



Fourth Session - Thirty-Fifth Legislature  
of the  
**Legislative Assembly of Manitoba**

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**STANDING COMMITTEE  
on  
PUBLIC UTILITIES  
and  
NATURAL RESOURCES**

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42 Elizabeth II

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*Chairperson  
Mr. Jack Reimer  
Constituency of Niakwa*



**VOL. XLII No. 6 - 7 p.m., WEDNESDAY, JUNE 16, 1993**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Fifth Legislature**

**Members, Constituencies and Political Affiliation**

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NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
DEWAR, Gregory	Selkirk	NDP
DOER, Gary	Concordia	NDP
DOWNEY, James, Hon.	Arthur-Virden	PC
DRIEDGER, Albert, Hon.	Steinbach	PC
DUCHARME, Gerry, Hon.	Riel	PC
EDWARDS, Paul	St. James	Liberal
ENNS, Harry, Hon.	Lakeside	PC
ERNST, Jim, Hon.	Charleswood	PC
EVANS, Cliff	Interlake	NDP
EVANS, Leonard S.	Brandon East	NDP
FILMON, Gary, Hon.	Tuxedo	PC
FINDLAY, Glen, Hon.	Springfield	PC
FRIESEN, Jean	Wolseley	NDP
GAUDRY, Neil	St. Boniface	Liberal
GILLESHAMMER, Harold, Hon.	Minnedosa	PC
GRAY, Avis	Crescentwood	Liberal
HELWER, Edward R.	Gimli	PC
HICKES, George	Point Douglas	NDP
LAMOUREUX, Kevin	Inkster	Liberal
LATHLIN, Oscar	The Pas	NDP
LAURENDEAU, Marcel	St. Norbert	PC
MALLOWAY, Jim	Elmwood	NDP
MANNES, Clayton, Hon.	Morris	PC
MARTINDALE, Doug	Burrows	NDP
McALPINE, Gerry	Sturgeon Creek	PC
McCRAE, James, Hon.	Brandon West	PC
McINTOSH, Linda, Hon.	Assiniboia	PC
MITCHELSON, Bonnie, Hon.	River East	PC
ORCHARD, Donald, Hon.	Pembina	PC
PALLISTER, Brian	Portage la Prairie	PC
PENNER, Jack	Emerson	PC
PLOHMAN, John	Dauphin	NDP
PRAZNIK, Darren, Hon.	Lac du Bonnet	PC
REID, Daryl	Transcona	NDP
REIMER, Jack	Niakwa	PC
RENDER, Shirley	St. Vital	PC
ROCAN, Denis, Hon.	Gladstone	PC
ROSE, Bob	Turtle Mountain	PC
SANTOS, Conrad	Broadway	NDP
STEFANSON, Eric, Hon.	Kirkfield Park	PC
STORIE, Jerry	Flin Flon	NDP
SVEINSON, Ben	La Verendrye	PC
VODREY, Rosemary, Hon.	Fort Garry	PC
WASYLYCIA-LEIS, Judy	St. Johns	NDP
WOWCHUK, Rosann	Swan River	NDP
<i>Vacant</i>	Rossmere	
<i>Vacant</i>	Rupertsland	

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**

**Wednesday, June 16, 1993**

**TIME — 7 p.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRPERSON — Mr. Jack Reimer (Niakwa)**

**ATTENDANCE - 9 — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Cummings, Ducharme, Mrs. McIntosh

Mr. Alcock, Ms. Cerilli, Messrs. Laurendeau, Reimer, Santos, Sveinson

**APPEARING:**

Sharon Carstairs, MLA for River Heights

Donald Vernon, Chairperson, Manitoba Hazardous Waste Management Corporation

**MATTERS UNDER DISCUSSION:**

Annual Report of the Manitoba Hazardous Waste Management Corporation for the year ended December 31, 1992.

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**Mr. Chairperson:** Will the committee on Public Utilities and Natural Resources please come to order. We have before us the following report to be considered, the Annual Report for the Manitoba Hazardous Waste Management Corporation for the year ending December 31, 1992. Copies of the report are available to committee members on the table behind me. I would invite the honourable minister responsible to make his opening statement and to introduce the staff present this evening.

**Hon. Glen Cummings (Minister of Environment):** I have Don Vernon, the Chairperson and Acting CEO of the corporation; George Harms, who is the Manager of Finance; and Alun Richards, Manager of External Affairs; and Jim Johnson, who is working with the corporation on our business plan.

I will put a few comments on the record. The corporation was established to plan to develop a comprehensive hazardous waste management system for the province, provide operational waste

management services as requested by government, business and institutions. The corporation does not have a monopoly in providing services or in developing facilities. In fact, it has actively encouraged the involvement of other investors and operators. The corporation is regulated by the Department of Environment on the same basis as any commercial hazardous waste operator or developer.

The waste management system planning is complete. Much of it is focused on source-based waste management, which will be one of the major driving forces in the industry. Providing services to waste generators through audits, advice and onsite waste management continues to be the major part of the corporation's business. In 1992, it assisted about 170 waste generators. I would indicate to the committee that I think this is one of the unique aspects of the corporation, in the approach that it is taking to reduce hazardous waste in this province, and that is the co-operative and informative process that we embark on with generators whenever we are in contact with them.

The corporation helps sponsor The Manitoba Waste Exchange, employs people through the On-Site program, assisting unemployed professionals in finding employment in the environmental industry. These are some of the means that have ensured that 85 to 90 percent of the hazardous waste produced in Manitoba could be managed at source.

The major primary source-based waste management initiative was the joint venture with Western Waste Management to develop and operate a system to capture, test, consolidate and treat about 20 million litres per year of contaminated waste water. The success of this public private venture also demonstrated cost-effective, source-based management through both onsite and offsite services. The corporation has become a significant operator and has waste business in this province.

And '92 began with the board having to decide between two sites for the location of the Manitoba central hazardous waste management facility. In March, the "Licence Application and Environmental Impact Assessment" for Montcalm was filed and referred to the Clean Environment Commission following the June hearings, in which 13 of the 14 mostly local representations supported the project. The Clean Environment Commission concluded that any environmental impacts for the facility construction and operation would be mitigated.

Manitoba Environment issued a Stage 1 Licence in September to allow the basic site preparation work to begin. This was completed by November in readiness for facility construction. Full licence to construct and operate the Manitoba Environment Centre was issued in April of this year, and the site's innovative environmental monitoring system is now in place.

**Mr. Chalrperson:** I thank the minister for his comments.

**Mr. Cummlngs:** Am I being cut off, Mr. Chairperson?

**Mr. Chalrperson:** No. I am sorry. I thought you were finished. To continue, Mr. Minister.

**Mr. Cummlngs:** I will make it quick.

**Mr. Chalrperson:** You paused too long for a breath.

**Mr. Cummlngs:** The corporation and the province negotiated and concluded historic agreements with—well, this is the important part—the Municipality of Montcalm, ensuring protection of the community's interests and effective implementation of the co-operative management process. This gives the community a major role in the development and operation of the facility, an example of which is that we have appointed two locally chosen people to the corporation's board of directors. Again, I think that we are finding this is one of the unique and very well-received aspects of the approach that corporation has taken, recognized both here but nationally and internationally in groups where I have had an opportunity to talk to them about how the corporation has managed to achieve a site.

The Manitoba Environment Centre will include phys/chem treatment, bioremediation, secure landfill, transfer and storage capabilities. The 157-acre site provides the opportunity to

incrementally develop the facilities necessary to meet the changing and growing market.

Both the siting process and the community-corporate partnership in developing and operating the MEC have attracted international attention, were recognized through an award presented by the International Coalition for Land and Water Stewardship in the Red River basin.

Montcalm's informed decision to support the project demonstrated through two years of public discussion and a referendum that siting facilities such as this can be done using community as well as environmental, technical and commercial criteria.

The process begun in '89 was faster and more effective than siting experiences in other jurisdictions. The resulting site has exceptional environmental qualities, and given its proximity to the city of Winnipeg and to major transportation routes, we believe it is an excellent location from a business perspective.

The corporation has been seeking outside investment in the Manitoba Environment Centre and the associated waste management system. There are significant private sector interests from companies with both expertise and financial strength. The business plan has been released to these companies and will be the basis for the next stage of discussion and negotiation. We hope that by this time next year the full Manitoba Environmental Centre will be under construction.

In the meantime, to help solve pressing environment problems that we are facing, a bioremediation facility is being constructed at the site. This will safely and effectively treat soil contaminated with petroleum products that otherwise could be an environmental hazard.

Priorities have changed from system design and facility siting to increased commercial operation presence and full facility development. We expect this to be implemented through a combination of public and private sector involvement in a manner that is responsive to the needs of Manitobans and this region.

This concludes my introduction. I will now invite questions.

**Mr. Chalrperson:** I thank the minister. Does the critic for the official opposition have any statement?

**Mr. Conrad Santos (Broadway):** Mr. Chairperson, I am not the critic for the official opposition, but I would like to ask some questions.

**Mr. Chalperson:** Okay. Then I will ask the member for the—

**Mr. Santos:** Maybe the member for the third party who want to make some statement.

**Mr. Chalperson:** Yes, I will ask the member for the second opposition, Mrs. Carstairs, whether she has some opening statements?

**Mrs. Sharon Carstairs (River Heights):** No, I do not have an opening statement, but I do have also questions.

**Mr. Chalperson:** Mr. Santos, to question.

**Mr. Santos:** In the annual report on page 3, it states: The Manitoba Hazardous Waste Management Corporation is a commercial Crown corporation. What does that entail—commercial?

**Mr. Cummings:** I am sorry, is the question: Because it is a Crown, what does that mean in terms of the operation?

**Mr. Santos:** It is classified as a commercial Crown corporation. I am just asking what significance is the word "commercial," or the classification?

**Mr. Cummings:** Well, I think the one conclusion that can you can draw from it is that the corporation is not going to be operating in a monopoly, that it will be operating in a competitive commercial environment, but it is there to serve, as well, the public policy approaches of this government and future governments in the interest of hazardous waste management in the province. As a commercial Crown, the word "commercial" I am sure is what raises flags. That means it will operate in a competitive commercial environment.

**Mr. Santos:** Does it mean it has equal standing to compete with any other private concern?

**Mr. Cummings:** In the areas for which it is mandated to operate, yes.

**Mr. Santos:** Does it mean that it is also seeking profit?

**Mr. Cummings:** Yes.

**Mr. Santos:** If that is the case, why did it provide services, according to page 8, without charge—in the first paragraph there under Household Hazardous Waste?

**Mr. Cummings:** As a Crown, I said it operated within its mandate. Part of its mandate is education and providing public education, and in and of itself can extend to the fact that they have been absorbed in the costs of running the hazardous Waste Exchange, which is really the Household Hazardous Waste exchange behind Ward Lab. I believe that is probably the item that the member is referring to.

**Mr. Santos:** On page 3, objective 4, it says, "Encourage economic development through the provision of a cost-effective waste management system and the enhancement of environmentally based enterprises." How does the minister define the term "cost-effective"?

**Mr. Cummings:** As I stated in my opening remarks, I suppose cost-effective is just what it says, but I think, in the mandate of the corporation, we are talking about working with the corporations that are faced with waste management problems. The corporation has a mandate to encourage source-based reduction to begin with. A lot of companies historically were, let me just pull figures out of the air, shipping X number of tonnes, but they could with the expertise and advice that we made available through the corporation upon contracting them to help them deal with their materials. They may well find that is 50 percent of X and all of a sudden reduces their costs, but at the same time allows the corporation to be involved with them contractually, to treat their waste and treat it at a cost in the long run that might have been less than what the corporation was paying before.

"Cost-effective" means at the best cost. That is why we talk about the corporation working in a competitive business. If there is a company existing that can provide the service and the needed handling capabilities and can undercut the corporation in cost, then they are more than welcome in the market.

**Mr. Santos:** The fact that it is a commercial Crown corporation means it can have some business relationship with other private enterprises.

**Mr. Cummings:** Yes.

**Mr. Santos:** Does it have any such relationship with one so-called Man-West Environmental Ventures?

**Mr. Cummings:** The answer is yes.

**Mr. Santos:** What is the nature of the relationship?

**Mr. Cummings:** The question was?

**Mr. Chairperson:** Mr. Santos to repeat.

**Mr. Santos:** The item shows on the Statement of Operations and Deficits, page 18.

**Mr. Cummings:** Yes, I can add to that answer. Man-West Environmental is listed here as: "... has been contracted to develop and operate a comprehensive system to capture, test, consolidate and treat approximately 20 million litres per year of contaminated waste water." That was the matter that I referred to in my opening remarks. There is an explanation on page 14.

\* (1910)

**Mr. Santos:** What is Man-West Environmental Ventures? Who constitutes that concern or that enterprise?

**Mr. Donald Vernon (Chairperson and CEO, Manitoba Hazardous Waste Management Corporation):** That is the corporation itself and a company called Western Industrial Services. We are involved with them in a joint project.

**Mr. Santos:** You are in a joint venture with this concern?

**Mr. Vernon:** Yes.

**Mr. Santos:** How much did they contribute to the establishment of the facility?

**Mr. Vernon:** I cannot answer that question. I will have to take it—basically it funds itself. It is self-generating, it generates profit. As a result, we do not have any money in it. All we are doing is we are making money from the association. There was not a capital cost involved in it.

**Mr. Santos:** Are you saying that in this joint venture, only the government, through the Manitoba Hazardous Waste Management Corporation, is putting all the risk and all of the capital?

