



Second Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DACQUAY, Louise	Seine River	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FRIESEN, Jean, Hon.	Wolseley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
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MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
PENNER, Jack	Emerson	P.C.
PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren	Lac du Bonnet	P.C.
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ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
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RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott, Hon.	Brandon West	N.D.P.
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STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 7, 2001

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Kenaston Underpass

Mr. John Loewen (Fort Whyte): Mr. Speaker, I beg to present the petition of Grant Stefanson, Shannon Stefanson, Eric Stefanson and others, praying that the Premier of Manitoba (Mr. Doer) consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

Manitoba Hydro Lines Routes

Mr. Ron Schuler (Springfield): I beg to present the petition of Chris Bachinski, Bill Kiely, Curtis Link and others, praying that the Legislative Assembly of Manitoba request that the Minister responsible for Manitoba Hydro (Mr. Selinger) consider alternative routes for the additional 230kV and 500kV line proposed for the R.M. of East St. Paul.

READING AND RECEIVING PETITIONS

Manitoba Hydro Lines Routes

Mr. Speaker: I have reviewed the petition of the honourable Member for Springfield (Mr. Schuler), and it complies with the rules and practices of the House. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Mr. Speaker: Clerk, please read.

Madam Clerk (Patricia Chaychuk): The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the R.M. of East St. Paul has the highest concentration of high voltage power lines in a residential area in Manitoba; and

THAT the R.M. of East St. Paul is the only jurisdiction in Manitoba that has both a 500kV and a 230kV line directly behind residences; and

THAT numerous studies have linked cancer, in particular childhood leukemia, to the proximity of power lines.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Legislative Assembly of Manitoba request that the Minister responsible for Manitoba Hydro consider alternative routes for the additional 230kV and 500kV lines proposed for the R.M. of East St. Paul.

Kenaston Underpass

Mr. Speaker: I have reviewed the petition of the honourable Member for Morris (Mr. Pitura), and it complies with the rules and practices of the House. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Mr. Speaker: Clerk, please read.

Madam Clerk (Patricia Chaychuk): The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the intersection at Wilkes and Kenaston has grown to become the largest unseparated crossing in Canada; and

THAT the volume of traffic for this railroad crossing is twelve times the acceptable limit as set out by Transport Canada; and

THAT vehicles which have to wait for trains at this intersection burn up approximately \$1.4 million in fuel, pollute the environment with over 8 tons of emissions and cause approximately \$7.3 million in motorist delays every year.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Premier of

Manitoba consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

Mr. Speaker: I have reviewed the petition of the honourable Member for Fort Whyte (Mr. Loewen), and it complies with the rules and practices of the House. Is it the will of the House to have the petition read?

Some Honourable Members: Yes.

Mr. Speaker: Clerk, please read.

Madam Clerk: The petition of the undersigned citizens of the Province of Manitoba humbly sheweth:

THAT the intersection at Wilkes and Kenaston has grown to become the largest unseparated crossing in Canada; and

THAT the volume of traffic for this railroad crossing is twelve times the acceptable limit as set out by Transport Canada; and

THAT vehicles which have to wait for trains at this intersection burn up approximately \$1.4 million in fuel, pollute the environment with over 8 tons of emissions and cause approximately \$7.3 million in motorist delays every year.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Premier of Manitoba consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

* (13:35)

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Committee of Supply

Mr. Conrad Santos (Chairperson): Mr. Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable Member for Transcona (Mr. Reid), that the report of the committee be received.

Motion agreed to.

INTRODUCTION OF BILLS

Bill 17—The Student Aid Act

Hon. Diane McGifford (Minister of Advanced Education): Mr. Speaker, I move, seconded by the honourable Minister of Education, Training and Youth (Mr. Caldwell), that leave be given to introduce Bill 17, The Student Aid Act; Loi sur l'aide aux étudiants, and that the same be now received and read a first time.

His Honour the Lieutenant-Governor, having been advised of the contents of this bill, recommends it to the House.

Mr. Speaker: The honourable Minister of Advanced Education, is the message tabled?

Ms. McGifford: Yes, Mr. Speaker, it is tabled.

Motion presented.

Ms. McGifford: Mr. Speaker, our Government has committed to strengthening Manitoba's position as a learning province by providing our citizens with the education and training required to prosper in a challenging economy. It is critically important for Manitoba students to have the opportunity to pursue and successfully complete a quality post-secondary education.

This act underlines the need for quality post-secondary education, recognizes the key principles of accessibility and affordability and ensures that Manitoba students are not faced with unmanageable debt loads after completing their studies.

The act legislates the entitlement for the new Manitoba bursary so that our students will have fair and equitable access to financial aid today and in the future.

It gives me great pleasure to move, seconded by the Minister of Education, Training and Youth (Mr. Caldwell), that The Student Aid Act be tabled for first reading.

Motion agreed to.

Introduction of Guests

Mr. Speaker: Prior to Oral Questions, I would like to draw the attention of all honourable members to the gallery where we have with us from Shore Early Years School 60 Grade 5 students under the direction of Mrs. Pat LeClair, Mrs. Resa Ostrove and Mrs. Sandy Rosenberg. This school is located in the constituency of the honourable Member for Tuxedo (Mrs. Stefanson).

On behalf of all honourable members, I welcome you here today.

ORAL QUESTION PERIOD

Pan Am Clinic Purchase—Premier's Involvement

Mr. Stuart Murray (Leader of the Official Opposition): Mr. Speaker, last week it was revealed that this Government ordered the Winnipeg Regional Health Authority to purchase the Pan Am Clinic without first having a business plan, without it being part of the Health Authority's health plan and without doing a cost-benefit analysis of all of the options to increase surgeries. Can the Premier (Mr. Doer) please tell this House what his involvement was in the making of the Pan Am deal?

Hon. Gary Doer (Premier): The Pan Am Clinic has not been purchased by the Government yet.

Purchase—Cancellation

Mr. Stuart Murray (Leader of the Official Opposition): Well, Mr. Speaker, in light of the fact that this First Minister has been quoted on *Insight* as saying: I am responsible for all financial decisions. Can the Premier please tell us today, will he do the honourable thing as he did—and have the courage to make a change—when he spent Manitoba Public Insurance premiums to fund universities, will he have the courage today to walk away from the Pan Am deal?

Hon. Gary Doer (Premier): Mr. Speaker, the Government requested an external review of the proposed arrangements with the Pan Am Clinic

to the Winnipeg Regional Health Authority. The Winnipeg Regional Health Authority had done their own work on the financing and advantages for patient care of the review. Subsequent to that, an external review was requested by Government, conducted by Pricewaterhouse-Coopers. That external review indicated an approximate \$1.2 million advantage to the people of Manitoba plus the advantage of being able to double the number of patients that would be available for surgery at the clinic, and that in turn we believe will decrease the cost at more higher cost institutions, the acute care institutions of Manitoba.

* (13:40)

I would point out, Mr. Speaker, that we also would be cognizant of the Health Policy review committee, that indicated that, when members opposite were dealing with these matters, a wait for public sector surgery was quite a bit less than some of the private-profit surgery centres, and I would quote the Government's own report from 1998 in that regard.

Mr. Murray: Once again the Premier fails to answer the question. Given that there was no business plan, given that it is not in the health authority's health plan, given that there was no cost-benefit analysis and given that he did not explore all of the other options to increase surgeries, can the Premier today admit in the House that he will have the courage to not spend Manitoba taxpayers' hard-earned dollars and walk away from the Pan Am deal?

Mr. Doer: Mr. Speaker, in his first question he alleged that we have already purchased it. Now he wants us to walk away from it. He is flip-flopping and flip-flopping with every question, Mr. Speaker.

Mr. Speaker, there is a considerable sum of money in each government budget dealing with capital and capital investment. Now I might point out to members opposite that, when they were in office, they did not include the capital budget payback requirements in their last two budgets. We have cleaned that up. It is now properly accounted for. All health capital is now accounted for in the Budget. That is why you did not receive the Good Housekeeping seal of

approval from the Auditor, and that is why this Minister of Finance (Mr. Selinger) and this Government has received honest numbers based on transparent information. Point No. 1.

Point No. 2, there is a considerable amount of capital in each budget. There is over \$100 million going to the Health Sciences Centre. There is over \$50 million going to the Brandon General Hospital. Members opposite may recall that they promised to do this six times and cancelled it seven times, Mr. Speaker. That investment is going forward. There is a capital investment at Victoria Hospital. There are other capital investments that are taking place as part of the regular budget process, and \$3.9 million of the capital is proposed by the Winnipeg Regional Authority for the purchase of this facility. The due diligence that was conducted by an external agency says, and I quote: It has a \$1.2-million benefit to the public. It will double the number of operating spots at a less cost, I would say, than some of the acute-care facilities, and they recommend, they say, that this deal is fair for the people of the Winnipeg Regional Health Authority.

Pan Am Clinic Purchase—Conflict of Interest

Mrs. Myrna Driedger (Charleswood): Mr. Speaker, we have the Minister of Health's letter to the WRHA dated January 31 warning of potential conflict of interest regarding the purchase of the Pan Am Clinic, and we have the Pricewaterhouse report that tells us that Doctor Hildahl divested himself of one of his Pan Am business interests on February 1. This under the title of potential conflict of interest issues.

I would like to ask the Minister of Health: Why did Doctor Hildahl divest himself of one of his business interests within the Pan Am Clinic when formal proceedings to buy the clinic had not even yet begun?

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, I would have thought the members would have squeezed out everything they attempted to do last week and were discredited, but I see that they are attempting further.

As I indicated last week, when you do a public-private mix of this kind you have to be certain that the private sector is aware of all of those issues. Given the report of the Auditor with respect to the Lions where they indicated former board members have amounted in excess of \$2-million profit earned on transactions that were deemed by the Auditor to be inappropriate, that is, board members of a government-funded agency who had businesses on the side were deemed inappropriate, it would have been—

Mr. Speaker: Order. The honourable Official Opposition House Leader, on a point of order.

* (13:45)

Point of Order

Mr. Marcel Laurendeau (Opposition House Leader): Mr. Speaker, *Beauchesne's* 417: Answers to questions should be as brief as possible, deal with the matter raised and should not provoke debate.

I am sure you heard the question, Mr. Speaker.

Mr. Speaker: The honourable Government House Leader, on the same point of order?

Hon. Gord Mackintosh (Government House Leader): Yes, Mr. Speaker. The minister was certainly within the confines of *Beauchesne's* and the citation that was cited. The minister was simply putting in context the reason for the concerns about conflicts of interest, given the experience and particularly the experience under the former government.

Mr. Speaker: On the point of order raised by the honourable Official Opposition House Leader, he does have a point of order.

I would like to take this opportunity to remind all honourable ministers that according to *Beauchesne's* Citation 417, answers to questions should be as brief as possible, deal with the matter raised and to not provoke debate.

