

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, December 18, 1989.

The House met at 8 p.m.

CONCURRENT COMMITTEES OF SUPPLY SUPPLY—ENERGY AND MINES

Mr. Chairman (Mr. Harold Gilleshammer): I would like to call this meeting to order to discuss the Estimates of the Department of Energy and Mines. When last we met we were on item 3. Mineral Resources, (a) Mineral Resources Administration: (1) Salaries, \$201,000—the Member for Flin Flon.

Mr. Jerry Storie (Flin Flon): Mr. Chairperson, my colleague and I spent some time discussing the LynnGold situation. I wonder if the Minister could update us on the current offer by the province in support of the workers both in terms of the severance package—whatever term the Minister is using—in support of their relocation needs, and also the latest with respect to the town's assistance package.

Hon. Harold Neufeld (Minister of Energy and Mines): Dealing first with the relocation assistance, that is a combined effort of the Employment Services and Immigration, and the Manitoba Department of Labour. The assistance is for—I am not quite sure the formula used—up to \$7,500 which can be raised up to \$10,000 if it is warranted.

The assistance to the town, we are committed to keeping the essential services going. I believe that the Minister for Rural Development (Mr. Penner) was there on Friday, discussed their needs, and delivered a cheque, I believe. But things like infrastructure, schools and hospitals will be maintained at the level it is at now. In the short future, it will be downsized, I suppose, as it is found necessary, but the assistance to the town will be as needed and not in flat amounts. They will be providing us with requests for assistance, and it will be granted as need is shown.

Mr. Storie: The Minister mentioned the \$7,500 going up to \$10,000.00. Could the Minister indicate what guidelines or criteria are available for people to assess what they might be eligible for?

Mr. Neufeld: Eligibility is if they are moving, of course, and it depends where they are moving. Each destination has a specific amount attached to it depending on the number of people in the family, depending on the weight of the household goods that are transported. It is a formula that is put out by Employment and Immigration. I can get you more details on it, but I would have to go back to the paper. It is administered for the Manitoba Government by the Department of Labour.

Mr. Storie: So this is the federal Department of Employment and Immigration?

Mr. Neufeld: That is correct.

Mr. Storie: How much does the province contribute in all of this?

Mr. Neufeld: The Minister of Labour has signed an agreement with the federal Minister, and the exact details of that agreement I am not certain of, but Manitoba's contribution is approximately 50 percent of the total cost of the relocation expenses for each employee.

Mr. Storie: What would the estimated total of the relocation costs be to the province?

Mr. Neufeld: There has been no determination of what the total cost will be. That will not be determined until all those who wish to move have moved.

Mr. Storie: Mr. Chairperson, I assume that all of those who are currently miners will at some point move, virtually all of them. Can the Minister give me an estimate?

* (2005)

Mr. Neufeld: Even if all 200 moved, if they move to Thompson, they get one amount. If they move to Flin Flon, another; if they move to Saskatoon, another; and if they move to Newfoundland, still another. It is hard to determine even an estimate of what the total cost might be. It is not being administered by our department; it is being administered by the Department of Labour.

Mr. Storie: Mr. Chairperson, the Minister did not reference the severance packages and what the province might be doing in terms of any additional assistance, particularly in light of the bankruptcy circumstances of LynnGold. What is the province's latest position?

Mr. Neufeld: The steelworkers asked for, and we have agreed to fund, a legal challenge as to the appropriateness of their claim. They are going to first of all ask a lawyer whether or not they indeed have a claim, and if they have a claim that might be placed ahead of the secured creditors. Secondly, if the lawyer thinks that they have a claim, the decision to challenge that in the courts will be taken. We have agreed to pay for the legal cost of that challenge.

Mr. Jay Cowan (Churchill): What would be the Minister's course of action if it was found that they did not have a claim that could be pursued while bankruptcy proceedings were in effect?

Mr. Neufeld: We will be, of course, at the bankruptcy table when meetings are held. If the question is, would the Manitoba Government assist in the payment of severance pay, the answer would in all probability be no. That would be precedent-setting, and I do not think

we would do that, at least I would not recommend that to Cabinet.

If the question is as has been asked in the House, can we withdraw leases of sister companies, I think that would be inappropriate at this point in time, although we might consider having our solicitor look at that possibility. We have requested legal opinions on a number of matters, and those legal opinions have not been received. I might say that those include, among others, whether or not a bankruptcy voids leases, and things along those lines. We have not yet received the legal opinion.

Mr. Cowan: I go back to the original question though. Obviously the Minister said that he would be prepared to finance the court case for severance by the union. That would most likely, if it were to proceed, have an effect on others as well—non-unionized employees. I believe they have done so because they believe that severance is owing to the workers, or they would not have financed the court case. What if it is not possible for the union, or anyone, to bring a court case forward for severance pay at a time the bankruptcy proceedings are in place?

The Minister has indicated, by the very action, that they think there is some unfairness there, otherwise they would not finance the workers to seek fairness in the courts. Yet it may be impossible by law for them to do so. What would be the fall-back position of the Government in that instance? Would they then just say, well, that is the way it is, and abandon the workers in that respect? Or would they try to find some other way to help them obtain that severance pay?

Mr. Neufeld: There is no question in our mind that legally the workers are entitled to that severance pay. That is within their negotiated contract. If the courts indeed decide they will not hear the case, or if the lawyers decide it is not a case worth taking to the courts, our position would be to look at other areas where we might be able to encourage the company to make some payment. I would have a great deal of doubt as to whether or not we could succeed.

Mr. Cowan: What might those other areas be?

Mr. Neufeld: What areas do we have? We can encourage them, we can sit at the table, and if indeed we can void the leases, that might be of some help, but I think that to give a definitive answer to that question now is a little premature. We would have to wait and see what happens. We have not had the first creditors' meeting as yet, so in all fairness we should wait until that meeting is held and see what the position of each and every one of the creditors is.

* (2010)

Mr. Cowan: Let me tell the Minister why I believe that is not a premature decision at this point in time. As he is aware, the union has asked for legal opinions with respect to whether or not they can sue for bankruptcy, and the Minister had been encouraging them to do so. The legal opinion they have received very

clearly states that they cannot sue for severance while the company is in the midst of the bankruptcy proceedings.

Section 69(1) of the bankruptcy Act provides quote: "On the filing of a proposal made by an insolvent person or upon the bankruptcy of any debtor, no creditor with a claim provable in bankruptcy shall have any remedy against the debtor or his property or shall commence or continue any action, execution or other proceedings for the recovery of a claim provable in bankruptcy until the trustee has been discharged or until the proposal has been refused, unless with the leave of the court and at such terms as the court may impose."

That is a quote from the Act, and the interpretation is and I quote: "That means that the union or individual steelworker members as creditors cannot start a lawsuit against LynnGold Resources for wages, severance pay or vacation pay, all being claims which are provable in bankruptcy, without first obtaining leave of the bankruptcy court.

The Manitoba Court of Appeal has said that in order for leave to be granted the creditor must demonstrate to the court that there exist compelling reasons to permit an action to commence. In another decision, the Court of Appeal emphasizes that the fundamental idea of the legislation is that all claims against the bankrupt be dealt with within the context of the bankruptcy proceedings.

Leave to commence proceedings is only granted where there are highly unusual circumstances such as a fraud committed by the bankrupt. Where the claim is a claim payable in bankruptcies, such as an action for recovery of severance pay, wages and vacation pay, it is highly unlikely that leave will be granted, and even if it is, once you have your judgment against the company you cannot take normal civil litigation remedies to collect on the judgment. You are left to share the pot with the other unsecured creditors which would not put you in any better position than you are currently in." The "you" in that sentence is of course the steelworkers and the individual members.- (interjection)-

Of course, they get their 500 and then they get their 1,200, but the point is the remedy which the Minister has held out to the steelworkers as a way to resolve their problem and the remedy behind which he has put Government money is a false start. It goes nowhere, it cannot be done. So the question is not premature. The question is a very legitimate one, and that is why I ask what other options.

You would think that the Minister would understand, or at least his staff would tell him that this option which he was putting forward is a no-go right from the very beginning, and it does not take a brilliant legal mind to figure that out. It just takes some research of the bankruptcy Act and some research of the cases that have been put forward and decided upon by the Court of Appeal here in Manitoba and elsewhere.

The fact is he has created expectations and raised false hopes, and they are not going to lead anywhere. Now what is he going to do? What are those other options?

Mr. Neufeld: Let us not leave on the record that I held out any hopes at all to the steelworkers. The request came from the steelworkers whether or not the Government would be prepared to finance a request from the courts. The Government said they would finance that request.

That is the only thing we have discussed with the steelworkers. We have never discussed whether or not there was any possibility or probability of success in that action. We have not held out any hopes for the steelworkers. If at all, we have probably indicated to them that we do not know of a precedent on this, but we are still prepared to exhaust every avenue with them if this is their wish. The only thing we have said is that we will finance this action.

As far as what other action we can take, I think the Member for Churchill (Mr. Cowan) indicates correctly that no action can be taken against the bankrupt except as permitted under the bankruptcy Act. Where does he expect us to go from here? We will do whatever we can to help the steelworkers, but we are very limited in what there is that we might do.

* (2015)

Mr. Cowan: Let me read from the most recent edition of *The Thompson Citizen* what the Minister is quoted as saying there, and he can take offence with the quote if he wishes. The paragraph starts out: "The Manitoba Government will help employees of LynnGold Resources Inc., which is in file for bankruptcy, fight in courts for severance pay, Energy Minister Harold Neufeld said Tuesday. Neufeld said that the Government would pay the legal costs of a court action by the United Steelworkers of America. The case would seek to have employees' severance benefits given priority over secured creditors in bankruptcy proceedings."

Now here is a quote from the Minister: "A lawyer is working on it," Neufeld said. "There apparently is some precedent for it."

The narrative of the story says the Minister said the proposed severance package would amount to \$2.2 million and pay workers an average of \$14,000 each.

In the paper he is saying that there is apparently some precedent for it, and today he is saying there is no precedent for it, if I heard him correctly. The very statement that he said—"A lawyer is working on it. There is apparently some precedent for it"—I would suggest would give to the normal reader of that quote some sense of optimism or hope. Now if the Minister did not mean to say it that way, that is just one more example of when he misspoke himself or he got things mixed up or he got them wrong. Maybe he is misquoted, I do not know. That may be the case as well. That happens from time to time, but that is the only document that many of the people in the community have to read for any analysis of what the Minister has offered to them as help.

I would suggest that by his actions here, by that statement, he has given optimism where very clearly there is very little room for optimism, very little reason or cause for hope. I think that is just another disservice to the employees.

With that the case, notwithstanding that, what other options which he said they would be prepared to take a look at if the court case on severance did not proceed are they prepared to look at? Or has he given any thought to this at all, to a point where he can come up with some answers?

Mr. Neufeld: I think that first of all a lawyer was engaged by the steelworkers to look into this—

Mr. Cowan: And the precedent.

Mr. Neufeld: —and we are paying for that solicitor. As far as a precedent is concerned, the steelworkers at one point suggested to us that there was a precedent. I am not aware where that precedent is, but the steelworkers have suggested to us that they were in it for that reason, that they asked us to assist them in the action. As far as taking an action against a bankrupt, the answer is very clear, and the Member for Churchill (Mr. Cowan) has already indicated there is very little action one can take against one who is bankrupt. What more can one do to a bankrupt's estate? You stand in line with the creditors as defined by the bankruptcy Act, and if you cannot get the courts to put you ahead of the other creditors you stand in line. There is nothing more that can be done.

Mr. Cowan: So then why encourage a court case in the first instance?

The other issue—there are lots of issues but one of the other issues is the vacation pay. The Minister of Labour the other day said in the House that the Government is going to vigorously pursue the directors for that vacation pay. Can the Minister indicate what action has been taken in that regard to date and what action is anticipated to be taken and when?

Mr. Neufeld: First of all, the Member for Churchill (Mr. Cowan) started off his comments by saying why encourage a court case. We did not encourage it. We simply told the steelworkers we would assist in it; we would pay the legal fees for it. I do not see why he keeps on putting on the record that we have encouraged it. We have never encouraged it.

* (2020)

As far as the vacation pay for the workers is concerned, the Minister of Labour has indicated, I believe, that the first \$1,200 will be paid by the provincial Government. The provincial Government will then take the workers' place in line in the bankruptcy. They presumably get \$500 back from the bankruptcy estate.

As far as the other \$700 are concerned, if there is indeed a case against the directors, I presume the Minister of Labour would take an action against the directors for that other \$700.00. I suppose that the steelworkers and the other employees would take an action against the directors for the monies they have coming to them for vacation pay.

Mr. Cowan: I believe the law, and I looked and my learned colleague across the table from me states that

vacation pays are due in full. We are not dealing with the \$1,200 limit with respect to vacation pay. We are referring to the directors being liable under The Employment Standards Act for the full amount of the vacation pay -(interjection)- Payment of Wages Act, and I appreciate his assistance. The fact is that the directors are liable for the full amount, if I understand the Act correctly. Is that not the case?

Mr. Neufeld: We have the legal opinion that the directors will be liable for the vacation pay.

Mr. Cowan: That is the total amount for the vacation pay even if it exceeds \$1,200.00. Is that not the case?

Mr. Neufeld: I have never suggested any other thing. I have said that, if the Manitoba Government pays the \$1,200, they will go after that \$1,200 and the steelworkers will go after the rest. It may be a joint action, but the total vacation pay would be paid if they indeed are the liability of the directors.

Mr. Cowan: I believe the Government would have a responsibility to go after that full amount because it is provincial legislation that has been violated. The Minister of Labour (Mrs. Hammond) has said that she will vigorously pursue that. I am asking the Minister: what action is going to be taken and when, because it is an extremely important question?

I was in Lynn Lake this weekend. People are starting to leave that community. Some of those individuals are owed thousands of dollars, and in some instances approaching \$10,000 for vacation pay and severance on top of that. If the Minister says they cannot do anything about the severance, at least—I am not certain that the Government should take that position. I think there are a number of things they can do. They may not be legal options in all instances but they are available to the Government. What is it going to do, if it is not going to do anything about severance, to ensure that the vacation pays are collected quickly so that they can be distributed to the workers to whom they are owing?

Mr. Neufeld: I am not a lawyer and I do not know what the lawyers' advice will be, but I think that the lawyers for both the steelworkers and the Manitoba Government will be pursuing, I am told, the directors for the vacation pay. How fast that can be done is up to the solicitors and up to the courts. The Minister cannot speed up that process.

Mr. Cowan: I am asking what action is the Minister taking to ensure that the process unfolds as quickly as is possible. Has he encouraged the Minister of Labour (Mrs. Hammond) to bring the charges or the action quickly? Has he encouraged the Minister to set up the board of arbitration which, I believe, would be the appropriate authority for dealing with this particular matter under the labour relations procedures in the province? That tribunal most likely would be struck on the Labour Relations Board, which is something that the Minister can provide some initiative in. Has he or she, the Minister of Labour, done those things and, if not, when are they going to do them?

Mr. Neufeld: The action will be a civil action and it has to be brought, I would think, by those who have the money coming. I am sure that they have already engaged a solicitor to look at this. I know the Manitoba Government has engaged a solicitor to look at it.

* (2025)

Mr. Cowan: Let me tell the Minister what my understanding of it is then, and perhaps he can prove me wrong. The recovery of vacation pay is properly made before the Labour Relations Board of Manitoba, sitting in its capacity as a tribunal which determines vacations with pay and employment standards matters. This avenue is already being pursued by the Department of Employment Standards.

Is the Minister still saying that this will be a civil action and this course, which already appears to have been initiated by the Department of Employment Standards, will not be followed?

Mr. Neufeld: I am not a lawyer and I am not going to pretend to know what legal course has to be taken. I leave that to the solicitors who have been engaged.

Mr. Cowan: Just one last point and then I will yield the floor to the Member for St. James (Mr. Edwards), and we may come back to this following that.

The Minister is not a lawyer, but the Minister has staff available to him. He has access to legal counsel, greater access to legal counsel than anyone else in this room most likely or to different numbers of legal counsel.

I would think that if he genuinely cared about recovering these wages quickly and seeing that the wage earners had coming to them what is owed them, then he would take the time to find out how the matter is pursued. He would take the time to find out if there were any barriers in the way of pursuing the matter or, if his colleagues are not moving along quickly enough or if there are ways that the process might be expedited, he would make himself aware of this situation—I hope that is not too much to ask for—and then take the appropriate action by giving the direction that is required to protect the workers in this instance.

His answers to date have been totally unsatisfactory in that regard, but that is what we have become used to with respect to this particular Minister.

Mr. Neufeld: I do not know how many times I have to tell the Member for Churchill that the Department of Labour has engaged legal counsel to do the very thing that he suggests we should be doing. I do not know how many times we have to tell him and I will tell him again, legal counsel has been engaged and the process is moving as it should.

Mr. Paul Edwards (St. James): One of the interesting aspects which I raised in the House earlier this week and which the Minister of Labour and the Minister here today did not respond to specifically in the House but did in the hallway afterwards was the ability to claim under The Payment of Wages Act for severance pay.

By that, I mean go to the directors themselves for severance pay.

