or \$705,000 that was identified as the rough amount invested in the project to begin with and the total which we have identified so far here today which is approximately, well, perhaps \$600,000; \$250,000, \$280,000 and \$60,000 is approximately \$600,000.

So is the Virden Credit Union the only other creditor, or are there other major creditors that decided that they could not any longer live with the project?

**Mr. Derkach:** Mr. Chairman, although we do not have that, you know, the breakdown sheet, with us on that particular project, I can give the member just an approximate number. I believe this one is fairly close in that there was approximately \$175,000 of equity that was put into the project by the proponent, and I do believe that there was a flexible line of credit that was provided for the operating side by the Virden Credit Union.

**Mr. Sale:** Mr. Chairperson, then was it the Virden Credit Union pulling its line of credit, operating line of credit, that precipitated the company failure or were there other creditors who pushed them over the edge?

**Mr. Derkach:** Mr. Chairman, I guess the crunch came down when there was a requirement for additional operating monies for putting in a new crop, and the credit union—or the line, I guess, was at its limit—did not feel confident that they would want to invest any further funds in the operation based on the performance of the company in the past six months, and that is basically what caused the beginning of the breakdown of the company.

**Mr. Sale:** Mr. Chairperson, this took place some time from—I suppose, September roughly was when the real crisis began. The company was seeking new equity investors through the fall. I think they got a brief lifeline thrown out to them in the late fall, and that, unfortunately, did not stabilize the company, did not allow it to continue. What steps did the department take to try and put this company back on a sound footing or to enable them to put themselves back on a sound footing? Were there other resources of the department—staff? What was done to try and support this company?

\* (1500)

**Mr. Derkach:** Mr. Chairman, as I indicated yesterday, throughout that period of time many meetings were held between the company, the Virden Credit Union, the federal government and the Department of Rural Development. I think in total, as I indicated at our last sitting, we had approximately 25 meetings. We also sought the assistance of the community to see whether or not we could find equity investors who would be prepared to come to the table. In addition to that, we looked outside the province for equity investors, and it was through combined efforts of the proponent and the department that we were able to identify some potential, perhaps, interested parties. Through this process there was a party identified in Ontario who was prepared to come in and put the crop in. However, we were quite optimistic that in fact that would allow the company to continue to operate, but in the end the deal fell through. The individual who was proposing to put the crop in felt that he needed more security than what was being provided to assure him that he could sell the crop after it was produced.

The WEDA organization, the regional development corporation in the Westman area, was also involved in many meetings in trying to find solutions and look for equity partners for this company. We also involved other departments of government to try and stabilize and see whether or not there was any opportunity to allow this company to survive. In addition to that, the bond corporation was approached and worked with to ensure that we had I guess exhausted every possible avenue in terms of trying to keep this company afloat.

We felt very encouraged by the product that this company produced and the fact that this was a new technology in the way that the environment was controlled in the greenhouse, and the product was of such excellent quality that we really tried to do everything possible to allow this company to continue. Unfortunately, none of the efforts that we pursued resulted in a positive result, I guess.

**Mr. Sale:** I believe this project was essentially a joint project of WEDA, Western Economic Development Authority and Grow Bonds, certainly with local economic development assistance too. Was there consistent staff support to this project during this time?

Did the same people work with it all the way through? How did we support these people?

**Mr. Derkach:** I should also have added to that list that I just had included for the member that we also worked with the farm debt review panel to give the plant an extended period of time to find equity partners for the plant.

In terms of staff, we had a Grow Bond officer who was located in Brandon who worked with this organization from Day One I guess and worked with the WEDA organization as well. Later, as the project came under greater difficulty, we put more resources into the area by including senior staff from the department to work with the organization and to see whether or not there was any possibility of recouping the losses and allowing this company to continue. So yes, indeed we did. However, our role was not to go in there and manage the company because this is a private enterprise, but we did offer to the community, the bond corporation and the proponent all the expertise that we had.

I guess there was not anything else that we could see because we did not deal with this as a single department either. We did bring in other departments of government to give us their advice, to give us their expertise in whether or not there was anything else that could be done to save this particular company. We worked with the company right through. We also used the staff from—well, the three departments that we worked with were Agriculture, I, T and T and our MACC people. In addition to that, we did meet with the federal people. We met with the bank and also investors in the community and outside the community. We assembled a meeting of people in that region who are community leaders to see whether or not they would have some interest in investing in this company and, once again, we were not successful.

**Mr. Sale:** Mr. Chairperson, a woman from WEDA—I do not have her last name, but her first name is Brenda, probably a familiar name to people. I do not know who the staff person from the minister's department was—but my understanding was that some time in the fall, early winter—I do not know when—essentially the project was told to stop dealing with those people and somebody else was put in place. The project indicated to us that

they felt that the rug was pulled out from under them in regard to staff support at that time. Now I do not know who these people are. I have never met either of them, and I am not raising their role from a point of view of either being critical or supportive of the work they did, but from the company's point of view they felt that they were getting excellent support and that support was taken away from them.

I would like to know when the two staff people who have been most involved were removed from the project and why at that point. If you were going to add resources, that makes some sense, but why take away the resources the company had confidence in and had supported them through this whole process?

**Mr. Derkach:** Well, Mr. Chairman, the individual's name that the member referred to is Ms. Brenda McKinney who is, I think, the executive officer of the WEDA corporation. She is the economic development officer there. It is true that she was very instrumental in sort of the beginning of that company and worked with it right through and worked with our department. Our Grow Bond officer out of Brandon also worked with that company, as a matter of fact, even to the extent that they went in and physically helped pick tomatoes with staff at one point in time to fill the orders. So it was quite a hands-on kind of role that we had there at one point in time, but staff were never pulled from that project. As a matter of fact, we added another person to work with the company in addition to those staff.

I do not know whether WEDA ever pulled their staff away from there, but I can tell you that even in the last hours I personally met with the chair of WEDA and with Ms. Brenda McKinney to discuss the issue. As a matter of fact, they were passing through my community one day, and we made a point of sitting down and talking about that particular project. So staff were never pulled. I do not know why there was a feeling about that, but I have to also say that at the same time we are dealing continually with other projects as well. So it is not as though we can devote 100 percent of anybody's time to one particular project.

**Mr. Sale:** Mr. Chairperson, the minister did not indicate who his staff was. I guess he said he was in Brandon, but I do not know the person involved. I just

would say to the minister that my information from the company is that these resources were replaced by others at a critical point in the whole process and that the company felt that at that point they suffered from the withdrawal of support from the department and from WEDA and felt that was quite critical. Now, again, I say I do not know these people, so I do not know whether there was a good reason for withdrawing or changing the staff at that point, but it seems a strange time to change resources.

\* (1510)

**Mr. Derkach:** As I indicated, the resources were not changed. We simply added to those resources, and the name of the individual from Brandon who worked with the Grow Bonds Program is Mr. Allen Peto, and later on a Mr. Cam Thompson from the Department of Rural Development was assigned to the project as well.

**Mr. Sale:** Mr. Chairperson, in the process of trying to find new equity partners, presumably the old framework for the company, I guess you would call it a business plan for the company, probably was not very adequate for that purpose. Did the government do anything to try and assist this company to get in touch with investors with something that they could actually market or were they just kind of cold calling around the country saying come and invest in tomatoes?

**Mr. Derkach:** Mr. Chairman, we were just trying to trace back the steps that had been taken with regard to the company. It was an ongoing kind of process with the company from I guess the time that markets became a difficulty, and from that point on several approaches were taken in an attempt to gain back the market, in an attempt to ensure that a different marketing approach would be undertaken with future crop. The proponent's accountant was involved in a plan as well, so many resources were used during that time in an attempt to get more market share, in an attempt to gain back the market that perhaps was lost.

In addition to that, the member might know that there was some difficulty between the wholesalers and the proponent in terms of marketing the product, and that area was also explored to see whether or not we could, I guess, recapture that method of marketing the product as well, and there was some success that was achieved

in that way. So I believe staff did everything possible to try and keep this company afloat. It was in no one's interest to shut it down. For that reason, under the Farm Debt Review Board, I guess, or the Mediation board, there was a period of time allowed for the company to try and get its house in order.

**Mr. Sale:** Maybe the minister can answer this question; although it is a Farm Debt Review Board question, he probably knows the answer. Is the home quarter exempt from bankruptcy proceedings, in other words, to save the Contzies' home? Currently, I believe, they have had to leave their home; they are facing personal bankruptcy. So what is the status of that?

**Mr. Derkach:** Mr. Chairman, no one asked the family to move from their home. My understanding is that the home quarter section is exempt from bankruptcy proceedings, but the greenhouse is on a separate piece of land on the home quarter. So that would be involved in the bankruptcy, but the home quarter, as I understand it, would be exempt from bankruptcy. My understanding is that the spouse did get a job in Portage and is working there presently, and I think that is where the family has moved, although I am not sure. That is only hearsay.

**Mr. Sale:** The reason that obviously the husband had to try and get a job was to pay the ongoing bills of the family's food, and I believe the reason that they had to leave the home quarter, their farm, was that they could not afford to keep a residence in Portage for him to live in while he worked and to keep the house going at the farm as well. So they obviously have no resources and they are trying to minimize their living expenses, and I hope that will not jeopardize the rights they have to protect the home quarter given that they are not formally residents there now, although I suppose they could say that they have been there within the last six months. I just hope that the minister will use all his good offices to ensure that this family does not face any further penalties as a result of their attempts to become successful entrepreneurs. I am sure the minister can give us that assurance.

**Mr. Derkach:** Mr. Chairman, I would tell the member that if there is any hope of anything, we will continue to work as hard as we can to do what it is we can to salvage as much as possible for the family. We are not

in the business of taking families out of communities. As a matter of fact, our aim is the opposite. It is tragic when something like this happens, because this family did make an honest effort in diversifying their family farm and diversifying their operation. For one reason or another it did not work, but if there is any chance of salvaging anything our staff will certainly be there to support them.

**Mr. Sale:** Mr. Chairperson, were there any other aspects or branches of the minister's department that were involved in trying to salvage this operation to assist them with funding or support of any kind?

**Mr. Derkach:** Mr. Chairman, I guess in the final months of the company's operation, there was an application that was put before the REDI office for—it was termed a feasibility study to attempt to find equity partners for the plant. Although it was difficult to deal with because the evidence was on the wall in terms of the direction the company was going, nevertheless, we made a decision that we would support the company in one last attempt to try and find equity partners. There was approval given by the REDI office for a feasibility study to be undertaken to find equity partners perhaps from outside the province for the company.

**Mr. Sale:** Mr. Chairperson, could the minister indicate the amount of the grant and whether the grant has been paid?

**Mr. Derkach:** Mr. Chairman, the total feasibility study was for \$12,000. Our share of that would be \$6,000, and prior to paying the money the office requires some evidence that in fact, No. 1, the study was undertaken. So we have to have some evidence that in fact a feasibility study was done, and, secondly, that in fact the bills for the feasibility study were paid by the proponent. In other words, you do not just simply send the cheque and do not do any follow-up.

I am told that the \$6,000 contribution is in process, and I think there has been communication, either with the company or the principal, to ensure that in fact that feasibility study was done, and the money to the individual who did the feasibility study was paid.

**Mr. Clif Evans (Interlake):** I know we will be dealing with the REDI branch, but the minister indicated that,

in this case, out of \$12,000, \$6,000 the government covers, or half. Is the proponent made fully aware that if the total bill is \$12,000, that they have to pay that \$12,000 up front, and then present the government with the full \$12,000 amount of bills, and then, through the REDI program, the \$6,000 would be paid? Is that what the minister is saying?

\* (1520)

**Mr. Derkach:** Mr. Chairman, when a feasibility study is approved, a letter is issued to the proponent indicating that the feasibility study has been approved. In this case, I believe there was even a phone call placed to the proponent indicating that the feasibility study was approved, but there are conditions under every feasibility study that have to be met.

As the member can appreciate, because of the condition of the company we had to be very cognizant of the fact that, first of all, the feasibility study would be done, and, secondly, that in fact the individual or individuals who were doing the feasibility study would be able to be paid and would not be caught up in a potential bankruptcy.

**Mr. Clif Evans:** During the application process, and if the proponent was made aware, was in this case any other arrangement made with the proponent, between the proponent, the government, and the feasibility study consultant? Was there anything at all, any agreements made to offset what the government has said under the REDI program that the full \$12,000 would have to be paid first? Was there any kind of an agreement?

**Mr. Derkach:** No, Mr. Chairman.

**Mr. Sale:** I have the letter from the minister committing the study, and as he points out, the third paragraph indicates that when the study is a done, forward a copy of the receipted invoice indicating payment in full, a copy of the business plan prepared and a written confirmation that you are satisfied. Can the minister indicate whether they have received the business plan and the confirmation that it meets the objectives that Mrs. Contzie had for this?

**Mr. Derkach:** I am advised, Mr. Chairman, that, yes, that has been received. The business plan has been

received. I think there is still an outstanding invoice that is being in process right now.

**Mr. Sale:** Could the minister just clarify what he means by "in process right now"? Is the \$6,000 going to be paid or not?

**Mr. Derkach:** The feasibility study was for \$12,000. As soon as the invoice is received by the department indicating that the \$12,000 for the feasibility study has been, in fact, paid, then we issue a cheque to the proponent for \$6,000.

**Mr. Sale:** This is what I was afraid I was going to hear from the minister. Surely the department, the minister, must realize that the Contzies do not have any assets. They do not have \$12,000 to plunk down to pay for a study that gets \$6,000 back. The agreement that they had with their consultant was that he was prepared to invest his own funds, which I think is a suggestion, very strongly, of his belief that this company could be successful. He was prepared to invest his own funds in the amount of approximately \$6,000 and thereby, in effect, cover the Conzi's part of the cost. He is quite prepared to verify that the study is worth \$12,000. I do not think that is the issue at stake. The issue is how the invoice will be paid.

I would ask the minister to be as understanding as he has said he is at this point and recognize that Contzies do not have \$6,000 at this point. They are waiting for the \$6,000 that they were promised. Nor have they asked that the money come to them. So it is not a question of an attempt to get \$6,000 out of the government that they might walk away with. They are asking that the money be sent to the person who prepared the acceptable study, as agreed upon, to discharge that particular part of the obligation.

Surely what we have got here is a local accountant who is, himself, prepared to invest a modest sum at least in the future of this company because he believes that he has at least a shot at finding some equity partners which the minister says he wants to see happen.

So surely this is a situation where we should be facilitating, rather than spending time on what might be called bureaucratic requirements. There is no question that the work was done. The study is in. It is

acceptable to her; I presume it is acceptable to the department. The department said it would pay \$6,000 towards the cost of it. For heaven's sake, let us find a way to get that done so that the Contzies are not further behind the eight ball as a result of doing something that was agreed to in January of this year and agreed to formally in March.

**Mr. Derkach:** The member has to understand that the agreement that was entered into between the proponent and the department was a legal agreement, one which said that the proponent was prepared to put forth her \$6,000 on the basis that the government would inject \$6,000 into the feasibility study.

There is a standard process that takes place. Now I know that the consultant has intervened and wants to be paid directly by the department. That is not the agreement, because if we pay the consultant, we still have an agreed-to obligation to the proponent. Now, if the proponent wants to discuss some changes, then that has to come forward from the proponent, from the owner of the company, and not by a consultant, because our agreement is with the proponent. So I am prepared, and I am sure staff are prepared, to be flexible as you possibly can be as long as we are legal, but I think the obligation has to be on the individual, on the owner of the company, to come forward to the department and say here is what has transpired. I do not have \$12,000, but we have made accommodation for \$6,000. We need your \$6,000, and I am sure that somehow we will arrive at an agreement. We do not want to see the consultant out the money, nor the proprietor, because we made a commitment that provided those conditions were met, we would pay our share, and we will.

**Mr. Sale:** Mr. Chairperson, I am really glad to hear the minister commit that he will see that their share is paid.

The minister has a letter dated March 19, not from a consultant, but from Candice Contzie, saying: I have reviewed the plan. I am satisfied with the plan. Mr. Summersfield will forward to you a copy of the business plan along with a copy of the receipted invoices. Please pay payment in full to the business connection, Mercus Summersfield.

So it is not Mercus Summersfield that has asked for the money to be paid; it is Candice Contzie, who is

your client in this situation. I think it is transparent what has happened here. She has provided me with copies of correspondence between herself and her consultant in which he indicates that he is prepared to make the contribution of the cost of the development plan in the amount of 50 percent, which is what you require. All he asks, is that he, in effect, become their equity locator for a fee which is a very modest fee. Mr. Chairman, 1.5 percent of the total raised is not a very large amount. Most equity finders would want a lot more than that.

\* (1530)

He clearly believes in the plan. There is an agreement here. If there is any hope of resurrection after a virtual death, then let us not spend time on bureaucratic niceties about who is paying whom when we have all agreed that you are going to pay \$6,000 for something that has been done satisfactorily. The requester client has written to you and told you what is requested. You are not being asked to put \$6,000 in the bank account of a bankrupt. You are simply being asked to fulfill the agreement which I hear you saying you will do, but having worked for you and for other ministers in government, I know how long sometimes those wonderful agreements can take. At this point, I do not think we have that amount of time. So let us get on with it, and get on with the real issue here.

**Mr. Derkach:** Well, Mr. Chairman, how do I begin? First of all, the member knows full well that if I went ahead and paid this particular bill without invoice and then the consultant were not paid, and the consultant went to the member opposite, the first question in the House the member would ask, well, why did you break the agreement by forwarding money before you had the documentation in hand?

That is all we are asking of the proponent. Yes, we received the letter. We are asking the proponent to supply documentation that, in fact, this amount of money was forwarded and paid to the consultant, and then we will be happy to process the claim.

I am not trying to hold this up, but I am telling the member that he has asked questions in the House and has made statements about the inappropriateness of the way staff moved on other projects, in his opinion. I



know that if we did this in this case, he would have justification to do the same. All I am saying is that we are waiting for the proper documentation, and if it can be provided this afternoon, we will process the claim.

**Mr. Sale:** The request from the proponent is not to pay the proponent. The request is to pay the person who did the study. That is what is being requested here. They are not asking that you forward money to them. They are saying, please pay direct, essentially.

I think that the minister has indicated it is his intent to fulfil this agreement. The family is hurting badly. The consultant has put out the time and energy. The study has been done. What specific doable documentation needs to be provided at this point?

If the documentation includes the payment of a cheque from the Contzies to Mr. Summersfield, that is not doable. It is not going to happen because they do not have \$12,000. You have a commitment from Mr. Summersfield that he considers 50 percent to be virtually an equity contribution.

You have your own contribution of \$6,000. That clears the matter up. You have got the correspondence. What is the additional requirement here that we can get done?

**Mr. Derkach:** Well, Mr. Chairman, the application that was submitted by the proponent indicated very clearly that the cost of the project would be \$12,000. Now, that is the basis that the agreement was struck on, and out of the \$12,000 we would pay \$6,000.

Now, we have had a lot of correspondence from Mr. Summersfield, and I understand he is a little frustrated because he would like to have his money. However, the Provincial Auditor would not look very kindly at us, and I am sure that the member opposite would find issue with it as well, if, in fact, we were to move ahead with payment of \$6,000 to Mr. Summersfield. The agreement is between the proponent and ourselves.

Now, if, in fact, the proponent can show documentation that the \$6,000 share has been paid and is receipted and that there is direction for us to pay the \$6,000 from the provincial government to the consultant, then I am sure that we could probably accommodate that because that would not be breaking

the spirit of the agreement, because there would be documentation that would be signed by the proponent, confirmed by the consultant, that her share or the proponent's share will have been looked after.

**Mr. Sale:** Mr. Chairperson, just so that we can be very clear, and, in fact I think it would be better if Mr. Maksymyk [phonetic] or—I am sorry, that is not the right name, the director of the overall program. [interjection] Melymick. Sorry, Melymick, John—it might be better if he did this rather than one of us doing it.

But is the minister saying that what he wants is a fax or a letter from Mrs. Contzie saying, attached is correspondence from Mr. Summersfield indicating his contribution for, in his view, a reasonable accommodation, 1.5 percent of any equity money that he would raise for the company, that he considers his share to have been paid, and therefore, her share, in effect, to have been paid?

So all you need is a letter from her attaching the letter from Mr. Summersfield, which she has from, I believe, January 20, which actually I can supply the minister with if he would like. Is that all we need?

**Mr. Derkach:** Mr. Chairman, may I just maybe try to clarify a little bit of why there is confusion over this?

First of all, an invoice was received by the REDI office for \$12,000, confirming that a payment to Mr. Summersfield in the amount of \$12,000 had been made in full. Now, if that confirmation were there, that meant that our cheque needed to go to the proponent, as it should. But the proponent also told us that we were now to pay the \$6,000 to Mr. Summersfield, as I understand it.

So we have confirmation that \$12,000 was paid. Now we are being asked to pay another \$6,000. So what we want is a clarification that would show that, in fact, there is either a receipt or something for \$6,000 from Mr. Summersfield with an outstanding amount of \$6,000 that the province has to pay, because we have a different message coming at the present time which needs to be clarified.

That is what staff are dealing with. It is not something I deal with, but it is something staff have to

deal with, and we have to be assured that, in fact, Mr. Summersfield either received \$12,000, or did he receive \$6,000, or has he forgiven \$6,000? In either case, there has to be some sort of documentation and receipt that shows that some money or half of the money or all of the money has been paid, and then we would be happy to proceed.

All we need is either a cancelled cheque that shows that \$12,000 was paid to Mr. Summersfield, that that is done, or if that was not done, then let us have an invoice and a receipt that shows that so much money was received by Mr. Summersfield and so much is outstanding.

\* (1540)

**Mr. Clif Evans:** I understand what the minister is saying. There is obviously some confusion. Now, in the letter dated March 11 to Mrs. Contzie, the minister indicates that the money is available for her. Now, it asks also that all the documentation be provided to the REDI office prior to March 31, '97.

In a letter from Mrs. Contzie to Mr. Prince, indicating she has received your letter, her letter states that Mr. Summersfield will forward to you a copy of the business plan along with a copy of the receipted invoices, and please make payment in full to the BIZ connection.

So there is confusion, because in this letter she is telling Mr. Prince that that will be provided March 19. The minister is saying there is not any of that, or there is not that specific outline of what concerns the minister has.

**Mr. Derkach:** Yes, the bottom line is we have an issue here of confusion about what the reality is, and we want to clear it up, because as the member has indicated, that letter says one thing. I just indicated to him what has been received by the department.