* * *

Mr. Chomiak: Mr. Speaker, it would be inappropriate for a government not to be cognizant of the issue of conflict of interest. I cited in that letter that we had to be above the board with respect to conflict of interest when I directed the WRHA to negotiate the development of a clinic that would be a different type of clinic for Manitobans.

Mrs. Driedger: I would like to ask the Minister of Health (Mr. Chomiak) if he could tell us why Doctor Hildahl was secure enough to think he already had a deal at exactly the same time that the WRHA were told to begin discussions to buy the Pan Am Clinic.

Mr. Chomiak: Mr. Speaker, those questions were dealt with last week, but let me just explain—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Chomiak: Mr. Speaker, we inherited a deal between Pan Am and the government that was negotiated by the former Member for Lac du Bonnet. We commenced discussions with respect to developing, and I said it for a year publicly: We are going to develop a different type of service in order to deal with some of the demands on the system and take some of the demands off the hospitals. We discussed it publicly. We discussed the matter and directed the health authority to finalize negotiations. We then did independent review, and all of the information that the member is referring to is public.

Mrs. Driedger: The Minister of Health (Mr. Chomiak) has totally avoided answering both of my questions. I would like to ask him if he could tell Manitobans who gave Doctor Hildahl this level of comfort to do what he did to divest his interest even before the deal was cut. Was it him or was it the Premier (Mr. Doer)? Was a high level deal cut long before the formal discussions ever began, Mr. Speaker?

Mr. Chomiak: Mr. Speaker, as the member has pointed out last week, the letter that went to the Winnipeg Regional Health Authority was cc'd to Doctor Hildahl, which outlined the parameters

for the development of a new specialized clinic system. It was negotiated by the Regional Health Authority. We received independent third party review that indicates that a profit will accrue and will provide better service than in the existing system. I would think we would like to work forward and work towards that.

* (13:50)

Pan Am Clinic Purchase—Government Intent

Mr. Darren Praznik (Lac du Bonnet): What the Minister of Health (Mr. Chomiak) does not tell the people of Manitoba is why this move was not included in the health plan of the Winnipeg Regional Health Authority. He does not tell Manitobans why there was not a cost-benefit analysis of all of the other options to enhance surgery in our province. I want to ask the Minister of Health, picking up on a comment that the Premier (Mr. Doer) made today in the House: Is part of his plan to build this great new Pan Am Clinic diverting day surgeries out of the existing hospitals in order to justify the \$3.5 million expansion?

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, when the former Member for Lac du Bonnet entered into the agreements with Pan Am and with Western, he said at the time: We have to build up capacity in our health care system to do these surgeries. That is what we intend to do.

Mr. Praznik: I want to ask the Minister again, given that the Premier (Mr. Doer) said that this will allow us to, and I quote, decrease the number of surgeries in our higher cost hospitals, I want to know if part of his grandiose plan, not supported with an analysis of the health authority, is to close the day-surgery programs in the existing hospitals in order to shift the work to the Pan Am Clinic.

Mr. Chomiak: Mr. Speaker, we do not intend to emulate the closure of 1400 beds as members opposite did, firstly. Secondly, if the member looked at the chart that was distributed by Doctor Postl at the press conference, it indicated that day surgeries were going like this and inpatient surgeries were going like this. The member said it in 1998, that they entered into

contracts with Pan Am and Western until they could build up the capacity in the health care system. We still have not built up that capacity. One of the reasons for doing that at Pan Am is in order to build up that capacity. Doctor Postl indicated at the press conference that it would free up the ability of the high level surgeries, that this move would allow for appropriate high level acuity surgery to take place in the hospitals and less expensive surgeries to take place in surgery centres, which is a trend that has been recommended by everyone including CIHI in their last annual report.

Mr. Praznik: The Premier today said a decrease in the number of surgeries at the other hospitals; he did not say meeting new need. Mr. Speaker—

Mr. Speaker: Order.

Point of Order

Hon. Gord Mackintosh (Government House Leader): I regret having to raise this issue again, but preambles are not allowed for supplementary questions. Would you please ask the member to put his question, no preamble?

Mr. Speaker: The honourable Member for Lac du Bonnet, on the same point of order.

Mr. Praznik: When the Premier (Mr. Doer), on the same day, says we will increase and the minister said we will not—

Mr. Speaker: Order. May I remind all honourable members, a point of order should be to draw the attention of the Speaker to a breach of a rule or unparliamentary language and not to use points of orders for debate.

On the point of order raised by the honourable Government House Leader, he does have a point of order. *Beauchesne's* Citation 409(2) advises that a supplementary question should not require a preamble. I would ask the honourable Member for Lac du Bonnet to please put his question.

* (13:55)

Consultations

Mr. Darren Praznik (Lac du Bonnet): My question to the Minister of Health is this, very directly: Did the Minister consult with Dr. Luis Oppenheimer, the Medical Director of Surgery for the Winnipeg Regional Health Authority and, if so, what was Doctor Oppenheimer's advice on this plan?

Hon. Dave Chomiak (Minister of Health): As Doctor Postl indicated at his press conference, the move toward Pan Am and surgery centres, which is the growth area of day surgeries, will increase the ability of our system that was capped by members opposite. Remember, capped by members opposite—

Mr. Speaker: Order.

Point of Order

Mr. Marcel Laurendeau (Opposition House Leader): Mr. Speaker, *Beauchesne's* Citation 417: Answers to questions should be as brief as possible, deal with the matter raised and should not provoke debate. In case the minister did not hear the question, it was Doctor Oppenheimer not Doctor Postl we had the questions about.

Mr. Speaker: The honourable Minister of Health, on the same point of order.

Mr. Chomiak: Mr. Speaker, Doctor Oppenheimer reports to Doctor Postl, who provided the information that the member is seeking at the press conference last week. I was seeking to point that out to the member opposite.

Mr. Speaker: Order. May I remind all honourable members that a point of order is a very serious matter, and I would ask the co-operation of all honourable members when dealing with a point of order. On the point of order raised by the honourable Opposition House Leader, it is not a point of order. It is a dispute over the facts.

* * *

Mr. Speaker: The honourable Minister of Health, to conclude his comments, please.

Mr. Chomiak: Mr. Speaker, at the press conference last week, Doctor Postl indicated that the WRHA wanted this move and welcomed this move because of the advantage it would provide by allowing the tertiary care facilities to do the more high-acuity surgeries and the day surgeries to do day surgeries and increase the volume. We cannot stay static. We have to do something in order to increase the surgeries and reduce the waiting lists, and this is one of our many strategies to do that.

Crime Rate Reduction Strategy

Mrs. Heather Stefanson (Tuxedo): On the weekend a family in the north end of Winnipeg was terrorized during a home invasion. The victims were pistol-whipped and tortured by suspected gang members. Their only wish now is to move out of the neighbourhood. Mr. Speaker, is the Doer government going to stop the rhetoric of endless empty press releases and take action to ensure Manitobans are safe in their own homes?

Hon. Gord Mackintosh (Minister of Justice and Attorney General): Mr. Speaker, as Manitobans and members opposite know full well, even in the last couple of weeks we have made some significant improvement. For the first time in recent history Manitoba now has a full complement of RCMP officers, for example. Yet we recognize that there is more work ahead. Last week and in the last few weeks we announced a program to provide greater hope and opportunities for youth to keep them out of gangs.

Mr. Speaker, I find the question interesting from somebody who is in a party that presided over government in this province when gang membership increased 410 percent under their watch.

Mrs. Stefanson: Will the Doer government just admit that their gang action plan is not working and commit to meaningful action that focusses on protecting Manitobans and punishing criminals?

Mr. Mackintosh: Our concern is that we ensure that we are moving both in terms of keeping kids

out of gangs, for example, and out of crime in the first place as well as ensuring that the justice system is designed in a specific way to deal with the challenges of organized crime. Indeed, we have got an RCMP gang unit under this Government, Mr. Speaker.

We have now provided national leadership in making changes to the Criminal Code under this Government. We have in place the highest number of prosecutors in the history of this province under this Government. Those are some initiatives.

* (14:00)

Mrs. Stefanson: Does gang membership, which has nearly doubled in the last 18 months since this Doer government came into power, have to triple before this Government takes action?

Mr. Mackintosh: I say, Mr. Speaker, to someone from the party that oversaw the rise of criminal street gangs in this province by 410 percent, indeed a subculture that is very difficult now to deal with, that we have put in place in this province for the first time, under this Government, a gang unit in Prosecutions for the specialized and targeted prosecution of gang members. We will continue to do this fight.

Point of Order

Mr. Marcel Laurendeau (Opposition House Leader): Mr. Speaker, *Beauchesne's* 417: Answers to questions must be as brief as possible, deal with the matter raised and should not provoke debate. Under this Government, 500 more gang members; under this Government, Hell's Angels moved to Winnipeg. What else do they want to do?

Mr. Speaker: The honourable Government House Leader, on the same point of order.

Hon. Gord Mackintosh (Government House Leader): On the point of order, the member is unfairly engaging in a dispute over the facts. The facts are entirely wrong. They are wrong.

Mr. Speaker: Order. On the point of order raised by the honourable Official Opposition

House Leader, it is not a point of order. It is a dispute over the facts.

* * *

Mr. Mackintosh: In the course of the years from 1993 to 1999, the gang membership that was known in the city of Winnipeg increased under their watch by 410 percent. Since coming into office, indeed the numbers are continuing to inch upwards, in estimated numbers about 10 percent in Winnipeg. The numbers of the members opposite are purely fabricated.

Crime Rate Reduction Strategy

Mr. Jim Penner (Steinbach): Mr. Speaker, Mr. John Friesen, a 77-year-old veteran in Steinbach, was the victim of a vicious assault during a daylight robbery, when the victim received 25 stitches on his head, stitches under his eye and on his right hand. Gang membership, as you know, in Manitoba is up 500. Car thefts are up a thousand, drive-by shootings and home invasions are reported almost daily in our papers.

Mr. Speaker, what is the Minister of Justice doing for Mr. Friesen and other victims of gang violence to ensure that our communities are safe and criminals are punished?

Hon. Gord Mackintosh (Minister of Justice and Attorney General): Mr. Speaker, Manitobans are only left to wonder where this kind of interest was by members opposite when this province had to suffer the rise of criminal street gangs by 410 percent under their watch.

Mr. Jim Penner: Mr. Speaker, that is not an answer. Will the minister commit to investigate why the person charged with the attempted murder of Mr. Friesen was also charged with breach of recognizance and breach of probation? Why was he out in the community in the first place?

Mr. Mackintosh: My understanding from the member is he is asking a question about the charges that were laid in a particular incident. The RCMP, I understand, have the jurisdiction in this area of the province, and they make a

decision based on the evidence that is before them. The police should be entrusted to lay the appropriate charges, and if the charges should be different, I am sure the prosecutors will draw that to their attention.