The Payment of Wages Act defines wages and it is very clear that vacation pay is included. You can go after these directors. Having spoken with the directors, in particular Bob Buchan, he has informed me that the directors are insured by a major insurance company. He would not give me the exact name of the company. He said it was a recognized insurance company, presumably with many times sufficient assets to cover the severance pay, in this case some \$2.3 million.

On my reading of The Payment of Wages Act, while it is not common in this province for the director of Employment Standards to pursue severance pay under that Act as a form of wages in trying to collect from the directors, that is something which this Minister has not addressed here tonight as an option. Presumably from his responses, the lawyers or lawyer engaged by the department is not looking at that. Can the Minister tell the Members here tonight whether or not that avenue has been pursued? Quite frankly, while it is a novel argument, one that would no doubt potentially be lost, it is certainly one with some hope which, as my friend, the Member for Churchill (Mr. Cowan) indicates, is not the case with respect to the bankruptcy Act, at least not so much as the case if it were pursued under The Payment of Wages Act. Has that avenue been pursued?

Mr. Neufeld: We are dealing with an area that is the purview of the Minister of Labour (Mrs. Hammond). If it has not been pursued, and if there is a possibility that some action can be taken under that Act, then I will talk to the Minister of Labour tomorrow and ask her if that has been done and, if it has not been done, that she ask her solicitor.

* (2030)

Mr. Edwards: I thank the Minister for undertaking to look into that avenue. I truly believe that it is one with some hope or I would not suggest it.

The fact that 220 miners were left high and dry after negotiating a collective agreement which quite clearly gave them certain severance pay rights and incurred obligations on the corporation, left high and dry by the Dynamic Capital Corporation with some \$500 million in assets absolutely incenses me, I believe, and I think all Manitobans believe, that something is desperately wrong when that is allowed to occur. On top of the great loss of equity in homes in Lynn Lake and the loss to the community when people are going to have to leave their homes which they want to live in, on top of that, they are stripped of what is a negotiated right under a collective agreement to severance pay.

It just goes beyond belief, and I think that really strikes at the heart of what the Member for Churchill (Mr. Cowan) and indeed all Members of the House, or at least the Opposition, are talking about when they raise this issue with such fervour and such regularity. I put those comments on the record for the Minister simply by way of explanation about our Party's sheer rage over what has happened in Lynn Lake.

I want to ask the Minister specifically whether or not he will be present on January 4 at the offices of Touche Ross as a creditor to the company at the first meeting of creditors. I believe Mr. Douglas is the solicitor. He was the one who has informed me that the meeting is January 4. I may be incorrect on the exact date. Will the Minister be present, in that the Government is in fact an unsecured creditor to the amount of some \$2 million.

Mr. Neufeld: Whether or not I will be present personally, I am not yet sure, but the Government will be well represented. There are a number of departments that have monies coming including Finance, the Development Corporation, Workers Compensation, among others, and I can assure the Member for St. James (Mr. Edwards) that the Government will be well represented.

Mr. Edwards: Can the Minister indicate who is paying the trustee's fees?

Mr. Neufeld: It is my understanding that the trustee's fees are paid out of the estate of the bankrupt.

Mr. Edwards: As the Minister knows, there are some \$17 million in secured creditors and roughly \$16 million in assets. It is my understanding that in particular upon reviewing the bankruptcy proposal, trustee's fees are preferred. However, they do not gain the priority of a secured creditor. Therefore, it is my understanding that it is normal in these situations that someone, presumably one of the people who ranks early on as a secured creditor, does undertake to cover the trustee in bankruptcy's fees. Otherwise, trustees in bankruptcies do not take on cases in which the assets do not cover the secured creditors. I know that the Minister, with his experience and expertise as a chartered accountant, would know probably a lot more about that than I do, but I leave those comments with him and ask him again, has he any idea who the trustee's fees are being secured by?

Mr. Neufeld: Under normal circumstances, the petitioner will guarantee the trustee's fees, but I do believe the trustee's fees are paid out of the estate, and they come first. This is my understanding, and I have never worked in bankruptcy.

Mr. Edwards: Certainly the petitioner generally does. This was a voluntary bankruptcy, a voluntary assignment, so there is not a petitioner. Will the Minister undertake to have his officials who attend the first meeting make that inquiry and report back to the House, because I think it is relevant to know which creditor is funding the trustee's fees in this particular bankruptcy, which is of so much public interest in this province?

Mr. Neufeld: I have no objection to letting the Member know who is guaranteeing the fee.

Mr. Edwards: The Minister, in response to a question from the Member for Churchill (Mr. Cowan), said what can you do to a bankrupt estate? In large measure, that comment typifies some of the despondency and

despair that must be felt in Lynn Lake and indeed is felt all over this province.

The fact is that this company went bankrupt on October 27 of this year. On October 26, the day before, the superintendent was quoted in the Winnipeg Free Press as saying that the company had every intention of paying severance pay. Therefore, the workers were led to believe by public pronouncement that their severance pay would be paid.

On the other hand, the Minister in negotiations with the company for some months before that knew that the company had absolutely no cash assets. They had some \$30,000 in cash at the time of filing. They also had some \$16 million in assets with \$17 million in secured creditors. It was patently obvious to anyone who looked at the balance sheet, as the Minister had been provided with, that this company had absolutely no intention of paying that severance pay, which they had negotiated some time before in a collective agreement. Why did the Minister not raise that concern with the directors at any time prior to the filing of bankruptcy on October 27?

Mr. Neufeld: I cannot believe that question. I cannot believe the Member for St. James (Mr. Edwards) would ask a question of why we did not insist that the company pay the severance pay. We did insist. It was one of our conditions. I cannot believe he would ask a question because, once a company is on the verge of bankruptcy, are you going to tell them to pay another \$2.5 million or else we will let them go bankrupt? What can you do to a company that is about to file bankruptcy? You cannot do any more to it. You cannot do any more than kill somebody. That is the ultimate.

The company was asked to make certain commitments if we were to make certain commitments. One of those commitments was clearly that they were to pay all the debts of the company and one of those debts was the severance pay. That was a condition from the outset back in July, a condition that we placed upon the company, and I have mentioned this to the Member for St. James (Mr. Edwards) a number of times. If he cannot understand it, what more can I say? We put the condition to the company that they make a commitment to pay all the debts of the company including the severance pay if we were to put our money up.

Mr. Edwards: The Minister, I take it, is referring specifically to the letter that was tabled in the House, I believe, November 2. Perhaps I may be mixed up with my dates, but I believe it was November 2, in any event, a number of days after the voluntary assignment into bankruptcy was filed, being October 27. Is that the letter he is referring to as requiring that assurance that severance pay would be put forward by the company?

Mr. Neufeld: On October 4, one of our conditions was to remove all outstanding debts of the company.

Mr. Edwards: Is the Minister saying that as of October 4 the severance pay in his view qualified as outstanding debt?

Mr. Neufeld: There is officially and legally no debt for severance pay until the layoff is complete and that was on November 6, but on October 30—well, severance pay was brought up in numerous conversations. Officially, the debt is not there until such a time as layoff is complete, and October 30, in contemplation of that layoff being complete a week hence, we put that specifically on the table.

Mr. Edwards: The Minister says severance pay was raised on many occasions. What was said about severance pay on those many occasions? I am particularly interested in what was said prior to October 27.

* (2040)

Mr. Neufeld: The question was often raised of what would happen. The fact of the matter is, first of all, if the company keeps operating there is no severance pay liability. Our discussions with them were primarily to keep that company operating. It appeared early in October that they had no intention of keeping this company operating. At that time severance pay came into the question and they told us that they would try to make a deal with the employees to take shares in lieu of severance pay. They told us they would make a deal with the employees to take shares in lieu of vacation pay. They told us they would make a deal with all the other creditors to take shares in lieu of the debt owing. These were all conditions that they were going to meet, conditions they never have met. The severance pay was to be looked after by way of shares.

Mr. Edwards: Did the Minister ever ask the company, as a sign of good faith in these negotiations in which the province was not going to put up any small sum of money—by their own statements repeatedly, \$24 million apparently was on the table from the province—did the Minister ever ask Mr. Buchan, as a sign of his good faith in respect to these negotiations, to set aside monies then and there to cover the severance pay, given they had clearly no intention and no money in the company to pay the roughly \$2.3 million in severance pay? Why was that statement not made to Mr. Buchan, and why was he not confronted early on with the fact that he was out to shaft the workers from Day One?

Mr. Neufeld: It is strange that both Parties are now so solidly against the company when just a month ago they were standing with the company and telling us to make a deal with the company. I ask the Member for St. James, how do you ask somebody to put up more money when he has said that he is not going to put up any more money? He is on the verge of bankruptcy and you say to him, in good faith, put up \$2.5 million. That is nonsense.

Mr. Edwards: The Minister was offering some \$24 million. Clearly the company had no intention of paying the severance pay. We did not know that. The balance sheet for that company was not in the hands, at least, of myself.

Mr. Neufeld: You could have obtained it any time you wanted to from any broker. It is a public stock company.

You could have obtained the balance sheet and the financial statements any time you wanted from the same source that we received it from.

Mr. Edwards: Is the Minister saying that he was aware—maybe he can answer this. When exactly did he become aware that the company had \$30,000 in cash?

Mr. Neufeld: I have seen their balance sheets for the last couple of years. I have known for some time the financial position of the company, since I took office a year and a half ago.

Mr. Edwards: In the conversations, when the company was still dealing with the province, did the Minister ever ask Mr. Buchan, and I will repeat this, did the Minister ever ask the company or Mr. Buchan what specifically his intentions were with respect to an agreement negotiated some time before a collective agreement with the workers of Lynn Lake?

Mr. Neufeld: Officially we knew nothing about that agreement. We did know about it from the steelworkers. The agreement was negotiated by Sherritt Gordon Mines many years ago. It was taken over by SherrGold and subsequently taken over by LynnGold. They have assumed an agreement that somebody else had negotiated. That takes nothing away from the fact that the liability is there in the event of layoff, and layoff had not occurred, layoff was to occur. We were afraid right from the start that layoff and bankruptcy both would occur and employees would not get their money.

We could see their balance sheet, we knew the direction the company was taking. That was easily understood by us, but what do you do at this point in time? You cannot say to somebody who is contemplating bankruptcy, put up another \$2.5 million or we will not give you 24. If we do not give them 24 they are in bankruptcy anyway. If we ask them to put up another two and a half they simply file bankruptcy, which they in fact did. One of the reasons they filed was because of our insistence that they commit \$2.5 million, or whatever the severance pay was, to a trust account. That was a condition on the October 30 letter in contemplation of the layoff date, November 6.

Mr. Edwards: That letter was sent October 30, that was three days after the voluntary assignment into bankruptcy. Why was that demand not made prior to October 30?

Mr. Neufeld: Because prior to October 30 we were dealing with them in good faith in keeping the operations going. We were dealing in good faith; they may not have been and you can—there is no question in our mind that we thought that we were dealing in good faith and the company was dealing in good faith. They may not have been, but if you are going to negotiate the continuing operation you do not have a layoff, and if you do not have a layoff you do not have liability. Which way do you want? Do you want to negotiate the layoff or do you want to negotiate the continuing operation? You have to make up your mind, you cannot have it both ways. Even you should know that.

Mr. Edwards: Mr. Chairman, the Minister has said that he knew—and the record will show this earlier on this evening—as of early October that the company had no intention of going through with this and of taking a—

Mr. Chairman: On a point of order, the Honourable Minister of Health.

Hon. Donald Orchard (Minister of Health): I realize my honourable friend for St. James is a lawyer, and because of his substantive duties as an MLA he often maybe does not get in court any more. But this is not a court, Mr. Chairman—about what did you say, and what your impression was, and what did you do with this, and then what word did you say, and were you aware, and all of the court-quizzing.

If my honourable friend, the lawyer from St. James, wants to practise lawyer, go to a court.

Mr. Chairman: There is no point of order.

Mr. Edwards: Perhaps the Minister of Health does not want to get to the bottom of what happened, which resulted in 220 workers in Lynn Lake being not only without severance pay, without equity in their homes, and without anything, relatively speaking, in terms of an ability to live in the place that they have chosen, and the homes that they have made in a community in northern Manitoba. Perhaps he is not keen to get to the bottom of that. I am. The fact is that this Minister, his colleague, did not do all that was necessary and all that was called on by him in these negotiations, and he basically got hammered by this company. I want to get to the bottom of it so that he and all his colleagues in the Government will know, and perhaps learn from his mistakes.

An Honourable Member: If we gave you time off you could go back to court if you want.

Mr. Edwards: With respect to the—the Minister says he can give me time to go back to court. The Minister may be interested to know that I was there today, and I will be there tomorrow, and I will be there Thursday, and I certainly get enough time in court that—

An Honourable Member: You mean you are double-timing it? You are not a full-time MLA?

Mr. Chairman: Order, please; order, please.

Mr. Edwards: I have lots of time to practise my profession. The Minister said earlier in this discussion this evening that early in October, he knew the company was not going to go through with the deal and that they were intending on bankruptcy and on laying off. He then went on to say that he came to the conclusion that he should force this issue with the company on October 30. So at the beginning of the month he knows

that LynnGold has no intention of going through with this, but he does not force the issue of severance pay until the end of the month, until October 30. That is three days after the bankruptcy.

Why did he not take the initiative that he saw better of taking later on in the month? Why did he not take it when he knew the company had no intention of going through with this and had every intention of laying off workers without severance pay?

Mr. Neufeld: First of all, the Member for St. James said I got hammered by the company. I would like him to explain to me where I got hammered by the company and then I will answer his other question.

Mr. Edwards: The Minister got hammered by the company because a major industrialist has pulled out of here leaving 220 Manitobans without severance pay and having absolutely no responsibility in this province. The Minister does not even know the remedies available to him. He does not even know that the director of Employment Standards can launch an action independently and does not need to launch a civil action, as he suggests.

* (2050)

He is totally out of touch with what is going on in this case; he has been for months. The fact is, the workers are paying the price and yes, he got hammered. He got hammered by Dynamic Capital Corporation out of Toronto and by Bob Buchan all the way down the line. He knows in early October that they were not going to go through with it. He waits an entire month after they have filed bankruptcy and, he knows what bankruptcy causes, he waits a whole month to force the issue of severance pay. Why?

Mr. Neufeld: Well, I have said a little while ago that when you are negotiating the continuing operations you do not negotiate layoff. When you negotiate layoff and bankruptcy you do not negotiate continuing operation. You cannot do both. You have to make up your mind which one you want. We decided that we were going to negotiate continuing operations. We went to the end to negotiate continuing operations, even to the point of our letter on November 9, I believe it was, in which we finally demanded that the company take a position and make their commitment to this province. We have, from the start, negotiated continuing operations, and when you are doing that, you cannot ask the company to put up monies for which they may not have a liability, indeed for which they would not have a liability.

As far as the comments you have made about what the Minister of Labour should or might do, I have said from the start, I am not a lawyer. I do not pretend to be a lawyer. I leave that to solicitors. Whatever action they wish to take, they will take. The company has not hammered this Government. We have negotiated with this company, and we have made demands that they make commitments, and if that is being hammered, so be it.

Mr. Edwards: You made a demand that they make a commitment with respect to severance pay three days

too late. You said that you were negotiating to keep the company open, to keep the operation going. You were negotiating with that in mind, and that was what possessed you, and that was why you did not force this issue. The fact is, you said about 20 minutes ago that you knew early in October operations were not going to continue. You knew this company was not negotiating in good faith. Why did you not do anything then?

Mr. Neufeld: First of all, the company on October 27 put, I think they call it a holding proposal, so that the bankruptcy will not be final until that proposal is heard—

An Honourable Member: Retroactive to that date.

Mr. Chairman: Order, please.

Mr. Neufeld: Mr. Chairman, it is retroactive to that date if the company decides to go through with the bankruptcy, but if the proposal meets agreement of its creditors, the bankruptcy will not go forward. The holding proposal in effect holds at bay all the creditors until such a time as the company has made a proposal known. If the creditors agree to it, the bankruptcy will not proceed; if the creditors do not agree to it, the bankruptcy proceeds retroactive to the date of October 27.

At the same time, the employees were not laid off until November 6, and it was not until layoff that the severance pay became a liability to the company. If we are going to negotiate the bankruptcy, that is one thing. I think then we could be blamed. We did not negotiate the bankruptcy. We negotiated the continuing operation. That was our demand of the company from Day One, that the operations be continuing and it not be a band-aid solution. We wanted the continued mining operations in Lynn Lake and not just a temporary one. That was our demand from the start. We demanded that the company make its commitment to the community as well. The company was not prepared to make that commitment and filed bankruptcy. That is not our decision.

Mr. Edwards: Well, these demands that the Minister speaks so fervently about sure went a long way. Good work. The fact is, 220 people have not received a dime out of that company except, by virtue of the bankruptcy Act, \$500.00. This Government is going to end up paying \$700 per worker. The fact is, those people got off scot-free. The Minister did a fine job, given that he knew a month before he forced the issue of severance pay that the company was going down and had no intention of paying it. That is called being a sucker.

Mr. Chairman, the fact is that the workers in Lynn Lake are paying the price for the fact that this Minister did not force the issue with people who have hundreds of millions of dollars, and \$2.3 million is owed to the workers of Manitoba and they did not get a dime.

