



**First Session — Thirty-Fourth Legislature**  
of the  
**Legislative Assembly of Manitoba**

**STANDING COMMITTEE**  
on  
**ECONOMIC DEVELOPMENT**

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37-38 Elizabeth II

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*Chairman*  
*Mr. H. Pankratz*  
*Constituency of La Verendrye*



**VOL. XXXVII No. 7 - 10 a.m., TUESDAY, MARCH 21, 1989.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fourth Legislature**

**Members, Constituencies and Political Affiliation**

| NAME                            | CONSTITUENCY       | PARTY   |
|---------------------------------|--------------------|---------|
| <b>ALCOCK, Reg</b>              | Osborne            | LIBERAL |
| <b>ANGUS, John</b>              | St. Norbert        | LIBERAL |
| <b>ASHTON, Steve</b>            | Thompson           | NDP     |
| <b>BURRELL, Parker</b>          | Swan River         | PC      |
| <b>CARR, James</b>              | Fort Rouge         | LIBERAL |
| <b>CARSTAIRS, Sharon</b>        | River Heights      | LIBERAL |
| <b>CHARLES, Gwen</b>            | Selkirk            | LIBERAL |
| <b>CHEEMA, Gulzar</b>           | Kildonan           | LIBERAL |
| <b>CHORNOPYSKI, William</b>     | Burrows            | LIBERAL |
| <b>CONNERY, Edward Hon.</b>     | Portage la Prairie | PC      |
| <b>COWAN, Jay</b>               | Churchill          | NDP     |
| <b>CUMMINGS, Glen, Hon.</b>     | Ste. Rose du Lac   | PC      |
| <b>DERKACH, Leonard, Hon.</b>   | Roblin-Russell     | PC      |
| <b>DOER, Gary</b>               | Concordia          | NDP     |
| <b>DOWNEY, James Hon.</b>       | Arthur             | PC      |
| <b>DRIEDGER, Albert, Hon.</b>   | Emerson            | PC      |
| <b>DRIEDGER, Herold, L.</b>     | Niakwa             | LIBERAL |
| <b>DUCHARME, Gerald, Hon.</b>   | Riel               | PC      |
| <b>EDWARDS, Paul</b>            | St. James          | LIBERAL |
| <b>ENNS, Harry</b>              | Lakeside           | PC      |
| <b>ERNST, Jim, Hon.</b>         | Charleswood        | PC      |
| <b>EVANS, Laurie</b>            | Fort Garry         | LIBERAL |
| <b>EVANS, Leonard</b>           | Brandon East       | NDP     |
| <b>FILMON, Gary, Hon.</b>       | Tuxedo             | PC      |
| <b>FINDLAY, Glen Hon.</b>       | Virten             | PC      |
| <b>GAUDRY, Neil</b>             | St. Boniface       | LIBERAL |
| <b>GILLESHAMMER, Harold</b>     | Minnedosa          | PC      |
| <b>GRAY, Avis</b>               | Ellice             | LIBERAL |
| <b>HAMMOND, Gerrie</b>          | Kirkfield Park     | PC      |
| <b>HARAPIAK, Harry</b>          | The Pas            | NDP     |
| <b>HARPER, Elijah</b>           | Rupertsland        | NDP     |
| <b>HELWER, Edward R.</b>        | Gimli              | PC      |
| <b>HEMPHILL, Maureen</b>        | Logan              | NDP     |
| <b>KOZAK, Richard, J.</b>       | Transcona          | LIBERAL |
| <b>LAMOUREUX, Kevin, M.</b>     | Inkster            | LIBERAL |
| <b>MALOWAY, Jim</b>             | Elmwood            | NDP     |
| <b>MANDRAKE, Ed</b>             | Assiniboia         | LIBERAL |
| <b>MANNES, Clayton, Hon.</b>    | Morris             | PC      |
| <b>McCRAE, James Hon.</b>       | Brandon West       | PC      |
| <b>MINENKO, Mark</b>            | Seven Oaks         | LIBERAL |
| <b>MITCHELSON, Bonnie, Hon.</b> | River East         | PC      |
| <b>NEUFELD, Harold, Hon.</b>    | Rossmere           | PC      |
| <b>OLESON, Charlotte Hon.</b>   | Gladstone          | PC      |
| <b>ORCHARD, Donald Hon.</b>     | Pembina            | PC      |
| <b>PANKRATZ, Helmut</b>         | La Verendrye       | PC      |
| <b>PATTERSON, Allan</b>         | Radisson           | LIBERAL |
| <b>PENNER, Jack, Hon.</b>       | Rhineland          | PC      |
| <b>PLOHMAN, John</b>            | Dauphin            | NDP     |
| <b>PRAZNIK, Darren</b>          | Lac du Bonnet      | PC      |
| <b>ROCAN, Denis, Hon.</b>       | Turtle Mountain    | PC      |
| <b>ROCH, Gilles</b>             | Springfield        | LIBERAL |
| <b>ROSE, Bob</b>                | St. Vital          | LIBERAL |
| <b>STORIE, Jerry</b>            | Flin Flon          | NDP     |
| <b>TAYLOR, Harold</b>           | Wolseley           | LIBERAL |
| <b>URUSKI, Bill</b>             | Interlake          | NDP     |
| <b>WASYLYCIA-LEIS, Judy</b>     | St. Johns          | NDP     |
| <b>YEO, Iva</b>                 | Sturgeon Creek     | LIBERAL |

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT**

**Tuesday, March 21, 1989**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Helmut Pankratz (La Verendrye)**

**ATTENDANCE - 11 — QUORUM - 6**

*Members of the Committee present:*

Hon. Mr. Ernst

Messrs. Angus, Burrell, Mrs. Carstairs,

Messrs. Gilleshammer, Harper, Helwer,

Minenko, Pankratz, Storie, Taylor

**APPEARING:** Mr. Paul Demare, President and CEO

**WITNESSES:** Mr. Cowan

Mr. Lamoureux

**MATTERS UNDER DISCUSSION:**

Manfor Ltd. fiscal year ending December 31,  
1987.

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**Mr. Chairman:** I would like to call the committee to order on Economic Development. First of all, we have a few resignations. We will try to deal with them.

"I wish to resign from Economic Development. Avis Gray, Ellice."

**Mr. Harold Taylor (Wolseley):** Yes, I would like to nominate Mrs. Carstairs, the Member for River Heights.

**Mr. Chairman:** Mrs. Carstairs has been nominated. All in favour? (Agreed)

"I wish to resign from Economic Development. Bill Uruski."

**Mr. Jerry Storie (Flin Flon):** I nominate Mr. Harper, the Member for Rupertsland.

**Mr. Chairman:** Mr. Harper has been nominated. Committee agree? (Agreed)

"I wish to resign from Economic Development. Jim McCrae."

**Mr. Harold Gilleshammer (Minnedosa):** I would like to nominate Mr. Helwer, MLA for Gimli.

**Mr. Chairman:** Mr. Helwer has been nominated. Committee agree? (Agreed)

"I wish to resign from Economic Development. Don Orchard."

**An Honourable Member:** Explanation?

**Mr. Chairman:** Would somebody nominate?

**Mr. Edward Helwer (Gimli):** Mr. Chairman, I would like to nominate Mr. Ernst.

**Mr. Chairman:** Good nomination. Committee agree? Does the committee agree? (Agreed)

"I wish to resign from Economic Development Committee. Harold Neufeld."

**Mr. Storie:** A replacement will be named later.

**Mr. Chairman:** The Member will be named later?

**Mr. Storie:** Future consideration.

**Mr. Chairman:** Very good. Thank you.

This morning in Economic Development we will be reviewing the Manfor Annual Report ending December 31, 1987. I would like to ask the Minister in charge to make his opening remarks, and possibly he could introduce his staff.

\* (1005)

**Hon. Jim Ernst (Minister responsible for Manfor):** Thank you, Mr. Chairman, and the Members of the committee. We have this morning the president of the company, Mr. Paul Demare, and Mr. Bill Henderson, also the senior management of Manfor.

The Chairman, Mr. Bob Jones, who is also the chairman of the Board of Investors Syndicate, is unable to be with us this morning because of other commitments, so we will have to get along in his absence.

No doubt the interest in the question of the divestiture of Manfor this morning is of great interest to all Members of the committee. The Minister of Finance (Mr. Manness), under whose guardianship the divestiture has taken place, is unable to be here this morning. It is my understanding that there is an agreement, in part at least, that we will deal with the report.

**Mrs. Sharon Carstairs (Leader of the Opposition):** Excuse me, Mr. Chairman, but there is no such agreement with our Party that the chairman will not be here, nor that the Minister will not be here.

**Mr. Storie:** Mr. Chairperson, on a point of order.

**Mr. Chairman:** On a point of order?

**Mr. Storie:** The Minister's opening statements to this point are indicative of what we have had to put up with

in Opposition when it comes to committee meetings since this Government took over.

We were late. The Conservative Members are not here. We are told that the chairman of the board of the corporation cannot be here. We are told that the Minister of Finance (Mr. Manness) is not going to be available. We are on the verge of making a significant commitment on behalf of Manitobans.

Where are the key players? Why can we not have a committee meeting when everyone who should be here is here? Is this how this Government is organizing the affairs of the province? It simply is not acceptable to Members of this committee. There was no agreement. For Mr. Ernst to suggest otherwise, on what the subject of this committee was going to be, is erroneous and not forthright.

**Mr. Chairman:** Mr. Cowan, on a point of order.

**Mr. Jay Cowan (Churchill):** On a point of order, just so that the record be clear, Mr. Chairperson, there was a suggestion by staff of the House Leader's office that we would deal with the report from Manfor today and the sale on Thursday. We, as the New Democratic Party Caucus, did not agree to that. We made it very clear that we did not agree to that, and we made it very clear that we expect to ask questions on the sale today and we expect those questions to be answered.

**Mr. Chairman:** Mr. Angus, on a point of order.

**Mr. John Angus (St. Norbert):** On the same point of order, Mr. Chairperson, our Party took the same position. We did not entertain at all discussing at some future date. In fact, it is quite discouraging that the Government has had six weeks to get their dominos in line to have the players here and there were several weeks of time to prepare, so it is quite disappointing that they are not here to answer them. I hope that the Minister of Trade and Industry (Mr. Ernst) can answer questions that are relevant that we have and that perhaps Mr. Demare will be able to answer and fill in other questions.

**Mr. Ernst:** On the same point of order, yes, Mr. Chairman, indications were given to me that there had been some discussions taking place between the other Parties with respect to the availability of Mr. Manness to answer those questions. Mr. Manness is not available this morning.

The committee was called to deal with the report dated December 31, 1987. Notwithstanding the fact that the committee was called for that specific purpose, to consider the report of Manfor dated December 31, 1987, Mr. Manness was going to make himself available to Members of the committee together with his appropriate staff to deal with the question of divestiture. He cannot do it this morning. I appreciate the disappointment of Members of the committee. The fact of the matter is he is not available and cannot do it this morning and that is a fact. I am not in a position to answer those questions. Given the case that I am not as fluent in the overall scheme of things as Mr.

Manness has been because of his deep involvement in the divestiture, he will make himself available on Thursday morning before the committee to answer those questions and to deal with the question of the divestiture.

I am here with the staff of Manfor to deal with the December 31, 1987 report and, if Members are upset or disappointed, I understand that, but I think indications have been given, whether there was agreement or not, by the Government House Leader (Mr. McCrae) that Mr. Manness would not be available this morning to answer those questions. The divestiture, notwithstanding the fact that the committee was called some month ago or more, did not become final until last week, so that I do not think that could have been foreseen as to the exact timing of one meeting or another. So I regret that Mr. Manness is not available today, but the fact of the matter is he is not. He is not here to answer those questions and will be available on Thursday morning for Members of the committee.