Victims' Rights Legislation Proclamation

Mr. Jim Penner (Steinbach): My second supplementary, and I am hearing this from around me: When will the minister stop misquoting history on justice and proclaim the victims' rights bill?

Hon. Gord Mackintosh (Minister of Justice and Attorney General): Mr. Speaker, I am very proud that we were able to bring in—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Mackintosh: Mr. Speaker, I was very proud that our Government was able to introduce into this Legislature a Victims' Bill of Rights for the first time in Canada. When the members opposite get up and complain about the current state for victims in Manitoba they are complaining about the legislation that they brought in, that they thought was for the benefit of victims. We are moving ahead with a vigorous victims' agenda.

Health Sciences Centre Out-patient Pharmacy

Hon. Jon Gerrard (River Heights): Mr. Speaker, my question to the Minister of Health. Last Thursday the Minister of Health suggested that there was no link between his expenditure of \$4 million on the Pan Am Clinic and the problems caused by the closure of the out-patient pharmacy at the Health Sciences Centre. Surely there is only one system and only one payer, the taxpayer.

I ask the minister to admit that every time he makes a decision to separate in-patient services and out-patient services for critical groups like children with cancer and kidney transplantation, every time he makes a decision to spend money in a way that will give lower quality services, is

he not sending a message to others in the system that it is okay to have shuffle services and to spend money in a way that gives lower quality health care?

Hon. Dave Chomiak (Minister of Health): It would have been useful when the member was a member of the federal government and they cut billions of dollars out of health care that we would have had that money here today. The member voted, Mr. Speaker, and now the member stands up today and there is a \$4-million capital development to do Pan Am; there is a hundred-plus million dollars to do the Health Sciences Centre; there is \$50-million plus for Brandon; there is \$40 million for CancerCare that is capital.

With respect to the out-patient, former retail pharmacy at the Health Sciences Centre, it was a lack of pharmacists that caused the difficult decision not to operate the service. Patients who were out-patients, Mr. Speaker, were directed towards community pharmacies where they provided the services. In-patient services who required their prescriptions were directed towards a consolidated service at Misericordia hospital. If there were more pharmacists that we could employ, it would be done.

Mr. Gerrard: Mr. Speaker, yes, it is one system. I ask the minister to admit that it is more costly, that it is less efficient and lower quality to provide services in two locations instead of having a seamless, single-window approach to providing pharmacy services for children with cancer and children with kidney transplantation.

Mr. Chomiak: Mr. Speaker, with respect, it would be advisable, it would be preferable if we could have kept the pharmacy open at Health Sciences Centre. We were advised by the WRHA in March of 2000 that there was difficulty attracting and maintaining pharmacists. They therefore put in place a program to close the retail side. Unfortunately, they could not maintain the out-patient services, which is a service that was offered in a consolidated sense to patients. It is unfortunate that we were not able to maintain that particular service, but this Government has done more on the community side than any government in the past decade.

Mr. Gerrard: Mr. Speaker, I ask the Minister of Health to make it very clear which direction he is going. Is the minister going to bring in-patient and out-patient services together in a seamless fashion or is he going to provide for greater and greater separation and cost by moving in-patient and out-patient services apart and have a separate and more dysfunctional system?

*(14:10)

Mr. Chomiak: Mr. Speaker, we are advocating towards utilizing our resources in the most effective way to get patient delivery and to provide services. I think it is curious that the member opposite supports and wants us to pay for a private hospital of Doctor Godley and now he says we are supposed to co-ordinate services. He cannot have it both ways, advocating spend, spend, spend on the private side and when we try to go on the public side to consolidate services he opposes it. I think he cannot have it both ways.

Point of Order

Mr. Marcel Laurendeau (Opposition House Leader): On a point of order, Mr. Speaker. *Beauchesne's* 417: Answers to questions should be as brief as possible, deal with the matter raised and should not provoke debate. They also should not be throwing personal attacks across this Chamber. There is nobody in this Chamber who thinks more about the children, especially the children of cancer, than this member from River Heights. For this member to attack him is unconscionable.

Mr. Speaker: Order. The honourable Minister of Health, on the same point of order.

Mr. Chomiak: Mr. Speaker, I was pointing out to the Member for River Heights, who tries to have it both ways, who wants to advocate a private paying for Doctor Godley and then says: you should have a seamless system that is public and provides all the services, and that ought to be pointed out.

Mr. Speaker: Order. On the point of order raised by the honourable Official Opposition House Leader, he does have a point of order. *Beauchesne's* Citation 417: Answers to questions

should be as brief as possible, deal with the matter raised and to not provoke debate.

* * *

Mr. Speaker: The honourable Minister of Health, to conclude his comments, a very, very short period of time left.

Mr. Chomiak: Thank you, Mr. Speaker. As I said, if we could have kept the pharmacy opened under the resources, of course, we would have. We endeavoured to do everything we could to provide for, and we are continuing to see if there are any options we could provide for those patients, because as we have indicated, that is the priority of this Government.

Standing Committee on Agriculture Government Action

Mr. Jack Penner (Emerson): Mr. Speaker, a couple of weeks ago we heard from hundreds of people from across this province making presentations to the Standing Committee on Agriculture. We heard from farm leaders, we heard from business leaders, and the impression that they left before the committee was the urgency of the need for this Doer government to take action.

Will the Minister of Agriculture tell this House: What plan of action is she taking? Is she going to ask the whole standing committee to go to Ottawa to lobby the Prime Minister on the urgency and the need for assistance in the agriculture crisis?

Hon. Rosann Wowchuk (Minister of Agriculture and Food): Mr. Speaker, I was very pleased to have a number of people be able to participate in an unusual situation where the Standing Committee on Agriculture went out to hear presentations. Certainly, they told some heart-wrenching stories, and they outlined the need for more support from the federal government.

I have outlined to the member that I have sent an invitation to the federal Standing Committee on Agriculture to come to Manitoba to receive the report and to hear the stories of Manitoba farmers. The same invitation has also

gone from the Saskatchewan government and will be going from the Alberta government, as well.

Mr. Jack Penner: Well, Mr. Speaker, farmers and business leaders are phoning virtually daily saying where is the action that this minister promised before the committee that would be taken immediately.

Can the minister tell this House whether it is her intention to include in a delegation to Ottawa, businesspeople, farm leaders and municipal leaders in a delegation to Ottawa, or is she just intending to ask the federal Standing Committee on Agriculture to come again and delay the process even further?

Ms. Wowchuk: Mr. Speaker, well, unless the member has not received his notice or heard about it here in the House, the Standing Committee on Agriculture will be meeting tonight to have further discussions on this issue.

Mr. Jack Penner: Mr. Speaker, presenter after presenter—*[interjection]* I would like to ask the Premier whether he heard presenter after presenter ask whether he would personally lead a delegation to Ottawa, including farmers, businesspeople, municipal leaders, to impress upon the Prime Minister of Canada the urgency of the need to stop the stem of small farms being closed in this province.

Hon. Gary Doer (Premier): Mr. Speaker, I had the opportunity to attend the meeting in Dauphin and be apprised by caucus of the other excellent presentations that were made throughout the province by the producers. I want to thank all members of the committee that worked very hard to allow producers to present their views before seeding. Regrettably, seeding has been delayed again by some increased moisture that we have received over the last four days.

We will do whatever is possible, working with all parties, to convince the federal government that they are wrong about the level of support. They were wrong since 1995 to eliminate the Crow rate as an act of good faith with the expectation that other international trading partners will follow suit and reduce their subsidies. Since that decision was made by, first

of all, the Mulroney government in 1992 and then the Chrétien government in 1995-96, in both budgets, the subsidies in the United States have more than doubled or tripled.

We did attend, and the Member for Arthur-Virden (Mr. Maguire) attended with the member last year, meetings with the federal government, with farm producers, with the municipal organizations, et cetera. We met with the Prime Minister and did not get very far. We came back a second time, and we finally got the extra \$100 million. But it is still deficient. We do not have a strategy in Canada except abandoning farmers for the transitions that are necessary to eliminate subsidies.

So whatever it takes with the committee we are willing to do, but I do not think the member opposite would want us to fly down to Ottawa with a lot of people and not be able to have results. I think we all want to have results, and we are committed to trying to get through to the federal government. Maybe we should try to find a way to get through to the federal government, because their solution is not a solution for the family farm here in Manitoba.

Federal Agriculture Committee Manitoba Meeting

Mr. Frank Pitura (Morris): My question is to the Minister of Agriculture. The Agriculture Minister informed us at the last meeting of the standing committee that she had invited the Standing Committee on Agriculture of the House of Commons to Manitoba. My question is: Are they coming?

Hon. Rosann Wowchuk (Minister of Agriculture and Food): I would hope that the federal government would recognize how serious this situation is. I have had discussions with the chair of the Standing Committee on Agriculture, and I have not had a commitment as to whether they are coming or they are not coming.

Certainly, now that the request has gone from other western provinces, the federal Standing Committee on Agriculture will recognize the seriousness of the situation and will take us up on this invitation and come to Manitoba to perceive first-hand how serious the problem is.

Standing Committee on Agriculture Government Action

Mr. Frank Pitura (Morris): I would like to ask the Minister of Agriculture if she would explain to struggling Manitoba farmers when they might reasonably expect a report of Manitoba's all-party agricultural committee to be completed, discussed with the western premiers and a united position taken to the Prime Minister of Canada.

Hon. Rosann Wowchuk (Minister of Agriculture and Food): The Standing Committee on Agriculture will be meeting later this evening to discuss some of those issues. The invitation has been extended to the federal standing committee. The Premier (Mr. Doer) has indicated that this issue will be discussed at the Western Premiers' Conference later this month, and it will certainly be discussed at the Agriculture ministers meeting at the end of June, later this year. Provinces continue to discuss this matter and look at ways at how we can get the federal government to come up to the table and stand up to their responsibility on this matter.

* (14:20)

Canada-Manitoba Adjustment Program 2 Status Report

Mr. Frank Pitura (Morris): Will the Minister of Agriculture update this House as to when the most recent aid package will actually begin to flow to Manitoba farmers?

Hon. Rosann Wowchuk (Minister of Agriculture and Food): The CMAP 2 that the member is referring to is being administered by Crop Insurance. My understanding is that those cheques are in the process of being printed, and as soon as we have the money from the federal government the money will flow to the producers. Certainly it is very important that we get those funds out to the producers. We have indicated clearly that the money will be in the producers' hands this month.

City of Winnipeg Drainage System

Mr. Marcel Laurendeau (St. Norbert): My question is for the Minister of Intergovernmental Affairs. I wonder if the minister might inform this House on whether she has had discussions with the City of Winnipeg vis-à-vis the drainage

system within the city of Winnipeg and the pumping stations that are required. After last night's rain, we had a number of streets and homes flooded within my community, and we are very interested in learning whether or not the pumping stations which the City had requested will be coming forward.