All we want to do is clear it up, so that we know that, in fact, we are doing the right thing. You see, there is correspondence on this now, and if, in fact, there is an invoice that was presented for \$12,000 confirming that payment was made in full to Mr. Summersfield, and then we are requested to pay Mr. Summersfield \$6,000, then we have a problem. All we want to do is clear it up.

I am not trying to hold this up. I am not trying to put her in a difficult situation. All I want is some clarity in what has transpired and what we are to do. We have the consultant's report. That has been done. There is no argument about that. All we need is a clarification of invoices, who got paid for what, so that we can process the claim.

**Mr. Clif Evans:** I understand what the minister is saying, and we will attempt—myself and my colleague—to have this brought forward to them and explained. But I wonder whether on the file at all there was a letter enclosed from Mr. Summersfield to Mrs. Contzie explaining how half of the cost would be undertaken by him, by, as my colleague had said, I am prepared to make a contribution of 50 percent to the cost of the development and business plan.

The minister is saying that there is no indication, there is no specific invoice saying: Here you are, Mrs. Contzie; the whole bill is \$12,000; here are the invoices; I can consider myself paid by making a 50 percent contribution; outstanding invoices \$6,000; please remit.

Mrs. Contzie can then go and she can get an invoice or any kind of a cheque, and it can then be submitted. Would that be illegal?

**Mr. Derkach:** Mr. Chairman, first of all, the member just illustrates the confusion of this issue, because I think—and I can speculate, and I guess we should not speculate, but I am assuming that Mr. Summersfield has written off the first \$6,000 that the proponent was to pay—I am assuming that—because he wants to get the \$6,000 from government, and he says, consider the other \$6,000 paid.

But I am telling the member that we have two messages here, and all we need to do is clarify them. Now, I do not think I should be calling Mrs. Contzie. Neither should the member opposite be calling Mrs. Contzie about how she should clarify this. That is something that Mrs. Contzie should do with the REDI office.

The REDI office has tried to explain this on a couple of occasions and will do it again: Just send us an invoice that says that the matter of \$6,000 that you

owed has been looked after, and then we know that we have to pay our \$6,000.

It is not complicated, but I think that the messaging from the proponent has changed. [interjection] Well, it has changed in that, first of all, there was confirmation that \$12,000 was paid, and then the consultant got into the middle of it and indicated that we need to pay him \$6,000. Well, I am sorry, we have to have one message.

**Mr. Clif Evans:** Mr. Chairman, my conversation with Mrs. Contzie—and I have not seen anything here that indicates at all—if the minister does or the department has—

**Mr. Derkach:** You just read me something.

**Mr. Clif Evans:** Yes, but this does not say that anything has not been paid or paid. All this letter to Mr. Prince indicates is, this letter is to inform you I received the minister's letter, or I have reviewed the business plan. I have received the minister's letter that a portion of the program has been accepted. Mr. Summersfield will forward to you a copy of the business plan, along with a copy of the receipted invoices.

**Mr. Derkach:** That is all we need, are the invoices.

**Mr. Sale:** Mr. Chairperson, I mean, this is the confusion. The minister indicated not very long ago that he had an invoice, \$12,000. So what has he got? Specifically, what has he got in writing from either Summersfield or Contzie.

**Mr. Derkach:** Mr. Chairman, I indicated previously that invoices that were presented were for \$12,000, confirming that payment in full was made to the consultant.

**Mr. Sale:** All right. That would be the standard REDI approach of, we have paid our bill; now give us our contribution which we have already paid. So that would have meant a cheque issued to Mrs. Contzie.

I am sure what she was trying to do was to provide the fulfilment of the agreement, but I think, a reasonably clear and honest error, she realized that, no,

she is not going to get \$6,000 from you. She is also worried that if \$6,000 goes through her bank account, there may be some people who would like to just get their hands on that real fast, because when people are in that kind of situation, there is often a credit watch on their account, so you try to clear something through your account, and it does not work. So the government's \$6,000, instead of going where it is intended, gets grabbed by a creditor and disappears; again, legitimately, but the spirit of the agreement then is obviously broken. She does not want that to happen, so she says please pay my account indirectly.

I think this is pretty easy actually to clear up. I do not want to take any more Estimates time on it, but I do want to say that I believe that a phone call and a very clear direction, followed by a very quick issuing of this cheque, would be a very appropriate and compassionate action on the part of the minister, who has said over and over again that he neither wants the Contzies to suffer more pain and anguish, nor is he unsupportive of the last-gasp attempts. I commend him for being supportive of the last-gasp attempts to see if there might be an angel somewhere that would come in, although I am just as doubtful as he is that when a company is bankrupt, anybody who is interested in it is going to wait for it to be available at 10 cents on the dollar; they are not going to rescue it at 50 cents on the dollar.

Could he give the commitment that Mr. Melymick could get in touch and be unambiguously clear, in case that is a problem on the other end, exactly what is required to get this cheque issued to Mr. Summersfield, so that it does not clear through her bank, which, I suspect, is the main concern that she has? It is certainly a concern that people in this kind of financial situation often have, that somebody has got a watch on their bank account.

**Mr. Derkach:** Well, I will give the member this commitment, that provided that we follow an accepted process that has to be followed in government, that, yes, indeed, we will make another attempt—and I will commit that on behalf of staff here—to get in touch with the proponent and to indicate very clearly what it is that we require so that this amount can be processed.

We have no intention of holding on to it or trying to make life miserable for the proponent or anyone else,

but we also have to protect the integrity of the department and the program and the branch. We have to ensure that when the Auditor looks at our books that he does not find any flaw with it, and I know the member can appreciate that. But, again, I will commit to having staff from the department get in touch with her and to try and clarify this ASAP.

**Mr. Sale:** I thank the minister for that. Would the minister's staff already have a copy of the January 20 letter from Mr. Summersfield? This is the letter in regard to writing off 50 percent or accepting. Would that be helpful?

**Mr. Derkach:** Mr. Chairman, I do not know whom the letter was addressed to, but my staff indicate that they have not seen that letter, and any correspondence that would be helpful in resolving this would be appreciated.

\* (1550)

**Mr. Sale:** Mr. Chairperson, for the record, Mrs. Contzie indicated that we were free to use-share that correspondence as seen necessary to try and get this thing speedily resolved.

I have some questions on some of the other issues related to this program, Mr. Chairperson. I just would like to thank the minister and his staff for tussling through this and clarifying what the difficulty was. I think, often when companies are at the point of failure, there is a lot of both stress and confusion, and if my involvement with Woodstone was any indication of what the minister was going through, I can certainly vouch for the stress and confusion in terms of information because there was lots of it.

Mr. Chairperson, if we could just talk briefly about the Acrylon project. Grow Bonds is one of the more recent ones. I think maybe it might be the most recent one formally issued, the Tin Lizzie was before that, I think. Acrylon is \$1.2 million. Was the initial prospectus amended?

**Mr. Derkach:** Mr. Chairman, yes, there was an amendment made to the prospectus, and specifically, with regard to interest rate. The interest rate was increased from 6 percent to 7.5 percent.

**Mr. Sale:** In the new prospectus as issued, did the company indicate that it had gotten—and I am not sure what the proper term would be, but—a surety of some kind that would guarantee the interest as well as the principal?

**Mr. Derkach:** As part of the agreement, the company was able to obtain approval from their bank in the form of a letter of credit securing the interest on the bond. Now this has to be in hand before any money is released to the company by the bond corporation and by the department, and that has to be filed on an annual basis. My understanding is that letter of, I guess, credit, or equivalent, has to be filed on an annual basis. All it is, Mr. Chair, is more security for the bondholders who are investing. Not only to them, not only is the principal then completely secured, but so is the interest on the basis of the letter from a financial institution.

**Mr. Sale:** It seems to me to go against one of the fundamental issues that gave rise to Grow Bonds in the first place. I must say on a very selfish basis, if I had known, I could get a 7.5 percent, five-year bond with guaranteed interest and principal, no risk and at 7.5 percent in today's interest rate environment, that is a pretty nice rate of return. Long Canadas are yielding about that; 30-year Canadas are yielding about that right now or a little less, a little more, depending on the day. You certainly cannot get anything that is coming out in the form of Grade A bonds that would give you that kind of a yield on a five-year basis right now. So, if we guaranteed principal and we guaranteed interest and we guaranteed it at a pretty attractive rate, what is this program? There is no risk here for anybody except the government. There is certainly no risk for investors.

**Mr. Derkach:** First of all, the guaranteed interest was not a part of a request made by the department or the Grow Bond corporation. This was something that was brought forward by the company, and the interest is not guaranteed by the province. The interest is guaranteed by the bank.

Mr. Chairman, I guess that, if any other corporation or any other companies could secure that kind of line of credit or that letter of credit from a financial institution guaranteeing the principal to the bond investors, that would be a plus for the company and the bond

investors. We still have bonds out there that are paying more than the 7 percent, and that is just the way the interest rates have gone in the past.

When I heard that there was a letter guaranteeing the interest, I thought it was just another way to assure the community that this was a solid company, that the bank had faith in this company, that in fact this was going to be a company that would make good on its commitments to the community, and I think it reflects some strength in the company. I cannot criticize them for that because, my goodness, we want strong companies that are investing in this province and are taking advantage of the Grow Bonds Program, because that is the kind of the success stories that will motivate others to continue to invest in the program and in their communities.

**Mr. Sale:** My understanding of venture capital is that venture capital means that there is a venture involved, and, at this point, there is no venture for the investors whatsoever. There is a guaranteed rate of return, guarantee on the interest and guarantee on the capital. That is not a venture; that is a Canada Savings Bond. If the company has that kind of stability and record with its bank, then why does it need a Grow Bond? Presumably, if it has that kind of capacity, it could do a normal kind of debt financing with its banker. Clearly, this a good company. That is great. I am really glad, but why are we giving them a Grow Bond?

**Mr. Derkach:** Mr. Chairman, when we get applications for a Grow Bond, what we do is a normal process of ensuring that the company, first of all, has some chance of success, whether it is an expansion or whether it is a new company. This company clearly showed us that their expansion had significant potential. But there is also, as the member knows with any company, a down side. There is no security. There is no assurance that this company will succeed in an economy that could turn down at any time. We have a buoyant economy right now, and we hope that will continue.

It is a rural company. It is a company that wanted to take advantage of a Grow Bonds Program. It wanted to see the community invest in this company, because this is a community that has a close-knittedness to it. The company operating in this community feels that it is important to have the community involved in its

company. I think I saw that when I toured the company, and we had the opportunity to talk to people who worked on the floor, talked to the management. There is a community spirit there, I think, that speaks loudly and probably can be used as an example to other communities.

There is a significant amount of equity that the company brought to the table. As the member knows, when we started the Grow Bonds Program we were not asking for security of any kind. We learned very quickly that, wow, that is exposing the taxpayer of Manitoba substantially, so we amended the Grow Bond policy to take security to protect the taxpayer, if you like, because although the investor was protected, there was no protection for the taxpayer at the other end. So we have tried to balance it.

\* (1600)

Now, I am happy to have a company like this in our mix of Grow Bond programs, because I do think that if this company is successful it will be an example that can be used by other companies. I was happy to see the letter of support from the bank, or at least to know that there was a letter of support coming from the bank guaranteeing the interest on the Grow Bond. I think this shows that the bank or the credit union or the financial institution has confidence in that company as well, and I think it speaks volumes to the people in the community who want to invest.

The company feels it can afford 7.5 percent. Now, I do not know what interest rates are today in the bank for borrowing money. I have not been there for a little while, but I am sure that they are up in that range anyway. [interjection] Yes, but I know I will be there soon, knowing the season that is coming, you see. I think that, even at 7.5 percent, this company is probably able to withstand that and come good on its guarantee to the bondholders.

**Mr. Sale:** Mr. Chairperson, I am not quarrelling with the ability of the company. In fact, if it can get that kind of agreement, then clearly the bank believes it is capable, because banks do not generally want to volunteer money to pay interest on bonds.

My point is, the problem with a venture capital program is the one that the minister has pointed out lots

of times: You start out exposing too much; you lose too much; you do not get enough winners. Then you get real cautious, and you do not take enough risks. So you tend to go between these two poles, and the only guarantee of keeping at it appropriately, I think, is a very clear set of program guidelines and goals at the staffing level. So you continue to take real risks, because that is surely the point of the Grow Bonds Program. It is not to become a replacement for the local credit union or the bank. On the other hand, it is to manage those risks as carefully as possible so that you win as many as you can and you lose as few as you can. That surely is the right goal. Why I am raising this is because I think this one illustrates the danger of moving over in the other direction in which the company probably is glad to have a Grow Bond. I am sure they are.

I have talked to David Friesen about taking advantage of government programs, of D.W. Friesen and company. They say, well, we will take advantage of them, but we do not need them. In fact, he said to me, to our caucus, when we asked him what he would do if he formed government, make him Premier, he said he would close down I, T and T. I am sure the minister would be glad to know that because that is a competitor department. I mean, he does not need this money, and that is the difficulty governments have. We had it; you have it. When do you take a risk and genuinely try and help something happen which you think is possible, and when are you simply providing free capital to people who do not need it? I raise this one not to be critical of the company or the community but just to say that at some point you are simply providing free capital to folks who do not need it. At other points, you are throwing capital away, and it is really hard to walk down in between those two, and that is where I wanted to wind up my questions on this area.

**Mr. Derkach:** Well, just to respond, Mr. Chairman, and I appreciate where the member is coming from. We do try to take, you know, a balance between a silly risk that will end us in an insolvent company and then just being a bank. I do not think we just want to become another bank or credit union. That is not our objective. I think the policies and the principles of the Grow Bonds Program are correct. I think they are solid, and they have been amended. It is true, they have been amended. I think it has to be a balance between

taking no security and taking some security. We have paid attention to things like stacking and things like equity, and we know that undercapitalization is a problem and we are addressing that.

This company did need a Grow Bond. If we had not provided a Grow Bond there was a danger that the expansion would have either been delayed and the jobs would not have been created, or the proponent would have had some difficulty. So all of those things are examined, and I do not get involved in this personally. When this comes before the various due-diligent committees they try to ascertain whether or not this is the type of venture that a Grow Bonds Program should be involved in.

In terms of what comments are made by business, I hear this all the time. I hear businesses say government should not be involved in financing businesses except for my business. You see. We have heard even Chambers of Commerce around the province say governments should get out of programs, but could you give us a grant to hold our annual meeting. So there is some different messaging going on about these kinds of things. What we as a government, I think, have a responsibility to do, not unlike what was done in the past when we were not government, you know, the former government also tried to inject some interest in investment in this province through job creation and investment-type programs, and I think we are doing the same. Will we have failures? Sure, we will have failures, and unfortunately I think that will be with us as long as we are here, but we will try to minimize those and try to ensure that we have the highest level of staffing that we can to address the issues as they arise.

With regard to my sister department, I, T and T, they are not competitors. We complement each other and work together very well, I might say, and as a matter of fact, much more closely now than we did even five years ago when I first came to this department, and so I am proud to say that as well. So that is about all I can say about that particular issue. I am confident that Acrylon will do well, and any time that a company wants to get a letter of credit to guarantee the interest, I am not going to stand in their way.

**Mr. Sale:** Mr. Chairperson, along those lines, I have a couple of final questions in this area. Last year we

raised, and I want to raise again this year, the concern that we have that prospectuses ought to go through the Securities Commission. We talked about this before. Clearly, we are issuing an investment vehicle. They are relatively complex. They are not as complex as the MTS one, but they are relatively complex.

Now the benefits of doing this are substantial. First of all, the criteria for an investment are the same then across the whole province. Anything that is an investment has to pass that kind of level of scrutiny.

Secondly, the minister must recognize the political advantage of being able to say, this prospectus has been cleared by the Manitoba Securities Commission, and it meets those criteria, those due diligence tests. If this had been in place, we would not have had the Woodstone fiasco because the Securities Commission would not have allowed a prospectus to be issued without an audited financial statement covering the period immediately prior to the issue of the prospectus.

The Securities Commission would not have allowed that prospectus to go forward when in the possession of the department was written evidence that the monies were not going to be used as claimed. It would not have gone forward without the minister knowing that the Securities Commission had seen the going concern note from the Auditor. The minister, I am sure, knows that a going concern note is only put in by an Auditor when there is some issue about whether this company is a going concern or can be a going concern under the circumstances of the financing that was put forward.

So I do not think there is any sense anymore pretending that there were not material problems in that prospectus. The Auditor has said so. The minister has said that there were errors pointed out and that changes have been made in the program, corrections have been made. I am glad that has happened, but we would secure a lot higher credibility for this program, which, I hope, is in place when we form government in the near future, because I am looking forward to more of these kinds of Grow Bonds in rural Manitoba taking place. I would just say to the minister, if I were in his shoes, which, goodness knows, might happen some day, I would want to know that a prospectus that I was offering to people had been passed on by the same people that pass on every other prospectus in Manitoba

and that there was not an exemption here which says, oh, you shan't make a false and misleading statement, but if you do there are no penalties.

That is not acceptable because it is very clear to me, and I think it is pretty clear to the minister and his staff, that the proponents of the Woodstone proposal made false and misleading statements. They did not reveal the going concern note. They did not put in audited statements for their most recent period. They did not reveal to the investors, though they revealed to the government, that the monies were not going to be used as advertised. So, if that happened in a Manitoba Securities Commission situation, it is a million dollars and two years in prison are the penalties. That is the range, a million dollars and less, and two years and less.

That is usually a fairly good incentive for directors of companies not to lie. At this point, we have no incentive because there are no penalties that have any real force under the act. So will the minister agree that it would be in his interest, investors' interests and the program's interest to have prospectuses cleared by the Securities Commission and not internally by a route that could be seen—may not be—but could easily be seen to be open to political manipulation.

\* (1610)

**Mr. Derkach:** Mr. Chairman, I guess we have been around this horn before, and I would simply say it to the member, that some of our Grow Bonds, for example, RCS—there are others that are small Grow Bond ventures because the Grow Bonds Program starts at \$100,000. If you were to impose the cost of a prospectus going through a securities commission for a \$100,000 Grow Bond or a small company, that is a very costly process for the company.

That is why the Grow Bonds Program in its inception had built in the various types of due diligence processes that were to be undertaken. As the member knows, the Securities Commission does not do due diligence on projects. As a matter of fact, there is a disclaimer whereby it exempts them from having to do a due diligence process. However, there are some benefits to a securities commission, and that is why it is in place. But, by and large, I think I have to say that staff in this

department have worked extremely hard and have done a fairly good job in terms of the projects that we have on the books.

There are some that are not easy, and there is no question about that. We have learned, there is no question about that either. In the 1994 audit, in the 1996 audit, we learned things that we needed to implement in our processes, and the Auditor was very clear. But I think also it should be mentioned that the Auditor did commend management for the kinds of steps that they had taken to ensure that proper processes were followed.

We will continue to work at it. The member says, maybe when he takes over the department and, my goodness, that is many years away, we will not need a Grow Bonds Program by then, by the way. [interjection] The member for Interlake (Mr. Evans) says that he wants the job. In seriousness, that is something that I think, as the program matures, we are not going to ignore it or I am not going to discount that suggestion. That is something that certainly can be considered for large projects. We do have a limit on the Grow Bonds Program, which, I think, is also good. But, as the program matures, some of the suggestions that are coming forward from individuals, whether they are in opposition or from companies or consultants, will be looked at seriously. If we can improve the program by instituting some of those processes, I am not opposed to doing it.

**Mr. Sale:** Is it the minister's intent to catch up on all of the financial statements that should have been issued under the program that have not to at least a number of the companies? Will bondholders receive not just future statements, but all the past statements that they have been entitled to? The reason I ask that question is not to highlight the failure. I know the minister has acknowledged that there has been a problem because Grow Bond corporations do not have any independent funding. The mailing of prospectuses and photocopying, et cetera, if the company does not do it—which actually I think is where it should come from—is a job that the Grow Bond corporations are not really well set up to undertake.

The reason I ask it is that quite a number of these companies, within the next year, are coming up to their five-year stage, and investors need to have information

in order to decide whether to convert, extend or redeem, which is the privilege. So what is the minister's intent on this?

**Mr. Derkach:** I thank the member for bringing that point up because I did neglect to address it. I should have informed him that we have undertaken to allow some funds to each of the bond corporations to allow for the mailing of the statements to the bondholders. These are volunteer bodies, and they do not have any administrative funds to be able to mail out the annual reports and the financial statements.

So we have allocated a small amount of money—I think it is \$1,000 per bond corporation—to assist them in the mailing out of these financial statements. In cases where they cannot do it and we want to catch up with the process, we are mailing those directly from our office until such time that the process can be put into place. I can indicate to the member that we have already mailed out the statements to Keystone Seed Coaters, Quarry Oaks and to Dyck Seeds.

But we will be working with the corporations over the next year to ensure that they undertake to do this rather than the department doing it.

**Mr. Sale:** Mr. Chairperson, I appreciate that information. So just to be clear, the department will ensure that all past statements that have not been mailed will be mailed over the next period of time to bondholders of existing companies and that in future the companies are covered under regulations 20 and 23—in the case of 20, it is 20(b), and 23, it is 23(2)(a)—which require that the eligible business do the mailing, not the bond corporation. The eligible business must provide the information to the bond corporation but also to each bondholder and to the manager of the rural development bond office.

So it should be seen as a cost of doing business on the part of the company. I am not quite sure why we would subsidize companies to do that, although I understand that it would be nice of us to do that, I suppose, but it is certainly not required in the regulations. What is required is what has not been done.

**Mr. Derkach:** Mr. Chairman, as the member knows, these are all individual companies, and, yes, we try to



hold them accountable to the agreement that is signed and to the regulations of the bond, but as the member knows, it has not been happening, and so to try and bring all of the statements up to current status, what we are doing is mailing the most current financial statements. If members would like the previous statements, we will certainly make those available as well.

Then we will work with the bond corporations and the companies to ensure that the regulations are, in fact, adhered to, but I think there is a period of time right now that we want to ensure that we settle the issues and we get the information out to bondholders and that the bond corporations get a feeling of more confidence in what they are doing.

So we will work at it in this way and then try to implement the regulations in a proper way for the future. The member has identified very clearly that we are approaching the five years, and so some of this information is required or needed by the bondholders to make some decisions.

**Mr. Sale:** Mr. Chairperson, I appreciate the minister's assurance on that. While I accept that the intent is to catch up to the most recent year immediately, if I were a bondholder in any of these—which I am not—and were facing that decision, I would like to see all of the relevant statements for the period I have held the bond, not just the most recent one, even though most of them contain two years of information.