**Mr. Chairman:** Mr. Cowan, on the same point of order.

\* (1010)

**Mr. Cowan:** On the same point of order, perhaps the Minister can indicate what other business is occupying Mr. Manness at the present time that he cannot be here to answer to this committee on a very important divestiture, one which we have given him notice that we wish to pursue in some detail to ensure that Manitoba receive the best deal possible. The Minister should be here. I would ask the Minister of Industry, Trade and Technology (Mr. Ernst) if he can indicate why it is the Minister of Finance is not here. Would it be possible to have him arrange his business so he can come down to the committee meeting right away? In other words, is he in the building?

**Mr. Ernst:** Mr. Chairman, the Minister of Finance (Mr. Manness) is chairing the Treasury Board at the present time.

**Mr. Chairman:** Mr. Cowan, on the same point of order.

**Mr. Cowan:** As my colleague, the Member for Flin Flon (Mr. Storie) says, it is the Premier (Mr. Filmon) who is the chairperson of the Treasury Board. Perhaps he is not available but I have had some experience with the workings of Treasury Board in the past and I know that Treasury Board can in fact postpone its meetings. I know in fact the Treasury Board can operate without the chairperson or the acting chairperson, as the case may be, present. I know that what this tells us very clearly is one of several things. Either the Government cannot get its act together enough to have Ministers who are responsible for reporting back to the public and answering to the public and answering to the Opposition available for committee meetings or that the Government chooses not to have those Ministers responsible held accountable in committee meetings. If the Minister is in the building, if he is chairing Treasury Board, I would suggest that the committee ask that the Minister be summoned to come before the committee to be held accountable for this sale.

I have to also note, Mr. Chairperson, that it is disappointing that the Minister responsible for Manfor (Mr. Ernst) is not in a position to answer any of the questions and that begs another question as to exactly how this sale was undertaken. Was he by-passed? Was he not informed of the facts? Did he not consider it a part of his responsibility to review the sale in detail, to ensure that as Minister responsible his recommendations were good solid recommendations? What is going on in a Government that cannot get its Ministers to meetings?

Then, when Ministers do come to the meetings, they say that they do not have the information available to them to answer questions and perhaps one of the most important items of this Government's agenda for a long time, because they do not have the knowledge of the sale when in fact they are the ones who are responsible for the corporation and should be the ones who are reporting to this committee.

So my question directly is, is it the committee's will—and I guess I look to other committee Members—to request that the Minister of Finance (Mr. Manness) be brought here so that he can answer questions on divestiture, given that he is in the building, given that we have arranged our schedules so as to be here to answer questions. I note that people have come on the committee specifically to ask those questions and, given that they in fact as a Government are responsible for scheduling, if they bungle the scheduling, they should at least make an effort to correct it.

**Mr. Chairman:** Mrs. Carstairs, on the same point of order.

**Mrs. Carstairs:** Well, yes, I agree with the suggestion by the Member for Churchill (Mr. Cowan). We were very clear, and I think the other Opposition Party was equally clear in our press statements last week with regard to the divestiture that we expected this divestiture to be discussed at this meeting today. Certainly I have made major changes in my schedule to be here this morning because this sale is of such magnitude and of such grave importance to the Province of Manitoba and having made those changes at the Government's call—the Government called this meeting—it is totally unacceptable for the Minister who is in charge of the divestiture not to be here.

**Mr. Chairman:** Mr. Angus, on the same point of order.

**Mr. Angus:** I am familiar with the exact rules of summoning people here. This is a revelation to me. I would like to be able to summon all sorts of people. How do we actually do that?

**Mr. Cowan:** I would recommend that the committee adjourn for about 10 minutes so that the message can be carried to the Minister of Finance (Mr. Manness) that the committee would like him to be here to be accountable for the divestiture and would like him to be here to answer questions on the basis that that is the subject before the committee at the present time and we reconvene I would suggest at 10:30, hopefully with the Minister here.

**Mr. Taylor:** That was the point I was going to bring up.

**Mr. Chairman:** Any more comments on the point of order? It is suggested that we adjourn for 15 minutes.

**An Honourable Member:** Till 10:30.

**Mr. Chairman:** Till 10:30. Is that the will of the committee? We will see whether we can get some of the additional personnel to join us. Okay, agreed.

## RECESS

\* (1030)

**Mr. Chairman:** I would like to call the committee back to order. We have one resignation to deal with before we carry on with the meeting on Economic Development, and that is Harold Neufeld. Is there someone to replace Mr. Neufeld? Yes, Mr. Helwer.

**Mr. Helwer:** Mr. Chairman, I would like to appoint Mr. Burrell from Swan River to replace Mr. Neufeld.

**Mr. Chairman:** Is that the will of the committee? Agreed.

Now I would like to ask the Minister to make a comment.

**Mr. Ernst:** Thank you very much, Mr. Chairman. The Minister of Finance (Mr. Manness) is not available to come to the meeting this morning. He indicated at the Public Accounts Committee last week that in fact Members of the committee would be given a full and complete briefing with regard to the divestiture of Manfor and be available, together with consultants and all of the relative information, to answer Members' questions with regard to that divestiture.

Indication was given, whether agreement was received or not, that would be available for Members of the committee this morning. We are here, I am here, and the staffpeople are here to deal with the December 31st, 1987 report.

As I indicated earlier, the meeting of the committee was called to deal with the report. The meeting was set in excess of 30 days ago prior to any knowledge of a finalization of the divestiture. If the divestiture had taken place tomorrow, obviously the committee would be dealing today only with respect to the report dated December 31, 1987. Thursday morning at ten o'clock, Mr. Manness, together with the consultants that were employed during the process of divestiture, will be available to give the committee a complete briefing and answer all questions that Members of the committee wish to bring forward with respect to the divestiture.

If Members of the committee want to do otherwise, that is their choice. If they want to—I hesitate to use the word play politics but, Mr. Chairman, that appears to be the case from some Members at least of the committee.

The fact of the matter is, Mr. Chairman, the Minister of Finance (Mr. Manness) will be here Thursday morning,

together with the consultants, to provide a full and complete briefing to all Members of the committee and any other interested Members of the Legislature. He cannot be here now.

**Mrs. Carstairs:** Mr. Chairman, on a point of order, the Minister responsible for the divestiture, which comes as some surprise because we assume the divestiture and the company are one and the same but they seem to be divided between two Ministers, has made it clear in the last couple of days that although the original contracts would be drawn over a period of 60 days, he may in fact have those contracts before the end of this month. That is 10 days away. You are now suggesting eight days. We may need to in fact extend the length of the committee more than just one day to discuss such a massive sale.

You are really saying to us that we are not going to get the opportunity to have any input into any contractual changes to this divestiture prior to this being a signed, sealed, and delivered deal to the people of Manitoba. I think that is unacceptable within the framework of legislative committees. We are not sitting in the Legislature. This is our one and only opportunity to ask those questions. As I have said before, we are on the record as being in favour of divestiture. Now is our opportunity to find out if we have gotten a good deal and to make sure that the concerns of Manitobans are represented to the Minister so they in turn can be represented within the negotiating of the final drafting of these legal contracts.

**Mr. Chairman:** Mr. Angus, on a point of order.

**Mr. Angus:** Mr. Chairperson, notwithstanding the questionable business practice of not being here to defend what apparently is a fait accompli, not being fully clear as to whether or not the agreements have been signed or not signed, through you to the Minister, it puts the whole business transaction in question. You have brought up the ugly term "politics." Our position has been to divest ourselves of this corporation and to do it in the best interests of all Manitobans and, if there is a legitimate business transaction going on, then it should be able to stand the scrutiny of investigation through a legitimate process.

Now, notwithstanding the fact that if it had not been divested until tomorrow we would not have had it, if it was not divested until next year, we would not have discussed it at all this year, the facts are that you have publicly announced that it is to be divested. This is a forum to make those types of discussions, to do those types of inquiries, and it is incumbent upon you as the Minister responsible to ensure that you have the answers to the questions that committee may have.

Mr. Chairperson, I implore you as the Chairperson to pressure the Minister and the Government to respond to this very reasonable and very fair approach to dealing in a businesslike sense with the divestiture of Manfor.

**Mr. Chairman:** Well, I would like to mention to the committee Members here that the absence of the Minister of Finance (Mr. Manness) here today is not a

point of order and, on a different point of order, because that is not a point of order.

**Mr. Cowan:** Perhaps the absence of the Minister, as you indicate, Mr. Chairperson, is not a point of order. It certainly is an indication that the Government does not want to talk about this deal in an open and forthright way. It certainly is an indication that the Government is not prepared to give answers to legitimate questions on behalf of the citizens of the province through the Opposition Members. It certainly indicates that the Government, once again, is treating the work of the Opposition and the committees with a great deal of disdain, which is resulting in some significant cynicism on the part of a lot of people with respect to what role this Government sees as its own role in a minority Government situation.

Notwithstanding that, my point of order is that the Minister indicated earlier that he could not answer the questions we were prepared to pose to him with respect to the divestiture. That, when coupled with the fact that the Minister of Finance, who supposedly, allegedly, because we have no proof to the effect that the Minister who could answer the questions will not be here does, in fact, undercuts the work of this committee, does silence the Opposition from asking legitimate questions, does make redundant this meeting, and I think that is a legitimate point of order.

The Minister indicated we are dealing only with the report and that had the divestiture not been announced we would not be dealing with it. That shows just how short-sighted and wrong they are because had the divestiture not been announced we would have been asking questions about it anyway, because everyone knew that it was in the works. Everyone knew that it was a matter of discussion between the companies at that point in time and the Government, and we would have been asking those questions and there would have been no difficulty in asking those questions.

There may have been the same difficulty with the Minister answering those questions, I do not know. The fact is the asking of questions about the divestiture, whether or not it has been completed, is a legitimate role of this committee and would have taken place notwithstanding any announcement of the past weeks. So that is quite a lame excuse as are all the other excuses the Minister is making to justify not being able to address this issue today.

The fact that this committee got off to such a bad start and the fact that as the Leader of the Opposition (Mrs. Carstairs) indicated time is of the essence in this particular situation is exactly why we feel it is necessary to have the Minister, who can answer questions, whomever that might be, available to the committee meeting to address the issues that are going to be brought forward on behalf of the Opposition. I know there are some very serious questions dealing with this deal that should be answered. We would think if the Government believes it is such a positive deal and if the Government believes it is such a great deal for Manitoba they would be eager, rather than reluctant or hesitant, to answer those questions. They would have the Ministers and the staff lined up to answer those

**Tuesday, March 21, 1989**

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questions. The fact is they do not and that betrays to us some lack of confidence on their own part in this particular deal, and that aggravates our concerns and elevates our concerns with respect to whether or not this is, in fact, a good deal.

I can tell the Minister, and I do not think he can deny it, I know he cannot deny it truthfully, that Treasury Board meetings are rearranged, rescheduled, cancelled, held off, deferred, adjourned, recessed on all sorts of occasions for much less important issues and reasons than we have before us today. That is the standard practice, and for the Minister to come back here and tell us the Minister of Finance (Mr. Manness) is not available because he is in a Treasury Board meeting is in fact telling us that the Minister of Finance does not want to come here to answer the legitimate questions of the Opposition so that we can get a better understanding of this deal which they say is such a good deal but are so reluctant to defend. That is what it tells us.

\* (1040)

We know the Treasury Board meeting can be rearranged, deferred. We know the Treasury Board Ministers could all come down here if they wanted to. We know that staff can be made available, and we know the Government had chosen not to do that. That is a legitimate point of order because that reflects upon the ability of the Members of the Opposition to do their work. We are not going to stand by, and I think I speak for all Members of this committee, because I think we all share the same goal with respect to getting adequate information. We are not going to stand by and let the Minister put off the legitimate questioning of that deal. We are going to ask the questions today of the Minister, and we are going to expect answers today of the Minister. If he cannot get the Minister of Finance (Mr. Manness) down here, then he had better be prepared to answer some questions, and he had better be prepared to live up to his responsibilities, the Minister responsible for Manfor (Mr. Ernst).

I believe that the committee will commence and I believe that the questions will commence and I only hope that the Minister gives us more than the shallow excuses and the lame excuses that he has given us today for not being able to address probably the most important issue before the corporation today.