Hon. Jean Friesen (Minister of Intergovernmental Affairs): I want to advise the member that we meet regularly with the City of Winnipeg, both the mayor and other members of City Council; Mr. Eadie, the Intergovernmental Affairs representative. I can advise the member that no formal proposals have come forward from the City of Winnipeg.

Federal Infrastructure Programs Priorities

Mr. Marcel Laurendeau (St. Norbert): Mr. Speaker, I wonder if the minister might define to me or give me the definition that the federal government has on infrastructure programs that are available to the province of Manitoba.

Hon. Jean Friesen (Minister of Intergovernmental Affairs): The federal government in its development of the infrastructure program did indicate that green infrastructure, as they term it, had a high priority. There are also other priorities for recreation and for other infrastructure areas that do not meet national standards.

I should also advise the member, of course—and I am sure he remembers this—that we had anticipated a great deal more money from the federal government in the infrastructure program than we actually received. The federal government did change the criteria before we received the money and Manitoba was disappointed I think with the amount that was available. Nevertheless, we do continue to work with our municipal and our federal partners on this program, and we will be doing the best we can with the money that is available to us.

Mr. Laurendeau: Mr. Speaker, I wonder if the minister or the Premier (Mr. Doer) could confirm that we will be seeing these dollars flowing into the infrastructure programs which will protect our citizens and that is on the roads,

as well as within the drainage systems within our city which are at this time giving us difficulties and costing us a lot of money.

Ms. Friesen: The member is making reference obviously to very difficult situations for citizens. I certainly think we are sympathetic in that area, but I should remind the member that we have two consultative committees that advise us on the infrastructure agreement. In the area of the City of Winnipeg it is Winnipeg City Council which is, in effect, our advisory council. We are bound by the infrastructure agreement as it stands to select from the list that has been proposed to us by Winnipeg City Council. It is a list, of course, which encompasses far more dollars than we are able to expend, and it does indeed involve discussions and in the end some very difficult choices.

Mr. Speaker: Order. Time for Oral Questions has expired.

MEMBERS' STATEMENTS

Mr. Speaker: Before recognizing the honourable Member for St. Vital (Ms. Allan), could I have the co-operation of all honourable members. It is very, very difficult to hear the statements of the honourable members when other honourable members are carrying on conversations. I would like the co-operation of all honourable members.

Nursing Week

Ms. Nancy Allan (St. Vital): The Minister of Health (Mr. Chomiak) has signed a proclamation recognizing this week as nursing week. Nurses are an integral part of an efficient, professional, skilled and caring health care system. We are now experiencing a shortage of nurses due to the previous government's past decisions.

We are acutely aware of how challenging effective health care delivery is without sufficient qualified, skilled and professional nurses in all areas of our health care system. When we require health care, it is nurses most of us come into contact with most frequently. Their skills, caring and professional abilities play a critical role in an individual person's ability to cope with a disease or injury and return to health.

We know how important it is to recognize and incorporate the knowledge, experience and expertise of nurses into decisions about health care delivery. Their knowledge is a relatively untapped well of information that my Government believes will help guide us in our efforts to provide quality health care for Manitobans.

Our Government is committed to not only increasing the supply of nurses within our health care system, we also want to ensure that when people choose nursing as a professional career path, their efforts are valued, respected and that nurses can commit to a meaningful and fulfilling career. Our five-point strategy for nurses has already made a difference. It is a critical beginning that addresses the serious issues faced by nurses in the health care system.

The first point of the strategy was to increase the supply of nurses through recruitment, retraining and establishing a diploma nursing program. There are approximately 190 graduates in the Licensed Practical Nurses program who will graduate this year. There are 97 students enrolled in the diploma program. Over 400 students were admitted to the first year of the baccalaureate nursing program. Approximately 180 nurses have enrolled in refresher courses.

Mr. Speaker: Order. The honourable member's time has expired. The honourable member for St. Vital, on a point of order.

Point of Order

Ms. Allan: Mr. Speaker, I would just like to clarify, was I being timed from when you stood up to ask for order in the House, or was I being timed from when you started speaking? *[interjection]* No, I am just not sure.

Mr. Speaker: Order. For a clarification of all honourable members, the time starts when the member starts to speak. That is when the time starts, not when the Speaker recognizes the member; it is when the member starts to speak. So two minutes have expired. If the honourable member wishes to continue, she could ask for leave of the House to conclude her comment. You have that opportunity to ask for leave. It is entirely up to the honourable member.

Ms. Allan: For the clarification on the question that I was concerned about, and yes, I would like to ask leave.

Mr. Speaker: May the honourable member have leave to conclude her comments?

An Honourable Member: No.

Mr. Speaker: Leave has been denied.

* (14:30)

Manitoba Medical Association—Awards

Mr. Edward Helwer (Gimli): Mr. Speaker, I am very pleased to rise in the House today to recognize two Manitoba doctors, Dr. Gerald Bristol and Dr. Karl Riese, who served the people of Selkirk and district and who have recently received awards from the Manitoba Medical Association for their outstanding contributions to health care in Manitoba.

Doctor Bristol received the administrative award for his contributions to numerous areas of health care, including research, administration and patient services. In the 1970s, Doctor Bristol became one of the founding doctors of the Selkirk Medical Centre, and over the years he has worked extensively with the University of Manitoba's Faculty of Medicine. He has served as the chief of staff for the Selkirk General Hospital and is past president of the College of Physicians and Surgeons in Manitoba. Doctor Bristol also contributed his talents to the restructuring of the Selkirk ambulance system which greatly enhanced patient care in the region.

Doctor Riese has been awarded the distinguished service award for his exceptional devotion to patients and for upholding the highest ideals of the medical profession. Doctor Riese has spent most of his 40-year career working with cancer patients. He has served as a director for both the provincial and national Canadian cancer societies and has been awarded an honorary life membership for his efforts in this field. Doctor Riese has also served as chair of the ethics committee for the MMA and the St. Boniface Hospital in Winnipeg.

Mr. Speaker, I would like to thank these two doctors for contributing so much time and energy towards bettering our health care system. It is thanks to people such as Doctor Bristol and Doctor Riese that we Manitobans can enjoy such a high quality of life here in our province. So, on behalf of all Manitobans, particularly those living in the Selkirk and Gimli constituencies, I would like to say thank you to those doctors for helping to make our province a more enjoyable place.

Hastings School—Exchange Students

Ms. Linda Asper (Riel): Hastings School set a goal of 3000 books to read during I Love to Read Month. The students read over 6000, which resulted in 32 teachers camping out overnight on the school roof.

When I visited the school to read to the Grade 3 students, I was invited into the Grade 4 classroom to meet four Thailand students. They arrived at Hastings School in early April for a three-week stay, hosted by local families. The two girls and the two boys were from the Lertlah International Program School, a kindergarten to Grade 6 English immersion school in Bangkok.

Deb Scott, a Grade 4 Hastings teacher, reported that the director of the Lertlah visited Winnipeg eight years ago and was impressed by Manitoba's French immersion schools. He used them as the model for the Lertlah school. It also helped that Ms. Scott had been to Thailand three times, thus facilitating the four students' visit, giving her exposure to the Thai culture.

What an experience for both Hastings students and their visitors. The visit allowed the Thai students to taste Canadian culture, to experience our weather, especially seeing snow for the first time, and to discover Jello, Popsicles and French fries. On the other hand, the Grade 4 students and indeed all the Hastings students learned about Thailand in a very real way. Congratulations to Hastings students and their parents who hosted the four students from Thailand as they studied English and experienced our culture. Bravo to Deb Scott, Dennis Nord, principal, and the Hastings staff and students who hosted the four students with true Manitoba hospitality. Thank you, Mr. Speaker.

Miami Collegiate Bursary Program

Mr. Denis Rocan (Carman): Mr. Speaker, I would like to bring to the House's attention an event that has left a lasting legacy for graduates of Miami Collegiate. Last fall, the Prairie Dog Central ran four train times through the towns of Roland, Miami, Altamont and Somerset. A total of 1200 tickets were sold for the two-day tour, which ran September 30 and October 1. Proceeds of \$10,000 from the event were used to create a new bursary fund.

Interest generated by the fund will be used annually to provide money to graduating students in need of financial aid.

The Miami Post-Secondary Education Organization has been a registered charity since 1997 and will operate the bursary program at Miami Collegiate. Since that time it has been able to help 17 financially needy graduates to receive post-secondary education. Due to community interest, the committee has held preliminary discussions with CN, CP, the Prairie Dog and Southern Manitoba Railroad about holding another train trek this fall. I would like to congratulate everyone involved in the historic train trek and the Miami Collegiate Bursary Program for helping so many of our young graduates to attend university.

Thank you very much, Mr. Speaker.

Youth Job Centres

Mr. Cris Aglugub (The Maples): Mr. Speaker, I rise today to draw the attention of the House to the opening of the Manitoba Youth Job Centres. These job centres are a valuable resource for young people across Manitoba for job referral and employment resources. With funding from the provincial government, this summer 34 job centres will become offices where local employers can locate and recruit talented and energetic young people seeking summer employment for the thousands of jobs that will be available this year.

Last year Manitoba's Youth Job Centres helped to find more than 9000 summer jobs for young people in Manitoba. In addition to the job search and career building workshops that are

facilitated by these job centres, it served over 19 000 youth in our province. For more than 26 years, Manitoba's Youth Job Centres have been available for job placement services. Over that time, tens of thousands of young people have found jobs which have helped to pay for post-secondary education, turned into rewarding career opportunities and provided useful experience for future employment. I am pleased to see that this Government is providing support again this year for these valuable job centres as part of a commitment to bring new opportunities to young people.

I encourage employers to hire a student this summer and encourage young people to take advantage of the employment opportunities available at Manitoba Youth Job Centres in their communities.

Thank you, Mr. Speaker.

ORDERS OF THE DAY

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you canvass the House to determine if there is agreement to waive private members' hour today?

Mr. Speaker: Is there agreement of the House to waive private members' hour for today?
[Agreed]

Mr. Mackintosh: Would you also please canvass the House to see if there is consent to vary the sequence of Estimates in Room 255 so that the Estimates of Transportation and Government Services will follow after Finance? That change is to apply permanently.

Mr. Speaker: Is there unanimous consent to vary the sequence of Estimates in Room 255 so that the Estimates of the Department of Transportation and Government Services will follow after the Estimates of the Department of Finance? This change is to apply permanently. Is there agreement? Unanimous consent? *Agreed?*
[Agreed]

Mr. Mackintosh: Mr. Speaker, finally, can you canvass the House to see if there is agreement for the section of Supply meeting in Room 255 to adjourn at 5:30 today due to the meeting of

the Standing Committee on Agriculture at 6:30 in the same room?