Mr. Neufeld: Mr. Chairman, if the Member for St. James does not realize that Dynamic Capital Corporation or American Barrick, the two principal parents of LynnGold Resources, have no liability, absolutely no liability, to

the workers of LynnGold—LynnGold owed the money—if he does not know this, he better go back to law school.

Mr. Edwards: Well, Dynamic Capital Corporation, for the Minister's information, and I am sure he knows—

Mr. Chairman: Order, please; order, please. The Member for St. James.

Mr. Edwards: Dynamic Capital Corporation is the very company that this Minister was asking for some \$10 million in new investment from, a company that has some \$500 million in assets, and that is linked to Corona Mines, with many more hundreds of millions of dollars in assets. The fact is, this Minister knows full well that money was available or he would not have been proposing a deal which provided for millions of dollars to come into LynnGold from the outside investors.

Mr. Chairman, one of the suggestions put forward by Paul Bergan, who is the chairperson of the Lynn Lake Citizens Committee, is that they asked the Minister—and this is a letter to Mr. Filmon, the Premier, dated the 23rd of November. It says, they would like the Government to preclude the need for collection of realty and school taxes, and water and garbage collection fees. I am sure the Minister has been made aware of this letter. Can he comment on that specific request? What consideration has been given to it? I understand of course that there is a \$243,000 grant which has been given to the municipality, but what specific response is going to be made to that request?

Mr. Neufeld: First of all, let me answer his first allegation. Dynamic Capital Corporation owns approximately 16 percent if you pierce all the corporate veils of LynnGold Resources. Dynamic Capital, yes, has a lot of money, but they have no liability. They were under no obligation to make any payments. I do not know how the Member can sit there and say, they owed the money and should have paid, we should have forced them to pay. Now, what utter bloody nonsense is this? As far as his question with respect to the community of Lynn Lake, the Department of Rural Development has made a commitment that the services will be maintained. The grants, so far, have been roughly in the amounts necessary to make up the revenue shortfall due to the discontinuance of operation by LynnGold.

Mr. Edward: Mr. Chairman, the fact is that this Minister was asking for a significant infusion of cash specifically from the directors, and in particular Bob Buchan and Dynamic Capital Corporation. He was asking for that money to be put forward. They were the parties that were negotiating, in fact.

The Minister of Health (Mr. Orchard) says—is that wrong? Certainly not. What was wrong was that the Minister of Health's colleague knew in early October that LynnGold had no intention of continuing that mine. Yet he continued to negotiate and not force the issue of severance pay until after—he negotiated with someone he knew was not negotiating in good faith. Perhaps the Minister of Mines and Energy (Mr. Neufeld) is taking a lesson from the Minister of Health in respect

of his fiscal ability. The fact is, there were threats which could have been made.

I want to ask the Minister why he did not at that time have with him -(interjection)- The Minister of Labour (Mrs. Hammond) says, threats. Well the fact is, LynnGold very clearly said, we are not going to pay severance pay. We have no intention of paying severance pay. The Government's obligation in that context was to use whatever tool it had to provide for the workers, knowing that the mine was going to shut down, as the Minister has admitted.

* (2100)

The tool they could have used was to have said to the directors, we have every intention of pursuing you personally for severance pay under The Payment of Wages Act. We would like you to set aside, at this time, monies to cover those severance pay agreements, and perhaps could have suggested to them that they might have talked to their insurers before they gave a negative answer, because the fact is they are insured. There is directors' liability, which all of these directors have. There is a pool of resources available to pay the severance pay, which was not raised by this Minister.

Mr. Neufeld: If we had made threats, as the Member for St. James (Mr. Edwards) suggests, they would have filed bankruptcy on September 1. That goes without saying. That would not have helped the matter. You could have chastised me severely if I had made those threats on September 1, if I had not negotiated with them. We negotiated with them until three days beyond the layoff date. We negotiated in good faith with them.

You say we should have insisted they put up the money. How do you insist somebody put up money? They did not owe it. If negotiations succeeded they would not owe it. I have asked you this before. You either negotiate the continuing operations or you negotiate cessation of operations; one of the two, you cannot do both. I ask you to explain to me how I could have negotiated both parts at the same time.

Mr. Edwards: What this Minister did was continue to negotiate with a party that had made clear it was negotiating in bad faith. He continued that, probably because of the pressure in the House, that he felt he had to. It was a charade. The fact was, he had knowledge which the miners did not have with respect to the real intentions of that company, and he did nothing about it.

Is he aware that the company, as recently as a number of weeks ago, has offered to put up I believe 50 percent of the money owed under the severance pay package, with a further 50 percent to take the form of shares, keeping LynnGold open as a Shell research company. Is he aware that the company was willing to put some money up, not just shares, not just stocks—cash? Did he ever ask that question to find out if they are willing to put cash on the table for severance pay?

Mr. Neufeld: The Member makes much of my knowing the intention of the company. I obviously do not know the intention of the company when I am negotiating.

An Honourable Member: You said half an hour ago—

Mr. Neufeld: I said it was our impression that the company was not going to meet the conditions that we imposed upon them. What the company offered to the workers I am not privy to. They may have offered them a part cash settlement and part share settlement. If they did, and the employees turned it down, that is not my problem. That is the problem of the employees and the company.

Mr. Edwards: That is true. The last part of that is true, but the fact is that the company, the directors, were willing to put cash on the table for part of the severance pay. The question is, did the Minister ever ask the directors to put some cash on the table when the province had some leverage through supposedly good faith negotiations? Had that request been made, it would have been abundantly clear—if the answer had been in the negative from the company—that they were not negotiating in good faith.

Mr. Neufeld: The company continually and repeatedly said we will try to make deals with the creditors; we will try to reach a settlement with the employees; we will try. We tried to pin them down as to how they were going to settle—would it be for cash or for shares? They would hint that it might be shares, or it might be part shares and part cash, but they would never put their money up. In all the times that we had discussions with them they refused to put money up. We repeatedly asked them to put some money up so we could carry on with the negotiations, but they refused.

That was the reason for finally—in frustration we wrote one letter, I think earlier in November, and one letter on the 9th of November, where we insisted that they either make a commitment or we would withdraw ours.

Mr. Edwards: Mr. Chairman, I am cognizant of the fact that my colleagues from the third Party may have some other questions. I have simply one more question. Again it refers back to the letter to the Premier (Mr. Filmon) from Mr. Paul Bergan. Among other things he asks for, on behalf of the Lynn Lake Citizen's Committee, is special subsidized rates for Manitoba Hydro. What has been the Government's response to that request put forward in the correspondence to the Premier, dated November 23 of this year?

Mr. Neufeld: Did you say in the Premier's response?

Mr. Edwards: I am asking what the Premier's response will be.

Mr. Neufeld: As far as I know there are a number of questions that were asked, and the questions were all answered by the various Ministers involved. At this point in time, Manitoba Hydro will not give discounted rates. If there is to be a subsidy it will have to come from the Government.

Mr. Edwards: Can the Minister indicate, with respect to this \$243,000 grant, what period of time it is meant

to cover, and what arrangements have been made for renewal of a grant in the event that the community of Lynn Lake needs further funding?

Mr. Neufeld: The \$243,000, Mr. Chairman, represents three quarter grants from the company, grants in lieu of taxes that the company was paying. The company was paying the community \$81,000 a quarter. They had made the first quarter payment, but had not made the second, third and fourth quarters. The \$243,000 represents \$81,000 times three, \$243,000 being the revenue shortfall from the company during the last three-quarters of the year. That was to December 31, 1989.

Mr. Edwards: Is it assumed then that, starting again in the first quarter of 1990, further discussions will take place with respect to subsidies to the community of Lynn Lake?

Mr. Neufeld: I think that is a fair assumption. They will have to bring forward their budget. I would think they will be downsizing their budget somewhat from the previous year, and they will then come to the Department of Rural Development for assistance as needed.

Mr. Cowan: The Minister of Rural Development (Mr. Penner) was in the community of Lynn Lake today and presented a cheque for the amounts which the province was going to pay to help the community maintain its base of the Mining Community Reserve Fund. Can the Minister indicate what conditions were attached to that cheque?

Mr. Neufeld: The money came from the mining reserve, but it is paid by the Department of Rural Development. I am not aware of conditions that the Minister of Rural Development attached to it.

Mr. Cowan: Normally when there is money coming from a fund for which one Minister has responsibility, and is being presented or given through another Minister, there would be a joint submission to Cabinet and Treasury Board, which would outline the conditions. Was that not the case in this instance or did the Minister just hand over the money from the Mining Community Reserve Fund to the Minister of Rural Development (Mr. Penner) and say, do with it what you will?

Mr. Neufeld: In fact, the fund belongs to the Department of Finance and is administered by them. The monies were turned over to the community. Officially, I guess the Minister of Rural Development is the mayor of the community, inasmuch as it is a local government district. They must account for the monies, and it is to be used in the ordinary course of their business.

* (2110)

Mr. Cowan: Was there a condition, and I do not know this to be the case, I am asking the question, that if the company were to go back into operation, that the money would have to be repaid to the fund?

Mr. Neufeld: If the company were to go back into operation the fund would demand that money from the company.

Mr. Cowan: What if another company were to purchase the mine? Would the fund demand the money from another company?

Mr. Neufeld: I would have to check with the solicitor, but my own guess would be that we would have no claim against any company for past debts of a former company.

Mr. Cowan: This matter would not be passed onto a future company, only the present company. LynnGold Resources, if it were to, for some reason, avoid the bankruptcy and go back into operation, then they would be liable?

Mr. Neufeld: I would have to check with the solicitor, but again I say it would be my guess that if a new legal entity comes forward and takes over the operations, we would have no claim against them for debts incurred by the bankrupt. If indeed the claim could be against the property, the lawyer would tell us this. It is my understanding that these grants were grants in lieu of taxes and cannot be attached to the property itself. As such, my guess would be, although I must confess that I do not know the legal implications of that, if that were the case, indeed we would ask our solicitor to give us an opinion.

Mr. Cowan: I would appreciate that information at a future committee hearing, if that would be possible.

The community had been asking for some relief on their municipal taxes. The reasoning was as follows. A lot of people in the community will not be working now, they will be in financially difficult circumstances. They would like to stay in the community in the event that the mines should be purchased and operated by the same or different company, so that they could be there in order to take advantage of the succession rights that would accrue to them normally, and the opportunity to continue employment in their home community.

A lot would like to stay just until June, so that their kids can stay in school, and that is particularly important to those who have children in the higher grades in the high school. It is also important to a lot of the families with children in the lower grades as well.

They would like some relief from the province with respect to the taxes they have to pay. The fact is that they would require agreement by the Minister, if not the Cabinet, for that relief to be provided. They have asked for two types of relief, I believe. One would be for the penalties on late taxes to be foregone in any event. So that if they did not pay their taxes for a period of time, and then they were able to because they had gained employment again—they want to maintain the house in the community—they would not have to pay the penalty.

The other was for, and I think the more realistic one at least, was for the complete relief from those municipal taxes for a period of time, so that they could sit this

out in the community, so that the community would not be entirely abandoned, and that they would not have to pay that extra cost on not having any employment.

It is my understanding that the Minister of Rural Development (Mr. Penner) gave a flat no to both requests today when he was in Lynn Lake, but I have not had the opportunity to confirm that. I would ask the Minister if that was the direction that was given to the Minister before going to Lynn Lake?

Mr. Neufeld: I would take it that the Minister of Rural Development (Mr. Penner) took that decision because that is what he felt at the time, and I think that is under his jurisdiction and he can make that decision. I think it is a little early to start talking about what other assistance we should give. We have to have need demonstrated before we start handing out taxpayers' money. If indeed there is a need, that will be met. We have indicated that in the past and we will indicate that again. For a flat grant to every resident of the community, I do not think that is the way to go at this point.

Mr. Cowan: The Minister has always said throughout this entire fiasco, and it has been a fiasco on the part of the Minister, that now is not the time to discuss that issue. We have more time, we have weeks left, we have months left, we have days left, and the fact is that while he has been very patient, and it has had very little influence on him, it has had a tremendous impact on the community and the people in the community.

I will tell you right now they are fighting for their future. I was there, I spent a bit of time there this weekend, talked to a fair number of people and they said that they need this sort of assistance from the Government. They said that it is important to them that they be able to stay in their communities. It is a tragic sight to watch families and friends split apart. It is just not co-workers who will never work with each other again, who have probably worked with each other for years and in some instances a generation, it is families that are splitting apart.

One of the people with whom I spoke this weekend was going to Marathon, he was leaving his family behind at least until June. There are no accommodations in Marathon, the kids were in school. He was going to go down there and stay with a friend. There was another family that was packing up everything on Boxing Day and travelling to another mine in Ontario. There are at least a couple of dozen stories like that right now, there will be more after Christmas, and there will be many more after June.

All they are asking from their Government is a little bit of compassion, a little bit of understanding, a little bit of assistance. They are not asking for a lot. They are asking for what is owing to them. They want their severance pay from the company, they want their vacation pay from the company, they would like their jobs from the company, but if that is not to be the case at least they want what is being owed to them from their past work. They would like the Government to assist them with respect to some of the tax burden

that they have to pay, now that they will not have work, the Government to assist them with respect to maintaining the community, the Government to assist them in other ways if possible.

They wanted the Government to make a deal, to strike a deal, to bargain hard but bargain in good faith to keep the mine operational. Quite frankly, I blame the Government for the failure of the negotiations as much as I blame anyone else. As a matter of fact, I may even blame the Government a bit more for the failure of the negotiations.- (interjection)- The Minister says they should have paid more. No, I never said that and I do not think that is the case. I think they could have negotiated better. I think it was a classic example of each party antagonizing the other until the lines of communication broke down to the extent where productive negotiations were impossible. I do not blame the Government entirely for that, and I do not blame the company entirely for that.

I do know that there was an honest effort to try to keep that mine operational. Maybe too much was being asked, maybe too much was being offered. I had a bit of a dilemma about this, because in a way I thought maybe the Government was paying too much that they had negotiated themselves into a bad deal, but I was prepared to allow that to unfold and not to be critical of it if it would have saved the community.

I, unlike the Minister, do not think that this is only a bottom-line issue. Those are his words, he uses them quite a bit—a bottom-line issue. If he did not use the term itself, he used the concept, and we will go back because we have it all, every bit of it, on the record that is in the record available to us. The fact is the community required a bit of good negotiating from the Government and they got exactly the opposite. They got bad negotiating.

* (2120)

They got a Government that constantly changed its position. It put a position on the table and then could not validate it. Others came forward and said, many others came forward, not just the company, but the union came forward and said, we never heard that position. No one seemed to have heard that position until the Minister mentioned it in the House. I do not want to get back into all that because we will go over old ground. I do believe that the Government did bungle the negotiations. I also believe that the company should pay what it owes to the employees, that it should pay the severance pay to the employees, and that it should pay the vacation pay to the employees. There should not be any argument about that. That is owing and that should be paid. There is a responsibility there.

I wish it did not come to that. I wish we could have had a deal and whether \$24 million was too much or too little, I never did make comment upon because I quite frankly did not know, but I did know that the negotiations were handled quite badly. That is behind us. Now what we have is a circumstance where the Government can continue along with its mishandling of the situation by saying, well, we need to review this more, we need to protect the taxpayers' money at any

cost, and therefore we cannot provide the type of relief which is being asked in this instance. The requests are there just the same.

It is going to be a very difficult time for those families and workers and their friends in Lynn Lake. It is not just the 250 people who are employed by the mine. It is many, many more, and some in much worse circumstances, some who are losing their jobs who do not have relocation and mobility benefits available to them, many who are losing their homes who do not have any back vacation pay coming to them that can tide them over for a little while, many who are losing everything they have invested in the business community there stand to lose quite a bit. Although I have to tell you, they are fighting hard to survive, and to stay alive out of hope that perhaps something will happen which will turn the community around, but they have quite a bit at risk at the present time.

They are the ones who are asking for some assistance and there are ways to shape that assistance. If the Minister is worried about those who might not need the money, having the money made available to them, there are ways to get around that. If the Minister is worried about putting out all this money and maybe something happening, the mine becoming operational, there are ways to strike agreements to deal with those issues as well, as long as the Minister is prepared to be somewhat flexible. We have not seen enough of that yet. There are ways to deal with these issues.

I do not believe it is entirely a decision for the Minister of Rural Development (Mr. Penner) to make as to whether or not that tax relief will be provided. He will be the one who will sign the document, but certainly that has to be a collective decision on the part of the Government. That has to be a Cabinet decision or a decision which at least goes to his ministerial committee, about which the Premier (Mr. Filmon) has made such great note in the past.

So I ask the Minister would he be prepared to recommend to the Minister of Municipal Affairs that they look at a flexible arrangement which can front some of that money now, or at least give some indication that there will be that relief from, in this particular instance, taxes.

That is long way from the original request of the repayment of homeowners' equity and business-owners' equity, which was the first request from the community and one which is still justified, but they have realized that will be a request which will not be granted by this Minister or this Government, so they have tried to approach it from a scaled down approach they feel might find some favour from the Government. On their behalf, I would like to know if the Minister would be prepared to look at those different options immediately to give them some indication as to whether or not they are going to have some relief afforded to them.