**Mr. Ernst:** It seems to me, Mr. Chairman, that the Member from Churchill (Mr. Cowan), for one, is not really interested in what is happening with respect to the divestiture of Manfor but rather much more interested in attempting to make some brownie points or score some cheap political points with regard to this issue.

**Mr. Cowan:** On a point of order, the fact is that the Minister now not only has engaged in lame excuses for not being able to answer questions, but he has in fact impugned motives. The imputation of motives, of course, is not allowed for under the rules of the House and this committee does deal within the confines of the rules of the House. I quite frankly resent the fact

that every time this Government cannot answer a simple question, it resorts to tactics of accusing people playing politics. It resorts to the tactics of suggesting that perhaps impure motivations are driving the Members of the Opposition. I can tell the Minister right now that what we want is information, what we want is facts, and we want no more of his lame excuses and his cheap accusations as to the motives of Members. I would ask the Minister, within the rules of the House and within the finest traditions of the House, to have the courage to withdraw that statement.

**Mr. Chairman:** As Chairman of this committee, I would like to indicate to this committee that the statements that the Minister made are not unparliamentary and for that matter I would rule that Mr. Cowan's statement, as being unparliamentary, are out of order.

**Mr. Cowan:** I challenge that ruling, Mr. Chairperson.

**Mr. Angus:** Mr. Chairperson, trying to bring a bit of common sense and logic to the committee, I respect the fact that Mr. Cowan is challenging the Chair and he is going to ask me to judge on whether or not the Minister was imputing motives or not, and I think that is an argument that is not going to help us address the issues at hand. I would like to suggest that Mr. Cowan withdraw the challenge, Mr. Ernst withdraw the remarks and that we get into the statement and start discussing the economic stability of the company and the potential sale and the ramifications of the sale. It makes an awful lot more sense to get down to business and stop ballyhooing.

**Mr. Cowan:** I saw the hand of the Minister, I will await his—

**Mr. Ernst:** Mr. Chairman, had I been allowed to finish my earlier remarks without being interrupted, I am sure it would have become clear as to my point. Notwithstanding that, if the Member from Churchill (Mr. Cowan) is offended by any remarks that I might have made, I apologize.

Notwithstanding, however, Mr. Chairman, the fact that what is at issue? Are the interests of the committee to deal with the question of the divestiture of Manfor in the fullest and most complete possible way? That I believe is at least the expressed interests of the Members of the committee. Forty-seven hours hence, the Minister responsible for the divestiture together with the consultants and all the relative information, including presentation to the Members of the committee which will no doubt answer many of the questions in a full and complete manner in advance of being asked, so that full and complete information is available to all Members of the committee and indeed all Members of the House, any who wish to attend the committee meeting. If that is the interest, the interest to learn of all of the information to get a complete briefing, to learn as much as they possibly can with regard to the divestiture, then I suggest to the Members of the committee that opportunity will avail itself in a complete manner on Thursday morning at ten o'clock, some 47 hours from now.

Mr. Chairman, if Members of the committee wish to demand or do other things, that is their choice. The

information that will become available to them will not be as complete as it would have been had the Minister of Finance (Mr. Manness) been here to answer those questions.

Whether meetings can be postponed or not postponed or anything else, the fact of the matter is the Minister had expected to be here on Thursday morning, had planned to have the consultants here on Thursday morning, had planned to have a presentation made to the Members of the committee on Thursday morning to provide that full and complete information.

That information was transmitted, I believe, to the Members of both Opposition Parties on Friday afternoon. If, Mr. Chairman, that is not acceptable to the Members of the committee, then the committee may do as it wishes in dealing with the question of the Manfor report. I believe it is in the interests of everyone, and quite frankly we have not demonstrated a great deal of activity up to this point, an hour later now than committee was intended to start, that will serve any real purpose.

I think if Members are truly interested they will wait till Thursday morning when all of the information is provided, when the consultants are here to respond to any questions that they have as well as the Minister responsible for the divestiture will be here to respond to those questions as well.

I think that is a prudent and reasonable course of action. I can understand, Mr. Chairman, the disappointment of Members who have come here and arranged their schedules accordingly, but the understanding, or the information rather that was transmitted to Members of the Opposition on Friday afternoon was that in fact this activity would take place on Thursday morning of this week at a further call of the committee of which we are Members.

**Mr. Angus:** Mr. Chairperson, I would like to officially put on the record and I will move—

**Mr. Chairman:** On a point of order, Mr. Lamoureux.

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, the Minister has referred on several occasions that the Liberal Party has received a message from the Attorney General's Office in regard to the so-called arrangement. There was no arrangement. In fact, the reality is that we were approached from the Minister, the Attorney General's office, from one of his assistants. He had mentioned to myself that they would like to forego the questions regarding the divestiture of Manfor till Thursday. I had told them at that time that under no circumstances whatsoever would the Liberal Party be interested in putting off the questioning of the divestiture of Manfor until Thursday.

There are legitimate questions on the sale of Manfor that needed to be asked as soon as possible. I relayed that on to him and I am very disappointed that the Minister keeps on referring to a so-called deal that was struck when in fact there was no deal struck. To continue on this point, this reminds me very much of the Public Accounts meeting that we had back on January 23 in which we had the Minister without the Provincial Auditor.

At that point in time we also had I believe it was just the Minister himself representing the Tory Caucus. We had four Members of the Liberal Party, and I believe we did have the full complements of the NDP. I see this happening again with this meeting.

The arguments put forward at that time from the Member for Churchill (Mr. Cowan) and from the Liberal Party were very valid. It was important that the Provincial Auditor be there, much like it is important today that we have the Minister responsible for the divestiture of Manfor be present so that we can put forward questions.

**Mr. Chairman:** Mr. Lamoureux, a dispute over the facts is not a point of order. So, in this case, that is not a point of order.

**Mr. Angus:** Mr. Chairperson, I would like to move for the record that the Committee of Economic Development formally request the presence of the Minister of Finance (Manness) at this time at the committee to deal with the divestiture of Manfor. This is seconded by the Member for Flin Flon (Mr. Storie).

**Mr. Chairman:** We have a mover and a seconder. What is the wish of the committee? All those in favour? Wait a minute. Does anybody—Mr. Storie, did you want to speak to the—

**Mr. Storie:** The motion.

**Mr. Chairman:** Okay.

\* (1050)

**Mr. Storie:** The motion is appropriate. The fact of the matter is that Mr. Manness' schedule is flexible. Certainly, my colleague, the Member for Churchill, indicated that from time to time people do rearrange meetings, reschedule meetings and adjourn meetings. The comments that Mr. Ernst made about the importance of this and the apparent willingness of the Government to review the circumstances of the sale lead me to conclude that Mr. Manness should be before this committee.

There is no requirement that this committee adjourn at 12:30. This committee is free to establish its own agenda and certainly if Mr. Manness is prepared to be available at 12:30 then we can extend the committee after that point. We can certainly make some accommodation for Mr. Manness' schedule.

I wanted to also say, Mr. Chairperson, that the comments, the reflection of the Minister on my colleague from Churchill, were unwarranted. It is becoming increasingly clear to people around this table, the members of the committee, that in fact the Minister who was given the responsibility for managing the affairs of Manfor in the interest of the people of Manitoba has had virtually no role to play in the negotiations. He is not prepared to answer questions about it. He was out of the country when the deal was signed. This hardly sounds like someone who is taking his responsibilities very seriously and so it is quite understandable that



he comes before the committee today and says, well, I cannot answer any questions.

Let it be clear that the operations of Manfor since this Minister took over have an impact on the sale, the divestiture options that are explored. It has an impact on the people who work there, on the communities, and this Minister does not appear to have any understanding of those relationships. Let us only look at one aspect of it—the current loss position in Manfor, the current operating position of Manfor. It has an impact and over the next couple of months its operating position will have an impact on the people of Manitoba, how Repap is going to be allowed to carry forward Manfor's losses, how they are going to write off those losses has an impact.

So the operations of Manfor and the divestiture are not two separate things. This Minister wants to pretend that they are. They may be in his mind, they maybe are. But the fact of the matter is that the operations and the divestiture have integral aspects. The divestiture is only one, the question of training and retraining, the involvement of Manfor and its successor Repap perhaps in the communities also has significant overlapping features. So this Minister cannot divorce the two things and that is why the committee's demanding that Mr. Manness be here because if he is the person that can answer the questions and not this Minister, then Mr. Manness should be here. So I move that we adopt that motion.

**Mr. Chairman:** Your move is out of order at this time. We have a motion by Mr. Angus and I move that the Committee of Economic Development formally request the presence of the Minister of Finance (Mr. Manness) at this time at the committee to deal with the divestiture of Manfor. That was moved by Mr. Angus.

Now I would like to ask the committee, all those in favour of this motion? Against? Motion carried. What is the will of the committee?

**Mr. Taylor:** We ask that any message, Mr. Chairperson, be carried by the Sergeant-at-Arms to Mr. Manness' office. I say that in all seriousness. They have to have staff from the other side; but I am quite serious, a formal motion and that message should be formally carried to the presence of the Minister and I believe that is appropriate protocol.

**Mr. Angus:** If I may, I do not know that we have to go to the extent of the Sergeant-at-Arms. We could perhaps have a member of the Clerk's department take that particular motion advising Mr. Manness that this has been endorsed and approved by the committee. And in the interim we can perhaps move into the report and start the discussions in anticipation of the Minister of Finance acknowledging the rules of the House.

**Mr. Chairman:** As Chairman of this committee, I would like to suggest that this motion has been carried and we asked the Minister to ask Mr. Manness to appear before us today and it was not suitable for him and I would think that this committee should decide whether they want to rise or whether we want to go on with

the '87 report that we have before us at this present time.

**Mr. Storie:** The committee has passed a motion. The motion requires that this committee—and the committee approved that motion—that the obligation is now for the chairperson or perhaps the Minister or one of his staff to take the message to the Minister of Finance (Mr. Manness). It was a request, now it is a request of the committee. Certainly, we think Mr. Manness has to be here. I think he should be given that message somehow, quickly. Perhaps the Minister could take the message himself with his gavel and hand over the gavel and say, I had no interest in Manfor anyway.

**Mr. Chairman:** I think the point has been well made, Mr. Storie, that this committee would like to see the Minister of Finance (Mr. Manness) appear when we reconvene and I think at the present time, in all fairness, I think the committee should rise.

**Mr. Cowan:** The motion said nothing about reconvening. The motion said basically, as I recall it, and I do not have it before me, that we formally request the Minister to come. We have made that motion. We believe it is now incumbent upon you, Mr. Chairperson, as the chairperson of this committee to ensure that motion gets to the hands of the Minister of Finance (Mr. Manness) so he is aware of the seriousness of the request. That is not to suggest that the Minister of Industry, Trade and Technology (Mr. Ernst) did not make a very serious request before, but we have added our voice to his voice with respect to the Minister appearing before the committee.

We have wasted a lot of time already because the Government cannot get its act together to get its Ministers here. That does not mean we should waste more time because, as has been indicated before, time is of the essence with this deal. There is not a lot of time to review it in the detail which it deserves and the detail which we believe the Government should want it reviewed in.

We are going to—at least, I think I speak on behalf of the New Democratic Party Caucus Members on the committee. We intend to use the rest of this committee meeting which may go past the normal adjournment time, we do not know that to be case but that is an option available to us, to ask questions. If the questions cannot be answered, then so be it. The public will judge as to whether or not the Government is being forthright, whether or not the Government knows what it is talking about, whether or not the Government wants to give us answers, but we reserve the right to put the questions forward today because we think they are needed today and urgent today.

We would ask you to convey that message in whatever forum you want. If you want, I will take it down personally to Mr. Manness, and we will make certain that he gets the full import of what we are asking of him. If you do not wish that, then I suggest you have staff take it down to Mr. Manness right away and we will continue on with the committee meeting and the questions that need

to be asked and, more importantly, the questions that need to be answered.