Mr. Speaker: Is there agreement for the section of the Committee of Supply meeting in Room 255 to adjourn at 5:30 today due to the meeting of the Standing Committee on Agriculture at 6:30 in the same room? Is there agreement?
[Agreed]

Mr. Mackintosh: Mr. Speaker, I move, seconded by the Minister of Intergovernmental Affairs (Ms. Friesen), that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

CONSERVATION

* (14:50)

Mr. Chairperson (Harry Schellenberg): Good afternoon. Will this section of the Committee of Supply meeting in Room 254 please come to order. This afternoon this section of the Committee of Supply will resume consideration of the Estimates for the Department of Conservation. It was previously agreed by this committee to have a global discussion on the entire department and once all questioning was completed the committee would then pass all lines and resolutions. We are on line 1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$458,800. Shall the item pass?

Mr. Larry Maguire (Arthur-Virden): We will continue, I think, along the pathway that we were on Thursday when we left Estimates on Conservation in dealing with some of the issues that we still need to deal with. I appreciate the minister giving us an update on such things like straw burning and that sort of thing, the latter part of Thursday afternoon.

I guess I have a request. I have some lines of questioning that I would like to go through yet in regard to some of the personnel and staffing

within the department. I did not proceed that way the other day because the time got on in the afternoon, and I had a number of other short issues there that I thought we could deal with. There are still a number of those that we would like to ask some questions on.

I would like to check with the minister on some issues around staffing in the departments. I appreciate that the minister gave us a few in his opening comments and that he has already indicated that he would be making some announcements tomorrow on the new regional offices, so we will not bother with those areas today. Those are just some of the issues that I wanted to deal with.

As well, of course, in my own constituency, which contains about 99 percent of the oil in Manitoba, I would like to ask the minister a few questions about the hydrogen sulphide issue in the Tilston area. I only raise that as a comment today, Mr. Chairman. I would like to do that tomorrow, if that pleases the minister. I would just like to ask a few of those questions at that time, and I was wondering if it would be possible to have the Chairman of the Clean Environment Commission here as well, Mr. Duguid.

Hon. Oscar Lathlin (Minister of Conservation): Before we begin, I wonder if I can table some information here with respect to questions that were asked of me last week, and I did not have that information on hand, the first one being the spring flood conditions and forecast update. I have the very latest update here, May 7, which includes all the rainfall that we have had over the weekend. I believe rain is still falling in some parts of Manitoba.

Secondly, I believe the Member for Arthur-Virden (Mr. Maguire) and his colleagues were interested in the Assiniboine River Management Advisory Board. I would like to share with the member a report that was presented to the department outlining the board's activities for the year '99-2000. I think there is some useful information contained in that report.

I do not have a problem talking about Tilston tomorrow. I will also make a commitment to the member that we will

endeavour to make contact with the chairperson of the Clean Environment Commission. If he is not out of province or on a travel status anywhere, I think he would be more than willing to come and join us here tomorrow.

Mr. Maguire: I appreciate the minister's update on the flood situation, the handouts that he has provided once we get copies on those, and I would certainly appreciate Mr. Duguid being in attendance. I just have some questions in that area.

While I am on this I just want to make a quick note. Having driven over the Souris River at six o'clock this morning, Mr. Minister, I would have to make known to the committee that the flooding on low-lying lands along the river from Melita to Hartney will continue for a further 10 days or so. That is very accurate. The Souris River is continuing to fall very slowly. I would say at Souris this morning it is rising not rapidly, but it certainly has not gone down any. Plum Creek is overflowing, gushing I guess would be a better word. Right at Souris at this moment there is a considerable amount. It is probably at its peak.

The river coming through the community, I do not know whether that has been exacerbated by the couple inches of rain that they have received until this morning since Saturday night. It certainly is raining heavily all over southwestern Manitoba at this particular time. There have been as high as two and, in some points, three inches of rain located in that area. It will continue to cause those rivers to rise. We hope it does not provide any undue consequences in any of the rest of the province.

I can also confirm that the Assiniboine River at Brandon is pretty rapid this morning as well. It is still flooding the Eleanor Kidd Park on 18th Street in Brandon. I guess, as you say, it is going through town and rising, but just a bit of an update. I thank the minister for the flood condition report and forecast that he has just handed us.

Mr. Chairman, at this time I would like to engage my honourable Member for Lakeside (Mr. Enns). He has some questions that he would like to bring forward at this time to the

minister in regard to a number of issues that we have dealt with over the last year. If it is the will of the Chairman, I will pass it over to my honourable colleague from Lakeside to proceed with a few of these concerns.

* (15:00)

Mr. Harry Enns (Lakeside): Mr. Chairman, through you to the minister, last session of the Legislature, the Government, under the direction of this minister, passed a bill, I believe it was Bill 5, that had to do with penned hunting. I wonder if the minister could provide me with an update as to what, if any, specific action has flowed from this legislative action. Have regulations been formulated? Has the department taken specific actions at those relatively few—I appreciate you only have a handful of operations in Manitoba that would fall into that legislation. There happen to be several of them in my constituency. Specifically, I guess, has the department shut down any of those operators that have engaged in this activity?

Mr. Lathlin: I can indicate to the member that since last fall, when Bill 5 was debated, we have had consultation meetings held with various stakeholders, with different groups. The regulations are currently being developed. The consultation meetings have been held during November and December of last year. Meetings were held in various parts of the province, in Swan River, Dauphin, in Brandon, Ashern, Lac du Bonnet and Winnipeg. I understand these meetings were attended by close to 200 people who offered their advice towards the development of the regulation. As well, written submissions were received.

As part of that particular initiative, a report on those meetings has been prepared. The regulations I understand are currently being developed. They have not been completed yet. I would like to assure the member that of course this initiative here, the Department of Conservation does not intend to regulate any farm activity, because that activity is regulated by the Manitoba Department of Agriculture and Food.

Mr. Enns: I thank the minister for that somewhat intriguing answer. A little further clarification. I am well aware that it is the Department of Agriculture and Food that has the responsibility and jurisdiction, if you like, of

what we call farm or domestic activity that borders on this, elk ranching, bison farming, wild boar farming, if you like. Is he suggesting that it is possible under the regulations that may or may not come forward in that department that is under Agriculture and Food, under The Livestock Diversification Act, that some form of penned hunting could be permitted?

Mr. Lathlin: The answer to that question, of course, is no. That is why Bill 5 was introduced in the first place, to enable the minister to develop the regulation that would prohibit penned hunting.

Mr. Enns: Mr. Chairman, I appreciate the fact that the department has gone out and fulfilled its commitment to consult and talk to these various organizations that have concerns about this bill and who expressed a concern at the time of the passage of the bill, as the minister will recall, that these consultations have in fact taken place, but if I understand the minister correctly then, to date, no specific action has been taken vis-à-vis a farm that could be described as penned hunting to date. No specific operation has been ordered to shut down, cease and desist from operating in that way.

Mr. Lathlin: The answer to the member's question is, no, there has not been any specific action taken with respect to penned hunting, largely because the act has not yet been proclaimed, pending of course the completion of the regulation development.

Mr. Enns: I thank the minister for that answer. I will take this occasion to appeal to him and his departmental advisors. During the passage of Bill 5, the term "penned hunting" conjures up different visions of what some people's concept could be included in that term. It is my hope that during the hearings and the advice that they received from these 200 people that the minister referred to at these consultative hearings that took place last November, December, and I am sure the continuing advice that he and his department gets, that the department is looking at reasonable, and I suppose I might even throw in the word "flexible," regulations.

On the one hand, I certainly accept the will of the Legislature, accept the principles of the

bill, but there is, in my opinion, a wide range of what that term all-encompasses. If he has had a chance to talk to the elk producers, had a chance to talk to some of these people who have an immediate and direct invested interest in it, it is my hope that some of those aspirations of these people will nonetheless find themselves in the shaping and making up of regulations.

The options for some of our elk ranchers, for instance, Mr. Minister, are very plain to understand. An aging male elk that no longer provides economic justification for its continuation at the ranch either is slaughtered in some fashion on the farm or is allowed to die a slow and agonizing death in a cold prairie winter, or can return good economic returns to that producer if there is help that is provided for him through some form of regulated hunt? I would hope that it is not too late for the minister, for the department, to take all these considerations into mind in the final drafting of the regulation, which will govern this part of the industry.

A final question on this subject matter is, of course, what concerns those who are facing being put out of business is a question of compensation. Can the minister give me any indication whether or not the Government or the department has taken under consideration what potential obligations it may have with respect to compensation, when, as I suspect they will as these regulations get finalized, they start putting operations out of business?

Mr. Lathlin: I hear the member, the presentation that he has made, but I would also like to advise him that, of course, we will take into account the comments and the feedback and advice that was received from the public during the consultation meeting, public meetings that were held. As far as the issue of compensation is concerned, no, we have made no decision as yet. Currently that issue is being reviewed with our legal staff.

Mr. Enns: I thank the minister for those responses. Just on some general questions, with respect to elk farming in specific. At the time that elk farming was reintroduced to Manitoba, the department conducted and was engaged in the capture of elk from the wild to kick-start the

program, if I may. I believe in total perhaps some 400, 500 elk were captured in three or four years in what I would characterize as parts and places of Manitoba where elk were in abundance, to the extent that they presented some pretty serious problems, crop depredation problems, speaking of the Swan Valley and parts adjacent to the Riding Mountain and so forth. My understanding that program has concluded and that in the last several years—let me ask: Is the department engaged in any wild elk capture this past year?

* (15:10)

Mr. Lathlin: I would like to indicate to the member that since 1998 there has not been any elk trapping occurring in Manitoba. As far as I know, I do not plan on starting up other elk capturing, not in the near future, anyway.

Mr. Enns: On another subject, the Government, with considerable fanfare, engaged a series of hearings and a study with respect to livestock stewardship generally. That report, I think, had been issued some time ago and is in the Government's hands. My specific question to this minister is: What role does the Department of Conservation play? I must confess. I have not read the entire document or report. I have received and read summaries of it in the press and other sections. If, by way of background, I recall from the practice under the previous administration, which I was privileged to be a part of, we had what we referred to as a technical review committee or team that consisted of people from the Department of the then Natural Resources, notably Water and Soil, from the Department of Agriculture, the Department of Rural Affairs, or Municipal Affairs Planning, these different technical experts who would review, for instance, applications for livestock programs, livestock proposals, most often expansion of hog barns, but not reserved to hogs, cattle operations and other livestock operations.

What I am after, with the event of the Livestock Stewardship report, is that, the mechanics of governmental reviewing and approving of projected projects, going to change substantially, or is it in the midst of change? Have you not had time to react to the stewardship report? What specifically is the

Department of Conservation going to be engaged in responding to that study in that committee's report?