**Mr. Vernon:** No, as I indicated to you, the amount of capital was minor. Since that time it has been recovered, so there is no risk with respect to it at all.

**Mr. Santos:** Mr. Chairperson, according to the Statement of Operations and Deficit, share of net income is negative, \$48,000 loss.

**Mr. Vernon:** No, the way the statement is set up, that is actually revenue, that is net revenue.

**Mr. Santos:** Oh, I thought it is in parentheses.

**Mr. Vernon:** No, not the way the statement has been formatted. It is actually revenue.

**Mrs. Carstairs:** Let us begin with the board of directors. Can the minister explain why, when there is not a lack of women in environmental fields, there are only three out of 12 on the board of directors who are women?

**Mr. Cummings:** In fact, that is something that we have been working to correct. One of the ladies that was previously on the board resigned. We did make a point of replacing her with a lady. A number of these board members have been here since the previous administration, frankly.

Yes, we are below what we would believe would be an equal or fair representation in terms of distribution between men and women, but it is not something that we are unmindful of.

**Mrs. Carstairs:** In that it is a relatively new corporation, can the minister explain why, of the five table officers, there is not a single woman?

**Mr. Cummings:** Mr. Chairperson, that is as a result of the function of the board and not something that this minister directs. The appointment of the chair, obviously, is mine, but in terms of how the board arranges itself on committees, the board has made that choice itself.

**Mrs. Carstairs:** Can the minister tell me then if this particular board has an affirmative action policy?

**Mr. Cummings:** At the board level, no.

**Mrs. Carstairs:** Will the minister recommend to this board that they immediately pursue obtaining an affirmative action policy?

**Mr. Cummings:** That is fair advice, yes.

**Mrs. Carstairs:** In the section on Household Hazardous Waste, the board report speaks about activities that they have been providing in rural and urban Manitoba. Can the board, or through the minister, inform us as to what are their projects are for 1993?

**Mr. Vernon:** Mr. Chairperson, the projects for 1993 are we will continue to maintain the Winnipeg operation on Owena Street. We will attend other areas as requested, and that is the basis on which

we have operated in the past. When requested to attend, we make our facilities and expertise available.

**Mrs. Carstairs:** Am I led to believe then that all of those who have requested facilities have obtained them from this corporation?

**Mr. Vernon:** Not facilities, but certainly services. Any rural centre that has asked us to come out and run a Household Hazardous Waste Day, to the best of my knowledge, we have complied with that request and will continue to do so.

**Mr. Cummings:** If I could add to that, Mr. Chairperson, as the previous questioner was looking at, this is in fact something that we believe is proper for the corporation to take a proactive approach. While it is an expenditure, it is certainly not for profit, generally given the mixture of materials that come in at the Household Hazardous Waste Days.

That has been the subject of some discussion, actually, between the corporation and the department over the years as to who this should be properly lodged with. It seems to me that the corporation has some obligation to provide some community or public good will, if you will, because the public should also feel comfortable approaching the corporation and getting advice or information that they need directly related to hazardous waste. So I have encouraged this to continue under this fashion.

**Mrs. Carstairs:** During the Estimates of the Minister of Environment (Mr. Cummings), the actual report did not come up, but obviously the corporation came up for some discussion. We were, I think, and I do not wish to put any words in the minister's mouth, given the understanding that the corporation would in fact be looking at raising funds through outside ventures with other corporations. I think that is accurate. Can the minister, or indeed the chairman, inform me as to what specific groups they are working with now in terms of finding that funding?

**Mr. Cummings:** I will ask the chairman to elaborate. In a general sense, we have looked for companies with, first of all, strong environmental knowledge and basis that are already in the industry. In looking at them individually, of course, then their financial strengths and relevance to our needs become important. I am not sure that we can, or should, in fact, I know we should not list

companies by name. Some of them have received the business plan of the corporation on the basis that they provide us confidential information. But I think perhaps the chairman could elaborate a bit more on some of the criteria that we are looking at.

**Mr. Vernon:** The approach that we have taken is based on our knowledge of the industry. We have contacted a number of corporations, both Canadian and American, and outlined to them the position that we are in, what our basic objective is and asked them if they would like to consider investing in the project that we have in mind. The response so far has been very encouraging.

I think we have five major organizations that have indicated a willingness to discuss the proposal with us and have, in fact, visited us in Winnipeg and have seen the site. This process is proceeding. There are more coming to us all the time.

We are very concerned about who we start negotiating with. If they are not outstanding and with an unblemished record in terms of their dealings with the environment, we are not interested in speaking with them. That is the primary criteria.

The other criteria is, of course, that they do have the resources to become involved in a project such as this. We are optimistic that within the next month we will probably get down to four or five companies that we will get into serious negotiations with, with the view of perhaps taking two to three right to the wire. We want to do that because we feel that only by doing that will we get the best deal for Manitoba.

**Mrs. Carstairs:** The minister was quite correct. I did not expect them to give me the names of the companies they are in the midst of negotiating with. That would be fallacy. Can he give us some more details on the kinds of company, the kind of product that they are now producing or the kind of service they are now engaged in that would make them interested in looking at this facility?

\* (1920)

**Mr. Vernon:** Mr. Chairperson, we are looking at companies that basically, I guess, the best way to put it is, the organizations that we are looking at offer all services in the total spectrum of waste management, whereas we are looking at basically a phys/chem operation. So any organization we

are talking with basically does far more in that area than we are doing.

We are looking for a partner that has a clean environmental record, ideally a company that has not had problems with the courts, and beyond that an organization that can bring the operating expertise to Manitoba that we believe we need in order to run an efficient, effective waste disposal organization.

**Mrs. Carstairs:** Can the chairman or the minister tell us what the fees are that are paid to the board of the waste management commission and the result of Bill 22 on this particular.

**Mr. Cummings:** All of our boards and commissions have taken the same 4 percent reduction as we are asking everyone else to take. The remunerations are not high, but I do not know if we can remember them off the top of our head. I am told that they are being paid \$190 per meeting, and that was reduced by the amount, by the 4 percent.

**Mrs. Carstairs:** Is there additional remuneration for the chair and the vice-chair?

**Mr. Cummings:** Yes, the chairman received originally \$20,000. We have an agreement by contract to have him accept the dual role that he is presently serving on a temporary basis.

**Mrs. Carstairs:** One final question—the Provincial Auditor is listed here as the Auditor for the Manitoba Hazardous Waste Management Corporation. There have been a number of changes with a lot of agencies of government moving away from the Provincial Auditor. Is there a determination with regard to the Manitoba Hazardous Waste Management Corporation as to whether the Provincial Auditor will continue to be the Auditor on record for this particular corporation?

**Mr. Cummings:** The Provincial Auditor, I am told, will continue.

**Mrs. Carstairs:** I am sorry, I did not hear.

**Mr. Cummings:** The Provincial Auditor will be continuing.

**Ms. Marianne Cerlill (Radisson):** Going back to the issue of the delay with finding some private investors and how it came to be that this was now delaying the construction of the facility.

Just give us more of an explanation of the course of events that led us to where we are now.

**Mr. Cummings:** Well, it depends on how far back one wishes to go. The fact is that the corporation has been going since 1987. When Minister Connery, who was Environment minister before I was, was in office, he had encouraged the corporation to speed up its activities. The sites by then had been identified on a broad, regional basis as to where the acceptable soils were. Then we move fairly quickly to some specific areas. Without wasting much time on it, in a number of communities, frankly, the corporation was, I guess to be polite about it, kicked out once they got past the first or second meeting.

Following on that, Rossburn, Hamiota, Winnipeg and Montcalm, Pinawa in a general sense are most of the ones that made the short list, but the community still seemed to have some active support for the project or at least a group working actively in support of the project. That was narrowed down. Obviously, Rossburn went into a prevote referendum which was lost. That eliminated them. The same thing happened in Hamiota. Pinawa was not rated the highest in terms of environmental location. We moved very quickly to the next two sites, which were Winnipeg and Montcalm, and frankly Montcalm moved the process along. They had a referendum in the community that established it as a responsive community. Winnipeg chose to study and then study further.

So then moving at that point, as the member has correctly referenced, a lot of people thought that we would simply go to government coffers and raise the money and build the centre and operate it as a Crown, complete, separate and commercial Crown.

It became apparent that there were other options that needed to be further explored, including coinvestment with companies that had resident expertise and had strong market development in terms of how they had been dealing with the products and had strong financial backgrounds, so that it was not all taxpayers' dollars that were at risk.

I think one thing that we need to clear right away is that we are not talking about the kind of arrangement that appears to be in place, and I do not mean to be critical because Alberta has moved along well and has handled an awful lot of waste, but in the arrangements that they have, it is could best be described, I suppose, as cost-plus with the



company they have an arrangement with—does that properly summarize it? As I understand it, that probably is not as efficient a funding process as we believe we can put in place here in Manitoba.

The province had really three options: the full Crown, fully owned as the government, taxpayers being the complete shareholder, to a complete, I suppose, devolution of the corporation to a private entity. We are not interested in either end of that spectrum, because the province has given complete assurance through agreement to Montcalm that we will continue to own the soil at that site. In other words, the long-term liabilities are assumed by the province.

By putting people on the board from the local community, we have given them direct input into the kind and nature of any ownership and management devolution of the corporation. It seems to me that given the initial responses that we have had, that we likely are going to be able to find companies that will want to invest. The real key becomes the fact that the Province of Manitoba and the taxpayers of Manitoba have approximately \$13 million invested in this operation today. Some people would state that the actual value of that varies widely. It is our view that the site and the expertise and the licence, the goodwill, all the things that are there as a result of that investment, are of very high value and that may well constitute a good portion of the investment.

We would still maintain the ownership, but the breakdown, the precise breakdown of how, in a general sense, going beyond that will depend on type of expertise and investment willingness that what we think our provincial partners out there would bring to the table.

**Ms. Cerilli:** The issue that I am trying to have answered is, what changed from when we first made the decision that we were going to have this facility made where, I think the minister alluded to that there was an initial plan to operate it as a Crown, as we usually in this province have had a Crown operate, so what changed? What was the course of events that led to this decision, and I guess from there, why was that decision made to go to this joint arrangement?

**Mr. Cummlings:** I have to tell you that as we were going through the licensing process, all of our energies were focused on that aspect of development. It became increasingly apparent to

me and to the board that there were other investment opportunities rather than simply have the Minister of Finance (Mr. Manness) write a cheque.

The province does not have unlimited borrowing loan capacity, and it seems to me that if you bring expertise to the table that has some of its own money at risk that they are going to provide very careful management and be able to bring private sector expertise to bear on some of the problems that the corporation will undoubtedly face as it develops its technical expertise and as it develops its market in terms of what materials it would be taking.

\* (1930)

Let us remember that even with this facility, not all of the hazardous waste materials produced in this province will be treated at this site and there may well have to be marketing opportunities to move that waste into other parts of the continent or treat it in facilities different than what this one would have the capability of handling.

Tying all that together, I believe that it is an area where we need to have the expertise that has been developed and combine that with the expertise of the corporation and the regulatory capacity that we have through the licence. The licence is a very strong licence and does commit the corporation to a very stringent operating regime. It seems to me to be as close as you are going to get to the best of both worlds.

**Ms. Cerilli:** What the minister is saying is that they have decided that the Province of Manitoba did not want to pay the entire \$30 million or so for the facility to have a Crown, and now we are having delays in constructing the facility because of that decision.

**Mr. Cummlings:** Well, yes, I hope the member is not trying to put words in my mouth. The term "delay," if you consider that the construction for the site preparation began last fall, before the final licence was issued under a special permit from the Department of Environment, then you sure as heck cannot say there has been any delay.

During that period of time, we also released the money for an engineering study of some \$700,000. Now, that does not seem like a lot of money, but if it was yours or mine, it is a heck of a lot of money. The fact is it is a lot of money that has been put

forward in support of this corporation moving forward.

That preconstruction design and engineering that is being done is being done in the effort to make the construction phase move forward as quickly as possible. If the other offset was that we have to wait until the only option is have the Minister of Finance (Mr. Manness), as I said, underwrite the loan authority, it could have been delayed longer than when we would like to have construction.

We are on schedule. In fact, we are ahead of schedule, when you look at the time frames that have been in place in order to get a site in other parts of the country or other parts of this continent. That is the nice part of this whole project. We have found a friendly community.

We are now moving into the soil remediation process. Again, another initiative that the government has said, we will get it going now because we are not going to wait while these other negotiations and discussions are going on. There is a desired market out there right now. We have got what look like some very positive opportunities to get that soil moving this summer. I really would be resentful if the member chooses to characterize that as being delaying.

**Ms. Cerilli:** Well, were there not dates quoted, even in the annual report, that there would be construction underway the spring of '93, if I remember correctly? If there were those dates quoted, were they quoted when there was not the agreement made for investors and joint operations?

(Mr. Marcel Laurendeau, Acting Chairperson, in the Chair)

If that is the case, why would those dates have been quoted for construction to commence if the corporation knew that there were no investors secured? It seems like there was this interest in putting forward the idea that this facility was going to proceed more quickly than it was. But the other issue of, why were there dates set for construction if you knew that there was no securing of joint investors?

**Mr. Cummings:** The closest you probably will find to a prediction of that date is that we said that the earth work preparation would be attempted to be completed by freeze-up and the licence to

construct would be issued in early '93. The licence to construct, not that—and that has been our target. We are constructing. It may not be as fast as having a \$10-million or \$15-million investment in place, but we are on target. The site preparation has been done. We are spending \$600,000 in getting the soil remediation underway.