Will the letter accompanying the statements indicate that earlier statements are available on request at least? I believe they should be sent out as a matter of course, not on request, but the minister said he is not going to do that, at least not immediately. Will the letter indicate clearly those statements are available on request?

**Mr. Derkach:** I am advised by staff that the letters that went out to the three corporations that I had identified did not include that, but I can give the member my commitment that future letters will indeed have a paragraph that indicates very clearly that previous statements are available at request.

**Mr. Sale:** The last question in this area, Mr. Chairperson, Care, Rimer, I think one of the Sterlings, although I am not sure about that, are all coming up this year.

Will the minister undertake to ensure that those bondholders have all of the required statements rather than just the most recent statement before the date at which they have to make the decision to convert, extend or redeem?

**Mr. Derkach:** I am advised by staff that should not be a problem. The Rimer Alco one is done already, but Care—and I do not think Sterling is due yet—but for any that are due this year, we will assure the member that statements will be made available.

**Mr. Clif Evans:** I just want to make some comments still with the Grow Bond branch, and it is with respect to Gilbert International. I know that we had discussed it during the Estimates process. I must say that the exchanges that we have had here this afternoon about the whole Grow Bond and yesterday, I think my colleagues and I will agree that the minister has been fairly up front.

**Mr. Derkach:** I would not just say fairly. A little better than fairly.

**Mr. Clif Evans:** Better than fairly up front. I appreciate that. I think my colleague does too because I think—and I have said this to the minister before—we are dealing with a very important part of rural Manitoba with Grow Bond issues. I think it is important that we all are aware of what is going on when it comes to Grow Bond issues, as well as those that are investing in it, so that we do not come across more of this type of back and forth that we have had for the last couple of months, perhaps over a year now with respect to Woodstone and some of the others.

But I want to put on record that as far as Gilbert International goes, I have had some conversations with some of the Grow Bond investors, and, as we mentioned earlier, there is concern that perhaps the vast majority of the investors are hoping that we can find a solution and get Gilbert International on full track as was promised.

I was at the official announcement in Arborg and toured the plant at that time. I myself was very upbeat, and I am still upbeat about it. However, it is hard sometimes to be upbeat when I travel through Arborg one day of a week and see no vehicles there, travel another week and there is one vehicle there. You wonder whether these products that they are marketing or making themselves somehow, I do not know, on automatic pilot. Other people in the community see that too.

That building is a very important link to the community of Arborg, and to lose the Gilbert International people out of there would be a devastating blow to the people of Arborg, not only just with the jobs but just straight economy. Again, it took them so long to provide a tenant, get a tenant for that building. I would put the minister on notice. He said he has been dealing with them and his department has. I would really be pleased if the minister would keep me informed or provide me with anything that is going on with Gilbert, so that I am fully aware that when people come to me, I know what is going on, I can give them answers. So I can give them some positive answers if that is the route we are going and not have to say that No.1, I do not know; or No. 2, the government will not tell me; or No. 3, nobody wants to talk, because the people in the community know there is a problem.

They know there is a problem. They do not know everything, of course. As I said, they are so supportive. It would be a positive if this member whose constituency has the Grow Bond issue—it is over \$700,000; it is a lot of investment from the community and surrounding area—that I be kept abreast of what is going on with Gilbert and, if at any time possible, be able to sit in or discuss with the minister or his staff just what is going on, what it is going to take, how we are going about it, who is helping, how we can help. I know the community would be appreciative. This would be not necessarily—and I would tell the minister this is not for the sake of the local MLA wanting to jump on the bandwagon to gain political support, because it is not, because it affects—I know what the opening of that plant meant to the business communities and to the people. I know that at the time when it was put in place there were other spin-offs and benefits that this member, this person realizes, and so I put it on record that I would really hope to be kept abreast with Gilbert International.

**Mr. Derkach:** Mr. Chairman, and to the member, I would like to put on the record that the member for Interlake has been patient. He has come to me from time to time and asked a few questions about Gilbert. He has not made it a political issue and certainly that is to his credit, I think, but let me just talk about the equity partners in Gilbert. I think it is very important that Manitoba Pool has become a partner in a value-added processing industry. This is their first venture, I believe, into that field in a major way and—

**An Honourable Member:** Can-Oat.

**Mr. Derkach:** Well, that is right, second, I guess. Well, Can-Oat is a bit of a different product, though, but in terms of a table-ready product this is probably their first venture into that kind of a market. I think they probably did it for several reasons because the Arborg area also lost its major elevator in that community, and I believe—no?

**An Honourable Member:** They did not lose their elevator. They expanded their elevator.

**Mr. Derkach:** I am sorry. My information on that was wrong, but I believe that they wanted to show a presence in that area in terms of participation in the rural economy. We are working very closely with Manitoba Pool, with CEDF, with the company to try and secure greater market share for their product, to try and stabilize the company; and, although they are operating on a sporadic basis at the present time, we are hopeful that will change and there will be a more consistent, I guess, workload for the people who are working at the plant and that the company will operate on a more consistent basis.

Can we be assured that will happen? I guess time will tell, but if the member has any suggestions that he wants to come to me privately with, I would certainly be prepared to listen. In addition to that, I think it is important that his community encourage Manitoba Pool to stay with the project.

I do believe that the director from that area is supportive of the project. From discussions with him, it appears that he is supportive of the project, which is a very positive thing, and I know that we have been in touch with the mayor of the community, with the bond

corporation, and they have been very patient and very encouraging in ensuring that this plant has every possible chance of survival.

So to the member we will continue working with this company, with the community, prepared to work with the member in trying to ensure that we give every possible opportunity for this plant not only to stay in operation but to expand, to grow, and to provide those much needed jobs in the community of Arborg.

**Mr. Clif Evans:** Mr. Chair, I appreciate those comments. I guess, as far as the minister is saying, if this member would provide any sort of advice or assistance in any way, I would be more than willing to attempt that if, of course, seeing more about its operations since it has been going, understand it more, perhaps understand it a little bit more as to why it did not take off besides, of course, the marketing of the product. I know that Manitoba Pool—and I am pleased that they did get involved and are major stakeholders in it. I do hope, and I know that they are doing whatever is possible from their level to be able to keep it going.

But I certainly would probably appreciate just some background if possible from Gilbert International. If the minister has anything that I could look through and see if there is—maybe there is some. I have met with the Manitoba Pool people who discussed this issue. When I asked them about it, they said they had the opportunity to get involved and wanted to expand into that field; were perhaps not really, really satisfied that things were done properly prior to their getting involved, but I think they have attempted or are on the road to changing all of that and have made every effort to do that.

\* (1630)

Of course, as I have said earlier, I was very surprised that the issue would go ahead and without a real stable marketing plan in place. Thinking that you have something to sell and having the opportunity to do that, even though the product might have been top quality prior to jumping into such an investment and such a production, I just found it rather strange that would happen, but that is in the past. Hopefully, we can maintain Gilbert and expand it, expand it even to what it was supposed to have been already for the past two or

three years and get it going to that level. After that, hopefully, we can see some positive results and go with it, so I appreciate those comments.

**The Acting Chairperson (Mr. McAlpine):** 13.6. Rural Economic Programs (a) Grow Bonds Program (1) Salaries and Employee Benefits \$425,400—pass; (2) Other Expenditures \$1,227,000—pass.

13.6.(b) Rural Economic Development Initiatives (1) Salaries and Employee Benefits \$264,800—pass. (2) Other Expenditures \$102,100. Shall the item pass?

**An Honourable Member:** No.

**Mr. Clif Evans:** No. I just want to ask one very, very short question on the Objectives. Can the minister explain—he has listed: To give communities and businesses tools, et cetera, Strategic Initiatives. What do his department and he mean by “Strategic Initiatives”?

**Mr. Derkach:** Mr. Chairman, there is a strategic initiative component to the REDI program, which means that if a project is of strategic importance in strengthening the base or the foundation of a community, and by funding it, if that increases the economic development or the diversification of the rural economy of that community or that region, we would be prepared to fund it on a strategic basis.

In other words, for example, if we have a project that will be attracted to a region—and I think we can use all kinds of examples—but if it is a significant project and is a strategic project for the economic development of that region, then we could use this source of funding to assist it, either in its infrastructure or in its feasibility work or its business planning or just in straight support to getting the company kick-started in a particular region.

**The Acting Chairperson (Mr. McAlpine):** Item 13.6. Rural Economic Programs (b) Rural Economic Development Initiatives (2) Other Expenditures \$102,100—pass. (3) Programs - Operating \$8,210,700.

**Mr. Clif Evans:** Mr. Chair, if I may, I want to indicate to the minister and his staff that I would be finishing today. I would appreciate if we might—and we will

expedite to get it done today. If we could take a five-minute break so that we could get wound up, rested and ready to go for the last bit of the Estimates and fight on.

**The Acting Chairperson (Mr. McAlpine):** Is it the will of the committee to proceed with this Section 13.6 and pass this section first—two lines—and then we will pass the resolution?

**Mr. Clif Evans:** Mr. Chair, I did want to ask questions on the Operating Programs after the break. Is that the line you are indicating? Yes. I would like to get back—when we get back—to that.

**The Acting Chairperson (Mr. McAlpine):** Is it the will of the committee to take a recess for 10 minutes? So we will return here at 4:45 p.m. Agreed? [agreed]

*The committee recessed at 4:36 p.m.*

---

#### After Recess

*The committee resumed at 4:48 p.m.*

**The Acting Chairperson (Mr. McAlpine):** We are on item 13.6. (b)(3) Programs - Operating.

**Mr. Clif Evans:** I want to say that I sort of support this program, the REDI program, and what its mandate is to do. I would like to ask the minister a few questions on this section about some of the programs that are within this branch.

I believe I found an annual report in my office, amongst everything else, and there was some identification of the REDI program that had been done through the communities. Can the minister enlighten me with some of the up-to-date REDI programs that have been initiated? In other words, what I mean, through applications and some of the major applicants to the REDI program that have been approved, and how they are doing and what they have?

I am sure that there are probably many, and we do not have the time to go through, but some of the major programs under the Feasibility Studies Program or the infrastructure side of it, some of the major ones that we have seen in the last couple of years.

**Mr. Derkach:** Mr. Chairman, this would be a fairly lengthy session because we have almost 300 applications that have been processed under the REDI program, approved projects. If you were to ask me which ones were the major ones, I am not sure. But they have varied from larger projects where we support infrastructure, for example, Canadian Agra, McCain, projects of that size, to smaller projects whether it is a local business starting up, a small manufacturing business. As the member knows, we are involved in Winkler Tire. We will probably be involved in the strawboard plant, and all of those kinds of projects we are involved in.

Our programs vary from providing feasibility studies—as the member knows, we just did Gromar for feasibility studies—to infrastructure support for the provision of utilities or services, such as either road access, perhaps gas or hydroelectricity, or whatever, water and sewage kinds of projects to new businesses that are starting or new companies that are starting.

Gosh, tourism projects, we support them. For example, in the city of Brandon, we have been involved in many of their tourism development projects. As they prepared for the Winter Games, we were involved in support for some of their infrastructure there. We were involved in the infrastructure support to, for example, the trailer park that was developed by Brandon.

No matter where you go in the province, I think, we have probably covered the province with the REDI program much more extensively than one would ever believe, and 300 projects is a significant number to be involved in across the province. I have to say that if you look at the distribution, we go from the very south part of the province to the northern parts of the province, not as many in northern Manitoba as I would like to see, but certainly there is a greater awareness and a greater understanding. I try to make sure that I travel to northern Manitoba at least once a year—I try to do it twice if possible—to go to their communities and at least meet with their councils and their chambers to let them know that we are interested in northern Manitoba. We want to see them participate in our programs because they certainly have a right to, and it would be exciting to see them diversify their economies. I think if you look at what is happening in Thompson and in Lynn Lake, those communities are really thinking about

diversification and finding alternatives of economic development other than the mining industry that is a single industry for those communities.

So I do not know. It is difficult for me to try and answer the member's questions specifically because there are so many projects. But if he has a specific one that he would like me to identify and talk about, I would certainly be prepared to do that.

\* (1650)

**Mr. Clif Evans:** The minister mentioned Gromar, and I mentioned the peat moss industry. When a company like Gromar—and of course there was at the time that the application was made, and I can tell the minister this. I do not know, he may have heard, but some people were not too pleased with the fact that a company outside of Manitoba, even with the feasibility study and the potential of them coming to Manitoba for industry, people were not happy that the government would provide 50 percent of a feasibility study to be done in Manitoba for Manitobans, and for the future economic—[interjection] Well, no, I am just saying that there are people that were not happy. Why? I do not know. Probably because they never thought of it first. But with Gromar's feasibility study now being done—and I appreciate the copy of the letter the minister sent me indicating that REDI's share has been sent to them—when they request this feasibility study, do they provide an update or some sort of a prospectus as to what they are going to proceed with after this feasibility study is done? Do they inform the department and the minister?

**Mr. Derkach:** Mr. Chairman, once the feasibility studies are done, they are submitted to the department, but when they apply for the feasibility study, of course, we assume they are going to proceed with the project, and if they do not proceed with the project, I think we have about a year's grace where we are patient with them to begin the project. If they do not, then we take possession of the feasibility study, and we have the right then to share it with another company who may want to start that project.

**Mr. Clif Evans:** So what the minister is saying is the department has this completed study within its walls and cabinets and can deal with it after a year. So basically, what we are hoping, what the minister is

saying that we are hoping in our area is, of course, that they will proceed and hopefully within that year. Of course, the community itself is getting rather antsy about the whole project. I know that all that peat moss is there, and we do know that Sungro is—the availability of the peat moss in the area right now is dropping rather quickly because of the market they have had, increase in market. So Sungro's availability of peat moss in their Elma area, as it was told to me when I visited the plant, is dropping, so they are looking at, instead of, I believe they told me that it was a 12-year plan a few years ago, now they are looking at a six-year plan.

So what I am saying too is, I am hoping that Gromar gets the others moving. With the feasibility study and their moving ahead will get the others going. We could see, like I said earlier, a potential of over 200 jobs in that area, besides full-time jobs, besides spin-off for just north of Riverton. I am pleased that they did come to the government and to the department to get this feasibility study underway. I am hoping for positive results and hopefully soon, so I appreciate that.

If I could, the Entrepreneur Assistance program, how much in a year does the department provide for entrepreneurs under this section of the program on a yearly basis? Do we get 100 applications? Do we get 50? How much money is allocated to that?

**Mr. Derkach:** By application, in this last fiscal year since the program started, we have 98 approved applications, I guess it is, for the REA program. Once again, they are projects that vary right across the province; southern, northern Manitoba, all types of projects. They do not have to be manufacturing projects. They can be projects that—for example, we have flower shops that have started, we have shoe shops, we have a variety of enterprises that have started under the REA program. As the member knows, it is the banks that provide the money. They do the due diligence, always supply the guarantee.

**Mr. Clif Evans:** Now I know the minister has told me before and I have forgotten because I would not be asking again, is there any financial input from the entrepreneurs, any financial resources put in and how much is the minimum?

**Mr. Derkach:** Every entrepreneur is required to have at least 20 percent equity in a project. The reason for

that low-equity level is to allow those who cannot access capital from the banks to be able to get started. It is a way to get a business kick-started in a community.

\* (1700)

**Mr. Clif Evans:** As the minister has indicated, it is for any type of business. First time? Does it have to be first time? Can people who have been in business before, gotten out of business and want to start or get back into the same type of business, apply through this?

**Mr. Derkach:** Yes, any business is eligible for it. It does not have to be a first-time business. It can be an expansion or someone who was in business previously and wants to get back into it, has trouble raising capital, he or she can apply through the REA program.

**Mr. Clif Evans:** The community development corporation, Community Works Loan Program, I know there was some issue raised with this program when the minister brought it in. I understand that some communities that I have talked to have put in and applied for this program, under this program. I would like to ask the minister how many communities have actually applied for this since its inception.

**Mr. Derkach:** Mr. Chairman, just to go back to the last question that was asked by the member on the REA program, I would like to just indicate to him that under the REA program, the total investment that has been spent on REA is \$3.3 million. The total capital investment is \$7.5 million, and the employment numbers out of that investment are 236.

With regard to the last question on CDCs, we have a total number of 40 CDCs—no, I am sorry, the number of applications is 40, involving 68 municipalities; 21 of these have been approved, involving 42 municipalities. Under review at the present time, we have 19 CDCs involving 26 municipalities.

**Mr. Clif Evans:** Mr. Chair, all these applications and the communities, are they all being supported by a local financial institution? Is it basically a little bit of both? Is it perhaps entrepreneurs or businessmen or people around forming the CDC?

**Mr. Derkach:** Mr. Chairman, there is a mix. In many of our communities, I have to compliment the credit union movement for becoming involved in the CDCs, but also, we have private investors who have contributed to the CDCs, municipalities, community groups. So there are a variety of investors in CDCs.

**Mr. Clif Evans:** The minister, of course, when the program came in—it is a five-year, interest-free loan to the community, and hopefully, of course, it is money that the department or government will hopefully be paid back, and it will also be eligible for further funds if they obtain the funds. Is that correct?

**Mr. Derkach:** The member is correct. As a matter of fact, we have one community that has now applied for its second tranche of money under the CDC program. It is a five-year program. At the end of the five years, the money is to be paid back to the province, but once again, we are going to be monitoring the program as it goes on, and hopefully, at least my personal hope is that we can reinvest that money into additional economic development in the province.

**Mr. Clif Evans:** The Green Team, I remember the announcement—

**An Honourable Member:** Oh, you did not like it.

**Mr. Clif Evans:** We did not say we did not like it. We were not too sure how it was going to be done. However, the program—the minister can provide me with some numbers as to how many youth have obtained jobs for the summer. Is it a two-month period? Does it sort of tie in with the CareerStart program that was put in place?

**Mr. Derkach:** Mr. Chairman, in terms of numbers of youth that have been employed under the program, since 1992 the Green Team Program has provided close to 2,500 rural Manitoba youth with employment opportunities. The program is split into a Hometown program where municipalities can apply for assistance for students that they want to hire for their own communities.

The other component of the program is the original one where students work at our provincial parks. It is a little different than the urban Green Team Program

because we do not have provincial parks in urban Manitoba per se. I think there might be, but there are not very many, so it is more of a community program in urban Manitoba.

(Mr. Peter Dyck, Acting Chairperson, in the Chair)

In rural Manitoba, as I said, the youth work either in a community, or they work for Natural Resources under the Parks program. The employment period goes from May up until the end of August to accommodate university students, and then when the high school students complete their high school programs, they are eligible to come onto the program. We try to split the program so that indeed there are opportunities for both university and high school students. Many times Parks uses the university students as the senior people of the program who then probably supervise a few of the other high school students under the program.

The program has been extremely successful. It seems that the comments that we get from young people are extremely favourable. Now, the program is still evolving, it always will, but we find that it is a way to keep our parks green, it is a way to keep our parks looking smart for the tourists, and it is also a way for our young people to act as hosts and hostesses for visitors to our parks. I have been to several locations and have experienced the work that these people do and the hospitality that these young people provide for our parks. They are truly good ambassadors for our province, there is no question about that.

**Mr. Clif Evans:** I am also pleased to hear the other aspect of the program, and that is with the municipalities or communities. With the communities or within the municipalities? I thought the minister said the municipalities. [interjection] Both.

**Mr. Derkach:** Within municipalities, communities may apply. Also, if you have a tourist operator within a community, he may apply for that program. You can have community organizations, whether it is a local Chamber of Commerce, a Lions Club, a Kiwanis Club, a Kinsmen Club. Nonprofit organizations may apply for the program, provided that the employment will meet the criteria that have been set out by the Green Team Program.

**Mr. Clif Evans:** The notices, applications have been sent already for this upcoming year, I would hope, being April.

\* (1710)

**Mr. Derkach:** The applications for the Hometown Green Team are being mailed by the end of this month, or perhaps have gone out already. Other community organizations that require applications can call a number that has been included in the mail-out. There will be advertisements going out in the papers, I believe, indicating that the Green Team Program is now available for taking applications, so the process has already started.

**Mr. Clif Evans:** Mr. Chair, I am also interested in the Partners with Youth program, how it is done. How much financial input has been put into that branch of the department? How many applications have been put in and approved? What is the success rate of that?

**Mr. Derkach:** The department puts \$200,000 towards the program through the Department of Education and Training, who have responsibility for administering the program. My assessment of the program is that it is very successful.

It is again another opportunity to provide youth in our province with an ability to work on specific projects that are identified under that program. That program is more project oriented than it is job oriented, so that a student or a youth can in fact write a project. Then, if it is beneficial to a community or his area, it can be applied for under the Partners with Youth program. Also, under the Partners with Youth program, I think, one of the criteria is that these young people do not have to be students. They are young people between the ages of 16 and 24.

I see the Minister of Industry, Trade and Tourism (Mr. Downey) here with us today. He is actually the godfather of this program and should be given some acknowledgement for having the vision to implement a program like this.

**Mr. Clif Evans:** The minister said 16 to 24, and the book says 18 on this program, Partners with Youth program. Who made that mistake?

**Mr. Derkach:** I do not know. I thought it was 16 to 24. We could check those numbers out, but in the past we have always talked about this program being eligible for students or for young people from 16 to 24.

**Mr. Clif Evans:** Has the minister's department been involved with, through REDI, any feasibility studies or anything at all with natural gas issues that we have been seeing in the past few years?

As the minister is aware, there was an announcement made by the feds. I do not know whether that comes through or not. I do not know, but I am hoping that it is. As the minister is aware, the Interlake area, Interlake region, both on the west side, the east side and in the middle have all been working very diligently and have had a study done. What is the department's participation with that, if any?

**Mr. Derkach:** As the member knows, we were involved in the first tranche of rural gasification under the former infrastructure program. Our department is a partner in the delivery of the program. We are also involved in, or will be involved in, this upcoming expansion of natural gas to the Swan River Valley, as well as to the Interlake area. However, I think the Interlake area still has some homework to do, together with Centra Gas, our department and government. Although the member says the feasibility work has been done, there are some communities that have been added through the federal government's announcement that were not included in the first, original feasibility study.

I want to indicate on the record that we were opposed to using WGTA funds for these types of purposes. Those monies were, in our view, meant for road reconstruction which was impacted because of the removal of the Crow and also the elimination of many of the rail lines and elevators in rural Manitoba.

However, having said that, the federal government unilaterally decided to spend the money in ways that they saw fit, political as could be I might add, and so therefore they were the ones who said, we will spend X number of dollars in Swan River, so many dollars in the Interlake region.