**Mr. Chairman:** The Clerk has just agreed to take it down to Mr. Manness.

**Mr. Helwer:** I move that we adjourn until Thursday morning at ten o'clock.

**Mr. Chairman:** We have a motion to adjourn.

**Mr. Cowan:** I would like to speak to that motion.

**Mrs. Carstairs:** It is not a debatable motion.

**Mr. Cowan:** No, it is a debatable motion because it is an adjournment with conditions. If it had been a straight adjournment, it would not have been debatable. I thank the Member moving it for putting in the condition so we would have an opportunity to discuss it.

Mr. Chairperson, this is another example of how not only the Ministers of the Government do not wish to be held accountable and answer questions. Now we have the backbenchers joining in that reluctant force of hesitation, ambivalence and closing the doors to honest, open, legitimate questioning of actions that this Government proposes to undertake.

**Mr. Chairman:** On a point of order, Mr. Minister.

**Mr. Ernst:** I have heard my honourable friend from Churchill over the past several minutes impute motives to Members of the Government on a regular basis. Now I thought perhaps, Mr. Chairman, in listening to the imputing of motives that he would stop. He has not, and he has continued again now to impugn the motives that the Government does not have its act together, does not know what it is doing, things of that nature, all impugning motives to the Government. I suspect you should ask the Member for Churchill (Mr. Cowan) to stop that and get on with the meeting.

**Mr. Chairman:** Mr. Cowan, on a point of order.

**Mr. Cowan:** On that point of order, certainly I think it is apparent enough that the Government does not have its act together, that there is no need to reiterate it at this point in time. It is not an imputation of motives, it is a statement of fact. It is a statement of fact that is very apparent to everyone who has watched the Government try to hold committee meetings over the last little while.

**Mr. Ernst:** Mr. Chairman, on another point of order, the Member has indicated, for instance, that it refuses to answer questions or refuses to provide information, and that is not the case. I have amply demonstrated here this morning on more than one occasion that all of the information, all of the questions, the consultants who were involved with the divestiture of Manfor, all would be available on Thursday morning at ten o'clock. That information, whether agreement was had or not between Members of the Opposition Parties and the Government House Leader, was transmitted to them

for their information on Friday afternoon. So they knew on Friday afternoon that in fact Thursday morning would have been the time and that is when all of this information would have been provided and the Minister would have been available to answer questions. There is no question at all.

**An Honourable Member:** There was no agreement.

\* (1100)

**Mr. Ernst:** I did not suggest for a minute that there was any agreement. I said the information was transmitted to those people on Friday afternoon so they were aware. There is no question that the Government would be making available in a free and open and as forthright manner as possible all of the information, answer all of the questions on Thursday morning at ten o'clock. Let the Member for Churchill (Mr. Cowan) not make imputations that somehow the Government is refusing to answer those questions. It is not.

**Mr. Chairman:** A dispute over the facts is not a point of order, and I would declare both not a point of order, not on behalf of the Minister and not on behalf of Mr. Cowan. We have before us—

**Mr. Cowan:** May I continue speaking to the motion?

**Mr. Chairman:** To the motion?

**Mr. Cowan:** Yes. The fact is, Mr. Chairperson, is my, I guess it is a, prophecy that the motion will not pass and we will get on with the questioning. I wanted to make certain that before the motion was dealt with it was understand that we view this, and it may be an incorrect assumption but it is certainly one that flows from the discussions today, as another way of the Government, through a backbencher on this occasion, attempting to shut down the discussion on the divestiture of Manfor for this morning's committee. That is why we will be voting against it, because we want open, honest answers.

**Mr. Chairman:** We have a motion before us that we adjourn until Thursday. All those in favour? Mr. Storie, was your hand up?

**Mr. Storie:** No.

**Mr. Chairman:** All those against?

**Mr. Storie:** I was going to ask a question.

**Mr. Chairman:** Okay, the motion does not carry. So we will—Mr. Angus.

**Mr. Cowan:** I withdraw my vote.

**Mr. Angus:** Can we ask for opening statements from the chief executive officer of the board as to the performance of last year in the statement and begin the process of talking about what a fine corporation we have or had, as the case may be?

**Tuesday, March 21, 1989**

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**Mr. Ernst:** Mr. Chairman, we are dealing, for the committee, with the report dated December 31, 1987. Mr. Demare came into the employ of the corporation in, I believe, August of 1988. So, in terms of the performance of the corporation, it is demonstrated in the report as to what occurred with respect to the operations of the corporation during the calendar year 1987, which is of course the reason that the committee was called in the first place, in case we have forgotten.

**Mr. Angus:** Mr. Chairperson, when is the 1988 statement going to be available, through you to the Minister?

**Mr. Ernst:** I am not exactly certain, but I suspect some time in the next three or four months.

**Mr. Angus:** The year-end being—

**Mr. Ernst:** December 31.

**Mr. Angus:** When?

**Mr. Ernst:** The year-end of the corporation is December 31. So the December 31, 1988 statement, generally speaking, is available within six months of the time of the year-end.

**Mr. Angus:** Mr. Chairperson, in light of the fact that the corporation is, theoretically anyway, sold, it seems to me that it would be incumbent upon the corporation to get their financial affairs in order for the last fiscal year-end in order to be able to make justifiable representation to potential purchasers. So it seems to me that information as to the performance of last year should be available. Would the Minister endeavour to make that information available to us?

**Mr. Ernst:** The audited financial statement of the corporation is not yet available. It has not been provided by the Auditor. When it is, it will be tabled accordingly.

**Mrs. Carstairs:** Mr. Chairman, to the Minister through you, he has just made the statement that despite the fact that we are here to discuss the annual report for the period ending December 31, 1987, there is not anybody here to discuss the annual report ending December 31, 1987, because Mr. Demare was not appointed until August 1988. We are also obviously not here to speak about the divestiture. Would the Minister care to tell us what we are here to speak about today, if there is nobody here from the Government prepared to talk about the Annual Report of Manfor?

**Mr. Storie:** I can answer some questions.

**Mr. Ernst:** Mr. Demare is here to answer your questions with regard to the report, Mr. Henderson is here, and I am here to answer questions on the report dated December 31, 1987, albeit the fact that only Mr. Henderson, I guess, was in the employ of the corporation at that time and that, I believe, the Member for Flin Flon (Mr. Storie) was the Minister during the period of the annual report.

**Mrs. Carstairs:** Is it true to say that there is no one here, other than Mr. Henderson, who has in fact any

knowledge of this corporation for the annual report that is in front of us today?

**Mr. Ernst:** No, it is not true to say that.

**Mrs. Carstairs:** Would the Minister like to tell us who else is here then who has knowledge, working knowledge, other than the former Minister, who has working knowledge of this corporation for this period of time?

**Mr. Ernst:** Mr. Chairman, I am here to answer questions. Mr. Demare is here and Mr. Henderson is here to answer those questions.

**Mrs. Carstairs:** The Minister announced earlier this morning that the chairman was also not able to be here. Can he explain to us why the chairman of the corporation is not able to be here in that he later announced that of course we have had knowledge of this particular meeting for some 30 days?

**Mr. Ernst:** Mr. Chairman, Mr. Jones, the chairman of the Board of Manfor, is in Toronto at a meeting which had been scheduled for which he was obliged to attend on his regular duties. That meeting had been scheduled just recently and unfortunately he was forced to attend and could not attend here today. He sends his apologies.

**Mrs. Carstairs:** Does the Minister not feel it appropriate for the chairman of a corporation, particularly one that is going through divestiture, to be here physically? Did he consider having this meeting on another date to which in fact everybody could perhaps have attended when he learned that the chairman was unable to be here?

**Mr. Ernst:** As indicated earlier, I have been absent from the country for the past two weeks myself and was not aware that he was not going to be able to be here. He had intended on being here; he sends his apologies. But I think we have to respect, Mr. Chairman, when you ask people from the private sector to volunteer their time to take on a position as chairman of the board -(Interjection)- that is right, volunteer chairman of the board. Well, if you consider the remark made by the Member for Flin Flon (Mr. Storie) with regard to the credibility of the chairman of the Board of Manfor, when he is an extremely credible person in the business world of this country, as the chairman of the Board of Investors Syndicate, we could not I do not think have found a more appropriate person to take on the responsibility of the job of the chairman of the Board of Manfor.

We all have great concern over the operations of the company and the fact that we were able to secure a man such as Mr. Jones, with his stature and his business acumen, I think bodes well for Manfor. To suggest for a minute that we cannot respect the fact that as a volunteer member of the board who is giving freely of his time and expertise to the people of Manitoba that because of his own personal business commitments, for which his employer required him to be in Toronto, that we cannot respect that, I think that is unfortunate.

I would hope that the Members of the committee would reconsider their concerns in that regard.

**Mr. Chairman:** Mrs. Carstairs, would you please pull your mike a little closer. They had problems hearing you, recording it.

**Mrs. Carstairs:** That is the first time anybody has ever said they could not hear me.

Mr. Chairperson, in the statement that the Minister has just made I think it is unfair to indicate under any circumstances that anyone is casting any aspersions personally on Mr. Jones. Having said that, however, whether you take on a position voluntarily or whether you are paid for the position, there is a responsibility to report to the Legislature as the chairman of that particular corporation. I think that if the divestiture does not go through and if Mr. Jones is not going to continue I would like—or is going to continue as the chairman of the board—that a very strong message be taken from this committee that we expect the chairpersons of corporations to be before the Legislative Assembly committees when their corporations are being investigated and being discussed.

\* (1110)

**Mr. Ernst:** I wonder, Mr. Chairman, if the Member for River Heights (Mrs. Carstairs) would have made the same comment if in fact because Mr. Jones could not have been here we had cancelled the meeting.

**Mrs. Carstairs:** Mr. Chairman, the meeting was set by Government, not by us. We cancelled meetings in order to be here today. So the comment—

**Mr. Chairman:** Mr. Manness has joined us in committee and, Mr. Angus, I would like you to continue with questions.

**Mr. Angus:** Would the Minister of Finance (Mr. Manness) be prepared to give us an introductory statement as to addressing the divestiture of Manfor?

**Hon. Clayton Manness (Minister of Finance):** Mr. Chairman, I have come out of Treasury Board only to indicate to the committee, as I did last week in Public Accounts, that I will be prepared to discuss in fair detail the major elements of the divestiture, that I will do so on Thursday, that I will have at that time a major technical presentation to all the Members of the committee. I will have present at that time also the human resources the Government used to help in the divestiture of Manfor.

At no time did I give indication that would be the order of business today. I indicated last week in Public Accounts, some of the Members of which are sitting at this table today, that I would enter into that process of greater disclosure of the technical aspects of the divestiture this week after the Annual Report of Manfor was considered. I come again to make that statement. I am prepared to be here with a large number of people plus the technical aspects of the sale on Thursday.

**Mr. Angus:** May I ask, through you to the Minister of Finance (Mr. Manness), why he was not ready for today?

**Mr. Manness:** Mr. Chairman, I am led to believe that you are dealing with the Annual Report of Manfor. That is why Members of this committee have been summoned. They have been summoned to deal with the Annual Report of Manfor. That is the purpose of this committee. I indicated in Public Accounts last week that after the annual report was dealt with I was prepared on behalf of the Government to present to Members a full briefing as to the technical aspects of the sale and the divestiture of Manfor, and I will continue to do that on Thursday. Thank you.

**Mr. Angus:** Mr. Chairperson, before the Minister of Finance (Mr. Manness) leaves, with the utmost of respect, he has had ample indication of cooperation from legislative Members in terms of asking questions. It has been amply publicized that we had serious and legitimate questions to begin at this process, at this meeting, to discuss the divestiture of Manfor. In fact, we are dealing with a report that is two years old that does not have one player, other than Mr. Henderson, who is a forward planning individual. The comptrollers, the financial officers, the chairman of the board, none of those people are available to discuss this particular report. As this report and the information that comes out of this report would have a great deal of impact on the eventual divestiture, I think that it is incumbent on the Minister of Finance to make himself available at the earliest opportunity to answer questions. Those questions may in fact lead to other questions, which will give him two days to research, so that when he does make a technical presentation, he can inform the committee in the areas that they have the most serious interest.