I think the only delay that one could talk about this in terms of is whether or not the government is prepared to write a cheque and start construction, as far as I know, I do not think we have completed the engineering design yet. So you cannot really expect us to start putting cement and concrete, or concrete and steel in place.

**Mr. Vernon:** Mr. Acting Chairperson, there is one other point, I think, that needs to be made. You refer to delay. I am not sure why you think there is a delay. I am not sure what date you are referring to but the point is that until the licence is issued, we are not in a position to negotiate with anyone because any private sector partner that we would choose to negotiate with will not even talk to us until they see the licence.

You are perhaps correct, there were some individuals who were very optimistic. My position is a very simple one: I want it done right. If it takes an extra year, it is too bad.

**Ms. Cerilli:** There are a number of issues that we are dealing with at the same time here. Initially, when I started the questioning it was dealing with the decision to move to private investors. Initially, I do not remember hearing discussion of having private investors involved, and if I could just have a clearer indication of when the initial proposal for the facility was made, was it not the intent that this would be a Crown corporation?

**Mr. Cummings:** It is and will continue to be a Crown corporation. That Crown corporation may well be involved in the joint venture in the operation and ownership of the facility. The aspect of was there a change in approach made. The corporation, as they came closer to their realization of a licence and began to turn its mind toward construction and finance, had to start putting forward its business plan and make presentations to substantiate further loan authority.

In that process, it was recognized that maybe we had not explored all the options. To give you a time frame, I am not sure that I can, but I frankly do not apologize for the fact, as we looked at the financing

of the corporation, that the board agreed that there were additional options they could look at.

**Ms. Cerilli:** What is the current schedule for financing and construction?

**Mr. Cummings:** As the chairperson just indicated, we had a list of prospective companies that we would hope would be interested in being involved, but frankly until the Department of Environment put the final JT on the licence there was not anyone out there who was prepared—their immediate response would very well be, until you have a licence that is signed, you really do not have anything for us to talk to you about. Those discussions are now underway with a number of companies who are responding to the business plan that the corporation has in place.

You recall last winter that we indicated we wanted the corporation to refine and develop its business plan so that, whether it was seeking additional private sector dollars or whether it was going to continue to operate as a Crown, it has to have a business plan and one that is supportable, and we believe that there is a very good one there now. There was certainly a business plan in place but one that needed to be expanded upon.

\* (1940)

That is quite a shift in gears for a company that has spent about five years intensively out there dealing with the public in terms of providing the assurances that they had the capability to operate a site safely, that they had a real need in the province.

I think the majority of people accepted that there was a need for this sort of facility, but, frankly, when you go to talk to communities, they do not always agree. As we moved through that process, we moved into the next phase. For me to say now, well, we expect to be pouring concrete by fall, I suppose I might be back here next year answering the same question if we do not make that deadline. I anticipate that things will move forward, and whether there is concrete poured this fall or next spring, there is in fact a soil remediation facility going up on site that will be very active and will deal with an environmental problem that we have not been able to deal with in this province before.

Some of the soil has been left in the ground, some of it has been stored, some of it has been land farmed, some of it is hidden behind bulk tanks

out in some of the tank farms I suspect. There is good progress being made. We cannot show you at this point in terms of the major facility but remember that the corporation is actively involved on a day-to-day basis right now moving hazardous waste, hazardous materials into safe hands, if you will, for treatment today. Even without its own facility, it is out there competing with other companies to find the best market on behalf of some of the operations in this province.

The thing that we will have, when we have the facility going, is a cost competitiveness that we have not had before because of the transportation cost. We are stuck here in the middle of the continent. The greatest place to live as far as I am concerned but it is not necessarily close to the industrial heartland where the facilities that we might need are readily available, so there is high cost to industry locating here if it has a high volume of hazardous waste that it needs to deal with.

The sooner we get this facility in place, this is a very key part of industrial expansion in this province, but remember that the basis of the industries that we are dealing with also shift. I would suspect that you would not have a problem identifying, and I cannot off the top of my head give you a case study. I think you would find that the demands of the industrial communities have changed over the last decade as well and that is something the corporation has to be very sure on as it takes forward its business plan. That is one of the things that will help us decide whether or not their business plan is, and I am confident it is, as good as we believe it is in terms of the investors that will want to be here, because they will be double checking the work that the corporation has done to decide if the market is really there that they say is there, if the demand is there that they believe is there, if the volume is there, and in this business volume is everything.

That is why I have consistently said that I want to, and I am happy to say that I do have a good working relationship with the present government in Saskatchewan in terms of looking at how they see their hazardous waste management unfolding as well, because some of the availability of market is very important. Some of their industries are parallel to ours. Farm machinery, construction and the waste that comes from that is parallel in both provinces.

Frankly, we are a long way ahead in terms of that development and at the Western Environment Ministers' meeting about a month ago, we had a very good discussion on a regional basis as to the volumes that need to be considered. We are all busy identifying our volumes, but we all recognize the fact that we cannot in each province have the kind of facilities that would handle the complete cross section of materials that need to be handled.

**Ms. Cerilli:** The minister and the chair of the board have both talked about being on schedule and even ahead of schedule for moving to operation of the new facility.

So I have just asked what is the schedule that you are operating under. There has been an indication that hopefully by fall, there will be some construction of the major part of the facility. If you could elaborate on that, or tell us even when you hope or plan to have an agreement signed with co-operating investors.

**Mr. Cummlings:** I was very careful with what I said, and I was not trying to be cute. I said—well, you cannot make me cute anyway. The fact is that I have been very careful to talk about the fact that we were looking at if I said we were going to be having cement poured by fall, I would probably be back here trying to defend the fact if we did not make it.

When I said we were ahead of schedule, I am talking about the fact that we did not even anticipate having a site by now, frankly. We did move expeditiously when the community of Montcalm made up its mind that it was prepared to accept a site.

The engineering and design, as I said, is not complete at this point. The discussions are beginning with the potential investors. Frankly, I guess I am a little bit reluctant to say, well, on this date, we will begin. But if you want to quote me as saying where I believe we will move to, I see that we will have some very careful discussions before we sign any agreements, and I would think that getting cement poured this fall would be unlikely. But I am quite confident that we will be in a position to move on that front by the next construction year.

That is why it was not inappropriate, however, for us to start with the soil preparation at the site, because it was entirely possible that financing might have been in place earlier. But landscaping, installing the monitoring equipment—we have,

what, a half a million dollars worth of monitoring equipment on site. Well, you can go to the site and not necessarily see a lot of activity. There is a lot of money sunk into that site that is of very high value to us as a province and, I believe, to potential investors who will want to operate on a joint basis.

I believe the chairman is chomping at the bit to add something to what I just said.

**Mr. Vernon:** Mr. Chairperson, it is interesting, but once a decision of course is made to go ahead, then the question that my political masters ask is, how soon can you have the agreement in place. I think I was asked if I could have the agreement in place by the end of the summer, and the answer was no. By the end of the year, I hope so.

We have to be very careful with this. We are talking millions of dollars. We are talking a major investment for this government and this province, and the people who we are dealing with are very sharp people. As a result, we have to be very careful as we proceed, because we want the best deal possible for the province.

So I think when the minister says, pour cement this fall, I am happy to hear he retracted that, in fact he made the statement to begin with. I am optimistic that the agreements will be in place by year's end, and that we will start full speed ahead with construction as soon as the frost is out the ground next spring.

But I have to say to you that is an optimistic view, because many, many things could go wrong. But our concern, and as I said to you earlier, I am more concerned about doing it right and not making mistakes, than rushing it and fouling up.

**Ms. Cerilli:** Moving then to some of the criteria that you mentioned in answers to the member for River Heights (Mrs. Carstairs), it seems you indicated there were two criteria, having money and having a clean environmental record. I am wondering if there are any other criteria, particularly investors from outside of the province or outside of the country. Have there been investors from outside the province and outside the country that you have had application from and that have been considered?

**Mr. Vernon:** Mr. Acting Chairperson, yes, there have been investors outside of Manitoba and outside of the country. In fact, based on our knowledge of the industry, we invited a number of

companies to indicate if they had an interest in being considered. We did that by letter, and they have responded to us. We also ran an ad in The Globe and Mail and in the Wall Street Journal indicating that we had a facility and we were looking for a partner, and the responses from those ads are coming in now.

\* (1950)

So basically we are looking around. There is no question that we are looking for a \$20-million investment. That is what we feel we are going to need from the private sector partner to make this thing fly. So they have to have resources. They have to have a clean environmental record. They have to know the business, and I am sure the professionals on staff could give you a list of a couple of dozen other criteria, but we are looking at them very, very carefully.

**Mr. Cummings:** Mr. Acting Chairperson, not to detract the committee, but I realize I have a correction to make. I have been using the terms cement and concrete intermittently. Cement is a dust-like powder that when you pour it it blows around in the wind. Concrete is made from cement, aggregate and sand and water plus other additives, and when you pour it, it is thick, goopy and dries to be very hard and does not blow around in the wind.

**The Acting Chairperson (Mr. Laurendeau):** Thank you for the clarification.

**Ms. Cerilli:** I thought you were going to add to my question about where these potential investors are coming from. Can we get some indication of where, geographically, cities, that kind of—

**Mr. Cummings:** I do not think that would add a whole lot to the discussion. I am aware of some of the companies, and they are from the general geographic areas that Mr. Vernon outlined, North America primarily, and I guess I am not opposed to any particular nationality. I am interested in their environmental record.

**Ms. Cerilli:** I think it is a legitimate question to ask where potential investors in a Manitoba Crown corporation are going to be from. I think that having this kind of partnership can really change the kind of corporation that we are going to have. There are questions of risk. There are questions of control. There are questions of how this new model is going to be implemented in terms of the relationship with

the staff and the board. So those are all the kinds of issues that I want to deal with tonight, and I think that, you know, it is reasonable to just get some indication, particularly, if they are from out of the country. I think Manitobans would want to know these kind of things.

**Mr. Cummings:** Well, I think it is important to point to one aspect of the siting of this facility that has been unique from the start. No matter which community the corporation went into, they indicated that the province would become the owner of the property in perpetuity. In other words, if there were perceived in any way to be environmental history left behind in the operation of the corporation, the Province of Manitoba will be the responsible body.

That then leads to—in response to your question about the type of investor and how controls would be in place, and I think that was part of what you were asking—the Department of Environment will regulate this operation probably more tightly than anything else that we do. Because not only will it be there as a commercial entity in being regulated, it will have the added responsibility placed on it to know that once you get past the—and there is no way that one can buy enough insurance to offer complete and absolute assurances. Although I think the operation of any of these facilities is where you will get your complete assurance of its safety.

So the liability question becomes one that also drives the requirement that we carefully monitor and regulate any operator onsite. I think it is worth reminding ourselves that Crowns are not necessarily safer. It does not take too much time to call to mind some of the problems that we have had in this province in terms of environmental degradation by Crowns.

Therefore, I have no qualms about saying that a joint investor may well be the combination of expertise and regulatory responsiveness that you get from a private/public type of corporation that will provide the best possible scenario for this province.

I only point to the fact that Manfor left behind one of the, as far as I know, biggest trails of environmental problems in this province to date, and it was a Crown.

**Ms. Cerilli:** Mr. Acting Chair, when I was referring to control I was not thinking at that point of environmental control, I was thinking in terms of political and financial control. I think that one of the advantages of Crown corporations, and I will not go

into a litany on Crown corporations, but one of the attractive aspects is that it gives public ownership. It does give us financial control over assets that then belong to the Province of Manitoba. That provides some security.

I would think that there would be risk if there was foreign investment, particularly to this kind of industry, where it is dealing with environmental contamination issues. So again, I am asking for some elaboration and clarification for how this financial arrangement would work, the format in terms of authority over the assets and the operations.

**Mr. Cummings:** Let me assure the member that there will be plenty of opportunity to discuss more detail of any arrangements that we might consider.

I think she has to appreciate, however, that what we are putting before ourselves is a set of principles in an area in which we would be prepared to discuss with potential investors. One of the first things that is of basic importance to us is the integrity of the company, its investment, its expertise, its record, its management, but we are also very conscious of the fact that we need to protect the best interests of Manitobans and Manitoba dollars. That is why we are embarking on the route we are, in order to protect the investment that is there.

If the only way we can protect that present investment is to spend another \$30 million—and somewhere between \$20 million and \$30 million would be a good figure—of additional Manitoba loan authority and ultimately tax dollars that would be put at risk, I think there are a lot of taxpayers out there who would say, well, we have quite a bit of risk already. Let us see, if this business is so good, is there somebody else out there who is prepared to put some expertise and some dollars at risk as well.

I do not see American—the member is asking as an example what would happen if American dollars were there and if they were suddenly pulled out. I have considerable faith in the expertise of the corporation and my own abilities to make sure that we will draw up an arrangement that will provide the protection that is needed for Manitobans. There are lots of ways that governments can do that. The problem is that over the years they have not always exercised those options the way they should have.

I am confident that we will come up with an arrangement that we will be able to defend.

**Ms. CerlIII:** One of the other issues that has been raised in relation to this joint investment scheme is that the facility is being used as a possible investment under the Maple Leaf Fund, or I imagine another foreign investor would also get some money through the Maple Leaf Fund. Is that something that is in fact a possibility, or has it been a possibility?