(Mr. Edward Helwer, Acting Chairman, in the Chair)

Mr. Neufeld: First of all, we have to understand that this is not under my jurisdiction. The relief on taxes would be that of the Minister of Rural Development (Mr. Penner). I have said from the outset that where

need can be demonstrated, help will be available. I think the Member for Churchill (Mr. Cowan) should understand as well that there are a number of people in Winnipeg and other Manitoba communities who are unemployed through layoff.

If property tax relief is available to those people in Lynn Lake, should they not be made available to those people who are laid off in Winnipeg, or laid off in Portage la Prairie, or laid off in Brandon, or laid off in Winkler, or Altona, or any other of those communities? I think we have to make a rule which is acceptable and can be applied broadly, not just locally to the people of Lynn Lake. We have to make it fair.

I want to make one more comment. The Member continually talks about our negotiations, or lack of negotiation knowledge. I want to say just one thing. I would accept his position perhaps if I thought he had any knowledge himself in negotiations.

Mr. Storie: Mr. Acting Chairperson, I can assure the Minister that the Member to my left has a great deal of experience in negotiations and unlike the Minister they were successful negotiations. I am not going to rehash the issue of negotiations.

I want to say the issue seems to have escaped the Minister and he continues to compare the circumstances in Lynn Lake with unemployment elsewhere, layoffs elsewhere. What we are talking about here is not simply layoffs.

The people who are laid off in Fort Garry can be employed in St. James. They do not have to give up their homes. They do not have to lose the equity. They do not have to lose their businesses. They do not have to leave their families. They do not have to uproot their lives and move thousands away to re-establish themselves. We are not talking about the same thing. That is why when the people from Lynn Lake and my colleague for Churchill or I or anyone else ask for some exceptional consideration, we do so with some empathy for those people, and the Minister appears to have none. He appears not to understand the dilemma that these people face.

Mr. Acting Chairperson, I was somewhat relieved to hear the Minister say, well, yes, we had not thought about the whole issue of The Payment of Wages Act and whether there is something we can do to have vacation pay and severance benefits considered under that issue, and the Minister continues to say, well, that is somebody else's responsibility. That is somebody else's responsibility. Frankly, we are getting tired of the Minister saying, that is somebody else's responsibility.

We want the Minister to show some leadership. I continue to hear the Minister say that with respect to my community, with respect to the modernization effort, well the federal Government has to take the lead, someone else has to do the work, someone else has to show they care, I am just not prepared to do that, I am busy. It is really frustrating.

Mr. Acting Chairperson, the Minister also implied that, because the Opposition was suggesting the Government get serious about negotiations, that they show some

flexibility and not this one-upmanship and confrontational attitude, somehow this meant we were siding with the company. We were not siding with the company at all. We believe, like many others, that a deal was there to be struck. We believe if the Minister or his staff had been serious or understood what was involved in the negotiations it could have been saved.

The fact remains the Minister has not lost anything by this. The Minister can sit in his comfortable office and say, well you know, gosh, we did the best we could. He did not take advice from anyone else. He did not take advice from the union nor from the community, and the end result was that negotiations failed. Well, who are we to blame? Who are the people in Lynn Lake to blame and, yes, they do want someone to blame.

The Minister says, well, you cannot just blame me. You cannot blame me that your severance package is not going to be what you thought it was, or your vacation pay is not going to be available, or that you have lost all of your equity in your town and everything else. Well, maybe the Minister is partly right, maybe there is someone else to blame. Maybe DCC or American Barrick have to share the responsibility. American Barrick is a big company.

Given that negotiations have failed, clearly we believe the Minister should be doing everything he can do to make sure those companies provide as much support as they can, as they are legally responsible to pay, as much as we can legally force upon them to pay. Recognizing that companies operate with one motive, and one motive only, and that is to make a profit, the fact of the matter is this company has enough resources to treat these people fairly.

Maybe the Minister can answer the question: does the Minister feel it is his responsibility to act on behalf of the people of Lynn Lake to ensure that these companies, American Barrick included and their directors if necessary, are held responsible, accountable, for their obligations? Is the Minister prepared to not say, well, that is the Minister of Labour's (Mrs. Hammond) responsibility, or the Labour Board, or someone else. Is the Minister prepared to say, yes, that is part of my responsibility.

* (2130)

Mr. Neufeld: The Member for Flin Flon (Mr. Storie) leaves a lot on the record, but asks very little. Let us talk about what he has left on the record. I have not compared Lynn Lake to other communities. I have said that if tax concessions are made to those who are laid off in Lynn Lake, why should they not be made to those who are laid off in Winnipeg. We cannot isolate one community and say we will make tax concessions here. The laid-off workers, for those who are laid off in Winnipeg, it is equally traumatic as it is for those in Lynn Lake. Nobody likes to be laid off, and nobody likes to see people get laid off.

We think the situation in Lynn Lake is tragic. I agree, it is tragic, but it has happened. I have never said it was somebody else's responsibility. What I have said

was that where you ask me a question and it is not within my jurisdiction, I have said that falls under the jurisdiction of the Minister of Labour (Mrs. Hammond) or the Minister of Rural Development (Mr. Penner), and I do not want to answer it for them.

You indicated that you did not side with the company. Well, I suggest you did. When we insisted the company put aside sufficient monies to make the severance pay, and we made that one of the conditions under which we would advance monies to the company, you sided with the company and said we should withdraw that condition.— (interjection)— Yes, you did.

Mr. Storie: Well, Mr. Acting Chairperson, that is just nonsense, and the Minister knows it. What we said was that the province was laying out conditions, some of which were totally unacceptable and would be unacceptable to virtually any company in the same position, regardless of their intentions with respect to continuing operations. That is what we said, not that workers should not be protected.

The second point is, and my colleague made the point that because of the way negotiations occurred, the Minister did not negotiate. He did not start off by trying to determine what the company needed and by making a counteroffer and staging negotiations. He apparently rather clumsily said, there is \$24 million on the table, take it or leave it. It was not even structured in the appropriate way. However, the Minister began his remarks by saying that he was not comparing the situation in Lynn Lake with others, and then he went ahead and tried to compare them again. The fact is, and he said, quote, a layoff is traumatic anywhere, it does not matter whether it occurs in Lynn Lake or occurs in Winnipeg.

An Honourable Member: Is it not?

Mr. Storie: Well, yes, Mr. Acting Chairperson, it is traumatic, but the situations are not analogous at all.

An Honourable Member: They are not?

Mr. Storie: I have just said the person in Lynn Lake is losing his equity. He is losing his job. He is losing his town, his community, where he built his life. The person in St. James can work somewhere else and still live in St. James and not lose anything. The situations are not analogous at all. The Minister continues to confuse that in his mind, just as he has confused the negotiations from Day One, that is the problem. He does not understand the circumstances.

Now we have a circumstance where the Minister says, well, I am not prepared to do anymore. We are asking now that he make sure that the companies including American Barrick and DCC live up to their obligations and, if they will not live up to them willingly, then the province use every avenue at its disposal including legal recourse to make sure that they do, and to carry it to the full extent so that whatever the people in Lynn Lake might be entitled to by law, whether we finesse it or not, they receive.

Mr. Acting Chairperson, I would like to ask the Minister as well, how much money there is in the Mining Community Reserve Fund.

Mr. Neufeld: The Member for Flin Flon says he no longer wants to discuss the negotiation that went on and then goes on to discuss at length the negotiations as he might have done it, or possibly as we should not have done it. I ask the Member, which condition should we have withdrawn? Should we have withdrawn the conditions that the severance pay be met, or should we have withdrawn the condition that the other creditors be paid? I suspect that the Member for Flin Flon (Mr. Storie) has gone to the Member for Churchill's (Mr. Cowan) school of negotiations. I do not understand him at all.

There is approximately \$9 million in the Community Reserve Fund.

Mr. Storie: There is \$9 million in the Mining Community Reserve Fund, and obviously the Minister has not committed anywhere near that amount of money to support the community at this time. He also continues to say that where there is need—the Minister continues to be very reactive to situations, whether it is the negotiations or the trauma that is in Lynn Lake, and continues to say, well, when someone comes to me, I will do something. I want to know whether the Minister can table with us any analysis of what the needs might be for the community of Lynn Lake over the next 18 months, the next six to 18 months. Has the Minister done any anticipating?

Mr. Neufeld: Well, I am sure that the Member for Flin Flon does not want us to make a grant of any amount to the community without a need being demonstrated. I am sure he understands that taxpayers' money has to be accounted for, and the Government in its spending must be accountable. That may be strange for him, but that is the way we came into power.

We feel that we are accountable for the monies and, if there is no need, I do not think we should pay out the money. I have said from the start if a need can be demonstrated, we will be there helping, but until there is a need demonstrated—if the employees get a substantial amount out of their vacation pay, should we still pay them the monies equal to their taxes, or should we give them a grant equal to their taxes? What would you expect? I would expect that if they get a substantial amount for vacation pay or severance pay or both, that we should not pay their taxes. That is, we should not make an automatic grant for tax relief. That should be on demonstration of need.

Mr. Storie: Mr. Acting Chairperson, I do not know whether the Minister intentionally misunderstands or whether he continues to be confused about what the company's obligations are, what we are asking the Government to do as part of their obligation to these people.

The fact of the matter is, the question I asked the Minister is whether he had anticipated any need. What is going to happen? What I am asking the Minister is, has he or his staff made any attempt to look at what the future looks like for the people of Lynn Lake? How many people are going to be in school a year from now? How many staff are they going to need? What

are the hospital needs going to be? How many people are they going to reduce? How many businesses are going bankrupt? How many people are going to be left there to support the business infrastructure? How many stores are going to be closed? What is the population level going to be? Those are all problems that I can predict right now without having any access to any of the information the Minister has access to. There are a whole series of problems coming for that community.

I am willing to bet this Minister has not said one word to his staff about what the future is going to look like and what needs they are going to have and how he is going to address them, how he is going to respond, and whether there is something he can do in advance of those small but continuing crises to assist the community, to soften the blow, to make life easier. Is there anything that he has done in that regard?

Mr. Neufeld: There is not one problem that the Member for Flin Flon suggests that we have not anticipated. It is the answers that are hard to come by. It is easy enough to sit here and suggest the problems. We have to find the answers, and we are in the process of looking for answers. We are in the process of dealing with the community itself. We are in the process of dealing with the workers and the community to find answers, but to expect answers for something that is going to happen 18 months hence today, I think is being a little unrealistic.

Mr. Storie: Mr. Acting Chairperson, I was not asking for answers for problems, what I was asking was if he had done any thinking about it. Can he tell us what problems are going to exist? Are there any ways that those problems can be avoided? I referenced the school. I mean, there are at least a half-a-dozen potential ways to prevent the enrollment losses that are going to naturally occur if the Minister does not do anything. I mean, what I am trying to find out is if the Minister has developed any sense of being proactive and trying to anticipate problems and deal with them before they become overwhelming. The Minister's answer is obviously no.

Mr. Acting Chairperson, the community has received some assistance from the Minister of Rural Development (Mr. Penner). That money comes from the Mining Community Reserve Fund? That was what was indicated earlier. Can the Minister indicate whether the municipality has asked for any ongoing assistance from the Community Reserves Fund, other than the lost revenue?

Mr. Neufeld: The \$243,000 will approximately, I understand, make up their budget for the rest of this year, their revenue budget. They have not to my knowledge asked for any additional assistance at this time. It is my understanding the Department of Rural Development and the community will be looking at preparing their budgets for the coming year. In that they will have to recognize some downsizing, and I should think they will be coming back with that in due course.

* (2140)

Mr. Storie: Mr. Acting Chairperson, I heard part of an interview with the mayor of the community this evening in which he suggested the community was going to be looking for support. Either they have already made the request, perhaps to the Minister when he was in town but perhaps through other sources as well, for assistance for operation of their recreational facilities, particularly their curling rink. Is the Minister prepared at this point to indicate whether money might be available to support those activities, at least on the short term, while the community re-establishes itself?

Mr. Neufeld: We have indicated to the community that we are prepared to fund the revenue shortfall to the extent it is needed. To that end, we have advanced some \$243,000.00. Now, I am not aware or I am not certain whether the company funded any other activities for the town but, if indeed there are monies needed for the community club, it is something we have discussed in our committee meetings. I should think that, if the monies are needed to fund the community club and the curling rink, the request will be looked upon with favour.

Mr. Edwards: I must apologize I have not sat through the entire Estimates in this department. Can the Minister indicate what amount of money is presently sitting in the Mines Reserve Fund?

Mr. Neufeld: I have just told the Member for Flin Flon (Mr. Storie) it is about \$9 million. I think it is \$9 million plus some change.

Mr. Edwards: Can the Minister, specifically, tell us what the purpose of that fund is?

Mr. Neufeld: It is to assist communities in distress, as LynnGold is now.

Mr. Edwards: That is its only purpose?

Mr. Neufeld: We have also, in the past, funded some other activities like economic development officer, tourism officers. It is not something we have done a great deal of, but we have done it in the past.

Mr. Edwards: Aside from this payment of \$243,000, what monies have been paid out of that fund in this fiscal year?

Mr. Neufeld: Approximately \$49,000 to the community of Leaf Rapids, and about—there was an amount to the City of Flin Flon, I am not quite certain. That may not have been in this fiscal period. It may have been last year, both of those may have been last year, so this \$243,000 may have been all of it. But in total, since we took office, we made one payment to Leaf Rapids, I believe, for \$49,000 and one payment to Flin Flon—do not hold me to it—in the area of \$25,000 or \$30,000.00.

Mr. Edwards: Presumably that \$9 million sits in some form of interest-bearing accounts. Can the Minister indicate how much interest is earned per year on that account?

Mr. Neufeld: The money sits with the Minister of Finance (Mr. Manness), and I believe he pays interest equal to the interest he pays on his other borrowings.

Mr. Edwards: Would it be safe to say that would be in the range of somewhere between 8 percent and 10 percent? Can the Minister give any indication as to what roughly that percentage would be and therefore what figure we are dealing with in terms of interest earned on that fund per year?

Mr. Neufeld: It would be in that area, in the area of 10 percent. I do not know what interest rate the Minister pays, but it would be somewhat less than the prime rate the banks charge.

Mr. Edwards: So without dipping into the principal amount, there is \$900,000, roughly, per year available in this fund of which in this fiscal year \$243,000 has been paid out. Have I got that correct?

Mr. Neufeld: We did pay some out I am told for tailing research at Sherridon, but that was a minimal amount, \$25,000 to \$30,000.00.

Mr. Edwards: So there is a minimum of approximately \$600,000 available in interest for this fiscal year. That is money which would simply be added to the principal at the end of this year for payments in exactly this type of situation.

Mr. Neufeld: I think that arithmetic is right.

Mr. Edwards: I want to reference an answer the Minister gave in response to a question on October 27, the very day that LynnGold proposed bankruptcy, filed their proposal. He said: 'I said yesterday and I will say again today, the decision to keep the mine open or close the mine will not be that of the Government. It will be that of the company, and I think it is out of respect that we must wait for them to make the decision and for them to make the announcement.' Did the Minister know at that time that in fact they had filed a proposal in bankruptcy and, if so, when did he first know they were going to definitely file for bankruptcy?

Mr. Neufeld: That was on October 27. We did not know, we probably were advised on that date by letter that they were going to. I cannot now recall what day I first had knowledge of their intent. They may have phoned us and told us or they may have written us. I cannot now recall. I am told it must have been after October 27.

(Mr. Chairman in the Chair)

Mr. Edwards: Can I then assume the company did not inform the Minister of their meeting on October 25 when they decided, in fact, to file a proposal in bankruptcy. That decision, made October 25, was not communicated to the Minister. Is that correct?

Mr. Neufeld: I am not aware of any—who held the meeting on October 25?

Mr. Edwards: Just for clarification, the directors of LynnGold held a meeting on October 25 at which they

decided and made the decision to file a proposal in bankruptcy. That decision was not communicated at that time to the Minister, is that correct?

Mr. Neufeld: I cannot—I am told that is correct. It was not communicated to us at that time. I think, as I recall, our first knowledge of the bankruptcy was when we received the proposal from the receiver.

Mr. Cowan: Mr. Chairperson, the other evening we had a discussion with the Minister respecting a new analysis that had been done of the Mingold gold reserves. At the first committee hearing, the Minister clearly stated that he did not know of any analysis, that none had been done is actually what he had indicated.

At the next committee meeting, we informed him that we had indeed found out from reliable sources that a study had been done. He confirmed that in fact he had been wrong the day previous and that there was a study which had been done, but would not tell us the amount of depletion that the new study indicated in the gold in the orebody at the Farley Lake deposit.

We have now been informed that it is about 30 percent less gold, according to the new study. Can the Minister indicate if that is the case?

Mr. Neufeld: Mr. Chairman, the difficulty here is that you deal in quantity and you deal in grade, and to make comment or statement of 30 percent reduction would be very difficult to do. The Strathcona people, in arriving at their conclusions, decided their own numbers were better than that of this new report, or more reliable than that of this new report, and used their own figures in arriving at their conclusions.

Mr. Cowan: Then it is not the case that this information became available after the Strathcona Report had been released publically or completed?