**Mr. Manness:** Mr. Chairman, I do not need two days to research. I was involved in the divestiture from Day One for seven or eight months. I am saying to you in fairness to the committee and indeed in fairness to the Government, if Members of the committee and Opposition want to be fair to the Government, the final agreement has not yet been reached. How many times ever in the past has a Government been so open to provide the basic details of a divestiture before a final signature has even been provided to the sale? Can the Member name one time when that has ever happened?

This Government is prepared to do it. This Government served notice by way of the announcement in The Pas and by way of announcement by myself last week in Public Accounts that it was prepared to undertake and enter into that type of open dialogue and discussion. It will do so.

It will not do so on the basis of people summoned to a committee to deal with the annual report demanding that it show up at a certain day at which it does not have notice to do so. Surely to goodness, fairness is expected to work both ways and I am appealing to Members of this committee to be present on Thursday, at which time I will gladly entertain any of your questions but, before that, present the basic details and elements of the divestiture. That is fair, and fair-minded people will recognize it as fair.

Mr. Chairman, I am sorry, I have got decisions to make within the Treasury Board. I am sorry, I am

prepared to answer any of the questions with respect to the divestiture or, if the Member for St. Norbert (Mr. Angus) wants to talk about as to whether or not I am being fair in my approach, if he wants to enter into that type of dialogue on Thursday, I will gladly enter into that too. Thank you.

**Mr. Angus:** Mr. Chairperson, the Minister of Finance (Mr. Manness) is running off.

**Mr. Storie:** Can he answer on your behalf, Clayton?

**An Honourable Member:** That was great. Come again when you can stay longer.

**Mr. Cowan:** Thanks, Clayton.

**Mr. Angus:** Mr. Chairperson, just for the record, we would have thought that the information and the cooperation was on behalf of the people of Manitoba. The Minister has clearly tilted his hand in a business arrangement by announcing the sale before he has even entered into the final details. It is going to be extremely difficult to get answers from people who do not have the answers. We are running out of time, working on a ticking clock, and I am disappointed. I should have reworded the motion that said, invite the Minister of Finance to come and stay. I mean it is just inconceivable that he would come in and say, I cannot come, and then leave. It is an absolute abdication of his responsibilities.

**Mr. Chairman:** With that, can we carry on with the review of our annual report? Mrs. Carstairs.

**Mrs. Carstairs:** I would like to begin with a discussion of the balance sheet as of December 31, 1987. At that point, it would appear that the cash and short-term deposits of the corporation were some \$14.7 million. Can the Minister give us any indication as to what that figure was at December 31, 1988?

**Mr. Ernst:** Mr. Chairman, let me consult with Mr. Demare to see if that information is available.

**Mr. Paul Demare (President and CEO):** As at the 31st of December of 1988, cash on hand was \$12,566,101.00.

**Mrs. Carstairs:** Just for clarification, it was \$12.5 million approximately, Mr. Demare?

**Mr. Chairman:** Mrs. Carstairs, for all Members in the committee, please allow yourself to be addressed before because everything in this committee shall be recorded and so, in that respect, I would like to address the person before we ask the question or give the answers.

\* (1120)

**Mrs. Carstairs:** In the divestiture statements made by the Government, it was indicated that the sale was for some \$132 million. It quickly became evident through further reading that the Government was talking about a \$40 million purchase price immediately. Looking

further, it became evident that, of that \$40 million, \$30 million was then going to be provided by the Government for the purchase of preferred shares. We are now down to \$10 million. We now discover that there is \$12.5 million in the balance sheet of the corporation. So it would appear that not only is Repap not paying 1 cent up front, but they are in fact going to be given a cash gift of some \$2.5 million. Is that the understanding of the Minister?

**Mr. Ernst:** Mr. Chairman, those questions would more appropriately be addressed to the Minister of Finance (Mr. Manness) on Thursday morning.

**Mrs. Carstairs:** Well, you know, Mr. Chairperson, with all due respect, we are now talking with the Minister responsible for Manfor. Manfor is going to be divested. It has \$12.5 million in its cash and short-term deposits. What I have simply asked is it his understanding that Repap will, in fact, be given a gift of \$2.5 million as soon as they take over the operation of this company?

**Mr. Ernst:** Mr. Chairman, as I indicated, those questions would most perfectly be addressed to the Minister of Finance (Mr. Manness) on Thursday morning once the full presentation is made with respect to the divestiture of Manfor, including all of the options and where the money is, and who is paying whom, and how it is being financed and all of those things.

The answer, Mr. Chairman, is not quite as simple as the Leader of the Opposition (Mrs. Carstairs) would have us believe or try to put us into that position. I think once you go through the whole explanation of how the divestiture is taking place that many of those questions, if not all of the questions that she would have with respect to that, would be answered.

**Mrs. Carstairs:** With regard to the annual report of December 1987 under Share Capital, there is an indication that common shares are unlimited numbers of shares and preferred shares are Class A and Class B. Can the Minister inform us just how many Class A shares there are and how many Class B shares there are?

**Mr. Ernst:** I call upon Mr. Demare to respond to that question.

**Mr. Demare:** As of the 31st of December of 1988 the—

**Mr. Ernst:** Mr. Chairman, the question was December 31, 1987.

**Mr. Demare:** Note No. 6 gives you the exact details of the issued share capital.

**Mrs. Carstairs:** Can Mr. Demare tell us how many Class A's and Class B's were therefore in existence as of December 31, 1988, or are the numbers identical?

**Mr. Demare:** In total, the number is exactly identical. The only change is that the Class B have been rolled into the Class A shares. The commons have remained unchanged, the total remains unchanged.

**Mrs. Carstairs:** So that as of this annual report, Mr. Chairman, there are no accumulated dividend entitlement Class B shares.

**Mr. Demare:** As of December 31, 1988, you are correct.

**Mrs. Carstairs:** So that when we talk, Mr. Chairman, about shares being purchased by the Government of the Province of Manitoba, can we make the assumption that they will be non-cumulative dividend paying shares?

**Mr. Ernst:** Could I ask the Member for River Heights (Mrs. Carstairs) exactly what she refers to when she says the Government purchases shares? Government owns the shares now.

**Mrs. Carstairs:** The Government may well own them but, according to the press releases, the Government is going to purchase some \$30 million of shares as part of the divestiture. If there are in fact only Class A shares, then one has to assume that they are going to be purchasing non-cumulative dividend shares.

**Mr. Ernst:** I believe, Mr. Chairman, that they are not the shares in Manfor that the Government will be purchasing but, in fact, Repap. However, again those questions would more suitably be addressed to the Minister of Finance (Mr. Manness) on Thursday morning.

**Mr. Angus:** If I was interested in buying the shares of Manfor based on what you have suggested and when they roll them together, were they still at the dollar per share value? Is that a fair assumption?

**Mr. Demare:** Yes, that is correct.

**Mr. Angus:** There was a recent indication of devaluing the corporation to a \$1 figure. Could you advise us of the impact and the logic behind that accounting procedure? Mr. Chairman, I will pass that through the Minister to the accountant in the family.

**Mr. Demare:** There is no effect whatsoever on the company because that is a value that was placed by the shareholder on the shares that they own to the company. It has absolutely zero effect.

**Mr. Angus:** Mr. Chairperson, it appears, through you to Mr. Demare, that you took over a fairly healthy company. It seems to have about a \$40 million operating surplus. Is that an accurate assumption based on the 1987 projections?

**Mr. Demare:** You are referring to the net working capital?

**Mr. Angus:** The net working capital, yes.

**Mr. Demare:** Current assets were \$49 million, current liabilities approximately \$9 million, giving you a net working capital of \$40 million.

**Mr. Angus:** Can you share that information for 1988 with us, an approximate figure? Again, it is unaudited, Mr. Chairperson, and I recognize that.

**Mr. Demare:** Yes, it is approximately 44.5.

**Mr. Angus:** 44.5.

Could I move into cutting rights and long-term agreements? There were some disputes in relation to labour negotiations that I would like to address and see if they have been reflected in any reserves or on any areas of the corporation. Late settlements with the unions, that was a contentious issue in the last year, but I think it was before you actually took over, Mr. Demare, or perhaps it was when you took over. Do you want to just enlighten the committee on that at this time?

**Mr. Demare:** We have in total three different unions, four of them as a matter of fact. I think what you are referring to is the CPU hourly, 14.03. Their contract expired the 1st of December of 1988 and we concluded negotiations with them in about the end of January of 1989 to their satisfaction and ours. They voted 76 percent in favour of acceptance.

We had another contract with the CPU salaried workers in the pulp and paper mill. It expired on the 1st of January of this year. We just concluded negotiations with them a few weeks ago. They voted 100 percent in favour of acceptance.

The other two unions that we have, that is with the IWA, one is up for renegotiation on August the 31, that is with the IWA hourly. The other one is with the salaried staff in the sawmill and that expires on September 30 of '89. So we currently have no labour negotiations outstanding.

\* (1130)

**Mr. Angus:** I think, Mr. Chairperson, in relation to the cutting rights and some of the associated organizations that you have negotiated those agreements with—I am talking about the loggers, Channel Area Loggers Ltd. and people of that nature—could you just inform me of how long those contracts last? What are the circumstances of those agreements that you have entered into? Do they specifically spell out areas where cutting can take place? How do they look?

**Mr. Demare:** It is an entire process that has to be gone through. The province's Forestry department plays a major part in that also. The entire cutting area is divided up into forest management areas and you can only cut within each area what is allowed on an annual sustained basis into perpetuity.

Basically I believe what you are referring to is we do have some of our own operations and we do have some independent contractors operating within our areas and then we do have Moose Lake Loggers. Basically the process that is gone through is that we determine what our budgeted production is going to be for the forthcoming year, what our wood requirements will be, and we then negotiate accordingly with the Moose Lake Loggers for their share with the independent contractors and with our IWA.

**Mr. Angus:** When you say a sustainable area, does that include reforestation? Is that what you are alluding to?

**Mr. Demare:** No, at that point I was not. What I meant was that you cannot take, say, an area that is close to the plant site and log that area out 100 percent because there are other trees that are growing, say, 300 miles away. Within each forest management area, you can only cut within that area what you can cut on an into perpetuity type basis.

The reforestation is a separate matter although these days it is tied in 100 percent with and in 1990, next year, we will be up to 100 percent reforestation on actually planting of new trees.

**Mr. Angus:** What do you mean by 100 percent reforestation?

**Mr. Demare:** We have always—I think we were among the first in the field back in the early '70s—done some forms of reforestation, mainly scarification, natural regrowth, etc., but the best method of reforestation actually is replanting seedling trees in the cut-over areas. That is the direction that we have now gone. We were at 80 percent last year. We will be up to 100 percent next year reforesting. Then for at least a seven-year period you watch the trees very closely because there are some types of hardwoods or other types of weeds that can drown out your seedlings so at times you do have to protect them. You will have some that die off, you replant, etc.

**Mr. Angus:** Mr. Chairperson, how long does reforestation take in the Province of Manitoba?

**Mr. Demare:** In the area that we are talking about it has always been about 90 years on natural, not natural reforestation, with silvaculture reforestation that is down to about 60 years with the softwood species and your ultimate yield will likely be about one-and-a-half times what it is currently when you harvest the natural forested area.

**Mr. Angus:** Why is that?

**Mr. Demare:** Several different reasons. No. 1, when you plant your seedlings you have a better quality of tree. No. 2, when you plant the seedlings you have proper spacing and you do thinning if required, whereas in natural reforestation, of course, it is random growth.

**Mr. Angus:** Mr. Chairperson, when you talk about forest management, and you are talking about 100 percent replacement, is that one tree cut, one tree replaced or is it you plant two or three trees and hope that one of them will survive so that you can have one and one? How does that . . .