Our approach is different. Our approach is one where we have to look at the total provincial picture and try to service as many people in the province as we

can, rather than specifically targeting regions. Having said that, we will work with any community and since the Interlake communities have been given the indication that this money is being made available to them, we will work as co-operatively as we can to either, I guess, see the natural gas projects in that area a reality through a co-op program or through Centra Gas. To us, we will go either way. As the member knows, Gladstone did theirs through a co-op program. It was just another way of being able to get the project done, so, yes, we are participants.

I would also say to the member that we are also looking forward to the expansion of natural gas to other communities, such as the communities in sort of the southern part, south of Portage. A lot of those municipalities do not have gas today. Starbuck does not have natural gas, and if you look to the west side of the province, there are communities there that do not have natural gas. As communities come forward with their plans and their feasibility studies and their monies, I guess we will be prepared to work with them to ensure that they have access to natural gas.

**Mr. Clif Evans:** Would the natural gas initiative, now, in a support from under the capital program part of REDI, or would that come from general revenue? Where would we see any provincial money towards a natural gas project come from?

**Mr. Derkach:** Once a project is approved, then we would look at where the funding sources should be. In the past it has been done under the infrastructure program, but when you do not have an infrastructure program, you have to look for other sources of funding to accommodate the expansion. It could very easily come under the Rural Economic Development Initiative, because whether it is under the infrastructure component of our programs or under the strategic initiatives, those are two areas that you could probably justify doing natural gas from because it does help the economic development of a particular community.

**The Acting Chairperson (Mr. Dyck):** 13.6.(b)(3) Programs - Operating \$8,210,700—pass. (4) Programs - Capital \$3,520,000.

**Mr. Clif Evans:** The amount which is \$600,000, almost \$700,000 from last year to this year, where did



we see the move to? It says of various rural economic programs. So you are talking \$700,000. Did it go to any specific other area of the department for something or just distributed for some of the other programs?

**Mr. Derkach:** As the member knows, last year we supported the infrastructure to Portage la Prairie to accommodate the McCain expansion by \$1 million. This year's requirement is down to \$300,000, I believe. So there is a shift in there. The remainder of the money has been, I guess, reallocated to other areas. For example, the Community Works Loan Program increased from \$1 million to \$1.5 million.

**The Acting Chairperson (Mr. Dyck):** Okay. 13.6.(b)(4) Programs - Capital \$3,520,000—pass.

6.(c) Unconditional Grants - Rural Community Development.

\* (1720)

**Mr. Clif Evans:** Has the formula changed at all from last year within this area—\$5,012.70 a head, is that what it is?

**Mr. Derkach:** No, the formula has not changed, but what may change is the fact that now we have new census data, so that will impact on the per capita to various communities. That is basically the only change that will result this year because of the census.

**Mr. Clif Evans:** Mr. Chair, the minister and his department have always, at my request, provided me with an update, the latest, whatever numbers that he has as far as the distribution to all the communities, amounts. I appreciate having that again. I do keep it; it is very handy when it comes to communities or people talking about this grant, what, who is getting and why. So I would appreciate that, especially when you get more.

**The Acting Chairperson (Mr. Dyck):** 13.6.(c) Unconditional Grants - Rural Community Development \$5,500,000—pass.

Resolution 13.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$19,250,000 for Rural Development, Rural Economic Programs, for the fiscal year ending the 31st day of March, 1998.

Moving on to 13.7 Expenditures Related to Capital (a) Transit Bus Purchases \$180,000—pass; (b) Water Development \$944,100—pass; (c) Sewer and Water \$3,910,000—pass. (d) Canada-Manitoba Partnership Agreement on Municipal Water Infrastructure \$3,300,000.

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

**Mr. Clif Evans:** Of course, the minister has been notified, I am sure, and we talked about it, I believe it was yesterday or the day before about the Arborg invitation to attend their opening of their facility. Is the minister available to go tomorrow?

**Mr. Derkach:** I am not able to go because the House is sitting, Mr. Chairman, and our attendance is required here.

**Mr. Clif Evans:** Did the minister have intentions of going? Is there something specific—that he has to be here to accompany, perhaps, the member for Interlake?

**Mr. Derkach:** Mr. Chairman, I have to indicate that the member for Gimli (Mr. Helwer) will be attending on my behalf because when we were required to respond to the invitation, we were in Estimates and, also, because the House was sitting. As minister, it is incumbent upon me to be here, especially when Estimates are called. Therefore, I declined the invitation and asked the member for Gimli to attend on my behalf. So there will be representation there.

Certainly, I would love to be there, but unfortunately, as the member knows, we cannot get pairs for attending events like that. Therefore, it is difficult for a minister to attend. Even though it is a very important event, and it does not happen that often in the community of Arborg, I would love to attend the opening, but we are in this type of a situation. Perhaps he could impose his will on his House leader to ensure that we, in fact, can get pairs for events like this.

As a matter of fact, Mr. Chair, I just received about three responses back this morning from the opposition denying me pairs for other events; therefore, that is sort of the reason why I cannot attend this event.

**Mr. Clif Evans:** We have—what do you call it? We are paired for three days.

**Mr. Derkach:** No, we are not. It is in the letter of understanding.

**Mr. Clif Evans:** Well, what do you think, that just because I am Ukrainian, I do not understand? You are Ukrainian, too.

**An Honourable Member:** Yes, you both are.

**The Acting Chairperson (Mr. McAlpine):** Order, please. We tend to be straying from the topic here.

**Mr. Clif Evans:** Can the minister just tell me, under the PAMWI agreement—of course, you know the communities of Ashern and Fisher Branch are having difficulties. I understand that in Ashern this program has been in play with the community, at least assisting in some way—I am not sure of all the details, if they are—and Fisher Branch is going ahead with their water development. Is this program in place for those communities, the assisting?

**Mr. Derkach:** Mr. Chair, those communities are not proceeding under the PAMWI program. It is under our regular water services program.

**Mr. Clif Evans:** Pass.

**The Acting Chairperson (Mr. McAlpine):** 13.7.(d) Canada-Manitoba Partnership Agreement on Municipal Water Infrastructure \$3,300,000; (e) Conservation Districts \$2,300,000—pass; (f) Downtown Revitalization \$132,500—pass. (g) Infrastructure Development \$1,000,000.

**Mr. Clif Evans:** Mr. Chair, just a quick question. Last year, nothing allocated, so the department did not provide any resources to this Interlake industrial park. This year, they are to the tune of \$1 million. My question is: Why not last year? Why this year? Is it going to be more than the million dollars after?

**Mr. Derkach:** The million dollars identified this year is for the infrastructure development at the Canadian Agra site.

**The Acting Chairperson (Mr. McAlpine):** 7.(g) Infrastructure Development \$1,000,000—pass. (h) Less: Recoverable from Rural Economic Development Initiatives \$2,250,000—pass.

Resolution 13.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$9,516,600 for Rural Development, Expenditures Related to Capital for the fiscal year ending the 31st day of March, 1998.

The last item to be considered for the Estimates of the Department of Rural Development is item 1. (a) Minister's Salary \$25,700. At this point, we request that minister's staff leave the table for the consideration of this item.

**Mr. Clif Evans:** While we are preparing for the minister's salary, I just want to extend our thank you to the staff and their due diligence in putting up with some of the questions and preparing everything. We thank you very much for that.

\* (1730)

**The Acting Chairperson (Mr. McAlpine):** The last item to be considered for the Estimates of the Department of Rural Development is 1. (a) Minister's Salary \$25,700—pass.

Resolution 13.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,329,900 for Rural Development, Administration and Finance, for the fiscal year ending the 31st day of March, 1998.

This now concludes the Estimates for the Department of Rural Development.

## DECENTRALIZATION

**The Acting Chairperson (Mr. McAlpine):** The next set of Estimates that will be considered by this section of the Committee of Supply is the Estimates for Decentralization. Since there is no ministerial salary appropriation for Decentralization, we shall proceed directly to the consideration of this Estimates line, which is on page 131 of the main Estimates book. Did the minister responsible wish to make an opening statement?

**Hon. Leonard Derkach (Minister responsible for Decentralization):** It is a pleasure to discuss the government's decentralization initiative, Mr. Chairman and colleagues. As you know, we announced the initiative in March of 1990, and the objective of

decentralization has been to improve the social and economic climate of rural communities in our province. The committee that was formed was tasked with identifying programs and positions within the public service that could be relocated. The intent was to generate economic activity in rural communities without negatively affecting the level or quality of service to Manitobans.

Another goal was to improve access to public sector services for residents living in rural Manitoba communities. I believe very sincerely that we have succeeded in accomplishing all of these things. As of March 31, 1997, 669.15 public sector positions have been relocated to 61 communities in rural Manitoba. Of these positions, 180 were new and/or vacant positions, while 489 positions had incumbents. There were a total of 311 employees who chose to relocate with their positions. Another 178 chose to stay in Winnipeg. Of the 178, 37 retired, 25 resigned and 115 have been placed in other positions. Only one has not been redeployed.

Meanwhile, decentralization has had a significant economic impact on the 61 communities participating in decentralization. The following numbers tell the real story: \$26 million in direct payroll has been transferred to rural Manitoba; \$9.1 million dollars in new construction activity has created 3,500 weeks of work; \$3.8 million in tenant improvements, 90 percent of which have used local tradespeople and has generated added employment; \$1.97 million in annual lease payments are now being paid in rural communities. All of the above has generated additional economic spin-off benefits, such as increased housing construction and housing sales, as well as expansion of the service sector in the affected communities.

Our original commitment when we announced the decentralization was to relocate 693 public service positions and, as I have already stated, we decentralized 669. There are a number of outstanding commitments we still need to address. We will continue to look at opportunities to further decentralize public service positions to rural Manitoba communities. However, we will only proceed in cases where there is no loss of efficiency or effectiveness of service to Manitobans. In other words, we will continue but when and where it makes sense.

I know that many people think that the decentralization initiative is complete but, as I have indicated, there are still outstanding commitments that have to be made. We intend to work very diligently at ensuring that those commitments are fulfilled. My department, along with other departments, are actively looking for positions that can be decentralized to fulfil those commitments. We are working with the communities. I look forward to completing this entire decentralization initiative hopefully by the end of this year. But this is not an initiative that ends with the fulfilment of the positions that we had indicated. As a matter of fact, where it makes sense and when it makes sense we will continue to look for opportunities and will, indeed, encourage decentralization as an ongoing part of the operations of government.

With that, I conclude my opening remarks.

**The Acting Chairperson (Mr. McAlpine):** I thank the honourable minister for those comments. Does the official opposition critic have an opening statement?

**Mr. Clif Evans (Interlake):** No, not a real opening comment, just because basically the minister has indicated in his opening remarks some of the things I was going to ask. Looking at the '96-97 decentralization and the '97-98, nothing has changed. In all the pages, from page 1 to 11, the only thing that has changed again is these flyaway numbers. On page 10, Estimate of Expenditure for '97-98 is zero. Last year it was \$100,000 just to cover and clean up expenses from the '96-97. There has not been any decentralization or any appropriation for it since '93-94.

The minister basically has just talked about the good things that decentralization has done since '90-91. Now he says that it is all finished and done with, but we are going to keep it open. I am hoping that they keep it open. I am hoping that there are going to be some further decentralization of jobs for communities. We talked in Estimates about improving the services and quality of life in rural Manitoba. Then we should be looking at that and being able to provide the different jobs that may be available to move to rural Manitoba to provide the services. Natural Resources, Highways—the Department of Highways is cutting jobs in rural Manitoba within the department. So I do not want the minister to think that he can just give us a good-news

talk about decentralization, because there has been no action in it whatsoever. I am hoping that it does not go away and die, and that this government and this minister realize that the services for our rural communities are very important. If we can provide some jobs in those areas, service jobs, needed jobs in our infrastructure for Natural Resources, for our Environment, that that be taken into serious consideration in the very near future. I would rather see something better announced than a book with a change of one number over 10 pages over the last three Estimate processes.

**The Acting Chairperson (Mr. McAlpine):** I thank the honourable member for those comments. If the Minister responsible for Decentralization has staff present, we invite them to join us at the table now.

**Mr. Derkach:** Just to respond, Mr. Chair. The member has to acknowledge that there are 669 more positions in rural Manitoba today than there were when we took office and defeated the NDP. Therefore, it has been a very positive step in terms of where this government has taken this province in decentralization.

Yes, there has not been a lot of activity in that decentralization initiative over the past year. However, I indicated to the member that our commitment is to fulfill those positions that are still outstanding. But, as the member knows, the size of government has shrunk substantially since we took office, that indeed we still continue to look at how we can become a more efficient and more effective government. The member knows we are the lowest-cost government on a per capita basis in all of Canada. That was not achieved by simply not paying attention to numbers, staff positions and that sort of thing.

So in spite of downsizing of government, in spite of becoming one of the leanest and most effective governments in Canada, we still managed to decentralize 669 positions. I am telling the member that our commitment is to fulfill the obligations that we have made to those communities. It is not going to be easy, but we are currently working at that part of it. I hope to have a positive report for the House and for the member in the next year in terms of having completely satisfied the commitments that were made originally.

I would like to also impress on the member that this is not the end, that we will continue to work, as a normal course of business, at identifying positions that can be serviced out of rural Manitoba as effectively as they can be from within the city. But decentralization is not a be-all and end-all to economic development in rural Manitoba. It was simply meant to enhance the economic development climate of a community and also to provide services to rural Manitobans closer than they were before we came to office, so that indeed rural Manitobans could feel as though they were part of the total picture of the operations of this province.

\* (1740)

**Mr. Clif Evans:** The minister can actually sit here today and tell me that there are—and it says so on the paper, it says so in the book. As I said, one little number has changed. He is going to tell me that there are still 669.15 decentralized jobs. He said so for the end of March 31 of '96. He said so again for March 31, '97. Are you telling me that those jobs are still there?

**Mr. Derkach:** Mr. Chairman, what I am telling the member is that the number of positions that were decentralized to rural Manitoba were 669.15, I believe. That is what was done through the decentralization initiative.

Now, as I have also indicated, the government has downsized. So, therefore, some of those positions, if they have become redundant or if they are being scaled back because government is shrinking where there has been, I guess, the opportunity to create more efficiency, that has been done.

So I am not going to give the impression to the member that, indeed, 669.15 positions, those that were decentralized in the beginning are still out there, because things have changed. I know in a few communities there have been increases to staff in those offices. Now, while there have been decreases in other departments, some departments have had increases. We have not added those increases into the numbers either.

So, in fairness, what we are talking about is what was originally targeted for decentralization and what we decentralized as an initiative of decentralization. But, in terms of budget process, we go through that on an

annual basis, and on an annual basis you make adjustments.

**Mr. Clif Evans:** The minister did not really answer the question, because then he is saying to me, well, maybe there were some changes; we are not sure. But he is telling me in the Estimates book, Summary by Department and Crown Corporation as at March 31, 1997, are these numbers, but he has indicated to me that may not be so, and we are not really sure.

For the year-end of '97-98, how can he even include Manitoba Telephone System as a decentralization now? It is not a Crown corporation anymore. With some of the other departments, if that is the case, then I would probably appreciate the minister putting out something a lot better than this which was the same as this, which was the same as the previous one, and be up front with rural Manitobans as far as decentralization goes.

Sure, they have accomplished what they hoped to accomplish, just about. Nobody is saying that the initiative was not supported in the first place. [interjection]

**Mr. Derkach:** It was not. Mr. Chairman, the opposition did not support decentralization.

**An Honourable Member:** Oh, we did so.

**Mr. Derkach:** They were antidecentralization and spoke many times in the House in opposition to decentralization, but we still moved ahead with it.

#### Point of Order

**Mr. Clif Evans:** On a point of order, the minister has indicated that we—and that includes this member. Well, this member has never ever at one time, either in public office or private office or private business, ever said that I do not support decentralization.

So, if the minister wants to make accusations that there were people within the party that did not support it, let him name names.

**The Acting Chairperson (Mr. McAlpine):** The honourable member does not have a point of order. It is a dispute over the facts.

\* \* \*

**Mr. Derkach:** Mr. Chairman, if I may continue, what is on the record is very clear, and that is that this government has decentralized 669 positions to rural Manitoba. That was our mandate, and we have fulfilled that, with the exception of those communities which the member can see in the Estimates book, which commitments have to be fulfilled, and we intend to do that.

However, those numbers will not change whether it is now or five years from now. In fact that is all that we decentralize, we will continue to say, as long as we have to put out an Estimates book, that that is what number were decentralized.

What is out there today, in some instances, is more. In some offices there are more staff today than there are in the booklet, but we are not reporting on the state of positions in rural Manitoba. What we are doing is reporting on the decentralization of positions in the decentralization initiative. [interjection] He is disputing the fact that we should be reflecting the 669 positions, minus whatever has been reduced as a result of the budget process, plus whatever has been added to the offices.

That is not the way that reporting is done under decentralization, nor should it be. If the member wants to know how many positions of government there are in rural Manitoba, we could probably provide that for him. I would be happy to do that.

**Mr. Clif Evans:** In closing, all I would like the minister to provide me are the real numbers for the decentralization positions that have been decentralized that have been provided into Manitoba, not this. And if that is the case, and what the minister says is true, then perhaps let the government say so that that is the reason. Do not put out something like this, slapping yourself on the back for years after the decentralization has been completed saying that—you may have done a fine job as far as decentralization, but you are not continuing to do a fine job. Pass.

**The Acting Chairperson (Mr. McAlpine):** 27.5. Decentralization showing no amount provided for expenditures related to the decentralization initiative—pass.

Resolution 27.5: RESOLVED that there be granted to Her Majesty a sum not exceeding zero dollars for Other Appropriations-Decentralization for the fiscal year ending the 31st day of March, 1998.

This now concludes the consideration of the Estimates for Decentralization. The next set of Estimates that will be considered by this section are the Estimates for the Department of Consumer and Corporate Affairs.

Is it the will of the committee to call it six o'clock? Agreed? [agreed]

### AGRICULTURE

**The Acting Chairperson (Mr. Mervin Tweed):** Good afternoon. Would the Committee of Supply come to order, please.

This section of the Committee of Supply has been dealing with the Estimates of the Department of Agriculture. Would the minister's staff please enter the Chamber. When they do, we will acknowledge them. We are on Resolution 3.4 4. Agricultural Development and Marketing (d) Soils and Crops (1) Salaries and Employee Benefits \$2,322,300.

**Ms. Rosann Wowchuk (Swan River):** I know that the minister would very much like to have this passed so that he could then go out and join those people who are out doing the sandbagging, very important work, and I am sure all of his staff would be prepared to. If we can work through some of these issues quickly, perhaps we will all be able to get to that very soon.

Mr. Chairman, I have a few questions on this area with respect to the Soils and Crops branch. One of the areas that I would like to talk—the first question I would talk about is under the Expected Results of the department. It says provide support and develop economic opportunities for the utilization of cereal and flax straw and, of course, we have the Isobord plant that is being built here.

I want to ask the minister what role this department played in that. What kind of work has been done with respect to whether any consideration has been given to the impact on soil by removing this amount of fibre from the soil, whether his department has given

consideration to whether or not it would have been more beneficial to the rural communities that we had looked at building smaller-sized strawboard plants instead of one large plant in the Elie area and whether or not those kinds of things are taken into consideration.

I know that this is a way to address the burning of straw, which has been a serious problem in the area. But when we look at sustainable agriculture as well, we need to work fibre back into the soil. I am not suggesting in any way that there is not the extra fibre there that can be used. What I would like to know is what work the department has done as to, can it be continuous that this straw can be removed and not have a negative impact on the soil? Are there varying heights that we have to look at, of cutting the straw to ensure that there is enough fibre to work back into the soil? What has been the discussion and what would the minister consider, whether there are any negatives when you start to remove this fibre and use it for another product?

**Hon. Harry Enns (Minister of Agriculture):** I am particularly pleased that I can make some comments with respect to this whole exciting development that is taking place in the southern part of my constituency at the community of Elie. I remind the honourable members and members of the committee, and the member for Swan River alluded to it, this really grew out of the role that the department took with respect to curtailing the burning of excess straw. Back in '88 and '89, it became an increasingly bigger environmental concern, particularly to residents here in the city of Winnipeg.

I forget exactly what year it was that my predecessor, now Minister of Highways, I believe was the minister responsible when the actual regulations came into law that set out pretty specific rules about the burning of straw with attached penalties. I must say, as a long-time observer of the scene, that I did not, quite frankly, expect to see the day that we would be sending out RCMP officers to lay charges and in fact bring to court and convict farmers for doing something that has been just about a tradition in prairie agriculture.

Having said that, I am of course aware that there has always been a concern about that practice among the

Soils and Crops people about the loss of organic matter that that provided. At the same time, we understood there were times and conditions, particularly in certain areas, where the working of the straw into the land was difficult and presented problems. For that reason, this straw-burning tradition persisted.

At the same time that those regulations were drawn out, we committed ourselves as a government, and particularly the Department of Agriculture, that we would look for alternative uses for that straw that we had now banned the farmers from burning, to some extent. That committee consisted of people from within the department, along with some people, no doubt, from the Department of Industry, Trade and Tourism. They worked diligently and sought out different proposals that were drifting around on the landscape.

\* (1450)

The honourable member may recall we had—and the Sustainable Development Committee did support a Mr. Wong, who suggested that straw fibre could be used for paper production. We actually supported that initiative. We sent samples of straw out. I believe some sample paper making occurred in Alberta at a small paper mill that was leased or rented for those purposes. That worked. By the way, it is still going on in different ways. It did not prove out successful or to a conclusion here in Manitoba, but my understanding is that is still ongoing research on the Prairies in trying to develop a viable alternative use for straw fibre into the paper business.

In Manitoba, it began to focus more seriously on the proposition that an enterprising gentleman by the name of Gary Gall, from Manitoba originally, from Belmont, I believe, in that southern part of the province, along with a partner, Mr. Simon, from Switzerland, had that began to intrigue us, the use of straw fibre for a particle board plant. That then took on a life of its own, and a great deal of hard work, with which the Department of Agriculture played a major supportive role, particularly in working with the farmers in assessing the amount of straw that could be had within an area, the helping in the creation of what they call a straw co-op which involves some 200-250 individual farmers, I believe.

It spreads in quite a circle. I thought initially it would just be within the immediate 10-15 mile range of the

proposed plant site which was being considered for Elie, but it reaches well into the Red River and it reaches across into the eastern portion of the Red River Valley that have come together to provide the first thing, to commit the 200,000 tonnes annually of straw that the plant that was being proposed will require.