**Mr. Cummings:** I am not sure where the member takes her advice from, but it seems to me that we are not very likely to end up in that position, given that the investor fund is now in limbo, to begin with, if that is what she is referring to, and secondly, we are not talking about bringing in a private investor and then giving him loan authority for \$10 million, if that is the suggestion that perhaps she is leading to. We are talking about an investor who has some real manana.

**Ms. CerlIII:** I think manana means tomorrow, but—I will leave the whole issue of the Maple Leaf Fund for now, and continue on just dealing with the format for the agreement with a potential joint investor.

What kind of implication would this have for the board of the corporation?

**Mr. Cummings:** I am sorry, that went right over my head. Do you want to try that again?

\* (2000)

**Ms. CerlIII:** What would the relationship be, and what would the implication be of having a private investor for the board of the corporation?

**Mr. Cummings:** I suppose that the ultimate relationship would be subject to some of the conditions of investment, but I frankly do not see the powers of the board being diminished. I think that is one of the things that will protect the taxpayers' dollars is that the Hazardous Waste Corp. board continues to exercise its authority, the same way as it does today.

**Ms. CerlIII:** Would the investor have then the purview to appoint people to their board?

**Mr. Cummings:** Well, the member is asking a lot of hypothetical questions, and I think that is an area that is more appropriately answered—and I would not want to put words in her mouth, obviously—but I am sure that it is more appropriate to say, what

possible means of protecting the environment and the investment can we put in place in any potential agreement. There is a number of formats that can follow, all of which, as far as we are concerned, we are open to discussion on.

But the basic principles are that we will not relinquish our authority to take action. We will not relinquish our environmental enforcement, and we will not put at risk any dollars that we would not consider to be a safe investment.

**Ms. CerlIII:** Again, I think that it is a legitimate question. I am trying to get the minister to put out the proposal for what the format for this new kind of partnership in a corporation would be. So, maybe then, just to ask the question that way—the minister has said that this will not be like the Alberta format. Can the minister clarify then, how will this work? How will the agreement work its way through the corporation?

I would think that an investor, particularly if they are coming with the kind of knowledge that the minister is saying, that they should also have some expertise in the field, particularly some kind of expertise in the area of chemistry, that there would then be an interest of having some influence on the business and corporation.

(Mr. Chairperson in the Chair)

So I would ask for some clarification of how this relationship would work.

**Mr. Cummings:** We are not going to lay out a sample or a model agreement under these types of scenarios, because we are just now getting feedback from the potential investors. But, as I said, what we are starting with are some basic principles as I outlined a moment ago.

I think that it is extremely speculative for me or the chairman to lay out potential models, but it is quite possible to have an investor and not have the province relinquish control, or the ability to protect its own investment and protect the environmental matters that could be at hand.

There are a number of scenarios. I think I could have the chairman speak to a couple of scenarios that could be a way of dealing with this, but I refuse to put anything on the record if down the road I am going to have it fed back to me that this is the way that we said we were going to set up an agreement.

I am not so stupid that I cannot read the twinkle in the member's eye when she thinks she is going to

get me to put something on the record she might be able to use back on me, because we started—

**Ms. CerlIII:** My eyes are twinkling?

**Mr. Cummings:** Well, she did not think I was cute.

The fact is that the format will have to start with the basic principles, as I stated, use different ways of accomplishing that all the way through to the type of investment similar to what we used with system management and bringing private investment to the systems management industry in Manitoba where the province has a golden share.

That model, all the way through the whole number of others, whereby the province can establish for itself the means of control. To ask me or the chairman to speculate on what type of a model precisely, whether there will be joint boards or whether there would be joint investments or subsidiary companies, those types of things, that is far too far away today from being just pure speculation as to what format we might use to use that as anything more than broad-brush comment on how we see ourselves being able to control and regulate.

**Ms. CerlIII:** So it seems the minister and the corporation are taking the make-us-an-offer approach. What I am looking for is, if you are not modeling it after what has happened in Alberta, then give us some other jurisdiction that has this kind of a joint corporation that you are looking at, or talk about how it would be different from Alberta because you would explain what you do not like about what Alberta is doing. I mean those are some of the kinds of answers.

**Mr. Cummings:** Mr. Chairperson, I simply want to put it on the record that, as you ask myself and the chairman to comment, we are more than prepared to be candid about what some of the models might be. I want to make it very clear that we have not discussed any of these. The member asks, are we taking the make-us-an-offer approach?

Certainly in terms of the expertise and the knowledge that some companies have out there, we are asking them to tell us what expertise you have, what knowledge you would have to bring to the table, what dollars you have got to bring to the table. That is only a fair and reasonable approach to find what might ultimately devolve into a short list of potential partners. I would invite our chairman to perhaps add some comments in this area, but it

seems to me that we are putting ourselves in a very vulnerable situation, if we talk about specifics when we go beyond what we believe should be the principles in the agreement.

**Mr. Vernon:** Mr. Chairperson, I guess the way to approach this is to start and discuss the value of what we have. We have a 157-acre site. We have a licence, and we achieved that in a very, very short period of time at a comparatively small price. We believe that is worth a great deal to a potential private sector partner who is already in the business. They will look at that and say that is a nice thing to have. Therefore, the approach we have taken is to say, here is the business plan, here is what we believe we can do in this province, here are the volumes that we believe are in this province, we have a site, we have a licence, tell us what you think.

Now, I will run through the discussion I had with an eastern-Canada Canadian company. We sat down with the president and basically said, here is where we are at, and here is one of the scenarios we see as a possibility, some sort of joint venture. By the time this facility has reached operational stage, the province will have probably something in the neighbourhood of \$20 million invested. We know we are going to need another \$27 million to build the facility. We have said that we feel our investment is worth \$20 million, we would like to see you bring \$20 million to the table and we will take it from there. We have been very specific with them that, although we are looking to a potential private sector partner to operate it, the corporation and the Department of Environment will monitor it.

They have been told in spades that the shareholder's agreement, if you want to call it that, or the joint venture agreement that we strike with these folks will lean towards the province. There will be a hammer in it. There will be a golden share in it, and if they break the rules, we would have the option to buy them out at their net book value. As the minister says, we are not at the point yet where we are getting down to negotiating various points in the agreement, but the initial discussions that we are having with these people, and we are having the same discussion with all of them, is that it is going to be, in our view, a 50-50 arrangement. There is going to be an agreement between the province and the private sector partner, and there are going to be some real tough clauses in it.

\* (2010)

When I got finished outlining that to the president of this company, he said, how do we get an exclusive? I said, you do not. It is not in the best interests of the Province of Manitoba to give anyone an exclusive. I said, we are going to take two or three companies right to the finish line, because only by doing it that way can we be assured of the best deal for the province.

Basically, that is the approach we are taking. It is too early to talk specifics, but I can assure you, we are not going to give a thing away.

**Ms. Cerilli:** That provides with some clarification. I think it would seem, then, that they would be involved once the investment is made with having some further interest in how the business is going to develop, where the focus is going to be.

I know that the facility already has been given an environment licence which sets out some pretty clear parameters, but there still is room for this to develop in a certain direction, depending on the kind of partner that you get. That is what—

**Mr. Vernon:** Mr. Chairperson, the other point that I have made is that the corporation has an agreement with the community, the province has an agreement with the community, and we have no intention of allowing anybody to play games with those agreements.

As I say, I told the president of the company, if we find you playing games, we will exercise clause such and such, and you are out of it.

**Mr. Cummings:** And he said, understood.

**Mr. Vernon:** He said, we do not operate like that, and we appreciate what you are saying, and we would expect you to monitor our operating activities to give yourself the comfort you need that we are doing it in accordance with all the agreements that are in place and the licence.

**Mr. Cummings:** Perhaps something that would help in this discussion is what I said about 10 minutes ago, and that is that this facility would not likely be all things to everyone in the province in terms of hazardous waste treatment. It may well be able to provide service, market advice, even do some contractual marketing, but it will not be of a capability of treating every single known hazardous waste.



So when the member refers to the potential expertise of investors, that is true, but that has to be tailored also to what the known market is and the business plan of the corporation, and that business plan of the corporation is based on what they believe is the known volume of materials and types of materials that would be served. Any investor would, obviously, examine that, and we will be talking to some of the potential investors that we are talking to. However, they are operating in a way that probably has a very broad spectrum of capability and would be able to respond to what this market is or they would not likely be interested.

**Ms. Cerilli:** One of the big questions in this area of how the relationship between the province and a joint investor would work is, how would the profits be shared?

**Mr. Cummings:** They would be shared based on whatever agreement would be struck.

**Ms. Cerilli:** In one of the other answers, the chairman of the board made a reference to the scope of the facility. I am wondering if having this kind of joint investment from other provinces could change the scope of where the waste will come from for the facility?

**Mr. Cummings:** We are governed by the three-way agreement that Mr. Vernon referred to earlier—the municipality, the province and the corporation.

This facility is designed for Manitoba first, but over the last decade and a half, there have been discussions in western Canada on whether or not each province, as I said earlier, could have complete facilities to do everything that needed to be done.

In talking to Saskatchewan, obviously I think that a potential for some material to come from, but that is not the primary objective at this juncture. The objective is Manitoba first, and the Province of Saskatchewan certainly has not put forward a plan. They do not have a plan province-wide at this point themselves. My point is, however, that they have shown considerable interest.

As I understand it, any discussions that would occur would very quickly become a subject of discussion of the board. The local community has input, through their representation on the board, in terms of whether the corporation would even

extend beyond the Manitoba boundaries in that respect.

Manitoba first; bilateral agreements second. I have been on record many times talking about bilateral agreements.

As I said, Saskatchewan has even reached the point where they are becoming quite open with us in discussions and use the expertise of our people on some occasions. I believe there is potential there.

**Mr. Santos:** Mr. Chairperson, going back to the initial questions that I was asking, so there is in place now an agreement between the Manitoba Hazardous Waste Management Corporation and the town of Montcalm—

**An Honourable Member:** Municipality.

**Mr. Santos:** —municipality. The municipality provided the land. [interjection] What was provided by the municipality?

**Mr. Cummings:** The municipality held a referendum, first of all, to determine the degree of acceptability within the community of having this corporation establish a site there. There was a favourable referendum.

The agreement between the municipality and the corporation revolves around the recognition of the right of the local residents to have input into the board. The agreement recognizes their right to have two members on the board. It also recognizes the nature of the operation of the corporation which is, as we have consistently presented it across the province, Manitoba first; any other material, other than Manitoba, on a bilateral arrangement.

The corporation purchased the land with loan authority under which it operates. Then the province also drew up an agreement with the municipality. The province reinforced the principles that were included in the agreement with The Hazardous Management Waste Corp., plus recognized its responsibility in terms of long-term liability, licensing, monitoring and control of any operator on that site.

So those are the types of formal and binding agreements that we have in place to provide the assurance to the community. Frankly, you cannot go in today—you virtually need armed guards to establish this type of facility in an area where it was not welcome. So this has been a pretty successful

operation in that respect, and we have freely undertaken these three-way agreements that I refer to.

The community has provided the response and the welcome, if you will, and the input by local people into what will occur there, but they did not put up any dollars. In fact, the community of St. Jean or other parts of the municipality should benefit from the location of jobs there.

**Mr. Santos:** Right now there is that agreement between the municipality and the corporation acting as agent of the province.

**Mr. Cummings:** No, there is a three-way agreement, the corporation acting on its own behalf with the municipality, and the municipality and the province have an agreement as well, entirely separate but reinforces the same principles that are in the agreement between the municipality and the corporation.

**Mr. Santos:** I am not clear about the Man-West Environmental Ventures. Looking at the balance sheet there, what is that \$73,000? What does it signify, Investment in Man-West Environmental Ventures Capital Assets?

**Mr. Vernon:** The \$73,000 basically represents the \$48,000 which the corporation earned as a result of its involvement with the joint venture. In effect it is an account receivable. At the year end we had an investment of \$25,000. I am informed that the \$48,000 has since been received as has the \$25,000. At the current date all of that money has been recovered.

\* (2020)

**Mr. Santos:** That money has been recovered. It came from the province?

**Mr. Vernon:** No, \$25,000 of that was the money owing to the province, that is right, and \$48,000 was our share of the profits that were earned. So in effect that is no longer an investment. As of today all those funds have been returned to the province. In fact, the \$48,000 represents revenue earned by the corporation. Of that \$73,000, \$48,000 is revenue earned.

**Mr. Santos:** Mr. Chairperson, I am just trying to outline in my mind the nature of the relationship between these two venture capital investors.

The Man-West corporation contributed to the cost of the incorporation by providing you with its expertise.

**Mr. Vernon:** Yes, they provide the operating expertise.

**Mr. Santos:** That had been capitalized.

**Mr. Vernon:** Our capital contribution equals theirs, and our share of the earnings from the joint venture have been paid back to the corporation. It makes money. It is a cash flow in, not out, if that is what you are getting at.

**Mr. Santos:** So it is a joint venture partner. I just want to find out what value it put up of its own resources. What did it get in return?

**Mr. Vernon:** My understanding is that it put up \$25,000. I understand that any money that the joint venture makes, it is shared 50-50. Is that correct?

**Mr. Santos:** Okay. The government, which is the financial backer of the corporation, had contributed all the operating costs, the general administrative costs.