**Mr. Demare:** No. What you are actually referring to is if you harvest 100 acres, for example, that that 100 acres is going to be replanted, because you do get cases in natural growth where the trees will grow so thickly that you will never get a proper, mature tree. So the objective is not to harvest one tree, replant one tree. The objective is if you harvest out an acre of land that you will then reforest that acre properly with a better species of tree with proper spacing and, like I

say, for the first seven years you will monitor very closely the reforestation to ensure that at the end of that seven years you have a tree that is off and running. The mortality rate is in the first seven years, not after that.

**Mr. Angus:** Mr. Chairperson, I am concerned, or I would like to know a little bit more about stumpage charges and any of that related information as it applies to cutting, cleaning, and replanting in those areas. Can you enlighten me as to what the policies are as of your predecessors in 1987 or your particular policies now in 1988, whatever information you feel is—

**Mr. Demare:** In 1987, the actual figures were: stumpage was 61 cents per cubic metre of wood cut; we spent \$1.90 actual per cubic metre of wood cut on reforestation for a total cost of \$2.51 actual. For the current year, our estimates are 80 cents for the stumpage—this is on per cubic metre basis—\$3.70 for reforestation, for a total of \$4.50 per cubic metre of wood harvested which will be spent on the reforestation.

**Mr. Angus:** Mr. Chairperson, you rattled those figures off pretty quickly and perhaps they mean something to other people. You have to remember that I am a layman. I am not any sort of a "Timber Tom." I would like to have a bit of a better explanation as to who negotiates the agreement—

**Mr. Ernst:** I thought he was "Howdy Doody."

**Mr. Angus:** The Minister alludes to the fact that I might be "Howdy Doody." I have left that role to him to play, thank you.

Mr. Chairperson, could I just ask for a bit slower breakdown of how the costs are arrived at, how they are negotiated at and what sort of an end result we end up with?

**Mr. Demare:** For clarification purposes, our objective in the next year is 100 percent reforestation. We have to absorb those costs into the costs of production. In all of our harvesting it used to be cords of wood in the imperial system. It has now all gone metric so it is cubic metres of wood. It takes two cubic metres of wood to make 1,000 foot board measure of lumber, and for each 1,000 foot board measure of lumber that we produce it costs us \$9 for the reforestation. For each metric tonne of paper that we produce, currently it takes 5.09 cubic metres of wood fibre. So the cost in each tonne of paper that we sell is 5.09 times 4.5 equals what?

**Mr. Ernst:** \$22.00.

**Mr. Demare:** About \$22.00. We have the objective of the 100 percent reforestation. We have to be able to bear that cost through our selling prices of our product, and that is how it translates through to the finished product and the costing therein.

**Mr. Angus:** Let me see if I can put in perspective what I think Mr. Demare has suggested. You take a square metre of property where you are going to harvest the

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trees and in return you organize a planting so that you get 100 percent of that area reforested. The cost of doing that is, and this is where I break down, is it \$4.50 a metre or is it \$9 a metre?

**Mr. Demare:** The cost of reforestation is \$4.50 per cubic metre of wood fibre.

**Mr. Angus:** Mr. Chairperson, let me just then ask, you arrive at that cost by lists, by an accumulative total of all of the expenditures. That includes the contracts for harvesting the wood, the hauling of the wood, the cleaning up of the area after the chain saws have been there. Is that accurate?

**Mr. Demare:** No, what we are talking about now is after the area is harvested, what is it going to cost us to replant that area? All of the rest of the costs you have mentioned are detailed separately: the cutting of the tree, the slashing of the tree, bringing it to roadside scaling, hauling, debarking, etc.

**Mr. Angus:** That is all separate and that is done by the cutting contractors and the negotiations for that contract include all of that information. Is that accurate?

\* (1140)

**Mr. Demare:** In some cases it is what they call stumped dump contracts. In other words, if the contract is with you per cubic metre of wood, you cut it off at the stump till you dump it in our yard. In other cases, we do it 100 percent. Our own employees would cut the trees, skid them to roadside, have them scaled etc., so each case is different.

**Mr. Angus:** If each case is different, does the stumpage charge of \$4.50 vary between each case?

**Mr. Demare:** No it does not, because this charge is what it costs us per cubic metre of fibre that we use after the day is done to reforest that area.

**Mr. Angus:** Is this a national standard? Do we do comparison of stumpage charges between, say, Saskatchewan and northwestern Ontario?

**Mr. Demare:** Yes. As a matter of fact, I have got some comparisons right here. They are other companies, so I do not feel free to give you the figures but, yes, we definitely do and we are in the ball park.

**Mr. Storie:** A couple of questions to the Minister responsible, we have learned that the 1988 cash position of the company indicates that some \$12.5 million is the current cash on hand for the 1988 fiscal year. Is that roughly right? My question to the Minister then, when the books are closed in the eventuality of the sale, has the board of directors established a policy? Has the Minister established a policy on how that is going to be done to the best advantage of the province?

**Mr. Ernst:** The whole question of divestiture is done with the best interests of the provincial Government and the taxpayers of Manitoba in mind.

This operation, as you can see, has an accumulated debt of some \$250 million over a long period of time for a variety of reasons. The best interests, I think, in terms of the financial return on one part, the commitment to the jobs in the North on another part, the commitment to the maintenance of Manfor as an ongoing viable economic identity into the future, to not just preserve the jobs in the short term but to preserve them in the long term, and to make the operations of Manfor fully competitive in the markets of the future, all of those things were taken into consideration by the Government in its consideration of the divestiture of Manfor.

**Mr. Storie:** Mr. Chairperson, to the Minister, I do not need an overview of the terms that were originally put in place to be used as parameters for the negotiations. The parameters did not change with the change of administration nor did the company. No one around this table, I think, has any argument with the interests of Repap in purchasing Manfor or in additional private investment. Everyone agreed that was necessary.

What we do need to understand is whether the policies involved in Manfor, whether the board policies, whether the directions that had been established while Manfor was a Crown corporation are going to be continued, because they are important questions. If the Minister, every time we ask him a question, is going to say, well I cannot answer that because I was not involved in the divestiture team, then perhaps there is no point in us being here. The questions about policy do have an implication for what is, in the end, going to come out of this set of negotiations.

So my question was, does Manfor Board have a policy? Is the Minister saying that the negotiating team for Repap is going to structure the books as of a closing date for Manfor so that they can get the best advantage? We already know that in fact we have lost money. Because of the amount of cash on hand, we know that we did not get a cent. In fact, we are giving them a bonus of 2, probably more, millions. That is only what is on the books as of December 31, 1988. The fact of the matter is they probably have more cash than that.

My question is, what happens to the books? What is the Minister's policy? Does he have any policy? Has the board established a policy? Have they considered the question of what to do as of the closing date with respect to tax loss, the cash position of the company? Have any of those questions been answered?

**Mr. Ernst:** I suggest that the Member for Flin Flon (Mr. Storie) pose those questions to the Minister of Finance (Mr. Manness) on Thursday morning.

**Mr. Storie:** Mr. Chairperson, the Minister of Finance (Mr. Manness) came in here and in his sombre way said, well, all of those questions will be answered, that has got nothing to do with the annual report. Well, clearly not only in financial terms but in policy terms, it has everything to do with the report. There has never been a case when an annual report of the corporation has come before committee, where the next year and



the previous year's issues were not discussed. It has never been the case and certainly this year it is more important to discuss those issues than ever. The Minister is saying then that he knows nothing of any of those issues. Was this discussed with the board? Was the question of the closing of the books at the time of divestiture discussed with the Board of Directors of Manfor?

**Mr. Ernst:** As I indicated, Mr. Chairman, I think Mr. Storie should—pardon me, the Member for Flin Flon—should address those questions to the Minister of Finance (Mr. Manness) on Thursday morning.

**Mr. Storie:** I am asking the Minister responsible, was the question of how to deal with the closing of the books at Manfor at the time of sale discussed with the board of directors? Is the Minister aware of whether those discussions took place?

**Mr. Ernst:** As I indicated, Mr. Chairman, the Member for Flin Flon should address those questions to the Minister of Finance on Thursday morning.

**Mr. Storie:** The Minister a few moments ago was preaching the value of having someone as chairman of the board who had all of these business skills, and today we learn that in fact probably none of the real business questions about whether the divestiture should take place and under what terms was never addressed by the board of directors. In other words, they were kept totally in the dark.

The person who has the best knowledge of the company's existing financial circumstances, the person who has the best knowledge about the future possibilities for Manfor, the person who has the best knowledge about its implication for other activities in and around The Pas area was never consulted. The board of directors, the chairman of the board who happens to be the chairman of Great-West, no—

**An Honourable Member:** Investors Syndicate.

**Mr. Storie:** —Investors Syndicate was never consulted. He is not here today, he was never consulted. That is what the Minister is saying. Is that correct?

**Mr. Ernst:** Mr. Chairman, the Member for Flin Flon (Mr. Storie) can speculate all he wants and ramble on all he wants, putting whatever he wishes on the record whether it is true or not true. The fact of the matter is those questions would be more appropriately answered by the Minister of Finance (Mr. Manness) on Thursday morning during the whole discussion of the divestiture of Manfor and I suggest he raise them at that time.

**Mr. Storie:** Mr. Chairperson, the Minister indicates that I am speculating and part of that is true. I am asking the Minister to confirm or deny, I am asking the Minister to clarify for me the Government's position with respect to this important divestiture and the Minister seems to be saying he knows nothing about it. If that is the case, then it is a farce for him to be here. It is a farce for

him to be here as Minister responsible for Manfor (Mr. Ernst). The chairman is not here.

The Minister of Finance (Mr. Manness) walks in and says I will talk about it tomorrow. The fact is that this committee was established to discuss Manfor, and Manfor's policies today—and it is still a provincial Crown corporation—have an impact on what the province is going to get out of this divestiture and, more importantly, what is going to happen to the people who are involved in this divestiture?

The second question is was there any discussion whatsoever with The Pas Indian Band, the community council of Wabowden, Snow Lake, Cranberry Portage about their view of the divestiture options?

**Mr. Ernst:** Mr. Chairman, those questions would again best be addressed to the Minister of Finance (Mr. Manness). I can indicate that in fact there were some discussions very near at the end of the divestiture process with The Pas Indian Band.

**Mr. Storie:** Mr. Chairperson, could the Minister indicate Government policy with respect to the divestiture for those communities? Is there a policy that would indicate that those communities should be involved perhaps in terms of equity, but certainly in terms of employment guarantees, quotas, whatever? Was there a policy established before negotiations were entered into?

\* (1150)

**Mr. Ernst:** Mr. Chairman, the divestiture team was comprised of the Minister responsible for Northern and Native Affairs (Mr. Downey) as one of the several members of the committee. His interests and the interests of the Natives in the North were there represented at the table. With regard to the specifics of individual discussions with regard to various Indian bands or individual direct negotiations, he would be a more appropriate person to ask. He has the details of those discussions.

**Mr. Storie:** Mr. Chairperson, I can inform the Minister that as of today we received a letter from The Pas Indian Band and Chief Oscar Lathlin, which clearly indicates that no formal discussions have been taking place, that the Government was not considering the importance that The Pas Indian Band and the people who are employed at Manfor directly most certainly have in this negotiation, in this process. The Minister apparently is not aware of the position that The Pas Indian Band took, and took quite legitimately, long before this Minister ever got involved in that process. Is the Government's policy to allow for that kind of involvement?

**Mr. Ernst:** I would indicate to the Members of the committee that if the letter from Chief Lathlin indicated that he had had no discussions with the Government with regard to this issue and if, as the Member for Flin Flon (Mr. Storie) indicates that as such is the case, then the letter is incorrect. The fact of the matter is that I met, along with the Minister of Finance (Mr. Manness), the Minister of Northern and Native Affairs (Mr. Downey)

in his office a month or so ago, the date of which we could easily produce, as a result of a letter that he had sent to the Minister of Finance with regard to the divestiture of Manfor. That evidence can be produced if required.