The questions that the honourable member raises are ones that our department, and particularly Soils and Crops, are very much aware of. They have done and will continue to do work that will determine the importance of ensuring that it is not adverse to the long-term sustainability of cereal crop production in this area. They will be doing specific work on the different soil zones. It is questionable, I am advised, in the heavy clay zones that this will have any negative impact, but it is possible that in other soil zones, as we hope the plant succeeds, and after different years of production, that this utilization of the straw will expand.

You can be assured of the fact that the Department of Agriculture will always have the sustainability of agriculture first and foremost in mind. As we focus and address more and more of our time and attention on that very question in various ways, whether it is through zero till operations, whether it is through the cultivation practices that are employed or the kind of fertilizer application required, sustainability has become a byword with respect to this issue. I want to assure the honourable member that this will be the case.

A few specific facts though that will also help her in understanding this: In the first instance, this supply of straw takes up about 15 percent, between 10 and 15 percent, of the wheat straw that is grown in the area. I am personally familiar with significant numbers of those that have contracted to supply the straw. Many of these producers are farming on 1,000, 2,000, 3,000 acres of land. They have committed 100 acres or 200 acres to this project, so each, on their own individual farms, that is a concern. If the advice they are getting from the Department of Agriculture is that we are concerned about the sustainability and the return of fibre to the soil that they can rotate on their own land, as they probably will just simply in their normal rotation practices, that the straw will not be taken off, year after year, that same 100 acres or 200 acres.

Certainly, there are a number of relatively easy and straightforward methods of determining even if there is a consideration. Perhaps lifting the table a little higher at time of harvest or of swathing. The farmer has to, and we will have to be part of our extension service. He will have to accept perhaps a little lower yield in straw tonnage, but I am sure that if the extension work is right, if that is important to the sustainability of the soil, then those would be the recommendations. Those kinds of recommendations could in fact become regulations in the future, if it were deemed necessary, Mr. Chairman.

But, understandably, I am extremely excited about that alternative use for the straw residue that had become a problem when the more traditional means of getting rid of it was used: burning. It certainly provides—I do not want to exaggerate, and that is a matter that will be, I am sure, constant negotiations from time to time as to whether the return is satisfactory to the producer. But let us recall, Mr. Chairman, that I believe the company is approaching this in a very professional and businesslike way. They recognize these are aggressive and progressive farmers. They do not want a bunch of straw holding up their field activity or their fall fertilizer application, something like that. A first-class group of pieces of machinery are being assembled. This is going to be a separate contract that will be taking this straw off. I am told that that straw will be off virtually at the same time the last load of grain goes off these fields. Pretty sophisticated pieces of equipment are being assembled to haul the straw off the fields, sensitive to the factor of land compaction in terms of the nature of the equipment. This is all being done in a pretty first-class manner, at least what has been presented to us so far.

As for the actual return, I do not want to put figures on the table, but I think they range in the order of between \$7 and \$10 a tonne. If an acre yields two tonnes of straw or a tonne and a half of straw yield, that helps pay the fuel costs. That helps pay the fertilizer costs. That helps pay some of the harvest costs which the producer otherwise did not have. I see a great future for that kind of business developing in that area. Indeed, I think the most encouraging thing is that virtually the full first five years production of that plan has in fact been presold. I think they held back a portion, 20 percent or 25 percent, because they do not

want to dedicate all of their product to one or two markets. But there seems to be virtually an insatiable demand for this kind of a product, particularly in the furniture and the cabinet industries both here and the United States.

\* (1500)

Most of the product has been presold to an American company that, after taking a long hard look at the samples that we submitted, they submitted them to all kinds of tests—water resistant, moisture resistant, malleability, how the product was to work with respect to putting in screws and hinges and so forth, how did it fit into today's furniture manufacturing needs.

From all reports it superseded all expectations, enough so that fixed and firm contracts were signed which include prices that make the whole operation viable. It has of course the other great attraction which is peculiar and unique to this product, that it is a new technique. It does not use the conventional formaldehyde and chemical solutions that are conventional in the particle board manufacturing around the world, such as for instance employed at Louisiana-Pacific.

I am advised that not unlike how we became environmentally sensitive to such things like lead in paints, particularly for interior walls, particularly for health institutions—and we have taken the lead out of the paints—the kind of particle board that is manufactured in the conventional way with the use of chemicals and formaldehyde, in particular, requires coatings to be put on those sheets before they can be used for interior, particularly, installations.

I believe not only do they have a unique product, they have I think a built-in market advantage and a sustainable supply. That part of Manitoba will, for as long as the sun shines and not too much water comes, but the appropriate amount of water comes, that part of the world and in that rich part of agri-Manitoba will produce huge quantities of the grain and along with it, the straw that is going to be utilized in this fashion.

**Ms. Wowchuk:** I want to say that I, too, am very pleased that we found an alternate use for a product that is a renewable resource, that we can have some



secondary industry developed out of it, rather than having it go up in smoke and cause hardship for many people in the surrounding area. I am pleased that the department has done work on it, and from what the minister is saying, if I understand him correctly, their figures show them that this is a viable industry and one that will result in long-term jobs.

I want to know whether the government did look at the pros and cons of perhaps a large plant like this in one area and whether or not they looked at whether it would be more economical to have smaller plants built across the province. I realize that the government cannot tell a person how big of a mill they should be building, but I understand that there are other people that are looking at this process as well on a much smaller scale. Of course, we want to see economic development in all parts of the province, and I recognize that there is a large concentration of straw in this area where the plant is being built right now.

However, has the department looked at the economic viability of perhaps encouraging the construction of smaller facilities throughout the province or in parts of the province? There are several parts of the province where there is also very good soil and a high concentration of straw that is not being used right now.

**Mr. Enns:** Mr. Chairman, I can assure the honourable member that the department will and, in fact, is responding to requests wherever they come from and in whatever size. We are asked often to provide some basic data as to the potential viability, the economic viability, of a proposal large or small. We are currently engaged with—the honourable member will know, at least two that I am aware of—fairly extensive plans in the Killarney area for a smaller plant. I am not quite sure whether it is just talking about exactly the same technique but, in general, the same business of turning surplus cereal straw into some kind of a particle board.

The interest is also there in her backyard, in the Swan River Valley, for a similar opportunity that this may occur. The honourable member is correct. These particular individuals thought big. They had the vision. I might say it is also probably one of the reasons why it was a very complicated financial package to put together. It took the better part of four years to accomplish that with about four or five principal

shareholders that are putting together the required 140 millions of dollars that is going into this plant.

The province has provided assistance because of its uniqueness of a loan through my colleague, the Minister of Industry (Mr. Downey), of \$15 million, all of it repayable. There is no outright grant of taxpayers' money involved. The federal government, not directly but through the agency of the federal credit corporation and in conjunction with and in co-operation with the 200 or the different—with the number of farmers are providing what amounts to the equivalent of about \$11 million, I believe, \$11 million or \$12 million, that will also have to be repaid of course, and so the project is in my opinion soundly based.

By that I mean it is not based on the strength of grant money that has put this package together. It had to fly on its own in the sense that the product that was proposed to be manufactured was salable, that they in fact had sales contracts that were valid enough to convince the Canadian Imperial Bank of Commerce, for instance, to put up \$50 million, or the Miralta Group, which is a fund manager. Interesting enough, Ontario Teachers Pension Fund is in the project along with such other investment agencies that we have in Manitoba like our Crocus people. So, along with these other major partners, that is what is putting together the capital requirement for this plant.

I cannot pass judgment. These are hard and fast business decisions. What we were challenged within the department is, was the straw available in the area? Could the requirements of a plant of that size be sustained over a long period of time? Of course we were concerned about the potential impact it had on the land, as I have already discussed.

Elie is a small, aggressive community, one that I have been very proud of to represent in this Chamber, but to provide upwards to 110-120 permanent jobs, anywhere up to 1,000 jobs during the construction period—the construction has already proceeded, the piles have all been driven in, the dirt had been moved off last fall—there is a great deal of excitement in and around the little community of Elie.

\* (1510)

We recognize Elie is a commutable distance. There are people from Portage la Prairie that will find employment there, people from Winnipeg. It is a short, 40-minute ride on a good highway, Trans-Canada Highway, to get to Elie. Of course the city fathers of Elie, I think, correctly are also assuming and planning that as people find work there that many of them will decide that Elie is not a bad place to live, and they will buy homes, build homes and generally add in that way to the economic well-being of the R.M. of Cartier, which is the municipality that Elie is in.

So I am looking forward to a tremendous opportunity for that part of Manitoba, that part of the constituency and really a model, and I am very, very proud that the Department of Agriculture has such a nice—it does not always work this way, but we said to ourselves, we are going to impose penalties on farmers or we are going to make it harder for them to burn straw. We are going to try to rid Manitoba agriculture of that practice. It is not agronomically sound to be burning stubble, yet at the same time we were sensitive to the kind of request of just putting stiffer penalties, and sacking the RCMP and the police on our farmers did not sit well with this department, as you would expect. We set to work right at the same time in trying to find an alternative use for that straw and, in this particular instance, that certainly succeeded. The ring has come together very nicely, and I commend those who worked within the department to make this happen.

I would like to think that if it can succeed in Elie then it can succeed in Killarney, it can succeed in Swan River, different scales, different levels, but I think you will find what some of us hope and certainly those that are putting their time and money into this really feel, that this product could kind of really establish itself as a premier product in the furniture industry that requires this, and I do not fool myself, as a former resource minister, the pressure on fibre from forests, from wood fibre is constant and will not diminish. If anything it will grow. I really think there is an opportunity for us in the Prairies, not just Manitoba, but us in the Prairies to essentially capture significant share of a market that formerly was totally reliant on obtaining that from the more traditional forests and wood fibres.

**Ms. Wowchuk:** The minister indicated that there was money that came from I, T and T and from the federal

government. From the Department of Agriculture then, there is no financial commitment, no loan guarantees, and no other supports other than the research and the work that is being done by this branch.

**Mr. Enns:** The honourable member is correct. There is no direct funding from the department for the project, as it is now proceeding. There were in the very initial stages small, modest, \$20,000-\$30,000 grants that were provided to help the initial feasibility studies, to help with initial investigations of the soundness of this proposal. I recall one coming from the Sustainable Development Fund. I think we have also an agricultural development source for the modest funding for initial investigations when the department is faced with considering proposals of this nature. The Department of Agriculture is not, in any way, involved nor through its agency, like the Manitoba Agricultural Credit Corporation is not involved in any funding of the actual project. The only funding from the Manitoba government is, as I have already alluded to, coming from my colleague the Minister of Industry (Mr. Downey).

**Ms. Wowchuk:** Mr. Chairman, this is a renewable resource, and we are looking at other crops that will provide fibre for, hopefully, wood production or fabric production. When we did Estimates last year we had discussion about the trial plots of hemp in this province. I wonder if the minister can just give us briefly a summary of what has been happening with hemp and whether there are regulations by the federal government that restrict the growth of hemp as a fibre. The minister and I both had the opportunity to attend a conference in Vancouver where we saw many different products being produced from hemp and also a lot of interest, people considering this as, again, another source of fibre that is a renewable resource and another source of fibre that will take tremendous pressure, if it is successful, off our forests.

Can the minister indicate where the hemp testing is in Manitoba, how successful it was and what steps his department is taking, if any, to contact the federal government to allow this to become a legal crop in Manitoba?

**Mr. Enns:** I was delighted to spend a bit of time at that interesting conference in Vancouver on the subject of

hemp. I was surprised and delighted to see my critic in Agriculture also attending that conference along with, I might say, a number of Manitobans. There must have been seven, eight or nine Manitobans attending that conference. Of course, our Mr. Moes, Jack Moes, was making a presentation to that convention or to that meeting. I take some pride in having encouraged the department a few years ago to take a more serious look at the potential for hemp. We have had several hemp sample plots grown in the province now for a year, like last year. We are again planning—I will just put on the record what we are doing in the coming year with respect to further development and investigation of that ancient crop.

Our current plans are that there will be ongoing evaluation sites at Wawanesa and Morden. The honourable member will recall that there was a great deal of discussion about the different seeds that are available, and which were applicable to what types of soil regions and climate. We have 12 varieties to test of which nine are new to us. We are a little concerned. We have had good support in the work of a federal research gentleman by the name of Mr. Ferdinand Kiehn on this project. But we are petitioning his boss, I guess, Dr. Jim Bole at the Morden station to continue to free up Mr. Kiehn to help us do this research.

We are proposing several sites again for the coming year; a two-acre trial site at Fannystelle. This is interesting, because at that same Vancouver meeting, there was a representative there from Industry, Trade and Tourism that was specifically there on behalf of Isobord, to investigate the potential interest that Isobord could have as additional fibre.

For different reasons the nature of the fibre, hemp is identified as among nature's strongest and toughest fibres. We heard interesting representations from the pulp and paper industry, if the member will recall at that meeting, that indicated that one of the problems that the paper industry is facing as they try to respond to the requirements of recycling more and more paper, that with every recycling, it loses some of its qualities.

\* (1520)

The pulp and paper industry representatives from the Carolinas, I believe that were attending that conference,

indicated that it is possible that a product like hemp could be of interest to the pulp and paper mill. I am aware they make pulp and paper out of hemp, but they were looking at it simply as an additive, maybe 10 percent or 15 percent, to add to the recycling pulp that is going through to restore some of the integrity to the recycled paper in terms of strength and the kind of quality factors that the industry requires.

So that site at Fannystelle is particularly there to provide material for evaluation by Isobord Enterprises Incorporated for their possible future interest in the crop. They are, as I have said, thinking about it as an additive to enhance their wheat strawboard product.

Other sites will be located at Virden and at Lowe Farm. It is the intent to cultivate hemp for certified organic seed, familiarize organic growers with the crop and provide material for evaluation by Hempola, an Ontario company that already retails a hempseed oil pressed from inviable, imported Chinese hempseed. It appears that a market for certified organic hempseed is readily accessible and chaffing at the bit for Canadian-grown seed.

Her question about what are we doing with respect—and she is well aware in Ottawa—again Dr. Moes is providing us information that he is intending to be present at a consultation hosted in Ottawa by Health Canada Bureau of Drug Surveillance. This consultation was the first public step by Health Canada to develop a regulatory mechanism allowing for commercial hemp cultivation. The honourable member will recall that was really in the final analysis, the bottom-line issue, with many members at the conference, with Health Canada, would we amend or provide the appropriate regulations that would allow for this crop to be grown, encouraged and cultivated in Canada?

At current, it is a complicated procedure. You have to get a permit even for our test plots. We have to work with the RCMP. We have to go through a number of hoops that obviously, unless we can address the regulatory question, all we can hope to do in the next number of years is do just what we are doing, doing a bit of experimental work, a bit of research work. But we certainly could not consider it or encourage producers to consider it as a viable, diversified alternative crop in Manitoba.

So, Mr. Chairman, these are the things that we are doing with respect to hemp. I personally have a very strong feeling for it. I enjoyed myself at that conference. It was a nice coming together of learned plant scientists and industry people, along with what I call the kind of the late flowering of the '60s generation that believe that the world looked much brighter and rosier through the misty haze of a related product to the product that was under discussion in that conference.

I, myself, being of innocent, pure, white as driven snow, have no understanding of what those other people were walking around there with funny clothes and things like that were talking about, but for me it is always a learning experience, one which I hope that I shall never cease to lust after.

**Ms. Wowchuk:** I have to say, Mr. Chairman, that I also found it a very educational experience, and I was quite surprised at the fabrics and the many, many products that were made from hemp fibre. I must say that it was the fabrics that I found most interesting, and also I had not realized how many other products there were, especially oils. I found the session on oils and the work that is being done in some of the—I believe it was Iceland—Scandinavian countries anyway on the pressing of oil and the products and the health benefits from it, so I found it very interesting. I look forward to hearing the results of the testing of the crops and the testing that is being done here in Manitoba.

I am pleased also that Isobord has expressed an interest. As an alternate fibre, it makes the possibility of a future for this crop. We are always looking for new crops that farmers can diversify, but I guess I have to also recognize that it is a crop that is also going to have challenges as well with chemicals and weed control. It is not just going to be a crop that you can grow without challenges, and I am sure the department will be working to address those.

The other crop that has some challenges as well, the other area of challenge, is the one I raised with the minister the other day and that is when we look at genetically altered seeds. I raised it with the minister the other day, the fact that canola—there is a canola that has been genetically altered and had to be taken off the market and had calls from some people in the canola industry who expressed a sincere concern that

somehow this had slipped through. The question was: Is there not enough regulation on controlling how these genetically altered seeds are getting into the market?

The people that had called me were talking about the value of the canola industry. I think it is a \$3-billion industry across western Canada, \$500 million or half a billion dollars in Manitoba. They were expressing a concern that if we are having genetically altered seeds here and if it is not properly regulated, we could end up putting a very important industry at risk. So I want to ask the minister: Does this department do any work on following the development of seeds? Is it completely in federal hands, that the federal government regulates, and ensures that these seeds would, before they get to market, are properly inspected to ensure that there are not any problems with it to put the industry at risk, or does the crops branch have any input, or is any work done with these to ensure that we do not have a variety of seed that gets into the market?

I understand that with this seed that is in—and I have forgotten the exact number of it, the one that is put out by Lema seeds—it got to the point where there are areas in Alberta where it has been seeded, and some of it will have to be worked under. So had it not been caught where it was—and it was the company that caught it and pulled it off the market—but I would ask if there is any role for the Crops branch or whether the Crops branch plays any part in checking out these genetically altered seeds and whether or not the minister sees this as an issue as do some people who are in the canola industry.

**Mr. Enns:** Mr. Chairman, in the first instance, staff from the Department of Agriculture in Manitoba work very closely with the specific commodity organization that is involved in this case, the canola growers, and then very closely with the federal people who have the regulatory jurisdiction in the questions of licensing and so forth. But allow me to put a few things on the record.

The Canadian federal government agencies have, through 10 years of consultation with interested stakeholders, developed a very rigorous regulatory process for the introduction of these kind of plants. This process requires a step-wise approach to releasing such plants in the environment: first to carefully control confined field testing, then following a full

environmental assessment to field production without confinement. Information and test requirements that are necessary to evaluate plants with novel traits were also developed through this 10-year period. So it is a very rigorous program.

\* (1530)

The specific issue here on the product that the honourable member refers to, yes, the Canadian food inspection agency suspended that particular variety, LG33115, due to a possible varietal purity question, not really an environmental issue. The company was not happy. In fact, the company detected the varietal impurity and voluntarily withdrew it. With the variety registration suspension in place, it is illegal to sell, import or advertise for sale this variety. The company is also investigating the purity question of variety LG3295. This is an ongoing kind of investigation and self-discipline that is imposed on the providers of this seed stock because they, of course, want to be absolutely sure that what they are recommending for sale and for use and are applying licences for from Canada meet every part of these recommendations.

There is the question that the honourable member, by innuendo at least, I think, raises. Are there any implications for human health and safety as a result of the variety suspension just getting through? The answer is a very vigorous no. At no time was human health or safety or the environment at risk. No product is allowed to enter the food chain in Canada unless it first receives the food safety approval from Health Canada. This is not a question of health and food issue. It was a question of the product not living up to the company's own standards of varietal purity.

I appreciate the issue of genetically altered—genetics period in agriculture is of some concern, generally speaking, in our society and there are those who see a great deal of reasons to be concerned. I happen to have a great deal more faith in the appropriate checks and balances that are in our system, in this instance primarily housed with the manner and way in which Agriculture Canada regulates all of these things, including the additives, for instance, to enhance milk production which, the honourable member knows, has been a raging debate in the dairy industry, but still to be employed, despite the fact that scientific evidence

indicates that it is absolutely safe to do so. In other jurisdictions, in fact, it has been used for a number of times.

There will always be a considerable amount of politics surrounding the issue, but I am comfortable with the fact that it can at the same time offset, and this has an ironic twist to it, many of them, particularly in the crop production and like in the canola production. The genetic engineering, if you like, that is going on very often leads to less use of chemicals, less use of herbicides, the potato being a prime example. The age-old Colorado beetle that is the main foe of potato production is now being controlled, not by heavy applications of chemicals but by a genetically altered potato plant.

So I think that this is causing some, well, at least it should cause some internal debate within the “environmentalist” community, who tend to be the watchdogs on this kind of agriculture development. On the one hand, we are pressing and moving our plant scientists to producing and creating and researching products that are less and less reliant on various chemicals, herbicides, for their commercial production in agriculture, which certainly should be welcomed by us all. The less of this stuff we put on our foodstuffs I think the better we all feel about it. But then, on the other hand, if this is being done by some pretty sophisticated genetic altering of the basic plant, some would see the downside of it. I do not. I think it augurs a whole new field of opportunities for agriculture.

Of course, that has been the story of agriculture development from Day One. I mean, we, in the state of nature, crossbreeding plant, you know, characteristics get transferred over a period of time from plant to plant. We have employed some of our best plant scientists constantly at work to make relatively small but significant alterations to different varieties of grains, wheat, to offset rust and to offset other problems that they grow. That has been ongoing all the time.

In my simple mind I suppose you could call all of that some form of genetic altering, man-made interference in Mother Nature when we ask our scientists at the University of Manitoba to find us a variety of wheat that, after having grown it successfully for a number of years, we find it becoming more and more susceptible

to some of the age-old problems that we have in the cereal production, rust, just to name one. They come up with a new variety that for a time being appears to be more resistant and grown more successfully on our farms. Then 10 years later we find that variety succumbing to some other diseases or the same diseases, and we keep asking our scientists to address these issues.

I see the kind of genetic altering of various crops just an understandable and further progression of what in fact has been going on in agriculture.

**Ms. Wowchuk:** I think that the minister will agree that crossbreeding of varieties, as we have seen with crops, is much different than genetically altering crops. There is a huge, huge difference. We could spend a lot of time doing that, but my time that I have to spend on these Estimates is quite limited, so I will move on to some of the other areas that I would like to ask the minister for some information on.

When I just started the Estimates I started to ask about where we were on electronic hookup with the various Ag offices. The minister said that there was money that was put in place. I believe he said it was \$120,000 over the next three years that was put in, I believe, by the federal government, that would allow for better communication, computers, websites and home pages.

But on this particular issue, I think I asked the minister about what was happening with all of the various Ag offices. If I recall correctly, he said that they are not all hooked up with computers yet. I wanted to ask: What role is the Department of Agriculture playing with providing this kind of information? Are there any hookups to schools to ensure that there is better communication and information available for students? What are the steps that are being taken to ensure that? Through this modern technology, are we having any courses being offered to farmers through computer or through distance education?

**Mr. Enns:** Mr. Chairman, much of this work is done through a shared Ottawa-Manitoba agreement under our farm management program, the objectives being that benefits of site-specific farming technology are to

improve productivity, reduce costs, optimize equipment efficiency.