**Mr. Vernon:** Just the \$25,000. That was our contribution.

**Mr. Santos:** I am just trying to figure in my mind the role of the regulator which is eventually the province, but it will be acting through the Crown corporation as well, but the Crown corporation is an investor in joint ventures with other private concerns. Am I correct in analyzing the situation?

**Mr. Cummings:** I do not think we should overly complicate this. We are not trying to make it more complicated. I am suggesting we try and make it as straightforward as we can.

What we have here is a joint investment that is treating waste water from CN, a problem that they had that they were by regulation being required to deal with. The corporation and this other investor coinvested after having won a contract, a competitive contract, to deal with this material. Then the company has been making money on that contract, and the profits are represented here. The original investment has been paid back to the corporation, not to the government. The corporation received its investment back, and it is receiving the profits from the operation.

It is one of those situations where the technology and the knowledge is where the profit is more than the investment in capital. There was very little risk,

but there was capability of doing this, because the expertise was resident with the corporation and the coinvestor. If you refer to page 14, I believe there is a further explanation that might help.

I think we were using the term "government" and "corporation" interchangeably. In this case, it was the corporation not the government. The corporation receives loan authority from the government for which it must account in its process the interest costs against that. In other words, this is not like father giving son five bucks on the weekend. This is a loan for which they must account their interest annually. In fact, the biggest single bill that the Hazardous Waste Corp. must account for annually is its interests costs against accumulated debt, which means that they must continue to move forward.

When the member asked about whether or not we were on track and whether or not we were moving along with our business plan, one of the things that requires this corporation to keep moving its business plan forward is that if it does not, its interest costs are going to eat it alive, which is what should happen if we are really respectful of what it costs to put an enterprise of this nature, which is very unique in many of its aspects. If we are ever going to get it into action, we have to recognize the true cost of doing it.

**Mr. Santos:** Mr. Chairperson, can I have a clarification now as to the proportionate share of equity ownership of Man-West in the corporation?

**Mr. Vernon:** I am not sure of the question. You are asking, does Man-West own part of the corporation?

**Mr. Santos:** Shares and stocks in it?

**Mr. Vernon:** No, it does not.

**Mr. Santos:** It does not. Is it then the corporation simply subcontracting its obligation with the Man-West corporation?

**Mr. Vernon:** I think, and staff can correct me if I am wrong, but I think the best way to describe it is that CN had a problem, they came to us and the best way to deal with this problem was to form a joint venture with Man-West Environmental and deal with the problem. As a result, in setting up the joint venture with them, we are dealing with the problem and the revenue is being shared—50 percent to them, 50 percent to the corporation.

It is making money, and it is also dealing with the problem of 20 million litres of contaminated waste water.

**Mr. Santos:** Okay, so there is this existing partnership between the corporation and Man-West in cleaning up this contaminated waste water. As of now it is a profitable venture, you are saying, and the corporation is getting 50 percent of the profit.

In that joint venture, what was the contribution of the Crown corporation, as distinguished from the contribution of Man-West?

**Mr. Vernon:** Mr. Chairperson, it was \$25,000 each.

**Mr. Santos:** So, Man-West is just a shell corporation, set up and also financed eventually by money coming from the province.

**Mr. Vernon:** No. It is a stand-alone joint venture between ourselves and another organization, and they contribute to dealing with this water and we do, and we share the revenues.

**Mr. Santos:** A partnership is an arrangement where the partners contribute capital, each, and they make money and then they distribute the profits to each, and the risks are also shared by the partner.

I am concerned about the risk, because there is right now in the statement, I do not understand all this statement, but the last page, you have borrowing costs there of \$242,000 and \$250,000 that has to be paid somehow, but there is also a net loss for the year of \$234,465.

\* (2030)

**Mr. Cummings:** The member's question regarding the bookkeeping amount for the year, there was not a loss. That money was recovered.

Now you asked about the concern for the risk, and the corporation has indicated to me that not only, first of all, was the \$25,000 in their mind not at risk because they knew they could do the job in partnership with this other investor, but it was insured, so if your concern was, was the corporation playing footloose and fancy-free with government loan authority, they double insured it to make sure that it was not at risk. In fact, what they have done here is to establish, and if I might add in terms of trying to bring this to some perspective, it is not a lot different than what I believe

governments should do under many circumstances. They have a very specialized job, for example, that needs to be done. Why should you put somebody on staff forever that you only need for one year or for a duration? This is a joint venture where they are able to deal with a specific tender and deal with a specific problem. They minimize their risk.

I guess there is a second part to the question that none of us are talking about. That is the fact that we want, through this corporation, to have the principles of accountability and even competitiveness through free enterprise, but they have a greater responsibility as a Crown to go out and deal with some of the environmental problems that companies are having trouble dealing with that maybe are not getting done otherwise.

So rather than being a problem, this can be a rather fortuitous situation, bring some of the expertise to bear in a cost-effective way, and I think one of the first questions you asked was about cost-effectiveness. They were able to bring to bear the expertise that I talked about here in such a way that they won a contract, and that contract even turned out to be profitable.

**Mr. Santos:** Mr. Chairperson, does it mean then that this joint venture agreement will terminate as soon as that contaminated water is cleared and the job done?

**Mr. Vernon:** Mr. Chairperson, the answer to the question is yes.

Just one other point, for the '93 year to date that project has earned \$150,000; \$75,000 of that flows to the corporation.

**Mr. Santos:** The system development costs, I want to focus on that. Is that the same term as the incorporation cost?

**Mr. Chairperson:** Mr. Santos to repeat the question.

**Mr. Santos:** Systems development costs.

**Mr. Vernon:** No, that basically is all the money that the corporations have spent throughout the siting process, dating right back to the beginning.

There were a couple of ways of handling that. Initially, it was being expended. In other words, all the costs that were expended in attempting to get a site, we were just treating as expenses. When I came on board, I did not like it that way, because I

said, when the time comes that we build this facility, we want to know what all the costs incurred were to in fact build it. So what we did was, we capitalized those costs.

**Mr. Santos:** These initial system development costs have been capitalized and amortized?

**Mr. Vernon:** They have been capitalized. It is not being amortized at the present time because there is nothing to amortize it against.

**Mr. Santos:** It says there in the notes in 2.(b), the end of the report: ". . . capitalized to reflect the Government's investment . . ."; and then, "The investment will be amortized over the useful economic life of the facility when the facility becomes operational." That will become operational when you get the full licence.

**Mr. Vernon:** When we have the full licence and the facility is in fact built.

**Mr. Santos:** I heard the minister saying this facility will be in perpetuity. Is that the amortization period?

**Mr. Cummings:** What I referred to was the ownership of the location. If there are materials stored onsite, which there may well be, the question was raised about whose liability is that for future generations. When you raise the question about private investors and so on, right away, the question comes up: Who owns the future liability?

The province assured the community of Montcalm that the population of this province, who are producing the waste, will own that site in perpetuity, so that they will not be left with something that they are not sure about down the road. It is not an insignificant commitment, frankly, but it is important to the success of this facility.

**Mr. Santos:** Mr. Chairperson, I can see now the emerging pattern of relationship developing here. There will be a series of joint venture agreements with whichever private concern, like Man-West, may want to be interested in the activities of the corporation. Is that the idea?

**Mr. Cummings:** I think to say that there is a series or could be a series would be a misrepresentation of what occurs. The corporation today has some offices, a very minimal amount of equipment, and it has now moved into the next phase where it now has a site and is starting to put some facilities on that site. The only way that it could actually be operational today is to enter into these types of

arrangements, because it was frankly under some direction from us through controls on loan authority that they are not going to be out there playing with taxpayers' dollars willy-nilly. That has never been their intention.

Frankly, the restricting part is that government was not putting forward loan authority without some known need for it, not just a theory, but something that needed to be actually done. The corporation should not be characterized in the future of potentially devolving itself into a contractor, if you will. That is not what is anticipated. It will be co-owner of an operating facility which may or may not have some, for example, delivery contracts, those sorts of things, but this was a very specific situation.

Another example, I guess, that we should put on the record of where we actually made some profit was contracting. The corporation, on behalf of the Province of Manitoba, was able to win a bid to operate, what, a three- or four-day household hazardous waste program in Thunder Bay. It is the only time we ventured outside of the province, as I recall. Sorry, it was Kenora, a little closer than Thunder Bay, obviously, but that was done on a for-contract basis, for profit.

As the corporation devolves into the facility that we are talking about here, at the Montcalm site, those will become minimal. Their main focus will be the education aspect and the management of the corporation.

**Mr. Santos:** Mr. Chairperson, we are now entering into another century which is classified and characterized as the knowledge-based society, dominated by technology and knowledge. The most important investment there is knowledge.

The corporation may have the physical facility. They may have the site, but unless and until they get the expert knowledge, they cannot hope to succeed in whatever objective or goal they may have in mind. Therefore, in seeking out venture capital partners out there, they are seeking actually not only money, but also expertise.

All right, but these private venturers are not at all imbued with care for the environment. There is a motivating bottom line for private concern, it is to make money. Sometimes government, and often they do, enter into joint venture capital agreements with these private entrepreneurs at the expense of

the environment, at the expense of the public welfare.

There is a book, and again I am repeating the theory here, one of the best sellers in Canada today, *Systems of Survival*. It details that there is an inherent conflict in government entering into private venture with any profit-seeking concern because they cannot disassociate themselves, no matter how responsible the corporation is, they cannot disassociate themselves from this aspiration to make money.

\* (2040)

Usually it is at the cost of the environment, risking not only the future of the present generation, but also the future generation, even the planet itself. This is the inherent conflict there.

The government is acting, through the corporation, as an investor as well as a regulator. Yet it is going into partnership with all these private sector concerns who are primarily interested in making money. That is why I am later focusing question as to the question of control, how the corporation will state its objective, its short-run, long-run and middle-range objective, how the corporation will be holding this kind of control so that it will protect the interests of the environment.

Because the environment, in any geographical unit, is inherently a subsystem of the total global environment. It cannot be tolerated any more, that any of these private concerns will be sucking the resources of the public for their own private benefit at the risk of the environment and the welfare of all our people.

The question is: Is this again another instance where the government, through the corporation, is providing all the facilities, all the resources, and at the same time these private venture partners are providing knowledge and money, but not taking any of the risk?

**Mr. Cummings:** No.

**Mr. Reg Alcock (Osborne):** Mr. Chairperson, I just have a few quick questions for the corporation, and I apologize if I tend to be a little repetitive. If I am, I am sure Ms. Cerilli will let me know, and I will read the Hansard rather than take up the time of the committee.

The only question I have, just to get a little information on the difficulty in obtaining a private partner, I would just like to get a sense of what is

standing in the way, what is preventing it? Has there not been an intention to have a private partner in this? Let me just go one step further, why is Petro-Canada talking about siting their own site and not partnering with you?

**Mr. Cummings:** I presume you are referring to the current comment that was about the soil remediation proposal. That has actually proceeded rather well, despite the reflection that is in the article that perhaps we should have had a private sector partner. That partner I think had reasons that went a little bit beyond just looking at this facility to not be involved at this time, although they are subcontracting their technology to the corporation.

One of the things that enters into this is a subset of a question I answered earlier, and that is to begin the operations and deal with some of the environmental problems that we have here in the province, and I have, I make no apology for the fact, wrestled with the contaminated soil problem for quite some time.

I would make it very clear that the owners of a lot of the contaminated soil in Manitoba are large corporate bodies, primarily the large gas and oil companies, and they have known for some time that the province was going to regulate and wanted this moved along. They have had every opportunity to strike an arrangement with the corporation. They chose not to work very closely with the corporation. They did not really want to negotiate.

The fact is that the corporation now has a very competitive price that is on the table. A number of them, not represented by the ones who were quoted or I believe referred to in the article in the paper, have indicated a pretty significant volume of soil will be available at somewhere in the competitive range that the corporation is now talking. It is my view the corporation made the right decision knowing that we have chosen to proclaim and enforce the regulations in this area. It has been known for quite some time that this summer is the year that they would become effective.

The corporations, as I said, have had three years to deal with this, knowing that they would have to take this soil to a licensed facility. As it happens, there is only one licensed facility right now, and that is the one that is about to become operational in Montcalm. For them to say that they have other

licences pending is not true. We have an application for a test, but they want to run several thousand tons through this test. Well, I may not be cute but I ain't stupid neither, and it seems to me that this was a rather deliberate scenario that evolved. They can take the soil where they like as long as they take it to a licensed facility, and I believe the corporation can be competitive. So this seemed like a sound investment.

**Mr. Alcock:** There was an intention on the part of the corporation to secure—I am not talking about a corporate customer at this point, I am talking about a corporate partner. What prevented that? What are the impediments? What are the potential partners saying to you? Are there reasons why they do not want to be involved?

**Mr. Cummings:** It is like the environment licence, as I talked earlier, companies that we talked to about potential investment in the corporation said, when we see the director's signature on that licence then we will believe you have got it. Even though everything was in place, except some final adjustments on what particular levels or some small adjustment of figures that might be needed to finalize the licence. Nobody in this business takes a step unless they are sure that it is 100 percent guaranteed.

In this particular instance, the coinvestor was seeking some ironclad assurances, and those assurances we could provide, but eventually it seemed, as the corporation explained to me, that the demands for their assurances were getting to the stage that they were becoming exorbitant, not only on the corporation but on the potential customers out there.

In other words, they wanted their risk eliminated, and the advice the corporation gave government when it asked for the loan authority to proceed was that they felt that they had exceeded the bounds of what would be a respectable arrangement.