Mr. Neufeld: The Strathcona people, in arriving at their conclusion, had access to the report, but in their review decided the figures they had previously were more reliable and used those figures in writing their report.

* (2150)

Mr. Cowan: So before Strathcona completed its report, it had access to these new figures which showed approximately 30 percent less ore at the Farley Lake deposit than was indicated to be the case in their report. Is that what the Minister is saying?

Mr. Neufeld: I had never said there was any decrease in the value of the deposit. We are talking value, we are not talking decrease of ore quantity. We are talking total value, and in arriving at their conclusions, Strathcona, who are more knowledgeable in mining than I am and I am sure than the Member for Churchill is, decided their figures are more reliable and I will accept that decision.

Mr. Cowan: The second report—let us call it the second report before we can get the time line established because I am having some difficulty doing that with

the Minister. The report which became known to us just the other day was a report that was commissioned by MMR and Mingold jointly. Is that the case?

Mr. Neufeld: Yes.

Mr. Cowan: When was that report commissioned?

Mr. Neufeld: Sometime earlier in 1989.

Mr. Cowan: Can the Minister be a bit more definitive than that?

Mr. Neufeld: We will have to talk to the president of Manitoba Mineral Resources and I will get that information for the Member tomorrow.

Mr. Cowan: When the Minister is given that information, can he also obtain from him the date upon which that report was completed and forwarded to Strathcona Minerals?

Mr. Neufeld: Yes.

Mr. Cowan: Will the Minister also provide us with his definition of how the orebody could be determined to have 30 percent less gold and yet not have a decrease in its value?

Mr. Neufeld: I do not think I have acknowledged any percentage decrease, so I cannot provide you with an opinion.

Mr. Cowan: Can the Minister then contradict with any authority the figure of a 30 percent decrease which was provided to us again by a very reliable source. We can go back and confirm if necessary, but I can tell you it was a source directly involved with the report.

Mr. Neufeld: All I can say is that I have confidence in the reports written by Strathcona Resources. They have qualified people. They have knowledge of that orebody. They reviewed the second report and decided the figures from their original report—and in total there have been some four reports on this, four different studies—were more reliable than this second report. I will accept, as I said before, the opinion of those more knowledgeable in the area than I am.

Mr. Cowan: Who did the second report? What company?

Mr. Neufeld: We had the name of that company the last time and I cannot recall the name of the company now. You gave it to us and we confirmed it, so you should have the report. You should have the name. I do not know the name of the company.

Mr. Cowan: Does the name Roscoe Postal ring a bell with the Minister?

Mr. Neufeld: If you know the name of the company, why go through this charade?

Mr. Cowan: It is not a charade. What I am trying to do is make certain that we are indeed talking about

the same report because the Minister is very unsure of himself, very vague. Either he does not know or he is trying to hide what he does know, and I do not know either to be the case. The fact is, he is making it very difficult for us to confirm this information in a report that was compiled with public money, which was done on behalf of Manitoba Mineral Resources and on behalf of Mingold, and done by a company which one would hope they would have some confidence in. Otherwise, they would not have given that company the task of determining what the orebody was at the Farley Lake deposit.

So the fact is that I do not know, because the Minister has not been very forthcoming, if we are indeed even talking about the same report. He will not tell me what figures were included in the report, about which he knows. I am, at least, asking him to tell me if it is in that instance Roscoe Postal that did the report.

Mr. Neufeld: I think I have already said that is the name of the firm. I repeat for the Member for Churchill, we have to accept the opinion of Strathcona Resources in that their figures, the ones they used in their report, are more reliable than the ones used in the second report.

Mr. Cowan: Why?

Mr. Neufeld: I think they were talking technical matters here of which neither you nor I are very conversant with. We have to accept, for technical details, the opinions of those who are qualified in that area. I am prepared to do that, and I would have expected you might be as well.

Mr. Cowan: Maybe we would have been, had we known there was this report, or had when we first found out that there was this report which was kept from us. I do not know if that was intentional or unintentional, if it was done with some purpose in mind by the Minister or the president of MMR when we had them before committee, or whether it was just an oversight on their part. The fact is, it does make us somewhat suspicious. Then when we do find out that there is this report that was not before known to us, we asked if there is a report. The Minister says no, there is not a report. We go back and check our sources, and our sources indicate that yes, there is such a report. So we come back here and ask the Minister, is there a report. He says, oh yes. Now, today is a different day, and today there is a report when yesterday there was not a report. It is like the \$24 million that bounces around like a bouncing ball whenever the Minister speaks.

So then we ask the Minister, well, what was the decrease in the orebody according to this before unknown report, or at least the report that was unknown to us? And he says, we do not know. So we go back to our source and the source says that the decrease was in the area of 30 percent. We come back to the Minister and we say -(interjection)-

Some Honourable Members: Oh, oh!

Mr. Chairman: Order, please; order, please.

* (2200)

Mr. Cowan: Well, the Minister for Rural Development (Mr. Penner) says they do not like a certain individual in Lynn Lake. I can tell him that he is not endeared to the hearts and minds of those in Lynn Lake today, particularly after his meeting today, particularly because he is part of a Government that has so badly bungled this whole episode. They have put an entire community out of work and essentially destroyed it unless some turn of events takes place now. That will be no credit to the Government if it does happen.

An Honourable Member: Prop up the gold prices.

Mr. Cowan: The Minister of the Environment (Mr. Cummings) goes back to the old red herring of propping up the gold prices. No one asked this Government to prop up the gold prices. All they asked this Government to do was to negotiate fairly, confidentially and in good faith, and that this Government did not do. This Government totally rejected its opportunity to provide some leadership in this area and to strike a deal that would benefit not only the community but the province as a whole.

He has to assume a great deal of responsibility for that as well. It is not just the Minister of Mines, although we target most of our criticism toward him. Perhaps that is unfair in a certain respect because he has told us already today that he had nothing to do with the fact that you will not give tax relief—and when I say you, I look directly at the Minister of Rural Development (Mr. Penner)—to the community when they request it. He said that was your decision, and your decision unto yourself—(interjection)—Well, now it gets interesting because now the Minister of Mines (Mr. Neufeld), from his seat, clarifies himself when he says that it was the Minister of Rural Development's decision, but not his decision unto himself.

Perhaps we can go back to that issue and ask the Minister of Mines if he gave any advice to the Minister of Rural Development with respect to that particular decision.

Mr. Neufeld: I have given no advice to the Minister of Rural Development (Mr. Penner) with respect to his decision.

I want to comment on one other thing. Much has been said about the Farley deposit and the technical details of studies that were done with respect to it. I think it has to be remembered that Farley deposit is owned by Manitoba Mineral Resources, 55 percent, and Mingold. Manitoba Mineral Resources is a Crown corporation but it is not their report that we are here to review. We are here to review the report for the Department of Energy and Mines.

The Department of Energy and Mines does not have knowledge of what happened to the Farley deposit studies. That is a question that should be asked of the president of Manitoba Mineral Resources. It is unfair to ask that question of staff here or of me now. I accept your request for it, and I will get the information.

Mr. Chairman: Shall the item pass—pass.

The hour being 10 p.m., committee rise.

* (2000)

SUPPLY—NORTHERN AFFAIRS

The Acting Chairman (Mrs. Iva Yeo): This section of the Committee of Supply will come to order to continue considering the Estimates of the Department of Northern Affairs. When it last met, the section was dealing with item 1.(b)(1)—the Honourable Member for Niakwa.

Mr. Herold Driedger (Niakwa): To continue where we were last time, we had an unspoken agreement that we would continue to ask questions in general topic areas rather than going line by line, and I would like to follow up on a few points which were raised by the Minister of Northern Affairs (Mr. Downey) in his opening address. He referenced a few points and I would like to ask a few questions on that.

With respect to the Northern Flood Agreement, the Minister referenced that global negotiations had begun. Is this process something which was come to by agreement with all the groups concerned? Rather than going the arbitration route, you were going to basically have a series of negotiations or one global set of negotiations would come up with a final settlement, or was that agreed to by all parties?

Hon. James Downey (Minister of Northern Affairs): Madam Acting Chairman, yes.

Mr. Herold Driedger: This is just because I have had some questions brought to my attention by some of the people involved. On these negotiations, when an agreement has been reached, is this agreement binding on all four parties, or is this a situation whereby individuals may decide they do not like the agreement and nothing is going to happen, so basically they will go back to what they had before?

Mr. Downey: It is unfortunate that the Member has not been paying more attention to the activities which have been going on as we have been talking about it. I will try to be helpful to my friend and colleague.

The four parties agreed to put in place four senior negotiators, and before the conclusion and/or anything which would be advanced, I would expect that all four parties would agree to those negotiations. That would be my understanding, and that is my understanding of what is in fact taking place—four parties to the agreement. Before a conclusion to that agreement would be reached, the four parties would be in agreement through their negotiators.

Mr. Herold Driedger: I thank the Minister for that bit of clarification. I know what the term "negotiation" means as well. I am just wondering whether or not everybody within the process—and I am not talking just from the Government side, Hydro side, but rather from the Northern Flood Committee side as well. Is everybody in that particular group also in agreement with that? I guess when you negotiate, you normally

end up not always getting everything that you want. Sometimes we have to compromise, and I think that is something a negotiator understands.

I am just wondering if one of the Flood Committee bands, say, is not satisfied with the process, is there a contingency plan that is in place, or is a settlement or—no, I guess agreement could be involved with negotiations. If one of the groups is not pleased with the situation or decides that the negotiations are not going their way, is there a contingency plan whereby Government might come to a decision that imposes a will of some sort?

Mr. Downey: Madam Acting Chairperson, as I understand it, the five Northern Flood Committees entered into negotiation by hiring a senior negotiator who was to represent those five bands. We have a senior negotiator, Hydro has a senior negotiator, and the federal Government has a senior negotiator. It is my understanding that those senior negotiators are representing all the groups that they are hired to do. So I cannot answer specifically on behalf of the Flood Committees that are involved, but I would expect that when their negotiator speaks, he speaks for the five chiefs that are on the Northern Flood Committee.

Mr. Herold Driedger: Is there any contingency being planned for, should these negotiations not bear fruit at all? I understand that before the negotiation process began, as it is now with senior negotiators for all four interested parties, individual claims were settled by arbitration and it essentially depended upon each individual claimant making his/her case. Is there any contingency within the department as to what to do, should these negotiations not bear fruit?

Mr. Downey: Madam Acting Chairperson, that is strictly and totally hypothetical.

Mr. Herold Driedger: I understand it is hypothetical, but we are dealing here with something that has been going on for a long time. I would think that people are entitled to know whether or not the process can have a solution or will have a solution one way or the other. I assume, as we all do, that when you have people negotiating and they are negotiating based upon a set of conditions or set of ideas, eventually an agreement will be reached. But sometimes negotiations do not bear fruit. We see this in labour negotiations. We sometimes call in an arbitrator. We sometimes call in for outside assistance. I am wondering if the Minister has either a policy, or whether there is—other than the comment that it is a hypothetical situation. Because it is hypothetical, we are looking forward to a possibility that may happen. I do know that in other labour negotiations this is something that is available and is thought about ahead of time because sometimes negotiations do fail.

Mr. Downey: Madam Acting Chairperson, I made a comment earlier that the question was hypothetical. Let me just give a brief history for the edification of the Honourable Member opposite, and I am sure the Member for Rupertsland (Mr. Harper) will want to join in or confirm or deny some of the things that I may

want to say. I will try to be brief and keep it to the point because I think it is important that we do, that the Members clearly understand this.

* (2010)

On being elected almost two years ago now, spring of this coming year, we found that discussions and negotiations between the Northern Flood Committee and the previous administration had not gone very well. It was signed in the fall of 1977, the Northern Flood Agreement, and we have come to the time some 12 years later when the community people had seen very little compensation from the Flood Agreement.

It was a commitment by our Premier and by our Government to put in place a senior negotiator, that the bands would put in a senior negotiator, Hydro would do the same, and so would the federal Government. That was done, Madam Acting Chair. As well, to show that the Government of Manitoba meant what they were saying in good faith, we advanced \$10 million to the Northern Flood Committee, and that money probably was some of the first money that had a major impact in those communities.

I hope the Member is clear. I am telling him what has happened to date. The hiring of those senior negotiators has put in place at the senior level, negotiations to try to get a final resolve both in financial reward and land settlement which has not been done. Progress had been very minimal. People in those communities had not seen the benefits.

I can tell you who has seen a lot of benefits, and that is the legal profession in this country and the consultants. We through our Government made the determination that enough was enough, that the people deserved to have settlement and resolve of this issue. So I will bring the Member where it is to date. We have had very positive negotiations and discussions among the four people involved, the four units: the bands, the province, the Hydro and the federal Government.

It is in, I would say at this point, a delicate situation. I am aware that the Members have had discussions with some of the councils of one of the communities. I say, with the best interests of those communities in mind, that I would not want to get off into a political fight on the issue here and have what I would consider a degeneration of the positive discussions that have taken place.

That is why the protocol as far as I am concerned is to leave with the negotiators the job of doing what they were hired to do, that is, to get a global settlement prepared for us as principals. At this particular time, and I say it straight out, I am waiting for a response from those senior negotiators. I hope Members opposite would be of the same mind, and I hope the Member for Rupertsland (Mr. Harper) would be supportive of this, that it is time to get the land issue resolved and to get the financial reward issue resolved so the people in those communities can get the benefits. I say without speculating into the future whether it is going to be accepted or whether it is not, the protocol as far as I am concerned is to deal with the senior negotiators and wait for the report back. I am hopeful that it is positive.

Mr. Herold Driedger: I thank the Minister for that lengthy answer and the history. I quite agree. Just to summarize then, it is his belief that the negotiations will reach an agreement that will be satisfactory to all parties.

Mr. Downey: Let me repeat for the Member. We have each hired a senior negotiator. It is my hope that those senior negotiators will be able to put together the finalization of a settlement that all parties can live with. When I say all parties, the protocol is the province, Hydro, the federal Government and the five bands that have made the decision through legal agreement to work together to a resolve of the Flood Agreement. That is why we have entered into it. When one looks at what we have paid in, Madam Acting Chair, the province has probably put in, with the \$10 million we have put in, some \$22 million from the provincial taxpayers, and I feel the majority of that should be going to the residents of those communities. Unfortunately, a lot of it has not. The first \$12 million—a lot of it did not.

I just want to make it absolutely clear that I have faith in the Northern Flood Committee, I have faith in Hydro, I have faith in the federal Government's negotiator and our negotiator. When more can be disclosed or when we are through negotiations and if it is not accepted, then the Member will know. If it is accepted, then the Member will know also, but I do not want to derail or to cause problems in the negotiations that are currently taking place.

Mr. Herold Driedger: It is not my intention to prejudice those negotiations either.

One last question on this topic, Madam Acting Chairperson, in the Flood Agreement, the Government has just announced or has signed a deal with Ontario regarding the Conawapa Dam. Is this in any manner, shape or form, the Conawapa project itself, a part of this global negotiation package, or is that a completely new area of concern?

Mr. Downey: As far as I understand it, it is a completely new area to be dealt with and it is not tied to the Northern Flood Agreement settlement.

Mr. Elijah Harper (Rupert's Land): I guess I will continue with the questioning on the Northern Flood Agreement. I do not want to prejudice the negotiations myself. Could the Minister clarify? You said you have a legal agreement in place in respect to the global negotiations. Is that correct? Is there an agreement in place to achieve that global negotiations are going? Is there a legal agreement amongst the four parties?

Mr. Downey: No, the only legal agreement was the one that was signed in 1977. What is currently in place is an unwritten agreement between the four parties to get to some final conclusion, a resolve to an agreement that, as I have pointed out and I think the Member is well aware, has not totally been missing the mark, but a lot of community people have not been getting the benefits. That has been the continual criticism I have had. Legally, there is the 1977 agreement between the

four parties. Currently, there was an agreement between the Flood Committee, the Hydro, the federal Government and the province to use four senior negotiators to try to get a final resolve to this long outstanding problem for the Northern Flood communities.

* (2020)

Mr. Harper: I just want to reply to the statement that the Minister had made when we were dealing with the negotiations when we were in Government. We would like to think that we were doing quite well in negotiating with the bands. As a matter of fact, the negotiations that he talked about in trying to achieve the \$10 million advance was the time when we were going through an election, and I believe we also indicated that after the election we would pursue that.

I would like to ask the Minister, are there any conditions or anything attached to the \$10 million that was advanced to the Northern Flood bands at all, or is that to be applied against the final settlement that is to be reached? Could the Minister answer that?

Mr. Downey: Yes, it is to be applied to the final settlement.

Mr. Harper: The Minister has mentioned that we had been talking to one of the communities outlying. One of the concerns they had: was the Government bringing in any kind of legislation respecting Northern Flood? Is there any indication or any purpose in bringing in legislation with respect to the Northern Flood Agreement because they had asked me that? I would like to clarify that—maybe it was just a rumour—just to put it to rest.

Mr. Downey: I thank the Member for that question. It would be my hope that through mutual agreement a resolve is accomplished between the four parties and at this point I see no need for legislation to be introduced. There is not legislation on the Order Paper. I am not proposing at this point any legislation.