Mr. Lathlin: I want to indicate to the member that, yes, the study has been completed. The report has been prepared and has been given to Government, specifically to the three departments, Intergovernmental Affairs, Agriculture and Food, as well as Conservation.

There have been meetings held since the report was given to Government with a view to preparing a response to the report and also to give an indication as to what recommendations will be accepted and implemented.

Currently, though, there is an ongoing inspection and enforcement of manure management under The Environment Act. We continue to work with local civic leaders in a provision of technical advice regarding those operations that are being proposed to them. As of yet, there has not been an official government response. That is what we are working on right now.

Mr. Enns: So, to date, new proposals being made or being sought approval for basically still are going through the same mechanical procedure, that of having a technical review team composed of experts from three or four different departments reviewing the proposal, passing judgment on the proposal and then providing that information to the local municipal officials who have the final authority, I believe, and responsibility of approving and end use, or conditional permit, for the building of such facilities. That is more or less in place? It has been unaltered?

Mr. Lathlin: I want to answer the member this way. Although the process remains the same, there have been some changes, in fact. For example, the technical review committee is now mandatory, where we have in an operation 400 animal units or higher. There has to be a mandatory review take place under those circumstances. I think we would like to maybe add on to that, Mr. Chairperson. So I would characterize that the mandatory technical review committees are technical review conducted to be improving the approval process.

We also have the planning part improved, increased. For example, in the last 12 months, 13

new planning districts have been put in place as compared to 5 new districts being put in place, say, from '91 to '99. So I think, even while we are working to develop an official government response to the report, in the meantime, some of the processes have been improved.

* (15:20)

Mr. Enns: Mr. Chairman, I do want to acknowledge, and I think that is a positive move, the Technical Review Committee's review of plans was not mandatory before. I think it is an appropriate step; I applaud the minister and the Government for taking that step, but I also want to take this occasion to counsel the department, this minister and this Government that the net result in the field has been regrettably, what I am advised by individuals, a considerable delay in the approvals of new projects. That concerns me. It concerns me a great deal.

I want to put on the record some of the reasons of these concerns. I am supportive, will support the minister, will support the Government of any actions taken or required to strengthen the overall process to make mandatory some that were previous simply guidelines or voluntary process. This minister will get no opposition from me on these matters, but timeliness and moving with some dispatch is important because of decisions that individual potential producers need to make. On a more global scale, it is important. For instance, I lay directly at the steps of this Government and at this minister the loss of 1200 jobs in St. Boniface, the loss of the Schneider expansion plan of \$150 million because of their nervousness about whether Manitoba was going to continue to be able to produce hogs in the numbers required for a progressive and modern hog industry.

I will tell you something further, Mr. Minister, the Brandon plant currently employing 1200 people will shut its doors in five years and walk away from Manitoba unless we resolve a solid, reputable system, with integrity, with environmental safeguards. We will lose a marvellous opportunity that affects all of agriculture, affects my grain-growing colleagues, particularly brought about by not taking advantage of value-adding to commodities that

we grow here: feed grains, feed barleys and the production of some of the world's finest hogs. The Brandon plant is built very much so on their ability to go to a second shift. If they cannot achieve the second shift within a period of time, Brandon will be left with, well, maybe a fine warehouse terminal building, but we in rural Manitoba will be out a couple of thousand jobs, well-paying jobs I might say, good unionized jobs, and the city of Brandon and the southwest region will suffer as a result of that.

So I want to take this occasion to impress upon you, Mr. Minister, and your senior officials that a precise and timely system of regulatory control of approvals and not by any means a diminution of environmental standards; in fact, if anything, I can see them steadily improving or raising the barn. I note that more and more of the new proposals that are coming forward, for instance, for the large hog barns are moving entirely away from the earthen lagoon to above-ground storage, steel storage, the concrete storage. There may be a time in the future that that becomes mandatory. These kinds of progressions in the industry is what I am talking about, and the industry will not always embrace with loud shouts of praise any time something like that, but will, with responsibility, accept. The issue is get on with the job, Mr. Minister. When a proponent has put together the necessary \$3 million or \$4 million to put together one of these operations and then is left five, six months, eight months, fourteen months before getting a decision from the government-related agency, then they fall apart and they walk away from projects like that.

So, with those comments, Mr. Minister, I want you to appreciate that you and your department play a fundamental role in the future well-being of rural Manitoba, of agricultural Manitoba, and a great opportunity for providing Manitoba with the kind of economic base that the agricultural community is willing and is prepared and is already contributing to the province. It would not be my shame, it would be a shame if we lost out on it.

We do two things to our producers. Hogs will continue to be produced in Manitoba, but the farmers will have to pay the \$7-, \$8-, \$10-a-hog freight to send them to Toronto or to

Alberta, or to Sioux Falls in the United States, whereas right now we are the price setters here in Manitoba. Furthermore, for our grain producers, they now have the option, instead of paying \$35-a-tonne freight to haul his feed barley to Thunder Bay or to Vancouver, he pays \$2 or \$3 a tonne to haul it 10 miles down the road to a hog barn, and the wear and tear on our roads, the wear and tear on, you know, from a conservation point of view, I mean, it certainly makes a great deal of sense. So, without belabouring the point, I do take this opportunity to let you and your officials know that timeliness is perhaps even more critical to the whole process than any one specific regulatory requirement that you put into the bill. If the regulations are there and they are clear, industry will respond to them, but if it takes six months, fourteen months, eighteen months to come to a decision, that is when it is hard to keep these capital pools together to make things happen.

* (15:30)

Mr. Lathlin: Thank you very much, Mr. Chairperson. Of course, I am always grateful to receive the member's wise counsel and advice because I know that it is based on many years of experience. I thank him for that, and also he speaks with a lot of authority because he is from that community, he has been involved in agriculture for many, many years, so speaks with a lot of authority. I would also like to indicate to him that, you know, on first glance at the report it seemed to me that it was a very balanced report in that it was supported by practically all the groups. I could not detect any strong disagreement this way or that way. It seemed to me like it was pretty balanced, and I commend the people who carried out that work, all those people involved in the industry who came to give input. The people who are concerned with the environment, they came to give us a lot of good advice. All in all, I think the report presented a balanced view.

As far as complaints about undue delays, we have not heard too much about those kinds of complaints; I mean the ones dealing with government delay. In fact, Mr. Chairperson, if the member wants we can provide him with a status matrix of all the applications. We have approved about the same rate as we have in the

past as far as I am able to figure out. As far as Schneider is concerned, it was my understanding that Schneider was bought out by Maple Leaf. With all due respect to the member, I do not believe it was a decision that was based on any fear of obtaining hogs. Currently we are working with Maple Leaf with respect to the second shipment and, of course, the licencing of it.

I would just like to add a little bit here, Mr. Chairperson, in regard to the livestock report or the work that we had commissioned. Last Monday and Tuesday, I was fortunate enough to host a federal-provincial meeting here in Winnipeg and during that meeting, of course, as the member is well aware, you get a change to talk to other ministers from other jurisdictions. You kind of ask questions to see how they are handling a particular issue in their jurisdiction, and, of course, I was the same. I wanted to know what was happening in other jurisdictions. Other ministers asked me what was happening in Manitoba. For example, the minister from Québec had heard about our livestock review panel here in Manitoba and he was very much interested in what kind of a report we had come out with and whether they could have a copy of the report for themselves that they could study. I think the member knows that Québec is also struggling with trying to have some balance between development and environmental protection. So we will be more than happy to share information with Québec.

I happened to be in Québec last year, I cannot remember what time of the season it was, but in any event I am sure the member has been to Québec City.

Mr. Enns: I try to avoid summit meetings, though.

Mr. Lathlin: I do too. I get off the plane at the airport and I take a taxi and there is this odour. Of course, you do not really want to ask what is that smell, because you do not want to offend anybody right off the bat, but you get into a taxi and the taxi driver is always more than willing to give you information. As a matter of fact, they are always full of information, so the driver of the taxi—

Mr. Enns: Actually, that is how I found out you were going to beat us in the last election.

Mr. Lathlin: The taxi driver said there is a lot of—what did he say—livestock, I do not know if they were hogs or cattle, but he said I—

An Honourable Member: How about dairy?

Mr. Lathlin: Yes, that is what he said as a matter of fact; that is where the smell is coming from; and that was right by the airport. So we live and learn from each other, and that is what we tried to do at the federal-provincial meeting last week.

Mr. Enns: I want to acknowledge and agree with the minister in his observation about the Livestock Stewardship report. I do believe it was a balanced document and when, I believe, proper conclusions are drawn from it appropriately by your department particularly and others, we can develop in Manitoba the kind of environment that with integrity can do both, can protect our environment for our long-term future and at the same time acknowledge some of the unique and specific advantages that Manitoba now has, partly brought on by the loss of the Crow that fundamentally changes the economics of feeding our livestock, both beef, pork and others, and if we did not have supply management we would have a lot more chickens, a lot more eggs and a lot more dairy in this province.

You see, when I was first privileged to be Minister of Agriculture, the little province of Manitoba was putting six out of every nine eggs on Toronto breakfast tables. Then we got into supply management, where now we say every province is like a little country; we have quotas, despite the fact that it is now by far most economical to produce eggs in Manitoba, broilers in Manitoba and feeder grains and, of course, pork and beef.

I can tell you, as a modest cattle producer the livestock industry, the beef industry is continually growing, and I acknowledge that your colleague, the Minister of Agriculture (Ms. Wowchuk) is aggressively pursuing that. We are not going to replace Alberta in terms of overall beef numbers, but I believe, by the end of a decade or two, there will be a million beef animals in this province, and they will represent their own specific environmental problems in terms of how they are housed and what we do

with their waste. I am encouraged by what I hear from the minister in this respect, and if one of the officials would make a note of it, I would appreciate it. It would put to rest some of the concerns that I have if you could provide or compile a simple listing of projects received by the technology review team, approximate length in approval or the numbers or the things that you refer to, Mr. Minister.

* (15:40)

One final issue from me, Mr. Minister, I again I am being—I guess I must be getting old. I am getting all huggy bear and kissy bear with this Government and with this minister. I am losing my vim and vigour here, you see, because I am going to be applauding him again. I commend and congratulate the minister and the Government for the actions that you have taken with respect to concerns about our water quality. I am speaking particularly now in rural Manitoba. I have had several affected municipalities, schools, Balmoral, others come to mind, and I want to encourage the department, the minister to carry on on the path that they have. I was moving in that direction prior to leaving office, and I think, if anything, public pressure, and appropriately so, will demand that we who serve the public provide the best possible assurances of the safety of our water supply, different programs that you have put in place, the testing of water, the free testing of water from individual well users such as myself out on my farm. I have not availed myself of that privilege yet, but my wife keeps reminding me that I should.