Again, I have to say it occasionally appears to be a little bit of a game of chicken in this business, because some people have chosen to take the position that they do not want this facility to get going. There are certain interests out there who would rather own the licence but never operate, and I make no apologies for saying that. I am not pointing fingers or trying to libel anyone. In the business world there are companies that would like to own this licence but never operate on that site

because they have other facilities somewhere in North America that they would feed the waste stream into, and they would use the licence simply to run a transfer station and the economic benefits to this province would not be there.

So I and the board of the corporation are running a bit of a balancing act here. Mr. Vernon may want to be able to add a little bit to your question, but I think I have covered the general concerns as we saw them being responsible for the loan authority.

\* (2050)

**Mr. Alcock:** Mr. Chairperson, I appreciate that and I am in no way critical of the decisions that the minister and the corporation have taken. I just am trying to understand the playing field at this point.

You have a variety of commercial customers, and I understand the issue that you are raising there. Your potential investors, were they people that were seeking better control over their own pricing, or were they—the last part of your answer seemed to imply that these might be partners from other ventures internationally, or I assume from south of us, that are making a business investment, looking for some sort of return. Is that still in the offing? Is that realistically out there, or have we made the decision that this will not occur at all?

**Mr. Cummlings:** I am certainly trying to provide as much information as I can in answering the question. The potential coinvestor is still going to be involved because they are going to rent their technology to the corporation, but they will not be involved in the profit. The corporation in this case has rearranged its approach to this so their capital investment will be much lower than they had originally intended, and therefore they were able to accept the risk easier because the risk of them doing it alone would now be probably in the same range as the original joint venture might have been, even though we expect to be able to handle virtually the same volumes as I understand it—I am getting a nod from behind me here.

I think the bottom line, to be perfectly honest, in trying to put this into a context is that it was the recommendation based on the knowledge that the corporation has that some of its confidential information that I cannot put on—or the corporation would not want on the record, but basically the assurances that were needed to be provided were starting to become so burdensome that the corporation actually saw a significant profit

potential here and decided that it had now reached that balance, flipped it the other way, that we would go it on our own, although that is not our choice for the long range for the major facility.

**Mr. Alcock:** So you are still seeking an additional partner, or seeking to refine the relationship with this current potential.

**Mr. Cummlings:** The Hansard will show that we discussed this at length before, and the major facility is still seeking probably \$20 million of private sector investment.

**Ms. Cerilli:** I was going to ask questions on this too. So the soil remediation facility is going to go ahead, and the corporation is going to put forward the entire \$600,000. Will that \$600,000 be from next year's budget, or is that from under this budget? I do not see that indicated here.

**Mr. Cummlings:** Current year, that would be '93, '92, no '93-94 loan authority, or was it old loan authority? It is old loan authority from '92.

**Ms. Cerilli:** Oh, so that does not answer the question I was going to ask about the loan authority that was just issued. I do not know if there is a date on this one. There is \$2 million that has just been allocated. Is that for this project or is that for something else? This is June 9.

**Mr. Cummlings:** That is ongoing loan authority for the corporation. Some of that will go for Systems Development as well, which is the ongoing costs of operating the corporation as it prepares to get up to speed. Their costs, however, do continue to be offset by revenues that they earn. In fact, they will be close. I suspect that the corporation, in terms of operations, will break even this year.

**Ms. Cerilli:** That sounds excellent. That was one of the things I was going to ask. Looking at the deficit from the last couple of years, I was going to inquire about what the losses have been or what kind of things have been creating the greatest expenditure without having recovery.

**Mr. Vernon:** Mr. Chairperson, if you would go to page 18 of the annual report, maybe it would serve the group if we just went through that statement.

The first part of it deals with the Operational Waste Management Programs and that is basically our commercial operation, which showed that at the end of the year we generated some \$25,000 in cash, based on volumes of about 1.1 million.

Basically the net loss for the year is because of the Public Waste Management Programs that we carry out. This is done basically without revenue. I guess the Household Hazardous Waste Program is in there, plus any other public venture that we get involved in.

Then, of course, the Systems Development costs do not appear here. They go into the balance sheet item on page 17, Systems Development, and it is cross-referenced to Note 3.

So, from the point of view of our Operational Waste Management Programs, they are break even. In other words, we are generating more than enough revenue to cover our costs, and the only items that are contributing to the net loss for the year are the Public Waste Management Programs.

**Ms. CerlIII:** So the \$2 million for the loan from this Order-in-Council is just going to the revenue that comes in the line for this coming year?

**Mr. Vernon:** Mr. Chairperson, during the year, as we go through the process of finding a private sector partner, as we carry out our public programs, we need money. That, basically, funds the general operations of the corporation. Some of that will be for System Development; some of that will be for Public Waste Management Programs. A lot of it is for interest, as I keep reminding the minister.

**Ms. CerlIII:** So this year we want to be balancing the budget, but we are still going to be paying the interest from the previous years. How much money is going to interest, and where is that shown?

**Mr. Vernon:** Well, the interest is being capitalized. It is \$626,000 to finance last year for interest.

**Ms. CerlIII:** So there is an agreement, or an arrangement, though, where that is being paid, I think it is to the Royal Bank, even though the loan is coming from the Province of Manitoba? How does that work?

**Mr. Vernon:** Interest is paid to the province, but at the prime rate of the Royal Bank.

**Ms. CerlIII:** In the long run, how does the province fare with this relationship, with the way that they give out money through The Loan Act?

**Mr. Cummlings:** Well, as I tried to explain before, this provides a framework within which all of our Crowns can recognize that, and I think it is very valid that they recognize that loan authority is not

just free money. Somebody is paying interest on that money, particularly when the province is in debt. We are borrowing to operate within the province, and any loan authority that we have ultimately has a cost.

It does not have a cost when it is sitting there; it has a cost as soon as it is spent. If the question is, how does the province make out on this arrangement, the dollars are important, but it seems to me, in my own simple accounting method, that if the corporation has to acknowledge the real cost of the dollars that it is using, it helps them deal with their own business plan to recognize that there has to be a return.

That return has to recognize that there has been a cost to getting into business, and if that is not recognized, then you are never able to answer the question about whether or not you should have done this beyond the policy and the desire to deal with environmental matters correctly. It does not mean that you deal with it stupidly in terms of finance. There has to be an accounting for the way the dollars are spent, and this adds, I think, a real impetus to the corporation to get on with the job.

\* (2100)

**Ms. CerlIII:** I can appreciate that. This is a way of keeping the corporation more accountable.

What I am trying to understand is, what is the comparison between the interest that the province gets from the corporation as compared to the interest that it is paying on the loans that it has?

**Mr. Cummlings:** I do not have the figures. The Minister of Finance (Mr. Manness) would probably have to do a little calculating. We would probably make a wee bit.

**Ms. CerlIII:** It is interesting if people were recognizing, then, that the Crown corporation is actually, through this kind of arrangement, making money for the province.

**Mr. Cummlings:** I am being totally candid with the member. It could flip the other way, I suppose, but highly unlikely. The fact is that it depends on what the province is able to borrow money for. That has been quite favourable in most cases recently.

**Ms. CerlIII:** I will move on to another area that also has been a concern in terms of the corporation, and that was the surprise of having the director leave. I think, as was reported, it was a surprise, and there was never really any explanation for the reasons for



that or the course of events that led up to that. Can the minister put any more information forward to clarify what were the reasons for Mr. Cooke leaving the corporation?

**Mr. Cummings:** No, I cannot.

**Ms. Cerilli:** Was it, then, a personnel matter?

**Mr. Cummings:** Mr. Cooke had a contract with the corporation and, yes, it was a personnel matter. It was decided by the board that his contract would not be renewed. He was, I believe, treated fairly, and I made it very clear and Mr. Vernon has made it clear that we will not comment beyond that in the interest of Mr. Cooke's best interests and everyone else's. This is a private matter and a nonrenewable contract.

**Ms. Cerilli:** So did Mr. Cooke leave, then, at the end of his contract?

**Mr. Cummings:** Yes.

**Ms. Cerilli:** I think it raised a lot of questions in people's minds, then, if they did not know it was at the end of the contract, but even then, if it was still a personnel matter, but after that, seemed to be when all the issues around the private investment into the corporation started becoming more public. Was there interest in having private investors before Mr. Cooke's contract was completed?

**Mr. Cummings:** No. Yes?

**Ms. Cerilli:** Yes, I thought so. I guess the other question, then, is, where are we in terms of finding a new director?

**Mr. Cummings:** Mr. Vernon has taken on the dual role, and while we are not frantically looking for a new president

We are reviewing that role, and we are getting along quite well, in my view, at a cost to the corporation somewhat less in total than we would have had before, because Mr. Vernon is doing it on a dual role and that has allowed us to manage efficiently. The roles will emerge and change as the company goes through the next process and, yes, it is very possible that we would have a new president, but I cannot give you a date as to when that might happen.

Mr. Vernon has given me a commitment that he will work with us in the near term to keep the process going, and I am quite happy with those arrangements.

**Ms. Cerilli:** This is, I think, highly unusual, is it not, to have a former chair of the board of a Crown corporation then fulfill the role also as the president or CEO of that corporation?

**Mr. Cummings:** It is not unusual. I remind you that this corporation only has 25 employees. What we have is some pretty capable middle management people that are working with Mr. Vernon, and that makes the job one that can be managed under the arrangement that we have outlined.

**Ms. Cerilli:** How have the staff, including the presidents, been hired in the past?

**Mr. Cummings:** Would you repeat the question, please? I kind of missed the first part of it.

**Ms. Cerilli:** How are the staff and the president hired for the corporation? How have they been hired in the past?

**Mr. Cummings:** The board is responsible. The president's position is ratified by cabinet, and the other staff are the responsibility of the corporation, and beyond some of the gentlemen that I see regularly, and ladies, I have no knowledge of most of them.

**Ms. Cerilli:** Well, without any disrespect for Mr. Vernon, this does seem kind of unusual. When would you have had Mr. Vernon become the president or the chair of the board?

**Mr. Cummings:** It was about two and a half years ago when Mr. Vernon first became chairman of the board. Excuse me, when I recall the process here, Nick Carter was the chairman when we became government. Nick served under Mr. Connery, and he stayed on with myself for some period of time.

I have been minister for four years, so that means he was chairman of the board for almost two years under my tenure, and he tendered his resignation. I accepted, and in looking for a potential chairman, I knew of Mr. Vernon's obvious strong financial background, which was important when the main function of the corporation at that point was its siting but also was going through an awful lot of dollars. As I said, we have spent \$13 million in this area since the inception of the corporation, I believe, as we total everything up.

So it was, I think, a very happy arrangement. We still have some existing board members from the previous administration on for a long time. Frankly, I see the corporation as one of those areas where

we have got all of the political parties from the province and all of the various philosophies coming together and saying, this is a job that has to be done. It really has not been a problem for me.

**Ms. Cerilli:** Is the board chair just appointed by the minister or does that go through the boards and commissions process?

**Mr. Cummings:** It is from the recommendation of the minister through cabinet.

**Ms. Cerilli:** So we have had Mr. Vernon appointed to become the chair and then within a couple of years the previous chair did not have the contract renewed and then he became both the chair of the board and the CEO for the corporation.

**Mr. Cummings:** Just to correct the terminology, it was the previous president or CEO that was there by contract. His contract ended, ran out, and was not renewed, and Mr. Vernon agreed to take on both responsibilities.

**Mr. Santos:** If the chief executive officer is hired by the board, is it not then the board hiring one of its own?

**Mr. Vernon:** The Hazardous Waste Act stipulates that the president must be hired by Order-in-Council on the recommendation of the board.

**Mr. Santos:** So it is really the board who is the recruiting, recommending authority, and then confirmed by cabinet. But if it is hiring one of its own members, especially its own chairman, is that not acting as contracting with itself?

**Mr. Cummings:** No.

\* (2110)

**Mr. Santos:** How can that be no when the chairman is the spokesman of the board and the board is the policy-making body and the hiring authority of the table officer, and then the chairman of the board will be hired as the chief executive officer who is also the chairman of the board?

**Mr. Cummings:** This is not that unusual. As I said before, we are talking about a corporation that is very small. We are also talking about an interim position. You do not find chief executive officers overnight.

I came in to government, we operated for a year on an acting head of MPIC, multimillion dollars annually. We picked somebody from the internal

workings of the organization. But your point about the chairman and the president, both authorities being resident with one person, that is not all that unusual.

Under a number of circumstances you can point to a lot of rather large corporations where that in fact is the case. The chairman in this case identified this as an issue and very clearly allowed the board to make a decision and a recommendation without any coercion from him. That was indicated by the communications that I received from the board. I concurred with the recommendation on an acting basis to put Mr. Vernon in as chair and president. It has worked exceptionally well, thank you.

**Mr. Santos:** If this were a family-owned corporation, I could understand it. The chairman of the board of a family-owned corporation may also be acting as his own chief executive officer because it is owned by the family, there is only one owner and one interested party. This is a public Crown corporation and with all due respect, I see some kind of inconsistency there, unless this is simply a temporary emergency arrangement.

I suggest that it should not continue for long. It is the obligation of the corporation to find a new chairman or elevate its vice-chairman and then hire the former chairman afterwards, but not during, at the same time. It would be like a person eating his own vomit.

**Mr. Cummings:** Well, I totally reject your analogy.

**Mr. Chairperson:** Shall the Annual Report of the Manitoba Hazardous Waste Management Corporation for the year ending—

**Ms. Cerilli:** I will move on to another area. I want to deal with one of the references in the annual report, and it is made a number of times, that this whole industry depends very much on enforcement of regulations.