We have the Internet utilization and resource development. This project has been divided into two separate initiatives. Project A will develop a Manitoba Agriculture website with a marketing of Manitoba food products thrust. Project B is the establishment of a regional Internet resource and training initiative targeted at Manitoba farmers. We have some specific dollars; we had some \$53,000 in last year's budget. That has been bumped up somewhat to \$76,000 in the current budget before us and a further \$76,000 in the coming year scheduled for that program.

We hope through hosting of seminars in various locations around the province to get more and more individual producers to familiarize themselves and encourage them to take advantage of hooking up to our website. The same thing is being made available to the schools. Teachers or resource teachers can hook up and are encouraged to hook up to our website to provide the kind of information that we have available from that source for education purposes. Manitoba Agriculture staff is working with a post-secondary committee as well as regional school consortiums to investigate utilization of the school technologies.

\* (1540)

In addition to this, a small, modest program that I take some delight in encouraging the department to continue to be part of is the Ag in the Classroom program. This is a group of independent people who have become concerned and I think rightly so. At an early stage in our elementary classrooms they are currently targeting the Grade 5 level, but they provide material to the elementary schools throughout the province, simply providing basic, good information about agriculture into our classroom. I do get concerned that, as I know members heard me in the past, as we become more and more urbanized, is there adequate understanding of agriculture at least in a nominal way being made available through our school systems?

That is a program that has been developed and carried on for the last 10 years. It has largely received considerable support from various people within the

agricultural industry in Manitoba. They have received modest support from the department through such programs like CMASS, which is the joint federal-provincial program again, so these are efforts that we are undertaking in the department, first of all of course, to hopefully reach out to more and more of our clients, our farmers, our producers to hook into the newer technologies available out of the Department of Agriculture. As I said initially, this is all kind of being co-ordinated and directed through the farm management program. It is through that program that we get some shared federal dollars. We are hopeful that this will keep both the department and more and more of our clients in step with today's modern information technology.

**Ms. Wowchuk:** I have to say that I agree that we have to do much more to educate children across the province about the value of food production in this province and in all provinces. I only wish that it was the program that the minister talks about, the Agriculture in the Classroom, that is offered I believe as he said at the Grade 5 level, that he would talk to his Minister of Education (Mrs. McIntosh) and make that course mandatory, because right now as I understand it the material is provided to the schools but it is not mandatory that it be included in the curriculum. I think that that would be a very important step to take to ensure that all children at a particular grade level had the opportunity to learn about agriculture in the classroom.

We talk about education. It is very important, as we have changing agricultural practices and we have increased livestock production and many changes in agriculture, that we also give the opportunity to our farmers to upgrade themselves and avail themselves of the information that is out there. There used to be courses that were offered through Assiniboine Community College and other areas to help farmers get the education that they needed but those courses are not available now.

So I would like to ask the minister what his staff is doing through the regional offices or through his department to ensure that farmers do get the information and have the opportunity to take the courses they need to upgrade their skills to be the best possible farmers that they can be?

**Mr. Enns:** Mr. Chairman, I want to assure the honourable member for Swan River that I appreciate those comments of support for the importance of the role of agriculture in our classrooms, and I just wanted to expand on that a bit.

They are at different times making this material available to Grades 3, 5 and 10, so it is just a little more extensive than I earlier indicated. I met with that group just this week. I did in fact undertake to speak to the Minister of Education because I believe, not only the Department of Agriculture but I believe it is a legitimate, a modest acceptance of responsibility of this program—it can be the legitimate responsibility of the Department of Education. But then you know how difficult my Minister of Education can be to speak to from time to time. Your colleague knows that, but I will try. I made that commitment. We try, and we continue with the management group at the Farm Management division of the department to provide these training courses for producers and farm workers, and they are available throughout the province.

Most courses are developed and delivered by the Assiniboine Community College in concert with Manitoba Agriculture. There is a tuition fee that is involved and covers only some 25 to 30 percent of the cost. Child care assistance is available. The remaining costs are paid for by Agriculture and Agri-Food Canada through the Canada-Manitoba Farm Business Management program and managed by the Farm Business Management training program by the Department of Agriculture here in Manitoba.

We host a number of seminars to try to encourage better participation by farmers in these courses. We zero in on such things like agriculture tax planning, farm accounting with computers, entrepreneurship in agriculture, managing for excellence, effective training, grain marketing analysis, beef market analysis, demystifying futures and options, unleash the power of technicals, global market focus for farm profits, and so forth. There is a growing list of subject matter that is of course available and important for our producers to become ever more familiar with.

**Ms. Wowchuk:** Mr. Chairman, I guess I want to ask the minister then: Has the focus of the training that you are offering changed? I listened to the programs that

the minister was talking about, and it is marketing and demystifying marketing. The programs that used to be offered before, and I do not know whether they have—they are no longer available. It was more hands-on programs to help farmers with building their livestock herds and how they should be feeding their livestock herds. Of course, there are other varieties of livestock, but the focus of the training that is offered right now seems to be focused more on marketing than actually producing the product.

\* (1550)

So I am asking the minister then: Is there a change in direction in what the government is prepared to offer farmers for training, or is it all related towards marketing, or is there any of the programming and training that used to be in place a few years ago?

**Mr. Enns:** Mr. Chairman, I would have to advise the honourable member for Swan River that it is true, the focus on the farm management within the farm management groups in the courses they are doing are perhaps reaching out into some of the more sophisticated and market analysis type of information, but I want to assure the honourable member that we continue very much through our general extension work and through the general programming of the Department of Agriculture to provide all kinds more traditional, if you like, information, hands-on information that she alludes to.

Events, for instance—I was just going to read some of the things that were held this year by the department at the Ag Centre. It gives the number of people who attended on an organic marketing seminar, wheat and barley workshop, herd health, farming corporation workshop, just kind of maintenance workshop things that farmers can be helped with, Manitoba sheep workshop. But we are in the computer age—agriculture Internet workshops, Westman beef seminars, ag sprayers, dealing with the whole gamut of the day-to-day physical things that farmers and producers have to cope with.

We try to make our various extension programs that we take to producers throughout the province as timely and as meaningful to those whom we are seeking to reach out to and to come and attend our meetings. I

would suspect that these are often driven by the kind of information that our field staff reports to us, the ag reps. The people say this is what in this area is really of concern to some producers, and if you could get a couple of experts in to come and tell us how best to utilize a new technique, a new piece of machinery, or you can get somebody to talk to us about this subject or that matter, we are in that way a facilitator.

We try to keep our ears to what we hear in our communities and arrange then through the resources, limited as they may be from time to time, to put together the best that we can find, experts to come and sit down with a group, whether it is 24 or 34 or 44. I note here they have different people, and we could have anything from 20,000 people attending our very growing and successful Ag days in Brandon to 11 people or 44 people or 34 people attending the different meetings throughout the list. I will just hold up a list. These are the activities that our department carried on during the course of the year throughout the province on a whole host of subjects.

**Ms. Wowchuk:** Mr. Chairman, I had the opportunity to see a copy of the document or manual that was prepared by this department, The Farm Family Business Advisor manual. I look at it, and this manual is designed primarily for the professionals and advisers. It is not a manual that is designed for farmers and farm families to be using. I wonder why the decision was made that the Department of Agriculture would have to put a manual together for professionals and advisers, people such as accountants and insurance brokers, lenders, rather than putting together a manual that would be one that farm families could use. When the document was sent out, it was clearly spelled out in the document, the covering letter, that this was for professionals and other advisers.

I would ask the minister why the decision was made to put this manual together, whether it was a direction that came from the department, from Marketing and Farm Business, whether it was a request from farmers to have advice for their accountants and financial advisers, or was it a request from the professional people for this type of manual to be developed. If the minister could also tell us—I know the manual is being sold—whether there was a cost to this or whether this is a full-cost-recovery project?



**Mr. Enns:** I am advised that there is support involved again from the Farm Management Program, but we are attempting to recover some of the costs and whether that represents half, I would have to await for some further advice from staff.

I want to tell the honourable member that, yes—and she answers her own question—that particular guide that she speaks of was requested by the professionals. They are getting more and more answers or questions and calls—the accountants, the lawyers, bookkeepers. It was specifically designed for the professionals. An earlier project is more family-oriented towards the issues as a farm family would see them. This was directed at a different audience.

**Farm family transfers:** We have strategies for transferring from the family farm, a six-week intensive course with follow-up consultations offered to family farms. We have a number of—24 family units participated this year; 80 family units in the previous two years. So we are working with relatively small groups but reaching out to those—you know, it is a voluntary program. We are finding those families that are taking advantage of this information are becoming quite wrapped up in it.

We are pleased to have partners that work with us in the development of these programs, people like our own Manitoba Agricultural Credit Corporation of course, the Sill Streuber Fiske & Co.—I take it that that is maybe an accounting firm—Manitoba Credit Union Central, Canadian Bankers' Association. All of this works under the kind of co-ordination and management of the Farm Business Management section.

I can recall attending a gathering in the course of the year that was really quite impressive in the sense that you bring together these different elements—bankers, accountants, lawyers—that you do not normally see in a farm audience. Yet farming has become, whether we like it or not, it has become—particularly in the difficult task sometimes of successfully transferring to succeeding generations in a manner and a way which is fair to both generations. The retiring generation that needs to be able to retire with the understanding that in today's world they may have a fairly lengthy retirement and need resources to retire on and yet, at the same time, to be able to pass on to a second generation, to

their children, the successful operation of the farm enterprise. You know, the old adage that we farmers live modestly and die rich is still very much the case. I suppose part of the difference is that farmers farmed, crawled off their tractor one day and died, and that is how junior got the farm or something like that. That is not really a successful transfer to the second generation.

What is needed now is for the farmers my age to be able to retire with some dignity and grace and look forward to enjoying maybe living for another several decades or so, hopefully, with the enjoyment of watching the second generation carry on and succeed with the farm venture. It requires sophisticated estate and financial planning to enable that to happen. Professionals are asking the Department of Agriculture, through our farm management people, to provide them with the kind of appropriate base information and knowledge that they can better advise their clients who are going through this exercise.

**Ms. Wowchuk:** Mr. Chairman, can the minister indicate what the cost of this is? Is there a figure that is attached to this from the Department of Agriculture? Was the cost also shared by—is that half the cost that the Department of Agriculture paid to get this manual put together?

**Mr. Enns:** Mr. Chairman, we can certainly find the specific figures for the honourable member, as staff does not have them for me. What they indicated to me is that we have provided the material in kind, the development of the course material. The charges that are being applied to the book essentially cover the actual cost of the production of the book, but, in fairness, there is obviously a fair bit of professional time on the part of staff within the farm management group, within the department or wherever we source it, that provides the background material.

**Ms. Wowchuk:** If the minister at some point can provide that for me, that would be helpful.

Just before finishing up this line, this section, I am looking at the grant assistance, and when I look at grant assistance in 1986-87, it says, in the Estimates book, there are \$783,000; then when we look at the '97-98 book, the expenditures for grants and assistance was only \$451,000. Can the minister indicate if the amount

budgeted in 1986-87 was \$783,000 but only \$451,000 was spent or where that difference in dollars comes from?

\* (1600)

**Mr. Enns:** Mr. Chairman, my staff advises me that there in fact is no change from last year's. What has caused the change in the numbers that the honourable member refers to is that the grant that was previously provided to the PAMI organization, the Prairie Agricultural Machinery Institute—that is where they drive tractors up and down and cultivators up and down, and they pull a lever and if the cultivator goes into the ground, they find out if it actually cultivates the ground. That organization that we have supported along with some of our sister provinces for a number of years used to be in this column, and now is being provided elsewhere.

**Ms. Wowchuk:** Mr. Chairman, can the minister indicate then whether that whole amount is PAMI that is different, or whether there have been any different changes to funding for the Agriculture Societies which I understand all come under here, whether there are changes or whether the funding to the organizations such as the Ag Societies and fairs and Women's Institute are basically staying the same? I do not want the minister to start reading the whole comparisons through, but whether those are basically staying the same and the only change in this grant is in fact that PAMI has been moved over to another line.

**Mr. Enns:** I can assure the honourable member that they are all the same. I can also indicate to the honourable member that they have also requested that they perhaps be improved somewhat. A number of them, pretty well all of them fell under the kind of budget procedures that called for a 5 percent reduction in budgets past, and from time to time, particularly organizations like the Ag Societies remind me that it would be nice if they could see a slight improvement in these grant structures. But that is not the case in the Estimates before us for consideration, but I can assure the honourable member that the grant structures remain as they were last year.

**Ms. Wowchuk:** Thank you, Mr. Chairman. In previous years, there was a payment that was made to

the Keystone Centre in Brandon. That came out of the budget last year. It does not appear in this year's budget, but we know that at the beginning of April the government announced that there was again going to be funding for the Keystone Centre. It was previously under the Department of Agriculture. It does not appear to be in there. Can the minister explain whether it has gone to another department, what has happened to it, and what the decision was, why it was removed and then added back in again?

**Mr. Enns:** Mr. Chairman, it is my understanding that that agreement concluded last year, but there may still be some ongoing involvement. In any event, it is not contained within the Department of Agriculture but was transferred to the Department of Rural Development. My colleague Mr. Derkach is responsible for any ongoing or further liabilities to the Keystone Centre.

**Ms. Wowchuk:** Mr. Chairman, as we look at Irrigation Development, we see a fairly substantial increase in the amount of money that is available for Irrigation Development, I believe somewhere over a \$300,000 increase. When we look at the activities, one of the Identified Activities is to provide interest-rate reductions and loan guarantees for loans for irrigation associations or off farm irrigation infrastructure program.

I have two questions here. One of them is, there is a fairly substantial increase in the amount, is there going to be an increase in activities? Could the minister give us an indication of how many irrigation associations were in place last year, whether or not there is a plan for more irrigation associations to be formed or why has it been necessary to increase the funding in this area? We have not seen an increase in very many, in fact none of the areas of agriculture, but in this one we have. So why is it necessary to have that kind of increase? The other part of the question is on the loan guarantees. Can the minister indicate what this loan guarantee means? Are they similar to loan guarantees that are provided through the loan diversification program or the feeder association program? If that is the same kind of thing, is it administered by MACC or how is this administered?

**Mr. Enns:** Well, Mr. Chairman, the honourable member will be well aware that the department sees the

opportunities in potato production as being certainly one of those areas of potential growth. The commitment by both our processors that we have in the province, the McCain people in Portage and the Mid-West Food Products people at Carberry, to the ongoing expansion of their plants certainly puts a particular responsibility on the Department of Agriculture to ensure that we are doing everything we can to see that these companies have the supply of the product that they require. That is fairly significant. It is estimated that the McCain expansion alone, that we are looking at the requirement of some 30,000 additional acres for potato production. To meet the demands of the industry, to meet the quality that is demanded of this production, they have to be irrigable acres.

The department has responded to this challenge. We have a fairly ambitious program that is in the magnitude of some \$16 million, \$18 million. We hope to involve the federal government of course through PFRA, as was already indicated by the honourable member. We ourselves will carry our fair share of the development costs, and also of course the producer will and is willing to make a sizeable contribution to the provision of irrigation for future expanded potato production.

The hope is that together, with a sizeable producer cash down payment, if you like, of upwards to \$450 an acre of his intended potato production, together with the assistance from both senior levels of government, that we can put together a package and interest to a private lending institute, a credit union or a bank, to in effect provide the capital for these projects.

\* (1610)

That is the direction. We are not there yet. We have on our own been involved with one particular group of potato producers in this south-central part of the province known as the Agassiz group, where in fact what we are doing there is maximizing the opportunity of gathering surface waters into large dugouts that then can irrigate the various sizes, acreages of potatoes, quarter sections, half sections of potatoes. This is an aggressive group. They form an association and then apply for these funds.

The department is currently carrying on planning in four to five other regions of the province, the concept

being that we would be able to interest a group to form an association. We do not define how big that association should be—three, four, five, eight producers who would be interested in potato production form an association and then be eligible for support through this program.

It is a challenge that we take very seriously in the department, because the expansion work and the processing plans are ongoing as we speak. The demand for the additional product will be coming on line starting next year and the years to come. We think that there are very serious opportunities for expansion in potato production in Manitoba. The quality of our product is certainly being recognized as a product that has market potential throughout the world. I am pleased to say that the quality of our producers is such that they have demonstrated that they can produce a product—and it gets into more intensive agriculture when you are dealing with crops like potatoes.

Certainly, we are privileged to have world-class, world-marketing-class—and that is probably the important part—processors who are not shy at knocking on doors in Tokyo and Taipei and Seoul, Korea, and Chicago or Milwaukee, around the world, marketing our Manitoba potatoes, as part of the overall strategy in this post-Crow era. Every quarter section that goes into potato production is a quarter section of wheat or barley that we are not having to pay the now humongous freight rates to try to get them to market either at the West Coast or East Coast. So it fits in with the overall agricultural strategy of the province, and I am hopeful that we can put all the pieces together; they are not quite there yet.

It was believed as we conceived the plan that we might have to have organizations like our Manitoba Agricultural Credit Corporation play a role, a guarantor role, to help or to nudge the private sector to free up the necessary credit and capital that is required for any one of these projects. We also recognize, and we are finding out as we are in these discussions, that the private sector is quite interested, and for good reasons.

First of all, you know, farmers are putting up a pretty good chunk of equity right to begin with, which is collateral, bankable. You have further support that is being provided by the federal and provincial

government. Why would a bank or a credit union then not sit down together, particularly if they come, not as an individual, but as an association. They come with the management support of the Department of Agriculture personnel. Our field specialists, you know, are often with them at the table, trying to complete the arrangement. Now it is not determined yet. The role of the government having to play a guarantor role is not for certain. There seem to be some indications that it may not be necessary. In that case, there would be no role for the Manitoba Agricultural Credit Corporation to play, but we are trying different ideas on for size right now. What we know we have to do is we have to develop at least the opportunities for upwards to 30,000 acres of potatoes to be irrigated, and it is more than just the 30,000 acres of actual new potato production that we are talking about. In the business of rotation, you might be having to talk about having the capacity of irrigating 100,000 acres in different areas.

**Ms. Wowchuk:** The minister was saying that none of these loans are in place yet. Is that what the minister is saying? None of the irrigation associations have applied for loans that have been guaranteed by the government?

**Mr. Enns:** I am advised, Mr. Chairman, that we have provided for some of the—some of the producers are anxious to get going and some in fact have provided and worked on this concept prior to any involvement of the Department of Agriculture or any government agency. Under the program we have provided it calls for up to 2 to 8 percent interest relief, with the proponent undertaking the project themselves, and to that extent we have supported some of the programs that have been developed in the Winkler general area, south area, south-central area. They call themselves the Agassiz Irrigators Association.

**Ms. Wowchuk:** Mr. Chairman, could these people have gotten their loan guarantees through the loan diversification program, through Agricultural Credit Corporation? If they have, then I am wondering why there is a separate loan set up that is not administered by MACC. If it is available, if they could have gotten their money through the loan diversification program, which is a loan guarantee program, why it is necessary to set up a separate program?

\* (1620)

**Mr. Enns:** Mr. Chairman, I wonder if we could consider a five-minute break, so I could further impair my health.

**The Acting Chairperson (Mr. Tweed):** Agreed? [agreed]

*The committee recessed at 4:20 p.m.*

---

#### After Recess

*The committee resumed at 4:28 p.m.*

**The Acting Chairperson (Mr. Tweed):** I believe that at the conclusion we had a question put.

**Mr. Enns:** You should understand, you have been with us now for a little while, that when a difficult question is put, I find a reason to avoid it and call for a little break, and by that time I hope that the questioner has forgotten the question, and I do not have to answer the question. You are telling me that that old strategy that I have used over these years is not working with you in the Chair?

**The Acting Chairperson (Mr. Tweed):** It works for me, Mr. Minister.

**Ms. Wowchuk:** I would really like to finish these Estimates today, so if we could just get some answers to these questions, then the minister could let his staff go sandbagging. So if we could get some answers to some of the questions that would be really helpful.

What I had asked was, if there is a loan diversification program and irrigation projects qualify under the loan diversification program, why then do we have another loan guarantee program under Irrigation Development?

\* (1630)

**Mr. Enns:** There is a very good reason. The projects that we are talking about under the irrigation proposal that we have been talking about are off farm. They are not necessarily part of an individual potato growers farm site and, as such, could not be considered under

the Manitoba Agricultural Credit Corporation's Guaranteed Loan Program, which in its traditional way will provide support and has provided startup support for several potato producers, but on the basis of the collateral that they need, land base, other matters that form the necessary collateral base for the Manitoba Agricultural Credit Corporation to support that kind of individual applicant for guaranteed support for any kind of venture, whether it is expanded hog production for instance or into some other area of specialty crops. The modest guaranteed program that Manitoba Agricultural Credit Corporation has available with a limit of some 10 millions of dollars is an extension of their role in providing support to individual producers who require it.

This is a program really that is providing the necessary capital dollars for the infrastructure development of water retention ponds that several farmers, the association, will tap into and use. This also enables us, hopefully, to access and I understand from my associate deputy minister, Mr. Donaghy, that negotiations are proceeding positively with Ottawa with PFRA, that they will put their dollars that they have just recently earmarked for irrigation in Manitoba out of the \$26-million fund that we have talked about at some length in this Chamber—that that will be made available to come together with the dollars that the province has prepared and then that, together with producers, will be able to support associations of potato producers that developed these off farm, if you like, infrastructure projects to capture surface water wherever it is available.

**Ms. Wowchuk:** Is the minister then saying that this loan program would be very similar to the Feeder Association Program which is handled outside Manitoba Agricultural Credit Corporation but then they would have some responsibility if a loan gets into default and Manitoba Credit Corporation would then play a role in covering—well, they probably would not play a role in guaranteeing the loan, because the money is available through this department, but the minister indicated that Manitoba Agricultural Credit Corporation could play some role in this. So is it similar to the feed lot—

**Mr. Enns:** First of all, with the feeder association program, the guarantor role played by the credit

corporation is direct. It assumes a 25 percent obligation of potential losses, and as we discussed a little while earlier in these Estimates, we have had some failures in that regard. This is different in the sense that, first of all, it has not been determined whether or not the credit corporation will have any role in it. It is being suggested as a possibility if it is required.

We are hopeful, quite frankly, that, with the combination of the potato producers, the association members themselves putting down a significant capital in equity along with the support from federal government and provincial government, that in itself will enable us to get these associations off the ground and secure the financing from the private lending institutions.

**Ms. Wowchuk:** Can the minister indicate who the lead person within the department would be that will be heading this up, or the contact person if somebody wants information on it?