**Mr. Storie:** I did not indicate, nor did the letter, that you had not met with them. The question was, does the Government have a policy? Has the Government established a policy? It is certainly not evident to anyone in The Pas, certainly not to the band, that the Government has a policy with respect to the question of investment, the question of employment, the question of affirmative action policy being part of the negotiations, nor is it evident to any of the other communities whose lives directly depend on the activities at Manfor.

**Mr. Ernst:** Mr. Chairman, the Member for Flin Flon (Mr. Storie) clearly indicated, when he referred to a letter from Chief Lathlin of The Pas Indian Band, that no discussions had taken place. Now that was clearly not true. In fact, discussions had taken place since. Clearly, those discussions were of a serious nature, serious on behalf of the band, serious on behalf of the Government. The question of how that interrelationship has taken place would best be directed to the Minister responsible for Northern and Native Affairs (Mr. Downey), and I will endeavour to have him here on Thursday morning so he can answer those questions as well.

**Mr. Storie:** Another question along the same lines, the community of Moose Lake and Moose Lake Loggers, which is also a Crown corporation, has had a very special relationship with Manfor over the years. Can the Minister indicate whether discussions have taken place with the Moose Lake Loggers Board, what the Government policy is going to be with respect to their continuation, given the importance of that operation to the community of Moose Lake? Can we have some assurance today that the interests of the people of Moose Lake are going to be or have been considered in the negotiations process?

**Mr. Ernst:** I would indicate to Members of the committee that the Minister responsible for Northern and Native Affairs (Mr. Downey), who is also the Minister responsible for Moose Lake Loggers, has had extensive discussions with Moose Lake Loggers, with the board, with the Indian band there, with regard to the future relationships they will have in northern Manitoba and a divested Manfor. The specifics of that would best be addressed to him, and I would say I would endeavour to have him attend the meeting on Thursday to answer those specific questions.

**Mr. Storie:** Mr. Chairperson, the Minister did not answer the question of whether the Government has a policy. It is all very nice, and we certainly know that from time to time Ministers meet with interested constituents. The question is, do they have a policy? Have they set a direction for the rest of northern Manitoba that is involved, whether the Minister likes to acknowledge it or not, in this sale very directly by virtue of the fact

that their livelihood and their future depend on the success of this divestiture? That is what is really at issue here. It is not good enough to say, the Minister met and had some discussions. Does the Government have a policy? Does it have a policy of involving those communities, either in the timber rights or in providing timber to a new company? Has there been a policy established?

**Mr. Ernst:** Mr. Chairman, as I indicated earlier and as the Member for Flin Flon (Mr. Storie) indicated, it was his Government's parameters for negotiation of divestiture of Manfor that we deal with the employees' jobs, people in the North. That was of paramount importance. Those commitments, protections, allocations and so on can all be answered by the Minister of Finance (Mr. Manness) with respect to his question on Thursday morning. I suspect that would be the appropriate time to address it.

**Mr. Storie:** A point of order. So we are not going to have any of the questions of policy answered here today. The Minister either does not know or he will not share with us what the Government policy is or whether in fact there is such a policy. Is that fair? Is there any point in me asking any policy questions to this Minister? Does the Government have no policy?

**Mr. Ernst:** As I indicated to the Member for Flin Flon (Mr. Storie), his questions relating to the divestiture of Manfor, as indicated at ten o'clock this morning, two hours ago, would be fully addressed on Thursday morning at ten o'clock and we will be pleased to respond to those questions at that time.

**Mr. Storie:** Mr. Chairperson, I do not believe I was asking the Minister to discuss information that may be shared with us by the Minister of Finance (Mr. Manness). I was asking the Minister responsible for Manfor (Mr. Ernst) whether the Government had any policy on those issues at this present time. The divestiture has not been concluded. Are the policies that exist in Manfor with respect to affirmative action, hiring and training, contracting out, reforestation, are those policies going to be a part of any new operation in Manfor in The Pas?

**Mr. Ernst:** The terms and conditions of the divestiture of Manfor form the policy of the Government. When those terms and conditions of the divestiture are laid before the Members of the committee and they are given ample opportunity to pursue questions with regard to them, then they will see obviously what the direction of the Government is in that regard.

**Mr. Elijah Harper (Rupertsland):** I want to ask the Minister responsible for Manfor about dealing with the Native employment in the Manfor area. I think some of those questions were raised by the Member for Flin Flon (Mr. Storie) particularly in the area of Moose Lake, the people who have been flooded out in the forebay area, Moose Lake area, Moose Lake band, Easterville-Grand Rapids and Cormorant. They were flooded out and left in a terrible situation. I wanted to ask the Minister responsible for Manfor whether, if any,

discussions have taken place with those bands and communities in those areas affecting the logging industry underemployment in Manfor.

Could the Minister elaborate or give us information as to what, as Minister, he has done to assure that the people in those communities—whether their interests have been addressed and what possible long-term benefits they can get from the sale of Manfor?

**Mr. Ernst:** Wanting to cooperate as much as possible with the Member for Rupertsland (Mr. Harper), let me say that all of those questions come directly under the Minister responsible for Northern and Native Affairs (Mr. Downey) and he is also the Minister responsible for Moose Lake and Channel Area Loggers. He is the best person to respond to those questions, if in fact that information is required. As I indicated to the Member for Flin Flon (Mr. Storie), I will endeavour to have the Minister responsible here on Thursday morning to respond to those questions. I personally, of course, have no direct involvement as a result of my ministry responsible for Manfor, as those ministries fall under the Minister of Northern and Native Affairs.

\* (1200)

**Mr. Harper:** I wanted to—as a matter of fact I spoke to a member of The Pas Band this morning regarding the sale of Manfor. The indication is that he indicated to me that the proposal was sent to the Government some time ago and a meeting took place with the Government. They were assured that consultation would take place before any final decision would be made. They were also advised that the decision to sell Manfor would not be made for a number of weeks. But following that meeting they were advised, not necessarily advised, but I guess the sale of Manfor was announced within one week and they were not consulted either as to the final decision of the sale of Manfor.

This is a member from The Pas band talking to me this morning and I was just wondering whether this Government is serious in taking up the issue of training, jobs, job security, in those areas. What has the Government done to assure Native people have employment in Manfor? Has there been any discussion in securing northern preference hiring or Native preference hiring, as was done in the Limestone training area, or are there any plans being made in that regard? Could the Minister answer that question?

**Mr. Ernst:** I could indicate, Mr. Chairman, that the meeting with respect with Chief Lathlin of The Pas Indian Band, if memory serves me correctly, took place about three to four weeks ago. I could get the exact date if I look at my calendar. So in fact there were several weeks of time interval between the time that the meeting took place and the time the sale was announced.

The indication at that meeting was that The Pas Indian band wanted an interest, a financial interest, in the divestiture of Manfor. We indicated at that time that matters had proceeded too far down the road to permit that to occur at that particular time. We were quite clear to Chief Lathlin at that time that, unfortunately,

if they had had money to invest that we could not make it a condition. However, we would advance to the potential purchaser the fact that they were interested, they did have equity capital to invest and that we felt certain that an equity partner with the interest that the people of The Pas Indian Band and the North have in Manfor might well be welcomed by any potential purchaser and we would advance that although we would not make it a condition of the sale.

**Mr. Harper:** Yes, that position, is there still a possibility that The Pas band could be part of the Manfor sale or have equity position in that? Is that Government's position still?

**Mr. Ernst:** I think, Mr. Chairman, that we will want to see people invest in the equity of the North and of those jobs that they so desperately need and want. I said we would advance, and have advanced in fact, the interests of The Pas Indian Band to the potential purchaser. However, we indicated clearly to the band that we would not make it a condition, that we could not at that point because we were so far down the road with negotiations that we could not make it a condition although we would certainly highly recommend their considering it.

**Mr. Harper:** Did The Pas band get a response from Repap? Have they secured some sort of response from them or has the Government forwarded their proposal to Repap? Is that being considered favourably?

**Mr. Ernst:** I cannot answer directly yes or no because I am not aware of how that transmittal was to occur. Mr. Manness, the Minister of Finance, was on an almost daily contact near the end, and I am sure that he would have advanced that to Repap. I will be happy to check with him and advise the Member for Rupertsland or alternately he could ask the question of the Minister when he appears on Thursday morning.

**Mr. Harper:** I wanted to ask another question relating to the Northern Flood bands. As you know, the Northern Flood bands have a large area for holding areas whether the sale of Manfor timber cutting area that is being talked about would involve some of the holding areas. Could the Minister elaborate on that or give us information as to what effect it might have or whether it is actually in those areas?

**Mr. Ernst:** First of all, I think, not just the specifics of that area but the whole question of timber-cutting rights and what is really being awarded to Manfor or to Repap in the sale of Manfor and what controls there are on those cutting rights will be answered in the technical presentation on Thursday morning. The specifics of each of the cutting rights, unless I had the information with me, I would not want to venture a guess as to the specific areas. But those questions, I think, can be answered and will be answered when the technical presentation is made on Thursday morning, which will outline the entire cutting area as well as what controls there are on that cutting area as a result of the divestiture.

**Mr. Harper:** Some of this information that he is talking about, could some of that information be made available

in advance, like maybe look at the map of the cutting area that is involved? Could that be a possibility?

**Mr. Ernst:** I suspect that if you contacted the Minister of Finance's office that he would be pleased to show you the cutting map.

**Mr. Harper:** There are a number of other issues that I wanted to raise. In the negotiations regarding pay equity, there is a deadline for pay equity for Crown corporations, which the deadline was September 30. I believe all the Crown corporations were completely in agreement. Regarding Manfor, I believe these things were concluded. I was just wondering whether the employees, you know, whether their wages have been phased in and whether the Minister can assure the committee that Repap has every intention of following through the agreement on wage adjustments.

**Mr. Demare:** The answer is yes. Pay equity has gone into effect in Manfor in accordance with the legislation and is now in place.

**Mr. Chairman:** Mr. Harper, any more questions? If not, I will turn it over to Mr. Angus.

**Mr. Angus:** I will relinquish the floor to my colleague who is beside himself.

**Mr. Taylor:** Mr. Chairperson, in the Estimates process for the Environment Department, some four or five months back, I asked the Minister, Mr. Connery, a series of questions about a serious oil spill at the Manfor site which occurred a number of years ago. It actually turned out to be a spill and a leak of major proportions. At that time, and it is in the public record here, it is quoted as saying is that the Minister, although monitoring the situation, is awaiting the results from this Minister, being the Minister responsible for Manfor. What he was awaiting was a consultant's report which was apparently due to the company around December 15. Now consultants were engaged this summer and, over the summer and fall, conducted a number of site investigations and studies. My question to the Minister is, is he aware of the report? Has he reviewed it and is he prepared to table it at this committee?

**Mr. Demare:** I am sorry, would you remind repeating the question?

**Mr. Taylor:** The question is for Mr. Demare, and I have brought this up with him once before as well. Are the private consultants which were engaged this summer and fall to conduct site investigations and studies on the very large Bunker "C" oil spill and seepage problem on the Manfor property—what I am asking for is, has that report been reviewed and is the corporation, through the Minister, prepared to table it at this table now?

**Mr. Ernst:** I will let Mr. Demare answer the question with the specifics of the report. The question on the tabling of it can be referred to me obviously, so Mr. Demare.

\* (1210)

**Mr. Demare:** To start with, the clean-up of the Bunker "C" contamination, that was an order that was issued February 7, 1989, and the requirement was to reduce the amount of contamination in the aquifer caused by the Bunker "C" spill and the breakages in the domestic sewer system. The boundary of the contamination has been identified in the consultant's Subsurface Contamination Report of '88. At the present, we are working towards a comprehensive package that will cover the mythology, scheduling, cost and the impact of the proposal. We are spending approximately \$100,000 on that aspect of it. The exact delineation of the boundaries and the action to be taken for the subsurface contamination was completed by a third-party contractor in the latter stages of '88. We are proceeding with a number of different—that has given rise to several other parts which we are proceeding with in each case to take action.