One specific question that I would like the department to bear in mind, and something that I find missing, where the current situation in North Battleford or something like that, I show my bias by expressing it. It is all too easy to immediately point the finger at an agricultural enterprise. Well, it has to come from a hog barn, it has to come from a cattle feedlot or something like that, when in fact you, Mr. Minister, and certainly your officials know that in more than the majority of instances it all too often is municipal sources, municipal lagoons that are leaking, simply saturation of individual septic tanks that have led to the pollution of water supply systems in small communities like

Balmoral, but when, for instance, a water well system is condemned or shut down or when a school is stopped from using their water, not immediately but within a reasonable interval of time, I would like the source revealed. If it is agriculture, then it should be properly identified. All too often we do not or, if it is revealed, it is done so in very small print, Mr. Minister.

I am making a recommendation to you that the department, in my judgement, should not feel constrained not to, upon due diligence, due investigation—where determination can be made may not always be that simple; it is not necessarily always a perfect science—when a determination can be made that the source of the pollution be publicly identified because, in my opinion right now, it is agriculture that automatically gets the blame. I am quite prepared to accept the responsibility when it is an agricultural source, but if it is not an agricultural source, I do not think it is particularly fair that we should be carrying the ball on that. Furthermore, it heightens the antagonism towards agricultural development. Most people, urban residents in Winnipeg automatically assume that the problem that the city of North Battleford is having is related to agriculture, is related to a big feedlot or a couple of hog barns in the area. The finger of suspicion is pointing to questionable municipal water treatment plant and how it is being funnelled back into the river. So, for a number of reasons, I would ask the department to carry on in its vigorous and aggressive attention to water supplies, both small and large, but to be equally fair and transparent in terms of identifying the source and making that publicly known.

Mr. Lathlin: Mr. Chair, yes, I agree with the member with all the things that you have said about water security. I was just asked that by the media after Question Period as to whether Manitoba would be considering supporting a federal initiative that is calling for national water standards. Of course, my response was positive, because I pointed out to the interviewer that it only makes sense for us to support such an initiative that calls for national standards.

The city of Winnipeg, for example, gets its water from Ontario, and we are all reading about in the paper and watching it on television news

about North Battleford. Well, North Battleford is situated on the Saskatchewan River, the same river that comes into my community of The Pas, so why should we not support such a move. I think by doing that it would only help to protect the citizens in Manitoba and across the country if we were to get onboard with such an undertaking.

Referring to water testing, we have agreed to subsidize to the tune of 70 percent the water testing that is being carried out. We have made a decision that we should not only improve treatment standards but that we should also improve the skills of those people who are involved in the testing, the Public Works staff of municipalities or anybody who is engaged in carrying out the testing program we think should receive some training in order for us to cover all bases.

With respect to the agricultural community always being blamed or the public pointing fingers to agriculture whenever an incident of contaminated water occurs, I think probably the member, if he has followed the case of Walkerton as I have, would probably be convinced that that particular incident was probably caused due to livestock in the area. In our case here in Manitoba, we have given instructions to our people not only in Conservation but in the Department of Health, that we will be very clear about the source of our problems here in Manitoba when they come about. We have not had too many examples of agricultural contamination so far, so perhaps that is a good indication.

Mr. Enns: I thank the minister for those responses. I have just concluded, Mr. Minister, in reading a report done by McGill University which shows conclusively that cigarettes are, in fact, a brain food and aid tremendously in the prevention of Alzheimer's. So, believing that an ounce of prevention is worth a pound of cure, I am going to leave you and have a cigarette right about now.

Mr. Chairperson: Honourable minister, any comment?

Mr. Maguire: Mr. Chairman, I commend the member from Lakeside for the questions that he

has asked today in some of these areas, and I can only add to his comments. *[interjection]* We will not get into his medical advice, but I would like to thank him for his comments in regard to some of the issues that he has raised around the bills that we discussed last summer, and again on these water quality issues.

I know the issue has been before us in regard to water quality. It is very pertinent today given the issues of North Battleford over the weekend. As the minister's remarks have indicated, that it goes through his own home town and that sort of thing, we are all very concerned about those issues and want to continue to be on record for being supportive of trying to improve our water quality in Manitoba. It has to be the No. 1 one issue in regard to any kind of expansion in our livestock industries, as the former minister has just finished asking the new Minister of Conservation in regard to those issues. I would concur as well as the Environment critic that water quality is the No. 1 issue we have to be concerned about and as we proceed in the future with these areas. Certainly odour is an issue, a number of those concerns, but I think water quality is of utmost importance in regard to the future development of our citizens and their families, in regard to their homes, and that has to be the No. 1 priority.

* (15:50)

It is also a very big issue in the economic landscape of Manitoba, whether it is in the areas of hydro development or power sources that we may have in the future, the opportunities that we have there, whether it is in the area of expansion in some of the industrial areas that we have, and I would include agriculture as one of those industrial areas.

I have always maintained as a farmer who has farmed for 32 years, I guess, Mr. Minister, that as you and your heritage and background know the importance of water, we have a common ground I think of making sure that it is done properly the first time. That is what I like to tell investors. You do not get too many opportunities to correct problems as they arise in the water quality issues. That is why it is so important to hold public hearings and have town hall meetings in regard to any kinds of

development of these industries, and I include agriculture again in the expansion of those. The Member for Lakeside, the former Minister of Agriculture and Natural Resources, has just indicated to you the importance of that in his home area and in development, as we have seen some of the opportunities that might arise, are potentially here for Manitobans. I would encourage the ministers to do everything they can in regard to the livestock stewardship, to move ahead with those, to encourage people to do the development in those areas, but having said that, being done right the first time. I always have a corollary on any kind of development by making that statement.

So therefore I would like to ask the minister just a few questions in that area. One of them is in regard to the drinking water regulations that you brought in, the study of drinking water quality issues. Can the minister give me an update on where you are at with the drinking water formula or program that you announced some time ago and brought in?

Mr. Lathlin: Mr. Chair, sorry for the delay. I can advise the member that with respect to the drinking water study that was initiated, the study part has been completed. We are in the process of reviewing the provincial water guidelines that have been developed. Currently they are out for public review. We have had a lot of good feedback, and we will be releasing a report of what we have heard in the very near future.

On drinking water quality, Conservation and Health are developing revisions, changes to the regulations that would improve treatment standards, and, as I said earlier, require operator training. During the Walkerton incident I think there is also a tendency to blame unskilled, inexperienced plant operators. In Manitoba we are moving to providing training for those personnel. A draft will be discussed publicly before everything is finalized.

* (16:00)

Mr. Maguire: Mr. Chairman, I would ask the chairman if the minister could give us any indication of the time lines that those studies and reports might be coming.

Mr. Lathlin: As far as I know, the water quality guidelines work we think will be completed by June. In regard to the revisions that I mentioned, revisions to the regulations, I understand that work will be completed by the fall.

Mr. Maguire: I wonder if the minister could just give me a brief outline of the kinds of visions and objectives that the minister has in mind for the studies that will take place in those efforts.

Mr. Lathlin: Mr. Chair, I can advise the member that the work of revising these regulations, I am sure the member will understand that the work can become very technical, because we are talking about improving standards. A lot of regulations have to be looked at. We are working to increasing, I guess, the effectiveness of the regulations, while at the same time we are looking to reduce risk. So at the present time I am not able to advise the member with certainty as to what those particular revisions will be, because, as I said, they are very technical in nature, but we can all rest assured that the work that is being done is directed towards improving the system. We are also, along with the Department of Health, developing an education program for those private well owners. The regulations, the work that is being done to the regulations will look at type of treatment, how often we take the sampling, the frequency of sampling, and reporting requirements, and so on and so forth.

Mr. Maguire: I think one of the areas we want to make sure that we do look at is, as my colleague from Lakeside has mentioned, municipal effluent, some of those kinds of jurisdictions and the proximities to water sources that are used for drinking, that sort of thing. We have seen some concerns with infrastructure in regard to lagoons in many municipalities in Manitoba. Many of them were put in place some 30 years ago, if not 40 years ago. I am wondering if the minister can give me an update in regard to the kinds of requests that they have had for relocations of municipal lagoons and any kinds of new structural updating that can be done to those to make sure that they are more secure than perhaps some of the ones have been in the past.

Mr. Lathlin: I currently do not have a list of all those applications that would have come from the municipalities or communities, those anyway that were wanting changes to their waste treatment centres, but I could later on provide the member with a list of those applications, if he wishes.

Mr. Maguire: Thank you, Mr. Minister. Yes, a copy of the requests that you have had for infrastructure development on new lagoons and that kind of thing. Maybe you could include in that an update, or I would ask the question if there have been any changes to the parameters that the Government has put in place in regard to the development of the lagoon, be it in the construction area, just to make sure that it is maybe somewhat more compliant. I do not know whether that is even required. In most cases, I think, people built these lagoons in the past with the very best knowledge in mind that they were going to be providing the service that was required of them. I guess I am asking the minister if there has been any update in the last couple of years in regard to the structural requirement of building a new lagoon.

Mr. Lathlin: Or new technology, I guess, would be included in the member's question.

* (16:10)

Mr. Maguire: I am familiar, Mr. Chairman, with some of the new structures that have been asked of the agricultural industry, particularly some of the lagoons to which hog barns are being exposed to today, the kind of work that you have to go through to get a permit to build those and those kind of things, those are not the ones I am asking about.

We know the rules and guidelines around those in regard to how secure they must be. I concur with those rules that were put in place by my colleague in the development of particularly the hog industry in Manitoba and looking at manure disposal in the beef industry.

I was specifically referring to the ones around municipal waste and human effluent, to be blunt, Mr. Chairman. We need to make sure that we are not only monitoring what is happening in the livestock industry but in our

own back door, I guess, if you want to put it that way. We have to make sure that the things we are doing around communities and cities also meet with these criteria.

I guess my question is: Can the minister indicate to me what steps have been taken in regard to new standards in municipal infrastructure needs for lagoons?

Mr. Lathlin: There have been no changes in parameters for standard technology, but more attention is being paid to inspection during construction to ensure that those standards that are in effect then are met. Then of course there is the new technology for smaller communities. I know I am a little bit familiar with theirs, because, as the chief of OCN at one time, we were faced with the situation of having to decide whether we should expand our lagoon system or whether to go into this new technology that one company had been actively marketing in The Pas area.

These package treatment plans that are marketed by some companies involving new technology, of course any new technology is very expensive and oftentimes comes with some problems. Then we run into the problem of upkeep and maintenance after the plan is installed. The revisions of our surface water quality guidelines that was mentioned earlier may result in tighter effluent standards. This would mean adding an additional cell to a lagoon, for example, or add nutrient removal systems. In other words, the bottom line of my response is there have not been any major changes.