**Mr. Enns:** Certainly any groups that are interested should be in direct contact with Dr. Barry Todd, the director of Soils and Crops. Then there are additional staff people that will provide further follow-up in the assistance to a group of producers who are thinking about potato production who would avail themselves of the services of the department.

I take the opportunity to acknowledge and to thank, quite frankly, the services of a long-time employee of the Department of Agriculture, Mr. Garth Stone, who retired in the past year. Mr. Stone, affectionately known as Mr. Potatoes in Manitoba to many potato producers, was also our director of Horticulture, but certainly Mr. Stone's activity, work, very dedicated work with the potato producers of Manitoba can enjoy, and I hope he is enjoying his retirement, with the knowledge that he made a singular contribution to the status of potato production in Manitoba today.

I had the opportunity just yesterday to have representatives of the Vegetable Growers' Association in my office, and I always find it very satisfying, not to me personally—well to me personally as well, but as spokesperson for the department, when producers come into my office not with a litany of complaints but with some serious issues that they want to take up with the

department, with the minister's office, but then in doing so take the time to acknowledge sometimes the individual contribution of staff members. That certainly was the case with respect to Garth Stone just yesterday in my office.

That is a position that we are in the process of filling. That was one of the requests of the vegetable growers that we ensure that that, in fact, happens. I am advised by Dr. Todd that we are currently interviewing potential candidates for that position, but it is through Dr. Todd's office, the Soils and Crops directorate, plus the staff that he has, that people should be in direct contact with for further information on the potential development of potato associations in the province. And I must say other vegetables. I take this opportunity and I commend and congratulate the Manitoba vegetable growers. They are expanding and experimenting with a host of vegetables, many of them that are more commonly known and seen in Asian markets but are becoming increasingly popular not just with our growing Asian populations on the West Coast and other places but for all of us. They are new and somewhat exotic to us and our department. Again, the Soils and Crops department is working with individual producers in seeing to what extent and what success we can have in introducing some of these additional vegetables to Manitoba that heretofore have not been grown in this part of the province.

**Ms. Wowchuk:** Mr. Chairman, I too on behalf of my colleagues would like to extend our best wishes to Mr. Stone in his retirement and commend him on the amount of work that he has done to build the vegetable industry in this province. It is, as with other diversification crops, an industry that is growing and one that I hope to take the opportunity to familiarize myself. The vegetable industry is not an important industry in my part of the province, but in the southern part of the province it is.

I just have one more question to ask in this area. I do not know whether I am in the right section, but I am sure the minister will correct me if I am not. There is an association called MRAC, Manitoba Rural Adaptation Council, and I understand that the Department of Agriculture was involved in establishing this council and was involved in the preliminary meetings that took place in Portage, I believe, a couple

of years ago. The government felt it was important that such a council be established because, I believe, they did quite a bit of work. The council has received funding from the federal government to carry on their activities, and part of their activity is to work to help farmers adjust to the changes that have taken place because of changes in federal policy with respect to Crow and transportation.

Can the minister indicate what role his government is playing with the activities of the council right now? The federal government has put money into the council. Is the province putting any money into the council, or does the minister feel that his department has taken as much responsibility as they need to take in setting up the council and now they are on their own?

\* (1640)

**Mr. Enns:** Mr. Chairman, the member for Swan River is basically correct in her description of this organization. It is an organization that is largely the creation of the Keystone Agricultural Producers Organization, the KAP, the farm organization group that has brought this group together. They had their founding meetings in Portage. The Department of Agriculture has of course been involved in support and staff and also with respect to an initial support grant of \$25,000 to help in the establishment of the organization. They are, though, essentially an organization that will deal with the programming and the allocation of some future federal initiatives in the province. The federal government in its wisdom has chosen this path to work with farm organizations as their vehicle to undertake some of the adaptation programs that come forward from the federal government. This is the course that they have taken in Ontario and other provinces.

The member is right. They were just recently advised of some fairly significant dollars, upwards to some, I believe, \$5 million that will be in the control and hands of this organization. They have recently hired Dr. Ed Tyrchniewicz to be their executive director, I believe. Mr. Tyrchniewicz works out of the Sustainable Development Institute, but my understanding is that they are in the process of developing criteria and guidelines as to how they will be expending these funds. I really cannot speculate much further about that.

I do not mind putting on the record, Mr. Chairman, that I would have preferred that perhaps there would have been a little closer relationship with the provinces. I think in order to maximize the effectiveness of programming, we should be, wherever possible, working together, the federal government, the provincial governments, particularly in these days of budget restraint.

It is my hope, for instance, that some of these dollars or something like that could come into the programs that we are offering, the irrigation programs and the likes of that. The member asks about our ongoing, that is the Manitoba Department of Agriculture's or the government of Manitoba's ongoing co-ordination with this group.

Our Assistant Deputy Minister Mr. Les Baseraba is a representative, ex-officio member of the Directorate of MRAC, as well as a Mr. Larry Martin from Rural Development, our two senior Manitoba government officials that are joined with a group, although not as voting members but they sit as ex-officio members of the Directorate of the MRAC group. So they will help hopefully to co-ordinate federal and provincial programs in the future.

That is the status of that organization at the current time. They have yet to announce or to show us precisely what it is and what they intend to do with the dollars that they have received from the federal government. We will have to await the development of their programs before we can offer any comment on them.

**Ms. Wowchuk:** The minister said there were two departmental people on them. Are those departmental people playing an active role in the committee to help them develop their guidelines as to how they are going to distribute this money, and are they playing an active role in trying to pull federal and provincial programs together?

**Mr. Enns:** The official status of the Manitoba government's representatives, that is Mr. Baseraba and Mr. Martin, is an advisory capacity, nonvoting capacity. That is not at our call. That is how Manitoba government was invited to have some representation with this group. They will certainly, knowing the

qualities of these two gentlemen—certainly speaking on behalf of Mr. Baseraba, I would expect him to actively keep the Department of Agriculture of Manitoba fully informed and to the extent possibly help influence programming on the part of this new organization that dovetails in with the priorities and with the kind of direction that we are taking in the Department of Agriculture here.

Certainly, I will be using him as my vehicle to, from time to time, try to ensure that those dollars are not going off on a tangent by themselves but in fact are to some extent marching in step with the priorities that my capable staff and the Department of Agriculture have put forward from time to time as being the appropriate ones for us to be engaged in, particularly when we are talking about the use of public monies. The fact that this is federal dollars is not really different than if it is provincial dollars. The dollars come from the same taxpayer, and I think our responsibility is that these dollars be used with care and prudently, and hopefully where we can see some positive results, that will do what the broad outlines of the rationale for the program in its initial purpose statement calls for; that is, to help Manitoba producers adapt to the changing circumstances of the post-Crow era, to help Manitoba's producers and our organizations adapt to some of the new opportunities that the post-Crow era represents to agricultural production in Manitoba.

**Ms. Wowchuk:** Mr. Chairman, I do not quite understand what is happening then, because the government played an active role in setting up MRAC. They were quite involved in the initial process and those initial meetings. My understanding from the people who are on the board or some of them have indicated that—where is the government now? They were active then, we have federal money, we are waiting to see what kind of a commitment the Manitoba government is going to make to MRAC to have them operate in a viable way.

Has the government changed their mind about the value of having a council like this if they were involved earlier and now only have people in an advisory capacity? Yet I have people saying to me that, well, we are waiting for the province to take some position and make some commitment, show their commitment to this council.

\* (1650)

**Mr. Enns:** Mr. Chairman, let me take this opportunity to correct, obviously, an impression that some people have that is not quite correct. At best it can be said that we played a supportive role, as you would expect. When Manitoba's premier umbrella farm organization comes to the department or to government, we of course sit down and listen and discuss the issues that are of concern to them. They came to this government some time ago, it was about a year ago in July, with this concept that they had about forming a rural adaptation council to address the issues facing Manitoba farmers in the post-Crow era. We certainly indicated to them that we see no difficulty with that. We, you know, are supportive of that, although we pointed out to them very clearly that we were not sitting with our wheels idling.

We as a government, we as a Department of Agriculture understood the impact of the loss of the Crow. We had introduced, we are introducing programs that take that into account. We are actively pursuing programs through such agencies that we had, like the Manitoba Agricultural Credit Corporation, like our emphasis on pork production that was well into mid-gear, I might say, at that point in time. That was the point that I was making. However, if president Les Jacobson felt that he wanted to use his organization to bring together a council of Manitobans to talk about the problems facing rural Manitoba in the post-Crow era, fine.

We indicated our support. We would help them, you know, with a modest \$25,000 support to allow that organization to do some things that they felt were necessary to bring about this council which, I suspect, helped lead them up to holding the meeting that she already referred to in Portage la Prairie. Quite frankly, Mr. Chairman, that is it. That is the extent of Manitoba government's role in this organization. Quite frankly, one ought not to be surprised that it is not anymore, if we cannot even participate in the council to the extent of having voting members with voting privileges on that council.

It should be understood that this is a federal initiative that is using the MRAC council—and God bless them. I am only hoping, and I am pleased—and I am going to

challenge my representative, not mine but the Department of Agriculture's representative on that board along with Mr. Martin from Rural Development—that, to the extent possible, we can help influence them in the direction of spending, programming and the actual spending of program dollars. That is in step with some of the priorities that we are firmly establishing in Manitoba, and that is firmly and clearly the mandate of the Department of Agriculture to do in Manitoba. If this council can play a supportive role, then I certainly welcome them. I have the greatest respect for them and I wish them well, but there should be no illusion going on there. Any programming dollars that I have, we have programs on the way.

This was done without consultation with the Province of Manitoba. This was not done on a basis that the federal government will give this council \$5 million and that we will give them any matching dollars. There was no process of consultation involved. I would have to take from the estimates that you see right before us—and I would ask the honourable member: If she wants me to contribute a million dollars or \$2 million to MRAC, then does she want Dr. Barry Todd's job and his whole department, or should we move out of some other area? Should we cancel the 4-H program, or should we do some of those other things?

These are the kinds of decisions, however, that in fact would be forced upon the Department of Agriculture if we would be automatically just asked to come up with \$2 million or \$3 million because of a federal initiative that decided to shower this money on a new organization. I, quite frankly—and I put it on the record—think there were better ways of spending those \$5 million of tax money in co-operation, in co-ordination with what is going on in Manitoba, and I would have invited Keystone. I would have invited many of the same people in the council to help share that with us.

But these are strange times, Mr. Chairman. I am aware that election fever does strange things from time to time. We have seen the manifestation of that just the other day when, just about sitting where the honourable member is now sitting, in that short while, resurrection of the Liberal Party in Manitoba under Madam Carstairs. The honourable member might remember, where a learned colleague of ours—I say learned



because I think he is a faculty professor at the University of Manitoba, one Mr. Len—Mr. Evans suggested that really the proper way of running crop insurance would be retroactively. Like, you should only pay your premium, you should only take out your coverage after—[interjection] No, no.

**An Honourable Member:** You said Len Evans.

**Mr. Enns:** No, Evans, representative of the Liberal Party. Laurie Evans. That is kind of what is being offered to, regrettably, my producers in the Red River Valley right now, is that the Crop Insurance Corporation should now provide them with unseeded insurance. That program has been available for many, many years. Some have availed themselves of it. Some 80,000 to 90,000 acres of Red River Valley land that is going to regrettably be under water is insured if in fact they cannot seed it, but it would hardly be fair if I, now, retroactively made it available to everybody as I am being urged to do by Mr. Lloyd Axworthy and by Mr. Ralph Goodale. It would be hardly fair to those farmers that had difficulty in seeding acreages when the upper Assiniboine flooded badly in '95 and they could not get crops in.

Mr. Chairman, you had difficulty in your area in '94-95, the Turtle Mountain area and Pilot Mound area, with excessive moisture in the spring of '94-95, I believe, where you and other farmers from your area were petitioning Crop Insurance to delay seeding deadline dates and the likes of that. I have, regrettably—and my deputy minister, in company with other senior staff, visited all too many of the Manitoba cattle producers in the Lake Winnipegosis, the upper end of Lake Manitoba, that did not get last year's hay crop off, are likely not going to get this year's hay crop off. I am pleased that we are going to be able to offer them a native hay insurance program this year, which I expect most of them will take advantage of, that will be of some support to them, not currently but in the coming year.

But I take this opportunity to express a little of my chagrin at some of the antics that are currently taking place emanating from the east, from the far east.

**The Acting Chairperson (Mr. Tweed):** 3.4.(d) Soils and Crops (1) Salaries and Employee Benefits

\$2,322,300—pass; (2) Other Expenditures \$704,200—pass.

(e) Marketing and Farm Business Management (1) Salaries and Employee Benefits \$1,500,300—pass; (2) Other Expenditures \$1,121,700—pass; (3) Agricultural Societies Grant Assistance \$368,400—pass; (4) Other Grant Assistance \$82,600—pass.

(f) Irrigation Development \$822,500—pass.

\* (1700)

Resolution 3.4: Resolved that there be granted to Her Majesty a sum not exceeding \$11,482,000 for Agriculture, Agricultural Development and Marketing, for the fiscal year ending the 31st day of March, 1998.

5. Regional Agricultural Services (a) Northwest Region (1) Salaries and Employee Benefits \$1,944,100—pass; (2) Other Expenditures \$660,600—pass.

(b) Southwest Region (1) Salaries and Employee Benefits \$2,133,400—pass; (2) Other Expenditures \$540,600—pass.

(c) Central Region (1) Salaries and Employee Benefits \$2,060,900—pass; (2) Other Expenditures \$508,800—pass.

(d) Eastern/Interlake Region (1) Salaries and Employee Benefits \$2,935,300—pass; (2) Other Expenditures \$941,200—pass.

(e) Agricultural Crown Lands (1) Salaries and Employee Benefits.

**Ms. Wowchuk:** I just want to say that we have passed several areas here with respect to the Regional Agricultural Services, and it is not that there are not some questions that I could be asking the minister about this, but in the interests of time I am sure that the questions we have, we can address to the minister's staff at another time.

However, under Ag Crown Lands, there are several issues that I want to raise. I just want to ask the minister whether there has been a change in policy with

how agriculture land is put up for sale or for lease. There have been a few people in my constituency who have raised this concern, and one of them who is in the Slater area has applied to purchase some Crown land that he has been leasing. He has now been told that it has to go back to the Provincial Land Use policy.

I am wanting to know what the changes—basically it appears that there is now—it has to do with the wood on the land, and there has to be a decision as to whether or not that wood can be harvested. There is an added value on. They do not mind the added value on, but it seems to be that there is stalling in the ability for these people to purchase the land. The last I heard, it was now the Provincial Land Use policy committee that was making some decisions as to whether or not the land should now be available for sale. There are several people involved in purchase of Crown lands who are having the decisions on the property that they are interested in, delayed. Could the minister tell us what has happened and why this change is being made?

**Mr. Enns:** Mr. Chairman, allow me to introduce further senior staff that have joined us: Roger Chychota, who is our director for the Northwest Region, as well as, our director of Agriculture Crown Lands Branch; and Mr. Robert Fleming, the manager of Program Delivery of Agriculture Crown Lands Branch; Les Baseraba, I think I may have introduced before, is our assistant deputy minister.

I am advised, Mr. Chairman, that the issue that the honourable member raises is tied up with the pressures on land that to some extent have resulted with the arrival of the Louisiana-Pacific people and the greater significance of what, quite frankly, up to now was not all that great economic value to us, the standing poplar hardwood that covers most of these Crown lands. The issue has not been resolved. It is true that while Agricultural Crown Lands is heavily involved in the day-to-day management of those same agricultural Crown lands, this is a decision that is essentially being tossed about within the Department of Natural Resources, and I would ask that the member direct her inquiry to that branch. That is about the extent to which I can respond to it at this time.

I can indicate to her that there have not been, to my knowledge, any specific or fundamental changes to the basic policies that have been in place for some time

with respect to the lessees' opportunities for the purchasing of Crown land. Crown, I suppose, has always reserved certain rights with respect to that policy and have exercised them from time to time. If other interests, Crown interests are deemed to be preeminent, that will preclude the recommendation for sale of that property. In some instances, it has involved the wildlife interests and so forth.

The basic principles of the sale of Crown land, which my good friend and colleague now of late, the desk mate of the member for Swan River, helped put in place in that great year of 1977, which will be marked in history as a benchmark year for agriculture in Manitoba when he moved into that office that I now occupy and created, among other things, with some minor amendments over the years, these basic principles: The purchaser must qualify under The Crown Lands Act and Agricultural Land Protection Act. The applicant must have held the land under a long-term lease for at least two years prior to the date of transfer. Land must be usable for agriculture and generally to be Class 5 or better. The Provincial Land Use Committee, PLUC, as it is affectionately known, is final authority for the agricultural Crown Land Sales Program. This is to protect the public interest. Sale price includes raw land value, plus any capital the province may have invested in its improvements. The value of land is derived through a formula using assessment value and adjustments for such items as forestry value and agricultural development.

So the question of forestry value has always been there. What has changed is the value of the forest that is on that land, as I acknowledge, has changed considerably with the advent of Louisiana-Pacific coming on the scene.

**Ms. Wowchuk:** Mr. Chairman, the people who are interested in purchasing land recognize that there is an additional value that is put on for the timber that is on it. Although many of them do not agree with having to pay the increased price, they can accept that. But the problem is the delay. There seems to be a stall. For some people, they have made plans to change their agriculture practices, to expand their agriculture practices, and they are now being put on hold.

The minister said that I should take this concern to the Minister of Natural Resources (Mr. Cummings), but

does the Department of Agriculture not have representation on the Provincial Land Use Committee, and, if so, what steps are being taken by the Department of Agriculture to ensure that Crown lands that have been in long-term lease and part of somebody's agriculture operation are not going to be now withheld from them when they want to make the purchase which is legitimate for them in the guidelines that the minister just read into the record?

**Mr. Enns:** Well, Mr. Chairman, I want to be very clear. As far as I am concerned, the party that the honourable member speaks of—they are clients of us, the Department of Agriculture, and, quite frankly, my responsibility is to them first and foremost. I would be more than happy to move this matter along if it has been delayed for what I understand, and I do not have the information, is a debate going on in the sister Department of Natural Resources.

That is not necessarily quite fair to the clients who are leasing this land. I will undertake to ask staff for an update on this. I want to put on the record, I hear about different issues with respect to Crown land. I have not heard about this specific issue, as such. It has not been brought to my attention, but my capable senior staff are here to listen to this concern directly, and I am sure that within short order I will find out exactly what is causing that delay.

I might put on the record that the land is available to the lessor, continues to be available to them for their use as it has been for these past number of years that they have leased it. I would have to say, just thinking on my feet, that there is some policy debate going on within the Department of Natural Resources in lieu of the changed circumstances and the changed value of the timber on this land that is taking place, and the result, regrettably, is nonaction on the part of moving this forward.

\* (1710)

But I will undertake to check with Natural Resources and see what the delay and what the holdup is.

**Ms. Wowchuk:** I take it then that the minister, when he has that information, will provide me with the information on this one.

The other issue within Crown Lands that has been brought to my attention is the appeal process and, in particular, a situation where an applicant made application to purchase land in one year. The deal did not go through, so then they advertised the land the following—let me get this straight now; I am going to get this whole problem on the record wrong. The people who made applications, the numbers were not considered in that particular year. They decided to advertise the land again in another year when another person was interested, and then the numbers—it is based on a point system. In the first year, the person who was interested in the land had higher points, but then the next year when Crown Lands did not allow that land to be sold, they allowed it to carry over another year, the whole number system changed.

I would ask then if a piece of land is put up for sale by Crown Lands in one particular year, do they consider the applicants as they come in next year, or if the numbers are not favourable for what the Crown Lands branch wants, then do they advertise again and then not take into consideration those first numbers?

In this particular case, one of the people did not own land adjacent to it, but he bought land in the following year, so the numbers were all changed, the point system. That causes frustration for the people because the Crown Lands branch does not seem to be consistent in how they put land up for sale or carry through on it.

**Mr. Enns:** Mr. Chairman, first of all, I do want to again assure the honourable member that the system has not changed, but I can also say, as Mr. Fleming reported to me not so long ago, we are experiencing greater interest, greater pressure on our lands with the renewed and ongoing interest in livestock generally for everything from horses to bison to the increased numbers of beef cattle that we expect and the soon-to-come numbers of elk animals that will not be on Crown land but competing for land.

This is a situation where—I understand it happened in the Ethelbert area. Is that the situation that she is referring to, where two individuals made a proposal for land? I am advised they were marginal eligibility in both instances. They felt amongst themselves that they could resolve it, and the department stepped back for a year. However, the issue was not resolved between them amicably, and it is only under those circumstances

that we took a harder look and indeed revised actually, really, on the kind of actual farm experience and farm data that then altered or changed those numbers. That is what was going to the advisory committee, and on that basis they made the award.

Mr. Chairman, there is obviously a winner and a loser in a situation of two people after the same piece of land. To the largest extent possible, I am well advised, and I try not to interject or intervene in these circumstances. Just on that issue, just the latest information, in that case there was not a loser actually. Both got some land. They did not get exactly all the land that both wanted, but both ended up, in fact, with some of the Crown lands.

**Ms. Wowchuk:** Just on that, it is the person who made the first application who ends up being unhappy, and I guess the question is then, is there any appeal process? Has Mr. Heemy [phonetic] exhausted all his avenues to appeal this, or does he still have the ability to appeal and try to get the section of land that he was more interested in and the one he originally wanted?

**Mr. Enns:** Mr. Chairman, there is an appeal board and an appeal process available to persons who feel that they have not been fairly or appropriately dealt with. I am advised that this issue did go to appeal. A group of individual Manitobans, most of them with some farm background, from different parts of the province sit on that appeal board. They are not part and parcel of the Department of Agriculture, of the Crown Lands section.

So we view their common-sense adjudication as being reasonably fair. They look at the facts and review the case. In some instances, although not many, there perhaps have been reversals, but that was not the case in this case. They upheld the decision of the branch and awarded the property in the manner and the way it was. I can, just for the record, indicate to you who the current members of the agricultural Crown Lands Advisory Committee are: Mr. Jim Pollock from Neepawa, who is the chair; Mr. Lavern Elliott from Grandview, who is the vice-chairman; Mr. Bill Skogan from Teulon; Mr. William Tkachuk from Menasino; and Mr. Jack Cruise from Lundar in the Interlake area.

**The Acting Chairperson (Mr. Tweed):** Item 3.5.(e) Agricultural Crown Lands (1) Salaries and Employee

Benefits \$567,000—pass; (2) Other Expenditures \$249,100—pass.