**Mr. Taylor:** Mr. Demare is giving us a very general overview of the situation. Given the significance of this issue, what the potential for damage to the local aquifer and potential even seepage as far as the river, I would think that this would be appropriate material in an annual reporting context for there to be detailed reporting, including the sharing of the report with the committee Members. I would ask if that would not be possible so we could get into this in a little more depth. I find myself at a disadvantage of Mr. Demare. I am not questioning the facts that he presents, but he has had the advantage of reviewing the report and has some precis, overview notes from which he is reading. I would ask, through you Mr. Chairperson, whether or not this report cannot be produced and, if not, why not?

**Mr. Ernst:** I do not have the report here.

**Mr. Taylor:** Yourself.

**Mr. Ernst:** Myself, nor does Mr. Demare, so that obviously then we cannot produce it here now. We will investigate and report back.

**Mr. Taylor:** In that this committee will be dealing at least one more and potentially more meetings with this report, I would ask the Minister's undertaking to endeavour to table the report for Thursday, with sufficient copies for Members and staff, so that we might get into this matter.

**Mr. Ernst:** Mr. Chairman, I indicated just a moment ago that I would investigate and report back. I will undertake to do that.

**Mr. Taylor:** I am not prepared to just say accept an undertaking to investigate. I would, however, and I think the Members of the committee would probably share with me the same thoughts is that we would be much more prepared to accept and endeavour to table. I would ask the Minister's positive confirmation of that.

**Mr. Ernst:** I said I will investigate and report back, and I will do that.

**Mr. Taylor:** Could the Minister repeat that, please?

**Mr. Ernst:** Yes, I said I would investigate and I will report back to the committee. I have indicated that two or three times and I am quite prepared to do that. Whether that satisfies the Member for Wolseley (Mr. Taylor) or not, if it does not, I am sorry. I said I will undertake to do that, I will do it.

**Mr. Taylor:** Can the Minister share with us his reservations about the tabling of the report? It is one thing for him to say he is prepared to look into, and I accept that and I am pleased with that. However, this is a document that was prepared at public expense because of a major environmental incident. I would think it would be appropriate, as the public purse has paid for this, that therefore that document at the time of an annual report could be shared with publicly-elected officials. I see no reason why we cannot have an undertaking to table. We have had other documents tabled in the House. We do not have the House in Session now. I think it is incumbent upon the Minister to table that report in that I have waited patiently for some four or five months; that is in the public record. I am not prepared to wait any longer. If necessary I will move a motion requesting that.

**Mr. Ernst:** Mr. Chairman, first of all, let me indicate that a report prepared by Manfor, that the corporation itself then is not at the direct taxpayers' expense, albeit it is a public company and that ultimately if there is a loss the taxpayer has to foot the bill and so on. I am not here to argue the semantics. I indicated to my honourable friend that I will in fact investigate the situation, and I will report back on Thursday as to the status of the matter and whether it can be tabled or not and all those kinds of things.

**Mr. Taylor:** Yes, I will accept that, Mr. Chairperson, but I am giving notice of motion at this time that if there is not a tabling on the Thursday that I will be moving a motion by this committee requesting tabling. Of course, the threat with that is that there will not be potential passage of this annual report and that, therefore, there will have to be another meeting of this committee to deal with Manfor reports later in the spring.

**Mr. Ernst:** It is unfortunate, Mr. Chairman, that the Member for Wolseley (Mr. Taylor) has to resort to threats in this committee and that he would in fact put the question of cooperation on the record.

**Mr. Chairman:** Mr. Angus, on a point of order.

**Mr. Angus:** There is a considerable difference between a threat and a notice of motion requesting information, Mr. Chairperson, and I would ask the Minister to consider withdrawing those remarks.

**Mr. Ernst:** On the same point of order, the Member for Wolseley (Mr. Taylor) clearly and in full earshot of Members of the committee indicated that his notice of motion was, in fact, a threat. He was very clear about that, and I see no reason for either the Member for St. Norbert (Mr. Angus) to get exercised or, for that matter, any withdrawals to be made. I mean, he clearly put that on the record.

**Mr. Chairman:** A dispute over the facts is not a point of order, and I would rule that as not being a point of order. Any more questions, Mr. Taylor? If not, to Mr. Minenko.

**Mr. Mark Minenko (Seven Oaks):** Thank you, Mr. Chairperson. I would like to ask the Minister or his staff whether there have been any changes to the reforestation policy from the previous NDP Government?

**Mr. Demare:** If you are referring specifically with respect to Manfor, the answer is no.

**Mr. Minenko:** So the policy as of today's date, as of December 31, 1987, and as of December 31, 1988, are all essentially the same with respect to reforestation?

**Mr. Demare:** That is correct.

**Mr. Ernst:** The answer, specifically I suppose, is yes. The fact of the matter is the company was on course through the previous Government and under the tutelage of this Government. It was on a path to 100 percent reforestation that will occur in 1990. So that, while the present Government has not changed the policy, in fact the direction is still going to 1990 for reforestation.

**Mr. Minenko:** So there then have been made provisions for reforestation to continue in the path that the Government has selected as a proper method of reforestation in the Manfor discussions with Repap. Is that correct?

**Mr. Ernst:** I would invite the Member for Seven Oaks (Mr. Minenko) to ask that question of the Minister.

**Mr. Minenko:** On Thursday, all right, very well. With respect to litigation that Manfor may be involved in, is there any, and what is the status on any litigation?

**Mr. Ernst:** Is there any litigation presently?

**Mr. Demare:** There is no act of litigation at this time that I am aware of.

**Mr. Minenko:** I understand that there is a situation with the snowmobilers. Are there any other situations that Manfor is either being sued or is suing anyone?

**Mr. Demare:** With respect to the snowmobilers, we are not at this time being sued. We are not suing anyone at this time. There is no litigation that I am aware of at this point in time of any material extent. In the regular normal routine course of business with the number of employees that we have, we are continuously being served with—what is the word?—garnishee orders, routine minor items of that nature, so I am not trying to avoid your question. I do not believe there is any major litigation under way.

\* (1220)

**Mr. Minenko:** With respect to the snowmobiler situation, has Manfor appointed counsel in that situation to represent them?

**Mr. Ernst:** Mr. Demare has indicated to the Member for Seven Oaks (Mr. Minenko), Mr. Chairman, that there is no litigation at the present time. If there is no litigation, why would you speculate on whether you would appoint counsel to handle potentially? I think at this point indications are there is no litigation.

**Mr. Minenko:** As the Minister is well aware, being himself a businessman, oftentimes there is no litigation although counsel is engaged in correspondence and whatnot. I am simply asking is there—recognizes no litigation, but is there counsel involved and who is that counsel in any of Manfor's matters?

**Mr. Demare:** To be exact we have our own corporate solicitors who have been monitoring the situation from Day One. But I should also advise that we are protected by our insurance policies and currently the prime lead responsibility should litigation occur will not be on the part of our own corporate solicitors but rather on the part of our insurer's solicitors.

**Mr. Minenko:** I have a final series of questions then. How many or are there small businesses associated with providing services or goods to Manfor at the present time?

**Mr. Demare:** We do deal with a great many small businesses and in particular within our economic range I do not think there is any small business that we do not, as a matter of fact, deal with. But to be very honest with you, to give you names and numbers, that I was not prepared to do.

**Mr. Minenko:** Are there any suppliers of any goods and services that would be excluded from providing those goods and services under the divestiture plans or should we then expect an answer on Thursday to that question?

**Mr. Ernst:** Mr. Chairman, as I have indicated consistently throughout the meeting, questions related to the divestiture are best addressed to the Minister of Finance (Mr. Manness) who will be present to answer those questions in great detail on Thursday morning.

**Mr. Chairman:** Mr. Cowan.

**An Honourable Member:** Mr. Chairman, on a point of order, Mr. Cowan is not even on the committee.

**Mr. Cowan:** That does not matter.

**Mr. Chairman:** That does not matter. Mr. Cowan.

**Mr. Cowan:** It has not mattered to date.

**An Honourable Member:** It should matter. A committee Member should have precedence over non-committee Members.

**Mr. Cowan:** Well, perhaps.

Yes, my question to the Minister falls upon our mutual disappointment with the fact that we did not get any

real answers to some serious questions about the sale of Manfor during today's committee meeting. He has indicated that there will be a presentation given by the Minister of Finance (Mr. Manness) and staff on Thursday. I would ask him if he can tell us at this time as to the length of time that presentation will take?

**Mr. Ernst:** I cannot answer for how long it will take the Minister of Finance to make any presentation that might be brought forward, but I suspect, given the length of presentations that have been made up to now, it could be in the area of 20 minutes to half an hour.

**Mr. Cowan:** The reason I ask that question is because it is now apparent that what the Government wants to do before it discusses this is to package it up into a neat little package, put a bow around it and try to sale the sell of Manfor and that is very apparent. They are not prepared to answer questions until they put forward their best case possible and -(Interjection)- perhaps the Member for Wolseley (Mr. Taylor) is right. They are trying to stick handle this one because they are afraid of those questions and we have seen today a hesitancy to answer any serious questions.

I had asked the Minister if he can give us an assurance now that all the Ministers, who were Members of the divestiture team, will be present at the committee hearing on Thursday, so that we do not get bounced back and forth as we have today with respect to questions about certain areas of responsibility. It is not good enough for the Minister who has overall responsibility for Manfor to suggest that because the Minister of Northern and Native Affairs (Mr. Downey) is not here, he does not know what the Government policy is with respect to the involvement of bands and of individuals in the area. He does not know answers to specific questions. Are all the Ministers going to be here on Thursday so that we can have complete answers given to these very important questions.

**Mr. Ernst:** Mr. Chairman, the Minister of Finance (Mr. Manness) came and indicated that he would be here. He is the lead Minister on the divestiture. I have indicated I will be here as a Member of that committee. I will endeavour to have my colleague, the Minister for Northern and Native Affairs (Mr. Downey) here as well, and I will be contacting him at the conclusion of this committee meeting to attend. I will also ask the Minister of Finance (Mr. Manness) to see if the balance of the Members of the committee would be available.

**Mr. Cowan:** Will the Minister, as Minister responsible for Manfor—and it is not just a matter of semantics—encourage, as a matter of fact, demand upon the Minister of Finance that all Members of the divestiture team be available for questioning?

**Mr. Ernst:** I would be happy to encourage all of them to attend. I would be happy to encourage the Minister responsible for the divestiture, the Minister of Finance, to also encourage them to attend.

**Mr. Cowan:** Just on a very quick final point and then I will relinquish the floor, it has been suggested that

today the efforts of the Opposition to gain answers to some very serious questions were untimely and, because of a commitment by the Minister of Finance to be here on Thursday, we should be patient.

Well, I can tell the Minister that patience has not been earned by his Government by the way in which they have handled this affair to date. We expect on Thursday that the questions that were asked today will be answered in full. We expect that other answers will be given in full to questions that come up at that meeting, and we expect that this committee will be in session as long as is required to get the full facts and the full information about the sale of Manfor. We do that because we believe we have a responsibility to help the Government make it the best deal possible for the people of this province.

There is no other motivation that guides us. There is no other reason for us asking those questions. We want to be able to ask them in such a manner as to ensure that we get full factual information. We will accept no less come next Thursday.

**Mr. Chairman:** Mr. Angus, any final question before—

**Mr. Angus:** Mr. Chairperson, I just would like to serve notice as well that we would like from the administration—they took over what appeared to be a company that had turned around. They had made some marketing decisions and some tremendous investments of capital to attack specific markets, and I would like to know from their projected planning people the results of those efforts and what the projections of the company were. Was it going to be a viable company, was it going to be increasing in value, and things of that nature? As they do impact greatly on the future and the sale and the conditions of the sale, I would like to have some information on that from the administration.

**Mr. Ernst:** We will endeavour to respond to your request.

**Mr. Chairman:** Committee rise.

**COMMITTEE ROSE AT:** 12:30 p.m.