Mr. Harper: I thank the Minister for that answer. I believe it would not be in the best interests of the bands to bring in legislation. I think this would be negotiated with all the parties concerned.

The other question I would like to ask of the Minister—I know that modern-day treaties are protected under the Constitution. Does he consider the Northern Flood Agreement as a modern-day treaty that would be recognized under the Constitution?

Mr. Downey: Madam Acting Chairperson, I consider the Northern Flood Agreement a legal agreement between four parties.

Mr. Harper: Yes, I know it is a legal agreement, but I wanted the Minister to answer that question in regard to whether this could be considered a modern-day agreement. I know that land claims under the Constitution could be as a modern-day agreement, so I wanted to know from the Minister whether he considers that or not.

Mr. Downey: I am not absolutely clear on the question. The Northern Flood Agreement is a legal agreement between four parties. I do not see it as being anything more or anything less than precisely that.

Mr. Harper: The reason I asked that question of clarification was that treaties are protected under the Constitution, and also under land claims and other agreements that are reached with the federal Government and provincial Government. The land claims are recognized and protected under the Canadian Constitution and so forth, so I wanted to get the facts on record as to whether this Government or this Minister would recognize the Northern Flood Agreement as a modern-day treaty which is worded in the Canadian Constitution. I would appreciate if he would take this as notice and maybe report back to me later if he is not sure.

Mr. Downey: I would say again to the Member that this is a contractual agreement, not a constitutional agreement.

Mr. Harper: I will take his answer then, and then maybe follow it up later.

On the negotiations that are taking place, I wanted to know if a final offer is being discussed at this time, whether it is still in negotiation with all the parties or whether actually a settlement, a final offer, has been offered to the bands. Is that on the table now, or is it still at the discussion stage?

Mr. Downey: As I indicated earlier, there is a land issue and a financial issue. There is a range of which is being discussed. The Honourable Member, Madam Acting Chairperson, indicated he did not want to jeopardize the negotiations, and I would feel by getting involved in discussion of the specifics of negotiation, it could in some way prejudice those discussions that our senior negotiators are having. I say there is a range and that is all I can say at this point.

Mr. Harper: I did indicate to the Minister that I did not want to prejudice the negotiations. All I wanted to know was whether negotiations are continuing. I do not want to get a specific amount of dollars that are being offered to the bands. I just want to know whether these discussions are ongoing or whether at this time the offer has been made. I know that in dealing with land, this is a matter which would take a long time, but I want to know as to the status of the negotiations.

Mr. Downey: Let me make a general comment, Madam Acting Chairperson. As far as I am sure the Honourable Member for Rupertsland (Mr. Harper) is concerned and the Member for Niakwa (Mr. Herold Driedger) is concerned, and hopefully they see for far too long the dragging on of this—and I think I saw the heads shaking in the affirmative when I said the communities were not getting the benefits out of a lot of the monies that were spent but a lot of the legal firms and some of the consultants. I have great respect for lawyers and consultants, but I also know that there are people out there who have expected for some time now some

resolve to the issue and for them to get some of the direct benefits.

They are in active discussion at this particular time. I would hope before too long that the negotiators would be able to come back with a report that is positive. However, that is all I can say at this point.

Mr. Herold Driedger: I would have to concur with the Minister's last remarks. I do not think anybody here wishes to prejudice the negotiations that are presently going on. I believe we all recognize the difficulties that we have had in the past. We have also recognized, as he so eloquently said, that the people who are getting wealthy on this are the lawyers and the consultants and not the people directly concerned. I think we all wish to see that rectified in one way, shape, or form.

Because—and I expect concurrence with this as well in this comment—there has been this view of the process as not benefitting the people directly impacted but benefitting others, there is some understandable concern on their part. If we reflect some of that concern as best we can without actually getting into the negotiations, I think the Minister will understand that we are simply doing what is best for a constituency that has not been served well in the past by virtue of all the problems they have had to contend with. I think every Government has made an attempt to try and come to some grips with this, but it has taken longer than these people wanted.

If I may go on to a totally new area for the time being and I think a much less sensitive area of questioning, just to put these questions into context, the Government announced recently that they were embarking on another round of decentralization. When it comes to taking a look at areas where decentralization can occur, we often look at departments that have responsibilities in many different parts of the province.

In that respect, the Department of Northern Affairs fully fits that bill. I recall in the first term of office a considerable amount of decentralization occurred in Northern Affairs. You opened up offices in Thompson and The Pas and other places and really we could probably benefit. I am giving the Minister a chance to actually extol the virtues of decentralization here and actually to allow him to put some very positive comments on the record, and I am sure he will take advantage of the opportunity I am giving him.

* (2030)

What I am really trying to get at is if he would give us an idea as to the costs with respect to transportation, because we do know that when you decentralize and when you have to bring people to meetings, particularly when Winnipeg is the central place and a lot of people must come to meetings, other departments that are perhaps trying to do the same thing can take benefit from the experience that Northern Affairs has had and perhaps read into some of their lines what they may have to budget for, given the fact that the transportation costs should rise.

When the Minister stands up to answer this question, I really would like him to address several points: (a)

I guess he can weigh the benefits of the decentralization against the costs of transportation. (b) I guess he should also weigh the benefits of the decentralization with respect to the ability of the department to service its programs and to service the area it is supposed to provide the benefits to. (c) Also, if he would spend some time in cautioning other departments perhaps into moving into this area as to what some of the downsides are as he sees them.

Mr. Downey: Madam Acting Chairperson, I have to resist temptation in the interest of making sure the Members opposite do get an opportunity to ask as many questions as possible, so I will try to keep my answer fairly short and specific. We have some 56 communities under the responsibility of the Northern Affairs Department. Eighty percent of our staff, which provide services to those communities, are outside the City of Winnipeg—80 percent. Thompson is the centre for the Northern Affairs Department as it relates to the delivery of technical services to the communities, economic development opportunities, local Government opportunities and financial support for the funds which are dealt with. So let me say, seeing that Thompson is virtually in the geographic centre of Manitoba and the communities that are under the jurisdiction of the—(interjection)—

Now to conclude my remarks as they relate to Thompson being in the geographic centre of Manitoba, it is the most cost-efficient way of delivering services to those communities. Yes, it costs money to fly from Thompson to Winnipeg or to drive from Thompson to Winnipeg, but it also costs money to go from Winnipeg to Thompson. So I think we should call it a draw, really because of the delivery, the amount of activity that is going on in the North and the fact that 80 percent of our staff are in The Pas, Thompson, and our northern regions, Madam Acting Chairperson. The cost effectiveness is there, and the service is better delivered from those points outside of Winnipeg.

Mr. Herold Driedger: Madam Acting Chairperson, I notice when I look at the line items of your department, Mr. Minister, the transportation line has a very hefty component to it because it does take into account this aspect. If I can just take a look at going back to the question I asked him last week, the Native Affairs Secretariat, which discharges quite a few responsibilities as he referenced in the negotiations and things like that, has a \$43,000 component to the Transportation section. Does this mean that the Native Affairs Secretariat people are expected to move around the department to carry out their responsibilities? Is that what that line item is for?

Mr. Downey: Madam Acting Chairperson, the Member made reference to transportation. Not only are we talking about transportation costs between Winnipeg and Thompson, Winnipeg and The Pas, but we are talking about travelling from Thompson to those communities, which is in a lot of cases by air, and the provision of services by air to those communities from the department. Because of the northeast region, without an all-weather road, most of those communities have to be accessed by air. It is not just the

transportation cost to and from Winnipeg as it relates to Government, but from the central region of, say, Thompson to some of the smaller communities.

The second question the Member referred to is the travel expenses as they relate to Native Affairs. We are dealing with some specific issues as they relate to Native Affairs, and some of the meetings again take place in Thompson and The Pas. We have a lot of activity going on in that area. It is understandable that we should take the people to the communities rather than have the communities come to the central office all the time.

Mr. Herold Driedger: Just to summarize then, the secretariat, not necessarily all 10 people in the department, but the secretariat then spends a great deal of its time in the communities liaising with respect to its particular responsibilities.

Mr. Downey: Yes, Madam Acting Chairperson. I know, for example, that we have had some discussions taken place as they relate to gaming, taxation, Child and Family Services issues, which we are working co-operatively with the Minister of Family Services as it relates to the Native children. There is a fair amount of travel, as there is on certain issues as they relate to matters in Ottawa. That is the travel budget which is used for that purpose.

The Acting Chairman (Mrs. Yeo): Shall the item pass—the Member for Rupertsland.

Mr. Harper: I wanted to go into another area. This is in regard to the Treaty Land Entitlement. Could the Minister provide us with the up-to-date report on that, where the Treaty Land Entitlement is at and whether there is any continuation of the negotiations?

Mr. Downey: Madam Acting Chairperson, there is a desire by the Government to proceed on the issue of Treaty Land Entitlement. However, the Member is well aware of the fact that the federal Government backed away from the table when he was the Minister, when he was close to having an agreement on it. At this point, we are prepared to deal with it as an individual band comes forward to lay their case before Government. We are prepared to take up their case specifically with the federal Government as it relates to the land claims.

As an overall resolve to the land claims issue, I have to say that the position has not really changed or I have not been informed by the federal Government that the position has changed, that they are prepared to go back and do it on a blanket basis, but we are prepared to advance band by band their issue of land claims settlements. There are not any major settlements under Treaty Entitlement before us and/or the federal Government at this time, although I am as Minister prepared to advance on a global basis again as soon as we can get the federal Government to come back to the table.

* (2040)

Mr. Harper: Madam Acting Chairperson, I know that the federal Government would want to approach this

issue on a band-by-band basis. I think that is their policy. I think if they would change that policy and I have asked that they would take up the negotiations on a band-by-band basis. I did ask the Premier (Mr. Filmon) some time ago whether there has been any change in policy in respect to how this Government is approaching the Treaty Land Entitlement issue. The response that I received from him at that time was that they would carry on the global negotiations, the whole Treaty Land Entitlement, bands would be negotiating as a whole. To me, the Minister indicating that they are ready to negotiate on a band-by-band basis is a change of policy. Whether that has been announced to the bands or not, whether the federal Government has had any influence in respect to this Government, I would like the Minister to explain whether this is an ad hoc policy, whether this has been a reversal of the policy that the Premier enunciated some time ago.

Mr. Downey: I want to make it very clear to the Member that there has been no change of policy. I concluded my remarks that we were prepared and that we still want to have a global settlement as it relates to Treaty Land Entitlement. However, if a particular band comes forward—and if I did not indicate it to him clearly enough I will do it now—it is our intention to at least sit down and discuss with those individuals bands what their situation is. I do not think it would be fair to neglect them and ignore them. Really that is what I was trying to explain. It would be our hope to get a global settlement with the federal Government as it relates to all the bands in the province under the policy which the Member is referring to under his Government.

I guess I would have to do a little more study and research as to why he failed. I am not criticizing him. I think he was prepared to go ahead, the former Government was. It was the federal Government that backed away from the table. Now he was not able to get them to sign it. He was not able to get them back to the table. I guess if he wants to say that I am not better than he, then I am prepared to put myself in that category as it relates to the Treaty Land Entitlement settlement issue.

Mr. Harper: I am sure the Minister could speak for himself, and also what position he takes will determine that by the people. Surely, the policy that this Government is prepared to talk to individual bands has not been enunciated by him whether the bands are ready to follow that process. I know that some of the bands would have to deal with the land issue, but whether that could be settled totally would jeopardize the other bands.

The best course would be to get at least the bands back at the table to discuss the strategy of how best to deal with the reluctance of the federal Government to continue discussions. As a matter of fact, we as a Government did pass an Order-in-Council to proceed with the Treaty Land Entitlement. Unfortunately, the Minister of Indian Affairs at that time, who was Mr. McKnight, did not respond to the Government or to me when I was Minister. He later responded to me. It was on February 26, 1987, that I finally received a response from him indicating that he was not prepared

to proceed with the agreement in principle which was reached by the federal Government, by the province, and by the Indian chiefs.

I was just wondering whether you as Minister would be able to provide some leadership, urging the bands to come together, and also start initiating some discussions at this time because land settlements are a priority in northern areas. It affects their economic development, their area development. It might very well affect the transmission line the province is trying to build. Now under that, the Treaty Land Entitlement Agreement, there are provisions where bands can agree for public access, for reserve lands, or for transmission lines, or for any public purpose.

If you do not have an agreement, you might have some problems if the whole land issue is not settled, not only that, but the whole development of the North. I think the bands would like to have their land settlement dealt with as soon as possible so they can proceed to develop many of the opportunities which are there. I was just wondering whether this Minister would initiate those discussions.

Mr. Downey: Madam Acting Chairperson, we meet on a fairly regular basis and I am quite prepared to entertain any subject which is to be put on the agenda by the Assembly of Chiefs and/or any individual band who want to discuss with me Treaty Land Entitlement. The issues which have been forwarded in a priority area have been child welfare, taxation, gaming and health. The Member is now saying Treaty Land Entitlement is another one which he as an individual has a major interest in. I too have a major interest in, because I believe it is incumbent upon the province and the federal Government, particularly the federal Government, to get this issue resolved.

Now I am not clear as to where the Member is coming from as it relates to the northeast hydro. I hope he is supportive of that development, Conawapa, the northeast hydro line, and the line which would go into some—that overland line which might go into seven communities. But am I hearing him correctly that he is saying he may not be supportive of that? He may see reason to not proceed with that. I am not quite clear on that, if the Member would want to clarify himself because there are some particularly seven communities there which need an overland hydro line which would give them the same kind of hydro service as every other Manitoban enjoys.

I would hope he would clarify his position. I do not anticipate—I say that to the best of my knowledge. It is our plan as a Government to do all of the environmental work which is necessary, that it is our plan to make sure that all the grass-roots people, the Native communities, the provincial communities, are fully aware of and can participate with employment opportunities, with training opportunities, as it relates to Conawapa and the northeast hydro line.

I see it as a major development, some \$5.5 billion, of which I would hope the Member would want the people that he represents to participate in that kind of an initiative. I know he was excited about it the day

it was announced because he came to me and clearly indicated it was time to go and meet with the community. Some of that has taken place, but I do plan to do it in a major way. I am not quite clear on what he is saying about how the Treaty Land Entitlement ties to the development of the Conawapa project.

Mr. Harper: I was not criticizing the northeast hydro line. As a matter of fact, we have been waiting for that for many years. What I especially said was that Conawapa, the Bipole 3 project going on the east side of Lake Winnipeg and also if you wanted to have access to the land, it seems to me that the bands are at least given the last priority in terms of the lands that they want. A lot of times when bands want to have any kind of development or a development is taking place, it seems to me that their concerns are not being brought up.

I think it is about time the whole question of the Treaty Land Entitlement is dealt with. Land that is due for many years, land that is not surveyed, land that they are entitled to, not necessarily by the provincial but by the federal Government because they turned the land over to the provincial Government and there are provisions, as the Minister knows, under the Natural Resources Transfer Act to provide land back to the Canadian Government so Canada can fulfil its Treaty obligations. So, in that sense, the bands in those areas need more land.

* (2050)

I would like to address those land issues so that the Minister would be clear as to where I am coming from. I was not criticizing the northeast hydro line, but certainly I would criticize the Minister at any time if the opportunities are not there. I just wanted to indicate to him that I would support him in bringing those Hydro projects to the people, but not at the total expense against the aboriginal people, but I just wanted to put that matter to rest.

Mr. Downey: Madam Acting Chairman, I feel a speech coming on that would maybe be better not to give, but I do have to give part of it anyway. Let me just look at the record briefly of where we have come from since our short term in office as it relates to northern Hydro development, Northern Flood Agreement development. Yes, the Member was unable to personally accomplish the Treaty Land Entitlement issue but maybe, if he were to come over to this side of the House and work with me, we could accomplish that. We would not be working at odds, Madam Acting Chairman, that he could help me accomplish some of the things for his community.

The Acting Chairman (Mrs. Yeo): The Honourable Member for Rupertsland (Mr. Harper), on a point of order.

Mr. Harper: Yes, I would like to sit on that side, but he would be sitting on the other side if I sat over there.

The Acting Chairman (Mrs. Yeo): The Honourable Member does not have a point of order. The Honourable Minister.

Mr. Downey: That really was not the way I had it figured out, and that is the problem with communication, Madam Acting Chairperson, and I will try to get my signals more clear to him.-(interjection)- I cannot repeat what he said. It was all aboveboard. Seriously though, I am proud of the record of this Government and the Member keeps alluding to the fact that he was going to do it, or they were working on it, but it is the final accomplishment that really counts. That is why I think it is important that my colleague give serious consideration to the record of the past administration and what we have been able to accomplish. I am prepared, and I have said this time and time again and I will say it now, to have the Member work with us in some of the positive activities as it relates to Conawapa, the Bipole, Treaty Land Entitlement, because they are important issues. It is unfortunate that the Treaty Land Entitlement has not been resolved. It is important to the people who feel very much that the land that they have coming to them should be clearly identified and should be in their possession. I support that and I want to see it resolved.