5.(f) Less: Recoverable from other appropriations (\$130,000)—pass.

Resolution 3.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$12,411,000 for Regional Agricultural Services for the fiscal year ending the 31st day of March, 1998.

Item 3.6. Policy and Economics (a) Administration (1) Salaries and Employee Benefits \$127,700—pass; (2) Other Expenditures \$31,000—pass.

6.(b) Economics (1) Salaries and Employee Benefits \$877,200—pass; (2) Other Expenditures \$213,000—pass.

6.(c) Boards and Commissions Support Services (1) Salaries and Employee Benefits \$353,800—pass; (2) Other Expenditures \$494,600—pass.

6.(d) Less: Recoverable from other appropriations (\$60,000).

**Ms. Wowchuk:** I wanted to ask a question under Boards and Commissions, and I am sure that the minister will still be prepared to accept it.

\* (1720)

What I wanted to ask the minister about was we had the checkoff implemented under recent legislation for KAP and Cattle Producers, and I understand that there are some problems with the cattle producer checkoff. There is not the proper system for tracking. Money gets sent in but without the identification of where the money is coming from, or else the money comes in from an auction mart, and you have a number of head of cattle but not identified to a producer.

I want to ask the minister if he is aware of these problems that have resulted with this checkoff and whether he is looking at how it can be resolved. It is a fairly substantial amount of money that ends up going to the Manitoba Cattle Producers, and it should be properly controlled for the producers if they want to have a refund, but as I understand it right now, as the system is in place, it is not working as it should.

I wonder if the minister is aware of this problem and what steps can be taken to rectify it.

**Mr. Enns:** Mr. Chairman, I appreciate the information that the honourable member provides. The short and sweet answer is no, I am not aware of it, but I note that my deputy minister is making note of the question, and I want to assure the honourable member that I will pursue that.

I am very concerned that the levies or the checkoffs that are so collected are, in fact, appropriately administered in every way. I accept some responsibility for having proposed them and fostered them by legislation in this Chamber, that it is an ongoing department of the ministry to ensure that that is, in fact, the case. Let me assure the honourable member that I will make every effort to pursue the issue that she raises.

I can also just put on the record, we have had some dissatisfaction expressed with another checkoff, the checkoff that KAP applies, and the honourable member is, I am sure, aware of it and will be raising an issue about it.

Might I just also take this opportunity to introduce further senior staff who have helped and guided me through the shoals of agriculture in this last year: Mr. Gordon MacKenzie, who tends to look after all of our supply-managed activities—boards, commissions, marketing boards—works closely with the Manitoba Marketing Council and is our liaison and co-ordinator with the various marketing boards throughout the province of Manitoba; Mr. Lorne Martin, who works with us in the Policy and Economics branch in association with my associate deputy, Mr. Craig Lee, who heads up the Policy and Economics branch of the department.

**Ms. Wowchuk:** The minister indicated that there were also problems with the KAP checkoff and with the rate that was being returned to producers. I have had a few calls in my office, and I have to say that that was one of the instances, when I called the KAP office, that I was not satisfied with the way they responded or their attitude to people making inquiries about having funds refunded. I was quite disappointed in the response that I got there.

The minister is aware that there are problems there in the turnaround time and refunds, and I want to ask the minister again, what steps are being taken with KAP to ensure that refunds are being made properly and that there is not so much duplication, and if the minister would outline what other concerns he has because that is the one that has been brought to my attention, as I indicated, the one with the cattle checkoff and the problems that were there, and I will share more details of that one, but also with the KAP checkoff.

I guess I would ask the minister then if he is comfortable or satisfied with the activities of these organizations since they are getting substantial amounts of money from farmers and are supposed to be representing them. Manitoba Cattle Producers is supposed to be carrying on activities, and I had the details on how much the funds were, but I do not have them at my fingertips right now, but is the minister satisfied with the activities of these organizations and what they are doing in what should be in the best interests of farmers now that they have these funds to work with?

**Mr. Enns:** I want to acknowledge that the honourable member is correct, that, certainly, there were some serious problems, start-up problems, with the KAP checkoff. The two issues were, one, that there was no cap on it. Under the system, pretty significant dollars could—even though the membership only called for a hundred dollar total contribution, individual producers could have quite a bit more taken off their cheques.

The other thing was the turnaround time of return. I am advised by senior staff that those issues have been corrected and have been addressed, and, certainly, I was receiving calls as she similarly was receiving calls and members of my caucus were receiving calls, although corrections seems to have aided or diminished those complaints.

I am not fooling myself that there are, no doubt, a number of people who take objection to it, but I can also indicate that the kind of real difficulty that was beginning to circulate with respect to KAP, in my opinion, has changed. Their actual membership is up, and the amount of returns is somewhat higher than I think we anticipated, but within reason.

Am I satisfied with what they are doing with these newfound funds? The jury is out on that. I am certainly going to be prepared, and I think individual producers, of course, should be holding them accountable and to task at their regional and annual meetings constantly, as we are held accountable in this Chamber by the general electorate.

I am looking forward to how they will respond to some of the issues. For instance, I mentioned just a little while ago about having had the representatives from Ag in the Classroom in my office. They were looking for a very modest little bit of funding support, \$5,000, to help them with bringing the agricultural message into the classrooms of Manitoba. I quite frankly think, and so advised them, that the Manitoba Cattle Producers organization, Manitoba Pork, KAP—and these are significant amounts of monies that are accumulating in their accounts as a result of this checkoff legislation. These are the first and primary organizations that should be interested that agriculture is understood in our schools, particularly in the Animal Industry branch which is often attacked by various animal rights groups, and sometimes these thoughts are harboured more strenuously in our educational system.

So when she asks me if am I satisfied with how Cattle Producers are spending their money, I really cannot answer that question. I will know better a year from now when I look at their statement and say, what have they done with those dollars? How have they generally and generically helped promote the beef industry in Manitoba? Have they undertaken some worthwhile research that is of some help and some meaning to the cattle producers? Those are the kinds of answers that I think I quite honestly cannot answer to the honourable member for Swan River, but that is precisely the question that needs to be asked, asked of me, more specifically asked of the directors of the organizations that are running these facilities.

\* (1730

**Ms. Wowchuk:** The minister indicates that their membership has gone up, and there have not been that many applications for refunds. That was fully expected. That is what you have when you have a negative option. It has happened in every other place when your membership is automatically checked off.

We could go through that whole debate again. The minister knows where we are on this side of the House. We do not support the negative option checkoff, and I do not support it in farm organizations.

I believe that a farm organization should work really hard to represent the producers of the province, and if they do a good job of that and hold their district meetings and annual meetings, the membership will be taken up. I look forward to seeing what happens in a year's time when we get the reports, because I think it is very important that now that these organizations are getting these amounts of funds, that they do the work in promoting the agriculture industry, in doing research, and in standing up for farmers on many issues. I, too, with the minister look forward to seeing what the end result will be on this. I guess the option is there for farmers, and if they are not doing it, the farmers will let them know that they are not happy with the work they are doing.

The other change that the government made in the last year was under The Farm Lands Ownership Act, changes that would allow more non-Canadians to purchase land in the province. At the time, we raised the concern that this would drive the price of land up, and I have to tell the minister that the amount of foreign land purchases, although maybe not substantial, but there are areas in the province and in my area where people have said to me that there are people from outside the country coming in and buying the land and restricting the ability of local farmers to expand their operation.

I guess I would like to ask the minister what he sees as the impact of this change in the legislation, whether there has been more—I guess there would be less application under The Farm Lands Ownership Act, but whether there has been any tracking done by his department to see what kind of an increase there has been in foreign purchases in this province.

**Mr. Enns:** Mr. Chairman, I am hesitant to answer the honourable member for Swan River. I told my mother I would always tell the truth, you see, and despite the fact of 31 years in politics I am still trying to do that. It is a good policy, by the way. If you tell the truth it is easier to remember tomorrow.

So I can answer her that there has been no impact by the changes of this act because the act has not been proclaimed yet.

**Ms. Wowchuk:** Since the act has not been proclaimed, then I guess the board that approves application for foreign ownership continues to approve all the applications that are made to the board, and, of course, we probably will not see very much change in the activities because over the past several years it is my understanding that all or almost all—I believe all applications by foreigners to purchase land in this province have been approved. Then you have to beg the question of why we bothered even changing the legislation, because the board was, in fact, approving all the applications for foreign ownership as they were.

So I apologize for not having known that the act was not proclaimed, but activities are going on as they were before the act was changed, and even without the act there is no control. The board is not deterring foreigners from purchasing land.

**Mr. Enns:** Mr. Chairman, having been around when the initial act was introduced by a New Democratic Party government in the mid-'70s, I believe, let us understand and be very clear, the act was never designed as a prohibition on people outside of Canada coming to buy farmland. The act was designed to prevent people from outside of Canada speculating with Manitoba farmland, buying it and having no intention of coming to Manitoba or to Canada, and that is what the act was designed to prevent from happening.

It has done that. When the honourable member says that the current board is approving most of the applications, indeed, that is true, because most of the applications, and, more importantly, those people, those land agents who are often representing the buyers of this land, everybody understands the rules.

You can only buy the land if you meet the criteria and the conditions of the act that say that somebody living in France or in Italy or in Germany who applies, wants to buy farmland, and is committed to becoming a landed immigrant, achieve landed immigrant status, within a fixed time, as fixed within the act, is to be approved. That, in fact, is what is taking place.

I am familiar with some of them, not all of them, but there are not that many. There are a few of them who kind of specialize in these kinds of land sales, and they walk around with this act in their hip pocket. They know the act. They do not waste time trying to find a European buyer for land who does not fit the criteria, and that is acceptable.

The other changes, as the member knows, are that it broadens Canadian access to land, and that accounts for some of the changes in the numbers as well.

**The Acting Chairperson (Mr. Tweed):** Item 3.6(d) Less: Recoverable from other appropriations (\$60,000)—pass.

Resolution 3.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,037,300 for Policy and Economics for the fiscal year ending the 31st day of March, 1998.

Item 3.7 Agriculture Research and Development (a) Canada-Manitoba Agreement on Agricultural Sustainability.

**Ms. Wowchuk:** Mr. Chairman, we have under this line a new initiative on the part of the government, a fairly substantial initiative of \$3.4 million, funds that are supposed to be used for agriculture development, agriculture research and value-added opportunities.

I must say that I was very pleased to see this announcement in the budget. We have been long calling for the department to increase their funding for agriculture research, particularly in light of the fact that we have seen the federal government cut back on agriculture research, and Manitoba has been a big loser. We have had cutbacks at Morden. We have had cutbacks at the Brandon Research Station, and we are seeing Saskatchewan become the centre for agriculture research at the expense of Manitoba.

I very strongly believe that we have to have research in this province to meet the needs of Manitoba farmers and have the industry grow. Whether it be in the production of food or in the processing of food, we have to have work done here in Manitoba. So I am pleased that we have the announcement of a program,

but we have very little detail on how the government proposes to use this money.

I wonder if the minister can tell us when there will be details available on how this money will be used. I guess, in the same section, we see the university grant there as well. I wonder if the minister can tell us whether this money will be used at the various research centres or whether the University of Manitoba will tap into it and what the criteria is for applying for these funds.

\* (1740)

**Mr. Enns:** Mr. Chairman, first of all, allow me to acknowledge another senior member of my staff, Mr. Greg Fearn, assistant director of the Program and Policy branch.

I could not agree more with the honourable member for Swan River for everything she has to say about this item, and I want to put on the record and, in fact, express my appreciation to her because she has consistently supported the Department of Agriculture and agriculture generally about the importance of paying more attention to research in this province. She correctly notes that in the last few years we have seen an erosion taking place that, certainly, we are not happy with. The very good staff, the very good people in the Morden facility and in the Brandon facility are particularly concerned that here we are, Manitoba being impacted the most in the post-Crow era.

We are challenging our Soils and Crops people to redouble their efforts to find alternate diversified crops, help with their development. We need that kind of research work that came, particularly in that area, out of the Morden Station, a beautiful station. The federal government spent considerable money in both Brandon and Morden of recent years, and to see them underutilized is really just too bad.

Then in the Brandon situation, I am particularly sensitive to the fact that some of the research capacity in pork, in swine of all things, has been taken from us in Manitoba to a province where the hog production declined 7 percent last year, and we are leading the nation in terms of pork expansion, pork production, here in Manitoba.

So those are areas that concern me deeply, and I appreciate the fact that my official critic of the opposition party on this item—we have disagreed on other items, but on this item she has consistently supported a call for more attention, and I have always acknowledged that support and want to do so today.

So, yes, I am pleased that we were able to convince our Treasury and my government to put forward a new initiative of \$3.4 million specifically for research and development. It is my very sincere hope, and senior staff people are currently negotiating in Ottawa, that that can be matched, perhaps, in similar dollars.

Quite frankly, a little while ago on another issue, we talked about the use of federal dollars, or any dollars, for agriculture. I will be very annoyed, quite frankly, if Ottawa cannot match that \$3.4 million on this important item of research, yet find \$5 million for a more questionable allocation, I might say, at this point. I do not want to prejudice, but this has been a longstanding and growing issue of importance, not just by us here in this Chamber but by the various commodity organizations and by faculty people at the Faculty of Agriculture at the University of Manitoba.

It is recognized that we cannot continue to be moving our agriculture forward and stay at the cutting edge or near to it if we fail to put some dollars back in research. So, representative of the Liberal Party here in this Chamber, I want you to kind of take on that task; I want you to listen with diligence to the wisdom of my critic, the member for Swan River (Ms. Wowchuk), and your humble little minister here, and I want you to prevail all your influences in Ottawa that this important research item in Manitoba gets attended to.

She asked what is it going to do. Our challenge right now, quite frankly, to our own—we are instructed to come back to Treasury Board, to government, to now put the flesh on an organization that will administer these dollars. Certainly you can expect, it would be taken for granted that someone like Dean Elliott from the Faculty of Agriculture, University of Manitoba, is extremely interested in this item. He would like it all at the faculty.

He will certainly be part of it, but I envisage that we will be putting together a responsible representative



group of academic and agricultural players that in the end will administer these funds after we have worked out a set of ground rules, criteria, that sets out the kinds of research and development issues that these dollars should be directed to.

I cannot tell her any more except that I invite her to offer some recommendations as to what this group should be doing, but certainly I have great expectations of this program, both in the fact that I want to see it grow in number size by matching federal dollars and then perhaps even going out and canvassing some additional dollars from the private sector.

It would be nice to have, particularly because Agriculture as a department is buffeted by the priorities that we as a society set for ourselves, and they manifest themselves in this Chamber. Health, education, family services, those are the issues that get the attention and get the dollars, and I want to secure for Agriculture some stability and some security of this research fund. I would like to put it in a trust fund and have it administered so that I can with some assurance tell the agricultural industry that these research dollars are there, so that I can tell the faculty people at the university that there are some research dollars here, not just year one, year two, but they are there for a long time.

When it is administered properly and it has integrity, you would be surprised how a fund like this attracts from various sources additional funds. After all, that is how our major foundations have been established. If they are operated soundly and they are producing, different organizations will add, top it off with a million dollars or \$2 million. Before you know it, we have a \$10-million, \$15-million, \$20-million fund which principal can stay intact but which interest can provide a host of very worthwhile and needed agricultural research.

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, one minute for a question and asking the minister: When we posed the question about the federal government's offer to provide assistance for farmers that would be flooding, the minister said, well, he was given no notice, and he would have appreciated some sort of notice for those matching dollars.

Now we have research, and the minister is asking that the federal government should be matching. I am wondering if he gave the federal government any notice, and if, in fact, he did give them some notice, did he request matching funds?

**Mr. Enns:** Absolutely, weeks and months of notice. Senior staff are visiting in Ottawa, talking with them, and we asked permission from Ottawa before we entertained putting the line in our budget. We showed that courtesy to a partner that we hope to be working for. So that is the short answer to that question.

**Ms. Wowchuk:** I look forward to more details on this. I look forward to seeing who the minister puts on this responsible group of producers who are going to administer the program. I would hope that, along with academics, he would have representation from the agriculture community, but, most certainly, we have to look to the federal government to have research dollars come back to the province and recover some of the losses that we have had in this province, both at Morden and Brandon.

I am pleased that the member for Inkster (Mr. Lamoureux) has expressed an interest in agriculture, and I hope that he will use his influence, as well, to ensure that we recover some of the agriculture research dollars that we have lost. I wonder whether the minister would consider the possibility of—he mentions other organizations, and we just recently talked about the funds that were in Keystone Agricultural Producers and the funds that Cattle Producers have, funds that Manitoba Pork has, whether or not there is a way to work together with these organizations so that by pooling resources we do not end up duplicating.

But we have to have research for the growth of the hog industry, the growth of the cattle industry and the vegetable industries. There are lots of areas where we have to have research. We have lost on that, so I would suggest to the minister that those are the things that we have to look at, is how we can pull other people together so that we are not doing duplicate research. I look forward to the minister's further announcements of this program, and, of course, as well, work with the institutions, the universities.

I wonder whether the minister might feel that there is a role for community colleges, as well, to play. They are another section of education. We have Assiniboine Community College, Red River Community College. Does the minister feel that some of this money can also be used for research and education that is carried on by those facilities as well?

**Mr. Enns:** Well, Mr. Chairman, I am delighted that we are ending up the review of the departmental Estimates on such a positive note, that I can find nothing but complimentary remarks to say about my member opposite. We have every intention of utilizing, as she just suggested, certainly all of those organizations, commodities that have checkoff, that there should be a pooling of some of their dollars. I hope to make this attractive enough that they would want to do that.

Additional private institutions, we have some very major and big players. I am pleased to say, and the honourable member is aware, that they certainly dug deep in their pockets when we were able to provide a spanking brand new faculty building for the Department of Agriculture on campus; came up with some \$4 million, \$5 million, you know, the Cargills, the Richardsons, these people who draw lots of wealth and benefit out of agriculture in Manitoba and who have shown in the past they are prepared to put some back into it. These are the people who I would like to think, along with the organizations that she mentions, should be contributing to research, in general to agriculture.

Her discussion about involving the community colleges is an excellent one, and we will consider all of these suggestions.

\* (1750)

**The Acting Chairperson (Mr. Tweed):** Item 7. Agriculture Research and Development (a) Canada-Manitoba Agreement on Agricultural Sustainability \$1,040,000—pass; (b) Agri-Food Research and Development Initiative \$3,400,000—pass; (c) Grant to the University of Manitoba \$768,300—pass; (d) Grant to the Prairie Agricultural Machinery Institute \$332,500—pass.

Resolution 3.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,540,800 for

Agriculture Research and Development for the fiscal year ending the 31st day of March, 1998.

The last item to be considered for the Estimates of the Department of Agriculture is item 1.(a) Minister's Salary, as we see the minister's staff leaving.

**Ms. Wowchuk:** Mr. Chairman, I would just like to take a few minutes to thank the minister for the information that he has provided and his staff who have been very informative and also thank them for the cooperation that we have throughout the year when we raise issues with them.

I want to say to the minister that there are issues that we do not agree on, but we face many challenges within the livestock industry and within the agriculture industry many changes, and I would hope that the minister will keep an open mind and look to see the agriculture industry develop in harmony, that the people who work in the agriculture industry can work in harmony with the other people in the community and work to resolve conflicts.

The industry is very important to Manitoba, but as it grows there are going to be conflicts, and we talked about this, where there are areas of environmental issues that we have to work very hard to resolve. The Department of Agriculture, I believe, has to be very open and do a lot of preliminary work to ensure that the public understands what is going on, why various livestock operations are expanding the way they are.

That is the one area where there is a conflict, so I would encourage the minister to be very conscious of that and ensure that we can have the growths in the industry that are very important to the food production of this province and around the world and that the people of Manitoba who live in this province but are not involved in the industry understand the industry and can appreciate the value of it and that we can dispel the myths that the agriculture industry has negative effects, and in areas where there is a potential for negative effects from agriculture production, that we work through those in the best interests of the people of Manitoba.

I want to thank the minister for his answers, and, hopefully, he will get back to us on some of the issues that we raised that he did not have answers for, and I

look forward to having him tell us when he is going to implement The Farm Lands Ownership Act, or maybe he is not going to. I apologize for not having known that that bill was not proclaimed at the time, but I thank him for his answers.

**Mr. Enns:** I very briefly just want to assure her that it is my practice that staff will be providing her with a written response to those several specific questions which she asked for which an answer was not given.

**The Acting Chairperson (Mr. Tweed):** Item 3.1.(a) Minister's Salary \$25,700—pass.

Resolution 3.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,464,300 for

Administration and Finance for the fiscal year ending the 31st day of March, 1998.

That concludes the Estimates for Agriculture. What is the will of the committee? Committee rise. Call in the Speaker.

### IN SESSION

**The Acting Speaker (Mr. Tweed):** Is it the will of the House to call it six o'clock? [agreed]

The hour now being six o'clock, the House shall adjourn and remain adjourned until 1:30 p.m. tomorrow (Thursday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, April 23, 1997

## CONTENTS

<b>ROUTINE PROCEEDINGS</b>			
<b>Presenting Petitions</b>		Public Housing Cerilli; Filmon	1821
Mobile Screening Unit for Mammograms		Civil Servants Lamoureux; Filmon	1821
Struthers	1813	Ashton; Filmon	1823
Wowchuk	1813		
<b>Reading and Receiving Petitions</b>		ManGlobe Maloway; Downey	1825
Mobile Screening Unit for Mammograms		Children's Advocate Martindale; Mitchelson	1825
Struthers	1813		
<b>Presenting Reports by Standing and Special Committees</b>		<b>Nonpolitical Statements</b>	
Committee of Supply		Canada Book Day Tweed	1826
Tweed	1813		
<b>Ministerial Statements</b>		Sam Kitchekeesik Ashton	1826
Flooding		Age and Opportunity Santos	1826
Emergency Response Plans			
Pitura	1814		
Struthers	1816		
<b>Introduction of Bills</b>		<b>ORDERS OF THE DAY</b>	
Bill 26, Corporations Amendment Act	1816	<b>Committee of Supply</b>	
<b>Oral Questions</b>		Rural Development	
Flooding		Sale	1828
Doer; Pitura; McIntosh	1817	Derkach	1828
Doer; Filmon	1818	C. Evans	1832
Dewar; Cummings	1819		
Dewar; Filmon	1819	Decentralization	
Barrett; Filmon	1819	Derkach	1852
Cummings	1822	C. Evans	1853
Chomiak; Derkach; Filmon	1822	Agriculture	
		Wowchuk	1856
		Enns	1856
		Lamoureux	1883