I want to, first of all, ask the minister to explain—I alluded to this also in the Estimates on the department—regarding the enforcement policy that the government is undertaking. Has there been any change in the operations or the business of the corporation because of changes in enforcement of regulations?

**Mr. Cummings:** I would say no, because the corporation is terribly conscious of the regulatory regime that we have in the province and has,

frankly, I would have to say in my view, sometimes been exceedingly cautious in terms of its actions and its recommendations as to how its operations are performed because of the added onus that is on it, being a publicly owned Crown.

I think the subset of your question is, is the province more capably enforcing its regulations these days? The answer is yes, because we have modestly but gradually and consistently increased our enforcement body out there. We now have the additional sections of The Dangerous Goods Handling and Transportation Act proclaimed, and we are beginning to see results from that as more material is driven into the regulated waste stream.

**Ms. Cerilli:** Well, that was going to be one of the questions I was going to ask. I know that there has been a lot of talk about how important those regulations were, or additions to the dangerous goods act, so if the minister could elaborate on what is happening differently now so that this is helpful. It shows in the report that there is a 150 percent increase in capacity of business that the corporation is doing. How has the new sections of the dangerous goods act affected or benefited the corporation more specifically?

**Mr. Cummings:** Well, they were not passed to benefit the corporation. The influence will be that there are people out there who are now regulated who will need to contract expertise and find ways of dealing with their materials. I think one need not cast about too much in terms of just the dangerous goods, there is also the fact that we are now prepared to regulate the soils in the province. One of the things that held us up was the argument that the corporations always brought forward, well, there is no place to treat it. The loop is now closed or will be closed within a couple of months. There is a place to treat it. A regulatory regime is in place. That will have a major impact, frankly. That is one of the things that will impact on the corporation, because they will be a major player in treating these soils.

**Ms. Cerilli:** Do the changes in the dangerous goods handling act affect other areas besides soils? There is shown an increase in business for the corporation that has not come from soils yet. Where has that increase come from?

**Mr. Cummings:** I am told that it comes from a broad range of activities, bidding on waste service

contracts of a variety. I can give you a couple of examples if you give me a second.

The Man-West contract that we talked about before obviously is an example. The corporation is contracting with Bristol.

**Ms. Cerilli:** Neither of those seem to be increases due to improvements in legislation and enforcement.

**Mr. Cummings:** Bristol is. Bristol's licence is being updated, so that is a direct result of increased activity on the part of the Department of Environment. I agree there is a linkage between the department and Hazardous Waste Corp., but I hope we do not spend too much time on this discussion, because it really does relate to whether or not the Department of Environment is doing its job more than whether or not Hazardous Waste Corp. is.

**Ms. Cerilli:** Well, part of the question I am asking is if there can be shown to be an increase in the amount of hazardous waste that is coming to the corporation. I just want to get some more clear explanation of where this is coming from.

**Mr. Cummings:** Well, the Hazardous Waste Corp. will be a benchmark and will be a major player in the ultimate neutralization or handling of a good portion of the waste in the province. They are not the sole operator. There is a lot of activity going on with other operators as well. The increase in volume of material that is regulated in the province does not all end up in the hands of the corporation today, nor will it in the future.

\* (2120)

**Ms. Cerilli:** I guess what I am looking for is some indication of what industries or what kinds of operations are having more of their business for waste management come to the corporation.

**Mr. Cummings:** I think the correct answer to the question is related to a number of factors that we have talked about before, part of which is, that one of the mandates of the corporation, as I indicated, was to help waste generators right onsite. Whether it is the Hazardous Waste Corporation or whether it is their own technology, there is an awful lot of waste that is being managed out there right now that never leaves the site of the company that produces it. The reduced volume may end up in the hands of the Hazardous Waste Corporation or in the hands of another treatment facility or even at

a transfer facility that will send it somewhere else to be treated.

So everything you say is correct about volume being driven into the system, and that is one of the things that makes the siting of the facility and the construction of the facility more meaningful. A regulatory regime has to be working. The corporation tells me that it is working, but you cannot always judge just how well it is working by what the corporation ends up with because there are people, as I said, managing it themselves. The volume of waste that is being managed in the province, I am told, has gone up considerably. The corporation is one of the benchmarks you would use to judge that.

**Ms. CerlIII:** I can appreciate that there is a difference, and I know that it is a smaller percentage of waste that is dealt with that comes offsite from a corporation, and that is the intent. The 85 percent is the figure that is usually used for the onsite handling.

What I am wanting to get some indication of, and I am not looking for names of specific corporations, just general industries: What industries are using the corporation, and where is the increase coming from in terms of industry?

**Mr. Cummings:** Metal fabrication; aerospace, which has an element of metal fabrication in it as well; and transportation industry.

**Ms. CerlIII:** When you say transportation, what do you mean?

**Mr. Cummings:** I am referring to the transportation industry generically. Airlines, railways and trucking companies do produce a fair bit of waste.

**Ms. CerlIII:** Well, there we are looking at waste oil and fuel left over and—

**Mr. Cummings:** That plus waste from solvents, from maintenance and so on, and each of those where there are major infrastructures also has machine shops that generate the same things as the metal fabricating or any other machine shop or any other industry would. So it is just part of the larger scheme.

**Ms. CerlIII:** If those are the majority, then, of areas that are using the corporation's expertise, are those the ones that are increasing, or are there others that are increasing?

**Mr. Cummings:** Both, really. There are two things that happen. I do not think I could quantify it. The corporation might be able to, but certainly the nature of the industries that are here have changed somewhat, even though we still have manufacturing, fabricating, aerospace, but even what happens within those industries has changed. The types of materials and processes are changed, and each one creates a different waste stream that has to be managed a little differently.

Printing of course is another industry, and dry cleaning, I suppose. There are all sorts of different waste streams. If the member wanted a list of what the various waste streams are, I am sure we could put that together either in the department or in the corporation, but the corporation up to this point is there in a broad sense to help industries that have a problem and to make money helping them deal with that problem or, if they do not make money, at least help them find a market for it when we do not have the treating facility ourselves. That is a little different mandate than you would get out of a totally privately owned corporation. That is why we are embarking on the model that we are.

I do not understand where you want to go with this line of questioning. I am trying to get you the information that you are looking for.

**Ms. CerlIII:** I just want the information that I am asking for: Which industries? There is no hidden, mysterious agenda here. I am just asking for the facts.

We think of all the different industries that are out there using more and more chemicals every day, and I think that we want to get some sense of accountability and to know which industries are using the corporation. I think that might be an example of which industries are using any waste management sort of expertise.

**Mr. Cummings:** I will have the corporation prepare a generic list without company names of the areas in which we work and where they see the waste stream growth and have that mailed to you over my signature.

**Ms. CerlIII:** Thanks. I would appreciate that. You know, one of the things that flows from this is if we have certain industries in the province that we think need to be focused on, if the corporation and the minister are aware of certain industries that we should be concerned about or that perhaps are not disposing of their waste like they could be because

we do not have the facilities here, we do not have the expertise, and we know all the time that there are industries that are in violation of licences on—at knowledge of the department. The minister himself has talked about this, but are there certain industries that we should be particularly concerned about?

**Mr. Cummings:** Well, as minister responsible for Department of Environment, I suppose I have to say that I think we went through this to some extent in the Estimates there. I did not hear anything that the corporation is indicating where they see specific problems.

I think it would be fair to say that we are under no illusions that there probably are a number of areas where increased regulation will give us some nasty surprises, but at this point, some of the nastiest surprises come from the neighbourhood gas station, and that is not unusual.

The other thing, just on that vein, one only needs to look across North Dakota and go onto the side roads and see how some of their bulk storage of one thing or another is handled. They have not even begun to deal with their problems, large containments with no diking or no special provisions in place.

So Manitoba will have its weaknesses, but by comparison we are doing rather well, I think.

**Ms. Cerilli:** I will just go after this one more time. Are we aware of industries that we should be particularly concerned about?

**Mr. Cummings:** The answer is no. I suppose it would be a little self-incriminating to say otherwise, but the answer is no.

\* (2130)

**Ms. Cerilli:** Try this way, then. How does the corporation do its marketing? How does it target its marketing of its expertise?

**Mr. Vernon:** Mr. Chairperson, as far as the marketing is concerned, we have identified the industries which generate the waste streams, and we visit them and ask them for their business.

**Ms. Cerilli:** Can I ask you, then, which industries you visited in the last few months.

**Mr. Vernon:** Transportation industries, we have visited the aerospace industries, we visited the metal plating industries, we visited every industry that produces waste.

**Ms. Cerilli:** Go ahead, Conrad.

**Mr. Cummings:** What a tag team.

**Mr. Santos:** I can visualize the government here has two arms, the regulatory arm as the Department of Environment, and of course the Crown corporation commercial arm. I could see the logic of the oil companies in not wanting the facilities to prosper, because then they can always have excuses saying, no facility, no licensed facility, and they will even refuse to invest in the very thing that will help them clean up their own wastes.

So I could see the government here can play it both ways also. By a stricter regulatory enforcement, it can generate business, in fact, for the Hazardous Waste Management Corporation. Is that correct?

**Mr. Cummings:** I said a couple of times already tonight that the regulatory—one of the things that causes difficulties when you are enforcing a regulatory regime is the response from the industry that you are regulating is, well, what am I supposed to do with it? I do not have any capability of handling it and there is no facility in the area, so I am faced with transportation out of here. That is what they have to do, by and large, today, those that are regulated and their wastes are controlled.

If the implication is that we are regulating to create business, we have enough to do without doing that.

**Mr. Santos:** But by undertaking the extra costs of transporting their waste products somewhere else, some other licensed facility, because of distance, it could be more economical and cost-effective for them to use these facilities as long as the proper enforcements are done.

**Mr. Cummings:** Yes, and that is in fact a very important aspect of what we are attempting to do. There are industries who would very well want to be here if they have this type of facility within a reasonable distance.

**Mr. Santos:** One of the economic costs, although not recognized as the accounting costs of doing business in the manufacturing concern particularly, is the hidden, unaccounted-for damage that they inflict upon the physical and topographical environment in which they operate but which never entered into the costs of their products. Usually the government ends up, and ultimately the taxpayer,

paying for the cleanup of this. In that sense, the general public is subsidizing this business concern make their own money.

**Mr. Cummings:** If the regime is not working, your scenario could be correct, but that is why, with some modesty, I can say that the system is working quite well. There is certainly always the question, and environmentalists raise it everywhere: Who has the ultimate responsibility?

If somebody pollutes a piece of property and then leaves or declares bankruptcy, you cannot get blood out of a stone. How do you pay for the costs of that cleanup? It inevitably falls back onto the hands of the taxpayer or the pockets of the taxpayer.

If your regulatory regime is working, you reduce those numbers of incidents to a minimum and protect the interests of the taxpayer. So you have to strike a balance between draconian regulation and reasonable operation of a reasonable regulatory regime.

**Mr. Santos:** This is precisely the logic of what I call sustainable development. The thing that I am asking: Does not the government itself feel that it has some sanction against these oil companies who refuse to clean up their soils, especially soils located here in this province?

**Mr. Cummings:** Well, we have the ability to regulate them and there has been a lot of soil that has been moved. We have allowed some lightly contaminated soils to go into landfills, not the best place for it to go, but a lot better than where it may have been if it goes into proper areas. That is lightly contaminated, mind you.

Yes, the oil companies have a responsibility. If you compare this province to the other provinces across the country, we are not out of step in terms of getting these sites cleaned up.

What we have in Manitoba is a pretty large number of service stations, as an example, that have been taken out of service. They have been taken out of service because the equipment was old or the market had failed the operators. A good portion of those properties may very well be quite valuable properties and in fact there will be a net gain all the way around in getting these materials cleaned up.

My point is that in moving this facility along there are sites that are not necessarily under any order

but that will need to be brought into compliance with our regulation as we go through the country moving to make sure all of the sites, known sites where material has been spilled or potentially spilled, and they are marked off the list, fits very much into the development of the regulatory regime and the development at the same time of capability to treat it. There are lots of spinoffs from it.

Yes, I agree with you that being environmentally sensitive and doing the right thing for the environment may well be creating jobs and enhancing your community and creating a financial benefit that for years people failed to see—the very reason why this is moving along the way it is and, frankly, puts us in many respects ahead of neighbouring jurisdictions.

**Mr. Santos:** I commend the corporation by the very fact that it is undertaking the cleaning of the household hazardous products without any cost on the part of the householders. That is in itself a benefit if you can value that in terms of the dollar. So the losses that were in the books of accounts are not really losses, in the sense that it preserves some of the values in the preservation of the community itself.

My question is: Aside from soils contaminated by oil and waste products from oil, are there other chemicals or contaminants, let us say PCBs, as happened in Michigan a long time ago?

**Mr. Cummings:** We do not have any Love Canals. I am not sure what you are referring to in Michigan, but I think you are talking about poorly managed sites where hazardous materials were dumped.

Manitoba, we were one of the early developed cities here in Winnipeg. We are not as heavily industrialized as some of, say, the golden triangle in Ontario, so the massive amounts of contaminants that can be produced probably have not been produced here. There is some PCB storage, but I do not think we have very many sites which would qualify as orphan sites or long-time contaminated sites. Domtar comes to mind as one of the most noticeable ones.