However, there are other important issues, and I say there is a major land issue as it relates to Northern Flood Committee. It is unfortunate that he could not get his colleagues to work with him, to support him, to get to that resolve. I say that most sincerely. He needed more support from his colleagues and the former Premier. Again, I am prepared to take suggestions from him, I am prepared to work with him to get to the goals that I think we all agree have to be met. I think that it is important that he know how I feel about it. Our position on Treaty Land Entitlement is not any different than what his was. Let us just press to get that goal accomplished.

Mr. Herold Driedger: Thank you, Madam Chairman. I just hearken back to one of the comments made by the Minister previously, requesting the Member for Rupertsland (Mr. Harper) to cross the floor to sit on his side of the Chamber. I believe that the point of order, although it was not a point of order, was a point well made. But rather than having -(interjection)- another comment thrown across the floor, do you want to come too? It behooves us well to remember that in this Chamber all 57 of us work towards the same goal and cannot all sit on the Government side at one time, because if we did we would not have any Opposition at all to keep us in check. I think we should bear in mind that the people of the province here chose to make the Opposition stronger than the Government for a very significant purpose, and that was because I guess they felt that the Government was doing too much and would not have sufficient Opposition to keep it in check.

In that respect I think we should bear in mind that this Chamber seems to reflect—it does not seem to want to work very efficiently sometimes, but it does reflect the needs of the moment. The needs of the moment right now, I believe, are that we should keep our excesses in check and try to work in moderation. In that respect, I do wish to assure the Minister that

anything positive that he and his Government come up with I will truly support. What is not positive, of course, I will criticize, and I will criticize it not because I am negative, as we sometimes are tended to be accused of being, but rather because that is the role we are charged to play, and that role I will discharge at this moment in time.

On a new area of questioning, I would like to go back to something on the Urban Native Strategy. One very quick question to sort of provide the focus, would the Minister provide for me please the line item to which the budget of the Urban Strategy is assigned?

Mr. Downey: It is on page 53, part of the item which says Grants, \$648,000.00.

The Acting Chairman (Mrs. Yeo): Shall the item pass—the Member for Niakwa.

Mr. Driedger: Then I guess I am going to have to ask for a little bit of explanation on this line. I know we had a bit of trouble with this last Tuesday as well, and I am wondering if it is perhaps simply the fact that I am asking my questions incorrectly, or whether the answers are not answering the question that I asked. I will just basically ask the question again.

We have two lines here under the Native Affairs Secretariat: Grants and Aboriginal Development Fund. As I understand it, one line is for core funding, and one line is for project grants. In that respect, is the Urban Native Strategy core funding or is it project grants and, if it is project grants, which line does it come under? That is all I want to know.

Mr. Downey: It is in the Grants. It is considered to be, at this stage, a specific project. It may well lead to a core funding initiative, but at this particular juncture it was put in the line of Grants as an administrative procedure.

It is not, and at that time was not perceived to be, an ongoing program expenditure, but a grant for the purpose of getting the information we have to date.

Mr. Herold Driedger: I recall I asked—I have been trying to get some information with respect to the strategy. I have the recommendations in front of me. One of the recommendations which was suggested was that the strategy was to recommend that this be developed, the assemble and inventory of services which are provided to Indian and Metis people in urban centres, the name of the delivery agent, the objective, the targets, the source and amount of funding.

It is in light of that recommendation that I also wrote a letter to the Deputy Minister requesting that if it was possible to obtain a copy of the programs which were directed towards Native people and if possible also the dollar figures attached to them. I felt these had been ongoing for some time that this should be reasonably easy to obtain.

I did find out later on after I had written the letter that there was published in the back of one of the reports—because it is a weighty document, it took me

a while to get through the whole thing—that the type of service programs was listed and consequently I went through it. I noticed that the line item I was interested in, which was dollars amount, was empty, was not filled in. I was thinking I might actually have to wait for the strategy process to carry on to get this information, when lo and behold I stumbled across a small publication called Inventory of Labour Market Programs and Services in Manitoba, put out no less by the Employment and Immigration people planning and analysis branch of the federal Government.

* (2100)

To my surprise, when I went through that, I found much of the information I had requested was already published and known. Now, with respect to that, programs which were actually listed in the Inventory of Labour Market Programs and matching that program to the list of programs which are identified in the Urban Strategy project, I noticed there are only six programs specifically targeted to Native people, which are not currently identified in this labour market analysis. Those are housing, justice, which is on pages 1 and 2 of the Urban Strategy Report, and Child and Family Services, which acts as a liaison, largely as a jurisdictional kind of body which does, I guess, direct inquiries.

The rest of the programs which are listed and I think are of interest to us are accessible to all Manitobans. I am wondering if the strategy, in its attempt to come to grips with what programs are being offered to the Manitoba Native community, should be accessing or focussing more on that which is already being targeted specifically to the Native community, and suggesting whether or not that may be sufficient or should be increased, or whether they are being charged to find out what percentage of whatever other program there is might be directed towards the Native people.

I would like to put that last question into context. In the total listing of programs or agencies which are directed towards the Native people or towards other people, 61 programs are being identified. Of those, only 19 specifically are targeted to Native people. That means there is a large number which are not, and that is in the general area. I am wondering, are we looking here at determining what percentage is being directed towards Native people, or should we be looking rather at the programs where specific targeting is taking place and emphasize that and expand on that.

Mr. Downey: Madam Acting Chairperson, for fear of trying to ever begin to understand the question, I will respond to it that it is worthy of consideration what the Member has referred to. I would be asking the Native Affairs Secretariat to discuss with the leadership of the urban Native community to try to bring into some form of context and understanding what they feel the Member has recommended, and if there is any better provision of services with the resources available. I guess that is the bottom line that he is getting to is that there may be an opportunity to either better access or expose program and program delivery to a broader range of urban Native people, if I am hearing correctly what he is saying, that there are a lot more programs out there that are not being accessed. We should put our efforts toward making those programs available.

I am not opposed to that. I will try and have a review done of the Member's question, so that I can better respond to it, but I hope I have answered in the best way possible at this point, or maybe he can further clarify the question.

Mr. Herold Driedger: With apologies, I realize I was rambling a little bit in—it was not so much a question as sort of a comment on what had been discovered and what I know has been answered to me in previous questions as to what role the consultant who will be given the role of expanding some of the recommendations or taking into account some of the recommendations of the Urban Strategy Report, because I do believe that the Minister in one of his previous responses suggested that it was not the Native Affairs Secretariat alone that would be looking at the Urban Native Strategy, but rather there would be a consultant.

I am trying to make certain that we are not walking the same path twice when we do already have this information, which I know I asked a question of the Deputy Minister. I got back the comment that it was, "The data are difficult to generate. Substantial care must be taken to assure that in attributing expenditures to the Native target group that allocations are performed in a consistent fashion across programs."

I realize that when there are many, many programs that are not specifically targeted that here we might be falling into the trap of saying this percentage is Native and that percentage is not, and really it becomes a kind of a roulette, who gets to go there first. I do believe that the objective of the strategy was to deliberately address specific needs of a community with problems in housing, problems in social services, problems in employment, problems in economic development. The list is endless, but the problems were there. We know the problems.

I am just trying to make certain—what I would like to see is that the few dollars we have to allocate to an important task be assigned as efficiently as possible. I realize that there is some role for determining what is available and what is being targeted, but I would like from the Minister, I suppose, if I was to make the question quite specific, perhaps to put his policy into the answer. Should we be expanding on the target group? Should we be either looking at the allocation of the dollars that are currently going in?

If you take a look at the dollars involved—I do have that broken down here somewhere. We are not looking at small dollars. I mean, if I just start at the top of the column: \$1.1 million, \$1.1 million, \$1.3 million, .7 million, .6 million, .7 million. .5 and on. The dollars are significant. Are we targeting them improperly? Are too many of those dollars going perhaps into—I will not even suggest where they might be going to—or should we turn around entirely and be addressing, stating of this large number of programs that are not specific to Native people, we should be allocating more resources from there and specifically targeting them.

Mr. Downey: Madam Acting Chairperson, that is basically what the Urban Native Strategy and the

development of an Urban Native Council will be dealing with is to say what is currently being done, what can we do to improve that, because we have seen over the past few years a migration of a lot of northern and Native people coming to the urban setting. What I believe is in the interests of society and those individuals is that we give them every opportunity to have a full and satisfactory life in the urban setting because the employment opportunities in a lot of our remote communities are not there. It is a matter of trying to enhance those opportunities when they move to the urban setting.

I believe some of the people with those answers are the leadership within the urban Native setting today, and we are trying to structure a mechanism so that we can get advice, and the development of a policy on an ongoing basis will be there. For me to say specifically today that it is being done incorrectly, the target is being met or it is not, I am suspicious that the target is not being met today. That is why we have developed this process to get on with the job of working with the leadership to structure a strategy and a policy process.

Let me say as well though, it is equally important—and I appreciate the support that my colleagues opposite are giving—as we talk of northern people, as we talk of rural people, that we try to create the economic opportunities in those northern and rural settings, whether it is the Conawapa, the Bipole 3, the Repaps, the reforestation, commercial fishing, traditional resource development, wild rice, that those economic opportunities are provided in their communities.

I personally like the lifestyle better in a rural and northern community. I think it is more relaxing, more conducive to the raising of families and—nothing against city life, but I think that the temptations of doing certain things are in the city at times when they are not in the country or in the North. So the No. 1 objective is to create opportunities outside of the city. However, for those people who make the decision to come to Winnipeg or to Brandon or to Portage, then it is our job to try to develop and make sure that policies and programs are there to deal with all people. We are certainly conscious of people who immigrate to this country from offshore. We want to make sure there are training programs.

* (2110)

I feel very strongly that the Native people of this country have to be given every opportunity and have every right to fulfill their lives whether it be in urban or communities outside of the city. What in fact we are dealing with this issue, I think the leadership of those people has to be brought together and we are bringing them together in a form that can deal with issues. If current funding or current programs are not working effectively, then let us review them together and redirect them.

Mr. Harper: I want to go into a different area dealing with the Northern Development Agreement. I know that the agreements have come to an end. I would like to

know what this Minister has done in regard to continuing some of the programming that we have lost and what this Government intends to do to carry on some of the activities that have been funded under the Northern Development Agreement. I know some of the funding that Northern Affairs receives under the Northern Development Agreement will not be there. We are quite worried where this Government is going to get its revenue to fund many of the services and the infrastructure that is needed in many of the Northern Affairs communities.

I know the Minister has indicated in this House several times that there are continuous negotiations for further continuation of these programs but we want to be assured that none of the benefits from the services that are needed in those communities are cut off. We are particularly concerned about the human development program in which many of the training and educational opportunities are made available to the northern communities. I know we have had training for teachers. Under the BUNTEP program, we had training for social workers, we had training for the Northern Nursing Program and such. We want to ensure that the communities have continuous access to this funding.

I know when I was Minister we had just launched a review and also secured some extensions for the agreement. My understanding is that the agreement is coming to an end. What is the future for northern Manitoba? I would like the Minister to maybe clarify and indicate to this House, to our northern people, as to where the funding will come from and as a result may have lost some of the programs and maybe shed some light on that for us, Mr. Minister.

Mr. Downey: The Member has opened up an extremely interesting and important subject, and I am pleased that the Minister of Education (Mr. Derkach) is here. I know that there will be an opportunity when it comes to his Estimates to elaborate to some greater extent in the whole area of education and training as it relates to our northern communities—(Interjection)—You bet.

But let me go back again, Madam Acting Chairman—see we change Chairpersons so often that—I want to go back again, Madam Acting Chairperson, to the record of this administration as it relates to northern Manitoba, training, development, and do a comparison with what the previous administration was able to accomplish. Let us make it very clear that the former administration did not have a long-term agreement. The former administration was not able to put in place in the last year a long-term agreement with the federal Government. What in fact they did was get an extension to the current agreement that was in place.

So, the Member cannot sit there and say that we do not have anything because, Madam Acting Chairperson, we have. We are continuing on with the program development, the programs as they flowed from his one year, final year, of extension. Education is delivering the BUNTEP program. There are some changes with some of the ACCESS program, Madam Acting Chairperson, to the Member. Those programs are now being delivered out of northern Manitoba, where they

should be delivered out of, not out of the City of Winnipeg, which he had referred to or the Member for the Liberal Caucus referred to transportation costs. A lot of the money was being burned up and used up flying back and forth with some of the ACCESS program leaders. Those programs are now being delivered out of the North where they should be delivered, out of the North.

Let us take a look at what my colleague, the Minister of Health (Mr. Orchard), was able to accomplish with the Northern Nursing Program and the signing of an agreement with Swampy Creek Tribal Council for some \$1 million, a major initiative which the former Minister could not get put together.

Madam Acting Chairperson, look at what my colleague, the Minister of Culture, Heritage and Recreation (Mrs. Mitchelson), and I have been able to do in the area of recreation, putting some \$500,000, together with the Departments of Northern Affairs, and Recreation, to put in place a recreation director program. That is the priority area the people of the North have been asking for.

I do not know what the Member previously, who he was talking to—he was busy running around, I guess, worrying about Limestone. Yes, we all wanted to see Limestone, and we wanted to see the development that came from it, but one of the problems that is being identified is a lot of people had a certificate or training degree out of the Limestone Training Program. But they went to get a job someplace or they went to get further training and they said, well, what is a certificate out of the Limestone Training Program? It did not have any affiliation with any community college certification. Not to downgrade it, Madam Acting Chairperson, but I think we have to build on the experiences of the past administration, the mistakes they made, and try to correct them.

Look at the initiative as it relates to Repap and The Pas, private investment creating employment opportunities. What did Repap say when the Town of The Pas, when the chief of The Pas Indian Band said to Repap, what about training? Repap said here is some money, let us get on with the training, form a committee. Something like \$1 million was laid on the table immediately, private sector money. Madam Acting Chairperson, we have recently announced a \$5.5 billion Conawapa development in the northeast region, \$5.5 billion, which included in it is a Bipole development—massive employment opportunities, training that will be tied to that project's specific activity.

We are currently in discussion with the federal Minister who is responsible for the Native business funding. We are working on and, hopefully, we will be able to have very shortly a Memorandum of Understanding which will lead to a further development agreement. Yes, Madam Acting Chairperson, we have not been able to get it as quickly as maybe we should have, but let me tell you it is being developed aggressively. It is dealing with training as it relates to a specific project.

I would hope that the whole development of an east side road could fall within, as it relates to environmental impact studies, as it relates to surveying, as it relates

to construction, as it relates to training. Those activities can all be tied to training and development, and at the end of the project we have a meaningful structure. We have an investment in something that will make everyone's life a little bit better.

Let us look at another development that the Member for Rupertsland (Mr. Harper) is interested in as it relates to the Indian community of the seven communities in the Island Lake area, that is, as it relates to the hydro line development, again project specific which we are working on with the federal and provincial Governments. Madam Acting Chairperson, I would think when you take the private initiative, when you take the Crown corporation initiative, when you take the province initiative, and the federal Government initiative, we are going to see a tremendous amount of investment and investment opportunities.

Now, dealing specifically with some of the educational programs, my colleague the Minister of Education (Mr. Derkach) has been extremely interested in developing and getting in place ongoing funding for the educational programs. Let me assure you though that all the Ministers from all this Government are interested in development of the youth and the educational opportunities. We believe in doing it on the basis of long-term stability, making sure those individuals, whether it be a degree in social work, whether it be a degree in medicine, whatever it is nursing, education, that it is something they are able to use and use in good stead wherever they go in this country. It is the means of giving everyone a sound base, a base from which they can carry on their lives and invest and participate fully in society.

* (2120)

I have gone a little longer than I should have in answering this question. The short answer is we are working very aggressively and hope very shortly to have a Memorandum of Understanding which will in fact support the kinds of educational programs which will support the kind of project specific activities that we are planning for the development of northern Manitoba.

Mr. Harper: I was not only talking about the human development sector of the program but also the whole area of northern development which this Northern Development Agreement covered. We have these dollars identified that are not going to be covered under NDA. I notice under sector (c), Community Improvement Programs and with community services for northern Manitoba, the amount provided for, I believe, was well over \$16 million. Under program 13 and Program 14 were funded remote air strips for close to \$5 million; I believe the amount was for \$4.75 million. But some of those programs will no longer be there.

I was wondering about this Northern Affairs programming under which it was cost-shared 60/40, under which the province provided 40 percent of the dollars. Where is the province going to get the money, the revenue? Are they going to get it from the federal Government to be able to provide the services? I do not know where the Minister is coming from when he says that we are still negotiating, whether they be

inclined to fund these types of arrangements under schedule (a) Economic Development Programs. There is a Community Regional Economic Development Program covered, and under sector (b) a whole range of almost \$100 million was almost expended under the human development program under which many of the programs were funded for educational opportunities for northern Manitobans. Certainly, those dollars, and I guess the total amount as a provincial share would be in the neighbourhood of almost \$100 million, I believe I said close to \$100 million that we provide under NDA and, according to my calculations, that we have provided as our share for Northern Development Agreement.

I was just wondering where the money is going to come from, whether the Minister is getting any closer, getting those dollars to be able to provide the kind of service that we are provided for under that agreement, whether it is going to be exactly new type of arrangements. Either Northern Affairs picks up the share, another one might be under Department of Education. I am not quite sure how those services will be provided for. He mentioned that Repap has put on \$1 million for training, but I can mention to him that when we were in Government, we were able to secure a \$30 million agreement with Canada Manpower to provide the Limestone training.

Those kinds of things, we were able to initiate and also, in terms of business development, we were able to convince Canadian General Electric to put aside \$2 million for northern Native businesses. Those are some of the things that the previous Government continued, and has been continued by this Government. I certainly would like to have some assurance that the program activities, some of the things that were contained in the Northern Development Agreement will continue, not just to say we are busy negotiating, and hopefully it will come about. I think there needs to be more of an assurance to northern Manitobans. I was wondering where this is all at, and I want to know when this is coming about. Maybe the Minister would clarify that more to the people and to the Opposition.

Mr. Downey: There will be no program change for this fiscal year. A program as it related to the Northern Development Agreement will continue on to the end of this year without any change. Let me assure the Member, however, that he would be the first to agree—I would hope he would be—that when it comes to specific community projects, let us deal specifically with some of the ones that he is familiar with. Let us deal with the northeast hydro communities. They want to see something real. They do not want us, for the sake of political purposes, going around saying we have got \$200 million and some in a Northern Development Agreement of which the federal Government pays 60 percent and the province pays 40 percent.

We want them to get hydro. He was the Minister in Government for some six years and had not been able to deliver them so much as lightning. So what we are doing is dealing with the federal Government and Hydro to do some specific projects. When the projects are finished, we have people who have been employed in the development of that project, and the people in those

communities will appreciate the benefits. That is the real world. That is our job as politicians, to make sure that staff deliver those things that are tangible and have long-term meaning to those communities.

We have taken over from the Department of Natural Resources, and there has been a lot of good work as it relates to the wild rice production areas of the province, tremendous opportunities in some of our communities. The Member raised specifically the airport program. Well, unfortunately, all the airports did not get completed under the previous administration, and there is one airport and that is the Wasagamack airport which there is a lot of need for and a lot of pressure on. I have told that community, and I will tell this Member that it is our priority to get that done. If we can accomplish it under a new development agreement, we will.

I talked to the federal Minister just recently and again told him how anxious we were to see that community get an airstrip, so we will push for it in our agreement. It has to be so that we can have at the end of the day the people who live in those communities involved in the construction. The work activity, as far as I am concerned, should be carried out by Native companies employing Native people, and at the end of the day there should be a resource infrastructure there for that community benefit.

I say very seriously, probably if we were to go to the federal Government and say, pay 80 percent of a road up the east side of Lake Winnipeg and we will pay 20 percent of it, that we would be doing all that region more good than saying we have a major \$200 million overall development agreement. I say that specifically.

I think, Madam Acting Chairperson, it is in our interest to work very closely with those communities and I can assure him that the current funding under the Northern Development Agreement will continue to the end of the current fiscal year. By that time, when we look at the initiative under Repap in the northwest region, when we look at the initiative under the hydro development in the northeast region and the other activities which are taking place, we will, through the Department of Education which is involved, the Department of Industry and Tourism, the Department of Northern Affairs, have some major economic initiatives which are tied into federal Government funding, tied into provincial Government funding, tied into private sector funding.

* (2130)

There is a major role for the private sector to play in this whole development field, as well as Crown corporations. So I say, I might not be able to lay out in dollars—I may be able to lay out greater amounts of dollars than the Member was able to, but I can tell you that it will—and this is one of the criticisms which came forward from the communities, that there was a problem accessing some of the programs and there was not enough grass-roots input.

With the greatest respect to the Member opposite, I think he tried to have grass-roots input at times, but he did not get much co-operation from his colleagues. They did not listen to him as well as they should have.

I would hope he looks at this objectively, and I say I am more anxious than anyone else to have the federal Government fully participate in a Northern Development Agreement.

I would hope by the end of this, the term of the current program which is in place with the new initiatives coming on, that we are not only able to see a new development agreement or Memorandum of Understanding, which I have referred to earlier, but will have major participation from the private sector as well. In my opening comments, which the Member opposite complimented me on, I would hope we see the North, and I am sure we will see the North as the major opportunity for a lot of economic development. It is a combination of participants, and we want to make everyone feel comfortable in participating—training, economic opportunities, and investment from all sectors.

Mr. Harper: Madam Acting Chairperson, I wanted to get a response from the Minister indicating to me and to the Opposition about where the province would be getting their dollars and replacing some of these programs which will not be continuing.

Next year—I mentioned before that the agreement will be coming to an end as of March 1990, and I know the Minister is a little sensitive in terms of when I mentioned 60-40 and getting the federal Government involved. I believe the programs which I specifically mentioned under Section (a) are cost-shared with the provinces, but there are programs here which are 100 percent federally funded. I wanted to make sure the Northern Affairs communities have programs available to them through the provincial Government, specifically under Section (c), Community Improvement, in which a major community infrastructure was provided for, I believe over the years, close to \$17 million.

I wanted to assure the Northern Affairs communities where the dollars are going to be coming from in order to provide those kinds of programs. He mentioned the youth program is cost-shared, and I believe spent about \$4 million on Program 11 under human development. Those are the programs we are concerned about as the Northern Development Agreement comes to an end.

As you know, the agreement has been in existence for many years. I believe we have had funding of almost \$275 million over the life of the Northern Development project. Now that is coming to an end. We need a new arrangement with the federal Government in terms of all the cutbacks that they are initiating and also the transfer payments that they are going to be withholding. We are very concerned in northern Manitoba what kind of funding we would expect from the provincial Government.

I hope the Minister would be able to secure some sort of funding arrangement with the federal Government so that all is not totally lost. We certainly look to alternative sources of funding with the private sector. I hope that some of these programs will be replaced by the new arrangements that this Minister espouses in terms of getting development in the North. I know he is sincere in trying to meet that objective

but I believe he has a major task to accomplish and to bring into reality. Certainly I wish him well, and certainly I would support him if I can in any way so that the northern people would benefit.

There has not been anything really concrete that I can be assured of that these programs will be coming in the future, at least in respect to the agreement with the federal Government. I know there are projects that he has mentioned with Repap and Conawapa and, I believe, the northeast hydro line which is presently under discussion. Those are employment opportunities, and certainly we look forward to the training and educational opportunities that will be available to the northern Native people in those areas.

I hope he would be able to provide us with more concrete plans or answers so that we can be assured that we will not be losing all the programs that are presently being funded. I wish him well and offer him any help that I can to secure those funding arrangements.

The Acting Chairman (Mrs. Yeo): Shall the item pass? The Honourable Member for Niakwa.

Mr. Herold Driedger: Just another quick question, I do not want to spend much time on this. Recently the federal Government has changed the NEDP, Native Economic Development Plan, and Special ARDA basically from what they were to a new form of programming.

The two programs that it replaced were targeted as to region and they were sector specific. With the new program, the Aboriginal Economic Development Program which is basically, if I can paraphrase it in very short terms, first come first served, how is the province coordinating the development to fight for what essentially should be Manitoba development because if this is one more thing where it looks like it is a kind of de facto federal offloading, and I would very much like to be able to utilize what is rightfully Manitobans' to direct it to parts of Manitoba so we again can make our scant resources stretch as far as possible.

Mr. Downey: Madam Acting Chairperson, I believe, if I understand the program correctly, what the federal Government has done is try to put in place a board both nationally and regionally that would reflect the interests of the different regions of Canada. As I understand it, that would be the main basis for which we would be assured of getting our fair share in this province. The initiative from the different communities I think is important. Let us deal with some specifics. Again I will go back to the major projects as they relate to northern Manitoba, all of Manitoba.

If a good project is proposed as it relates to some of the initiatives that are developed under Conawapa, Bipole 3, Repap, reforestation, through a private sector initiative developed by the bands, then I would expect the approval to take place by the federal Government through the board which is appointed which should reflect the interests of the province.

Mr. Herold Driedger: Just to put some of this rhetoric into context, I do not think that a northern band or a

northern individual could come up with a proposal for Conawapa or Bipole 3. Essentially, AEDP is not something that is provincial in scope. These are local developments largely, and I think the dollars are quite fixed. Once again, they are not regional specific nor sector specific, according to my understanding. This is totally a federal program. Again, we need to do some kind of assistance to co-ordinate this, to direct those dollars into programs we provincially do not wish to start having to fund.

I mean, I believe the Minister referenced, he says it proudly, the fact that you are looking at access programs and things of that nature which are cost-shared federally-provincially but, once again, as the federal Government backs out, larger and larger dollars have to be picked up by the provincial Government. This is just simply a case of we having to pick up a larger percentage, and that is the area where we need some kind of co-ordinated attack and that is basically what we are asking for.

I realize the moment one of us tests the waters or throws out a question which may have a political spin, we raise the natural competitive tendencies in this Minister and we are treated to a rhetorical display of verbiage which eats up a lot of time and tends to provoke more questions along the same vein, and we essentially do not proceed to where we want to get to.

* (2140)

With that, I believe now—the Member for Rupertsland (Mr. Harper) will have to bear me out on this—there is some agreement that we will proceed through this department and I would like to engineer the process whereby this could happen.

The Acting Chairman (Mrs. Yeo): The item we have been debating is item 1.(b)(1) Salaries, \$396,500—pass; 1.(b)(2) Other Expenditures, \$103,200—pass; 1.(c)(1) Financial and Administrative Services: Salaries, \$425,200—pass; 1.(c)(2) Other Expenditures, \$51,500—pass; 1.(d)(1) Northern Affairs Fund: Salaries, \$61,300—pass; 1.(d)(2) Other Expenditures, \$8,000—pass; 1.(e)(1) Communications: Salaries, \$93,300—pass; 1.(e)(2) Other Expenditures, \$37,000—pass; item 1.(f) Communities Economic Development Fund, \$500,000—pass.

Item 2. Local Government Development, (a)(1) Salaries, \$219,100—the Member for Niakwa.

Mr. Herold Driedger: Just perhaps to facilitate this, if you would just ask for Line No. 2, the total dollars on that page, and I think we could accomplish that.

Mr. Harper: I would be agreeable to do that, and I know the Minister oftentimes says well he had an opportunity to ask the question. I would remind him that we are trying to facilitate his department so, when we ask him questions, that he knows that.

Mr. Downey: Madam Acting Chairperson, the Member can always count on me to be most co-operative and to be non-critical of passing in the manner in which we are. He may not hear from me again on this particular issue.

Mr. Herold Driedger: I would just ask the Minister of Northern Affairs to relay his last comment in response to the previous speaker, the Member for Rupertsland (Mr. Harper), comment to his colleague, the Minister of Health (Mr. Orchard). Perhaps we then can facilitate some sort of agreement in this Chamber to proceed.

The Acting Chairman (Mrs. Yeo): Item 2.(a)(1), Salaries—pass; 2.(a)(2), Other Expenditures, \$75,000—pass; 2.(a)(3), Community Operations, \$3,937,500—pass; 2.(a)(4), General Support Grants, \$75,000—pass; 2.(a)(5), Community Training, \$100,000—pass; 2.(a)(6), Regional Services, \$396,300—pass; 2.(a)(7), Grants, \$851,500—pass.

Item 2.(b) Thompson Region: (1) Northern Development Agreement—Provincial, \$532,600—pass; 2.(c) The Pas Region: (1) Northern Development Agreement—Provincial, \$286,600—pass; 2.(d) Dauphin Region, \$417,300—pass; 2.(e) Selkirk Region, \$548,800—pass; 2.(f) Northern Development Agreement—Canada-Manitoba: (1) Emergency Response Program, \$19,400—pass; 2.(f)(2), Less: Recoverable from Other Appropriations, \$19,400—pass; 2.(g)(1), Technical Services, Salaries, \$621,300—pass; 2.(g)(2), Other Expenditures, \$134,200—pass; 2.(h) Audit Services: (1) Salaries, \$173,600—pass; 2.(h)(2), Other Expenditures, \$27,400—pass.

Resolution No. 118: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,396,200 for Northern Affairs, Local Government Development, \$8,396,200, for the fiscal year ending the 31st day of March, 1990—pass.

Item 3.(a)(1), Agreements Management and Co-ordination, Northern Development Agreement—Provincial: Salaries, \$169,500—pass; 3.(a)(2), Other Expenditures, \$35,000—pass; 3.(a)(3), Payments to Other Implementing Jurisdictions, \$410,900—pass; 3.(b)(1), Agreements Management and Co-ordination: Salaries, \$278,600—pass; 3.(b)(2), Other Expenditures, \$115,800—pass; 3.(b)(3) Northern Flood Agreement \$855,000—pass; 3.(c)(1) Canada-Manitoba Special ARDA Agreement: Salaries \$61,500—pass; 3.(c)(2) Other Expenditures \$400,000—pass; 3.(d)(1) Development Services: Salaries \$375,500—pass; 3.(d)(2) Other Expenditures \$128,200—pass.

3.(d)(3) Corporate Projects \$250,000—the Member for Niakwa.

Mr. Herold Driedger: This is still line by line—there is just one small one little question I could throw into here dealing with corporate projects. I understand this is largely for Moose Channel Area Loggers and Moose Lake Loggers, and I noticed that when Orders-in-Council had to be passed to increase, I guess to cover their operating losses due to some problems which they had, I noticed this was in considerable excess of the budget item they had last year. Now, you show just a small increase for next year by only something like \$65,000.00. Does this simply reflect anticipated further losses and, if so, is it sufficient do you think? I do not want a lengthy answer here.

* (2150)

Mr. Downey: The answer is yes.

Mr. Herold Driedger: I will hold him to that.

The Acting Chairman (Mrs. Yeo): Shall the item pass—pass.

Resolution No. 119: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,080,000 for Northern Affairs, Agreements Management and Co-ordination, \$3,080,000 for the fiscal year ending the 31st day of March, 1990—pass.

Resolution No. 120: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,221,500 for Northern Affairs, Northern Development Agreement - Canada-Manitoba, \$5,221,500 for the fiscal year ending the 31st day of March, 1990—pass.

5. Native Affairs Secretariat (a) Salaries \$444,200—pass; 5.(b) Other Expenditures \$177,600—pass; 5.(c) Grants \$648,000—pass; 5.(d) Aboriginal Development Fund \$850,000—pass.

Resolution No. 121: RESOLVED that there be granted to her Majesty a sum not exceeding \$2,119,800 for Northern Affairs, Native Affairs Secretariat, \$2,119,800 for the fiscal year ending the 31st day of March, 1990—pass.

6.(a) Expenditures Related to Capital (a) Acquisition/Construction of Physical Assets - Northern Development Agreement - Canada-Manitoba: (1) Northern Affairs, \$1,209,400—pass; 6.(a)(2) Other Departments, \$258,000—pass; 6.(b)(1) Acquisition/Construction of Physical Assets: Other Capital Projects, \$1,517,800—pass; 6.(b)(2) Community Access and Resource Roads, \$435,000—pass.

Resolution No. 122: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,420,200 for Northern Affairs, Expenditures Related to Capital \$3,420,200 for the fiscal year ending the 31st day of March, 1990—pass.

Before reverting to the Minister's Salary, I would invite the Minister's staff to leave. Thank you. The Member for Niakwa.

Mr. Herold Driedger: Very quickly, before the staff actually leaves, I wish to thank them for their patience while we went through this exercise, and appreciate the help that they were able to give to the Minister, so he was able to put those answers onto the record that he actually did do.

The Acting Chairman (Mrs. Yeo): The item we will be dealing with is 1.(a) Minister's Salary, \$20,600—the Member for Rupertsland.

Mr. Harper: I just want to indicate to the Minister that we will be watching his department and also his policies as to what is happening in the North. Certainly we want to co-operate any way that we can, and also we will be criticizing him any way that we see fit if he is not living up to his policies and the direction that he will be providing for northern Manitobans.

Certainly the aboriginal people in Manitoba will be looking toward this Government for support, and

certainly will need a lot of help in many areas. I hope that we will be able to achieve many of the outstanding issues that we need to work on. I would just conclude by saying that I will be willing to co-operate with this Minister in doing what I can, and also be willing to criticize him if I feel that he is not living up to the responsibilities, or holding up to his portfolio. With that, I would wish him well in his portfolio and look forward to working with him.

Mr. Herold Driedger: Just a very few remarks to draw this to a conclusion, we realize that the Minister of Northern Affairs (Mr. Downey) is not responsible for everything that happens for the North and for Native people in Manitoba. As he referenced, there is a Minister of Education (Mr. Derkach) and the Minister of Health (Mr. Orchard) and many other departments of Government, some of which we can ask much more pointed questions to because they actually have the dollars that can be directed to the department or cannot.

I just wish to put it on record that we reserve for us the right to question when, where and how, and basically

recognize that much of what we did here is subject to the fact that we are limited by time. The Minister as well is aware of that, and as long as he recognizes that we recognize that as well. We work together for the people of Manitoba for this particular benefit.

* (2200)

The Acting Chairman (Mrs. Yeo): Item 1.(a) Minister's Salary, \$20,600—pass.

Resolution No. 117: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,696,600 for Northern Affairs, Administration and Finance, for the fiscal year ending the 31st day of March, 1990—pass.

Committee rise. Call in the Speaker.

IN SESSION

The Acting Speaker (Mrs. Yeo): The House will come to order. The hour being after 10 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).