**Mr. Santos:** Mr. Chairperson, as Minister of Environment, does the minister have any plan how to impose some sanction against these recalcitrant oil companies, especially as they are not incorporated here, somewhere else?

\* (2140)

**Mr. Chairperson:** Just as a reminder, the business before the committee is the 1992 Annual Report of the Manitoba Hazardous Waste Management Corporation, and I believe that the questions should be more or less directed towards this matter, towards this report—just as a comment of direction for the members of the committee.

**Mr. Santos:** If I may rephrase the question, how can the minister coordinate the goals and objectives of the Waste Management Corporation with the ultimate regulatory power to help clean and preserve our environment in this province?

**Mr. Cummings:** Quite easily. Their business plan and our regulatory regime are quite responsive to each other.

**Mr. Chairperson:** Shall the Annual Report of The Manitoba Hazardous Waste—

**Mr. Cummings:** You are going to have to filibuster till ten o'clock. This is getting crazy. You want to go over the Department of Environment Estimates again, let us go back to the House and open them up, either that or ask questions on the corp. I am going to give you two-word answers from now till 10.

**Ms. CerlIII:** You mean at ten o'clock then?

**Mr. Chairperson:** I will ask the committee, what is the will of the committee in regard to—

**Ms. CerlIII:** I would like to stay till it is ready to be passed.

**Mr. Chairperson:** Continue questioning? Okay.

**Ms. CerlIII:** I would ask for the reason for wanting to pass the report tonight.

**Mr. Cummings:** Dollars? The chairman of the board is not being impeached. What do you want to keep him here for?

**Mr. Chairperson:** We will get on with the questioning then and continue.

**Mr. Santos:** I would like to ask some questions on the composition of the board of directors. How many board of directors are there?

**Mr. Cummings:** Read the report. It is right in front of you.

**Mr. Santos:** And two of these are elected and selected by the town of Montcalm.

**Mr. Cummings:** Not on this list.

**Madam Chairperson:** Shall the report of the—

**Mr. Santos:** The board itself is the policy-making body in the Crown corporation. Again, I would like to separate the institutional roles. It might be the case that the same person may be performing two roles. Should we not be careful in making precedent whereby inconsistent roles are perpetuated for unreasonably long periods of time.

**Mr. Cummings:** It is not a problem.

**Mr. Santos:** What kind of explanation would the minister offer in case of objection that it is self-serving?

**Mr. Cummings:** The appointment the member is referring to is working quite well.

**Mr. Santos:** What is the minister's definition of working quite well? Well for whom?

**Mr. Cummings:** The corporation.

**Mr. Santos:** How long are the table officers serving?

**Mr. Cummings:** Until I replace them.

**Mr. Santos:** Is it at the pleasure of the minister?

**Mr. Cummings:** The appointment on the board is.

**Mr. Santos:** Can they be removed with or without cause?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** Mr. Chairperson, I want to go back to the whole issue of enforcement and the business of the corporation. It says in the report that there is about 180,000 tonnes of provincially regulated hazardous waste. What amount does the corporation deal with? What is their market share, if you would?

**Mr. Cummings:** By tonnes, 5,000.

**Ms. CerlIII:** That includes all of the different programs in terms of the ones just that are onsite, where corporations are dealing onsite? That would be very difficult to figure out, I would think, or is it just dealing with the waste that the corporation is taking for its own responsibility?

**Mr. Cummings:** The grand number that is referred to includes onsite reduction.

**Ms. CerlIII:** Oh, really. So am I to understand that this 180,000 tonne amount would be what is projected to be the entire amount of hazardous waste in the province, including what would be expected to be dealt with onsite?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** From that amount, are there certain corporations that have a monopoly, if you would, on certain kinds of waste, or do you think that amongst the different companies that are dealing with hazardous waste, there is a distribution?

**Mr. Cummings:** There is no monopoly.

**Ms. CerlIII:** And the corporation feels that it is dealing with quite a variety of different waste streams?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** The facility that is being developed, though, is going to be targeted at a certain small percentage of the 15 percent that is left over to go to a facility. So what is different from that waste, the percentage that is going to be dealt with at the facility? Will there still be other places where that is going to be dealt with by companies in Manitoba outside of the province?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** So there will be a certain amount of waste that will go from companies in Manitoba outside of the province that will not be dealt with in Manitoba at the new facility?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** Okay. One of the other things when I was asking the questions before about the kinds of industries that are using regulated waste management had to do with if we are getting a handle on the kinds of industries that are producing waste and if we have a sense of which industries are and are not using a regulated waste management procedure.

What I am thinking of is, we have some kind of sense of—as we are doing with gasoline tanks. That is an easy one to regulate. Where we know how much the distributors are purchasing, we can figure out how much they are using. Is that kind of a system being developed for other industries that are developing or having their procedures create hazardous waste?

**Mr. Cummings:** In the Department of Environment.

**Ms. CerlIII:** So the Department of Environment is aware of—there would be a regulatory mechanism in place so that we are aware and could account for all of that hazardous waste in the province.

**Mr. Cummings:** Yes.

**Ms. CerlIII:** That is surprising. What kind of system is in place?

**Mr. Cummings:** The kind that I described in the Department of Environment Estimates.

**Ms. CerlIII:** I understand that the corporation was involved with the cleanup of the derailment in Oakville and the other derailments. I do not know if they were involved in the other derailments, but specifically with the derailment at Oakville, can I have some explanation of what their role was in Oakville?

\* (2150)

**Mr. Cummings:** Assisting with the cleanup.

**Ms. CerlIII:** Can I have a more detailed explanation of what kind of expertise they provided, what physically they did.

**Mr. Cummings:** Vacuum truck.

**Ms. CerlIII:** What was the cost?

**Mr. Cummings:** It was a cost-plus contract with CN.

**Ms. CerlIII:** What does that mean?

**Mr. Cummings:** It means cost-plus. We made 15 percent. We made costs-plus. In other words, they recovered all their expenditures and guaranteed an amount over and above their overhead.

**Ms. CerlIII:** So the costs for the cleanup were reimbursed to the corporation, plus 15 percent of that cost.

**Mr. Cummings:** Correct.

**Ms. CerlIII:** I hope the minister realizes that nods are not recorded on the Hansard.

**An Honourable Member:** That is why he said correct.

**Ms. CerlIII:** What are the usual barriers or reasons why the 15 percent or so of waste that is dealt with offsite from corporations—what are the usual reasons why it is not able to be handled onsite?

**Mr. Cummings:** It could be the complexity of the waste. It could be the cross-contamination. There could be a number of reasons.

**Ms. CerlIII:** It could be due to—what was the other thing you mentioned?



**Mr. Cummings:** As a layman, I refer to it as cross-contamination, but if you have two different types of waste that get mixed, and maybe cannot be properly reduced at site. It could also be toxic.

**Ms. CerlIII:** So where now is the corporation storing that percentage of the waste that it is dealing with?

**Mr. Cummings:** We do not. We ship it.

**Ms. CerlIII:** It is shipped out of the province, I presume, or where is it shipped?

**Mr. Cummings:** It is brokered, probably to American treatment facilities. It could be eastern facilities. It would depend on the waste.

**Ms. CerlIII:** Is there some expertise or are there some operations that the corporation can do that other operations in Manitoba are not able to do right now?

**Mr. Cummings:** When you say in Manitoba, there may be lots of companies represented here that have capabilities. The question was, are there companies represented here that—or are there materials that we could process that others could not? The answer is no because we do not have processing facilities.

**Ms. CerlIII:** So the corporation is not doing anything differently, other than developing the facility, from what other private waste management operations in the province are doing?

**Mr. Cummings:** We are probably doing far more source-based reduction. Most companies would consider that counterproductive. They want the volume so that they can get the charge, the revenue that goes with it. The corporation has taken the broader corporate responsibility that goes with the mantle of being a Crown corp.

**Ms. CerlIII:** Are there some requests that you get, or what kinds of requests are you getting? I am sure that you get some that the corporation cannot handle. What are the kinds of—

**Mr. Cummings:** Probably the only two would be nuclear and explosive.

**Ms. CerlIII:** Going back with some questions on the facility which will be sited at Montcalm, are the legal agreements with the community and the municipality there completed?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** Can you provide some detail about the nature of those agreements?

**Mr. Cummings:** I did earlier.

**Ms. CerlIII:** Was that when I was here?

**Mr. Cummings:** Yes.

**Ms. CerlIII:** Does that include information as was outlined in the Clean Environment Commission recommendations?

**Mr. Cummings:** Would she repeat that question, please?

**Ms. CerlIII:** There are a number of recommendations that were made in the Clean Environment Commission report that had to do with the agreement—air monitoring, decommissioning. Were all of those things outlined in the Clean Environment Commission report completed?

**Mr. Cummings:** Partly in response to the previous question, so I do not appear to be obstructionist, the agreements are public documents and certainly the member can have access to them if it would be useful to her.

The recommendations of the Clean Environment Commission regarding the licensing of the corporation, is that the question—have the licensing requirements been followed out?

**Ms. CerlIII:** Yes.

**Mr. Cummings:** Well, obviously, yes, those that are relevant to this stage of the construction.

**Ms. CerlIII:** I was speaking specifically with respect to the agreement.

**Mr. Cummings:** The answer is yes.

**Ms. CerlIII:** So the municipality has actually signed an agreement with the Department of Environment and with the corporation.

**Mr. Cummings:** Yes, not with the Department of Environment, but the government of Manitoba.

Mr. Chairperson, perhaps I can help the member make it through until ten o'clock. The fact is that if the opposition is not interested in passing this report, it is no particular skin off of any part of my body, but it seems to me that it would be unlikely that we would be coming back to further discuss a report on which we are having trouble getting questions at this time of the day.

If there is another agenda in play, perhaps the member would like to share it with me. Is there

something about my answers or the corporation that gives concern, that you wish to have another meeting of this committee? We will make sure we have the information available for you.

\* (2200)

**Mr. Chalrperson:** I would like to point out, it is ten o'clock. Is it the will of the committee to pass the report or to carry on with questioning? What is the will of the committee?

**Mr. Ben Sveinson (La Verendrye):** If the opposition critics do not see a large amount of time—

**Mr. Chalrperson:** I wonder if you could get your mike closer, Mr. Sveinson.

**Mr. Sveinson:** If the opposition critics do not see a large amount of time involved, perhaps we could exceed the ten o'clock deadline.

**Mr. Cummings:** Do you want to pass the report?

**Mr. Chalrperson:** What is the will of the committee?

**Ms. Cerilli:** I am willing to pass the report. I think that I will just go through the rest of the questions that I have outlined for tonight. I think there is a lot of material here. I could have probably prepared more questions. I think that there will be more questions that could have been asked.

I think it is often that reports are dealt with over more than one sitting. I would just question to ask the minister why there is such hesitancy to not allow for another sitting other than tonight if there is something that he is concerned about that we could be planning to do.

I think that it is just in the interests of finishing at a reasonable hour, and also I think it is obvious by the way that the minister is now answering questions, that it is much more difficult to carry on a clear discussion and analysis of what is happening with the corporation.

I would remind the minister that this is a Crown corporation, and part of that means that you have the scrutiny of the opposition and of the public. I would just encourage him to answer questions that are going to be revealing of the information that we ask and be accountable to the public and the province.

**Mr. Cummings:** Mr. Chairperson, this report was tabled in April, or at the very latest, early May. I

guess it has been around for a little while. Sometimes we are two or three years behind in terms of dealing with these reports.

As a government, we have tried to be open and up front with these. If the member has some questions that she wants to handle in the next short period of time, I will give her generous answers. I have no desire to reduce this into a wrangle. I just feel that we are dealing with a corporation that has a large policy responsibility. We are not talking about a lot of dollars here, however, at this juncture.

If the member wishes to ask questions on the corporation, then I would be more than willing to proceed for a little while, but I think we have covered the Department of Environment turf pretty adequately. I thought we spent—I thought we gave some pretty adequate answers in the Department of Environment Estimates, and I am encouraged to get on with this one.

**Mr. Chalrperson:** I will seek some guidance, then, on the will of the committee as to whether the committee is to continue.

**Ms. Cerilli:** Yes.

**Mr. Cummings:** Give it a try and let us see what happens.

**Ms. Cerilli:** I would ask for more detail about the kind of facility, the nature of the facility that is going to do the—I think it is called land farming, under the—is that what the new facility that is being constructed for \$600,000 going to be, or some more explanation of what that facility is going to do.

**Mr. Vernon:** It is not land farming. In fact, that is what we are very much against. That is what the oil companies have been doing, and that is what this facility is designed to stop.

It is—I am not a technical person, so I cannot give you all the details, but it is by remediation. It is a process whereby the contaminated soil is brought in. It is ground to and mixed to a certain texture and then it is put in the bioremediation cell where the impurities are taken out. When it comes out, when it is finished, it is ready to be used for landfill or a number of other uses. It is, in fact, cleaned up, and we have a number of outlets for the soil once it is cleaned up.

**Ms. Cerilli:** Does the member for Osborne (Mr. Alcock) have some questions that he wants to ask?

**Mr. Chalrperson:** The member for Osborne, no questions? Ms. Cerilli?

**Ms. Cerilli:** I have no further questions.

**Mr. Chalrperson:** The Annual Report of the Manitoba Hazardous Waste Management

Corporation for the year ending December 31, 1992—pass.

The time being 10:05 p.m., committee rise.

**COMMITTEE ROSE AT:** 10:05 p.m.