Mr. Maguire: Thank you for that, Mr. Minister. Obviously, we have the same concerns in regard to making sure things are done right the first time. I would like to ask the minister, outside of the safe drinking water standards process that came forward, can the minister give me any other information in regard to what the department is doing to assure safe water standards of Manitoba. I raise the issue because, of course, you know, here we are, we are sitting in the middle of—two-thirds of Manitoba's population basically is within 15 miles of the Perimeter Highway around Winnipeg, and we are in a fairly intensive location in regard to

population, particularly in this province. I do not have any concern with that, Mr. Chairman, other than the fact that we have a large issue to deal with here in regard to the kinds of water standards we have.

Obviously, a lot of our water for drinking and those purposes, potable water comes in from Shoal Lake and other areas of co-operation, as the minister has pointed out, with other provinces on many occasions. But there is an issue here for the people downstream in the Selkirk area and closer to Lake Winnipeg in regard to the quality, standard of water that is going through the community. Can the minister give me any indication of the kind of monitoring they are doing on water flow, particularly in the Red River and the Assiniboine as it goes through the city of Winnipeg, the kinds of issues that they are dealing with, particularly, above all, on that water as it passes through the city of Winnipeg and as it gets on into Lake Winnipeg? If he could just give me any indication of the kinds of monitoring that they are doing in that area.

Mr. Lathlin: Thank you, Mr. Chair. I apologize for the delay. I can advise the member that, in response to his question about the type of activity that is being carried out with respect to the water system or the potability of the water along the Assiniboine and the Red, we are conducting an extensive ground water monitoring program right now to ensure that the aquifers are safe. We also monitor the Red and the Assiniboine at a number of locations regularly, weekly and in open water season. As well, we have good water quality data on all our major surface waters and publish annual statistics of water.

I think if I could add on for the benefit of the Member for Arthur-Virden, Mr. Chairman, I am sure he knows about this already, but I just want to give him further information, and that is I think I mentioned already the Drinking Water Advisory Committee report was presented to Government and accepted by the Government. I think I referenced that report in my earlier response.

As a result of the activities that we have been involved in, in regard to safe drinking

water or good water, 70% subsidization for private water source should be in place by the summer, and revisions to drinking water regulations will be especially important. We will increase testing requirements for those semi-public water systems, and in that group we could include hospitals, schools, nursing homes, restaurants, those that are not on municipal systems.

I think I mentioned earlier, at least two or three times, about requirement to train and certify water treatment operators. We expect that to be in place by this coming fall, and then additional training will be available after that date.

We are also optimistic that Shoal Lake water management plan will be agreed to by Manitoba, Ontario and those First Nations along the Ontario-Manitoba border. As well, we understand that Winnipeg is proposing to build a water treatment plant over the next few years. I am not exactly sure when, but there has been quite a bit of discussion on that lately.

Mr. Maguire: I know that there are a plethora of advisory councils and groups in the province that you deal with or are in contact with in regard to a lot of these issues. The minister has made available the Assiniboine River Management Advisory Board report that came in to the minister in April of 2000. I have read that report. I am familiar with the number of the groups that you have met with on a regular basis, whether it is in some of the man-made programs or dam projects, reservoirs—is the word I am looking for—projects. We have a small one in my own local community of Elgin, the Elgin Creek. There is the Rivers reservoir, those advisory groups and diversion groups from Portage la Prairie. There are a number of spokespersons that can keep the department, I know that the minister talks with regularly through the department, but also uses those advisory boards to keep in touch with the needs of our regions. I concur with those discussions going on, on a regular basis.

* (16:20)

I think it is important that we look at all of these areas because, you know, I only raised the

one that I did about Winnipeg because obviously the Assiniboine is a large area. When you say the "Assiniboine," it is not just The Forks area we are concerned about here. It is that whole watershed management area and everything that comes right out of Saskatchewan through this way that we have to continually monitor. All of these processes the minister is very well aware, coming from the region that he does, how other provinces and other jurisdictions can impact on the kinds of water that comes in. I know we have agreement with those provinces. I am assuming we have similar agreements with the U.S. in regard to what happens in the Red River, in those areas as well.

Can the minister just indicate to me what kind of agreements we may have with our U.S. neighbours in regard to the management of the water that comes in from the U.S., and particularly, I guess, in regard to these levels of effluent that may come in from cities like Grand Forks and Fargo, and what kinds of levels that we have in agreements with them, No. 1, to confirm that we have agreements with them, and then, secondarily, but of more importance, what kind of criteria are placed in those agreements that we have with our neighbours to the south?

Mr. Lathlin: Mr. Chairperson, I can indicate to the member that we are—Manitoba, I guess, through the Government—members of the Red River watershed board and also the Souris River management board under the International Joint Commission. Now these boards, both boards have established, firstly, the minimum flows that must come to us from the United States, and secondly, specific water quality objectives that must be met in the United States to protect the water. Both these are backed by the authority of the American U.S.-Canadian Boundary Waters Treaty of 1909. That particular treaty gets referenced quite a bit, as a matter of fact, in the discussions that go on between our Government, the governments of North Dakota and even Minnesota, the Boundary Waters Treaty of 1909. So those are a couple of boards that we belong to.

Mr. Maguire: Mr. Chairman, I thank the minister for that. I certainly am aware that we have obligations under, with our American neighbours, the International Joint, you know,

agreements that we have. Mine were more particularly aimed at the effluent levels that those cities may have to deal with, and you have indicated to me that they deal with that through making sure that there is a constant enough water flow through volume of water coming into Manitoba, into Canada, that it will deal with the effluent that is displaced by cities in our neighbouring states to the south that are in the Red River Basin. Is that correct?

Mr. Lathlin: Mr. Chairperson, these agreements, I guess, if I can call them agreements, we are members with those boards. We are members in those boards, the two boards that I have mentioned. One of the things, as I said earlier, that gets discussed in those boards is the minimum flow that comes from the American side, as well as those quality objectives. You know, what quality objectives are we going to insist should be incorporated into the decision as to how water gets treated prior to coming over the border. In addition, under these boards, I understand the American governments have to notify us of any problems that they identify, such as any spill into the river that could affect people in Canada.

* (16:30)

Mr. Maguire: I think of particular importance to Manitobans today, Mr. Minister, is the reaction to make sure that these agreements are upheld, that the level of standards that we have agreed upon are upheld. I know there is monitoring going on from your comments that we are satisfied that those levels are being met.

I think this is the most serious time of the year right now with the flooding that occurs. Some of these lagoons in some of these communities may be in jeopardy of being flooded, some of those areas. So there may be excessive levels at some points coming through some of the water courses that we have. It is not a situation that we like. I think we probably saw more of it, of course, in '97 than we will see this year or in years like these. We have to make sure that we build standards that take care of those disasters, similar to what we are talking about when we talk about expanding the diversion or the dam south of Winnipeg, so that we take into consideration it is not just can we make sure that

people's property is not damaged when we talk about future flood levels that we may want to put rules in place around but also that we look after the kinds of effluent, because this is a major issue. I am not talking about it just because it goes through Winnipeg and it goes through Selkirk and it ends up in Lake Winnipeg but it also ends up in the North, in our northern communities.

Mr. Gerard Jennissen, Acting Chairperson, in the Chair

We need to make sure that we look after the affairs in northern Manitoba, that these kinds of jurisdictions are dealt with. We cannot just be passing the buck and letting it go on downstream in these cases. I have always believed, as I said earlier, you only get one opportunity in some of these areas to do things correctly. I know the minister, coming from that region, that is why I referenced western neighbours, it is just more where his water courses come from in his own home constituency. The Member for Thompson (Mr. Ashton) was here in committee a while ago. I see that, in the due course of the hockey season, there has been a change of lines in the guard beside me here across the table. I must say that they are a noisier bunch than the last line you had in place, but so be it. They are not disturbing the process that we are going through. There has been a change in the few of the guard on our side too.

I only caution this because we have to make sure that as we look at the kinds of things—some of my colleagues may ask you a few questions on this one tomorrow, I do not see them here to do it today; they may show up before we close—in regard to the Red River Valley, as opposed to the Member for Russell (Mr. Derkach), who may have some questions on the Shellmouth area and that sort of thing; I could give him a few moments here. Mr. Minister, my colleagues may have some questions in regard to the bypass around Winnipeg or that sort of thing with extending the floodway or the Ste. Agathe dam.

My questions are about what do we do with the whole area of the Devils Lake watershed area and the Sheyenne River and the diversion they are talking about there. It is not so much as to whether they are going ahead with that or

whether they are not—I may have some more comments on that later—but I raised these questions on the effluent levels and that sort of thing before because I would like the minister to explain to me whether or not he feels, if I could ask, that the biota levels they talk about in that watershed area, which we have to recognize is part of the Hudson Bay drainage area, as opposed to the Missouri River basin, and can the minister indicate to me whether or not he has done work or feels comfortable, or the department feels comfortable, that the biota that might come upstream from that area is of a greater threat than perhaps some of the effluent and that sort of thing that we have talked about from municipal problems that I have outlined earlier that might arise from some of our neighbours to the south, and just what kind of data and criteria they have in place that would secure that?

First of all, I guess, are they comfortable that there would be greater damage from that biota than from some of the products that might be in the stream coming from our neighbours to the south today?

Mr. Lathlin: I want to indicate to the member that this subject having to do with water coming from our neighbours to the south has been something that, when I became Conservation Minister, at the time I did not realize that it would become such an important issue.

The Premier (Mr. Doer) continues to tirelessly and with a lot of commitment and enthusiasm, maybe more than I have sometimes, continues to lobby the American governments. He has made several trips to Washington and I know he has been to Minneapolis, Minnesota, North Dakota, and I think he has also travelled to Missouri. All these efforts have been towards convincing the American governments, state and federal governments, if certain channels were made that would see American waters eventually entering the Red River, that it would have quite a negative effect on our system here in Canada and in Manitoba. Both he and I, and also our staff, have worked hard on that front.

At the same time, though, while we have done that very important work, that of lobbying the governments in the south, I think in Manitoba here, as you said earlier, we have to

also recognize that whatever comes from Saskatchewan, particularly on the Saskatchewan River and into that area where I come from, but I think also the other rivers, Assiniboine, those rivers that eventually come into our area, and also of course whatever the city of Winnipeg puts into the system and then travels on to Selkirk, I mean, those are issues that, we like to preach to the Americans, but the danger of them channeling contaminated water, if I can use that term, to us, we also, particularly here in the city, I guess, Brandon, Portage, the major centres, we have to also work hard to ensure that we do not dump garbage into the river and let the neighbours downstream worry about it.

* (16:40)

An Honourable Member: Poor old Lockport.

Mr. Lathlin: Poor old Lockport and Selkirk. As far as the Devils Lake biota that the member referenced, unfortunately, we do not really know what specific biota there is in Devils Lake. We know that they have introduced non-native fish species that may have arrived, could have arrived here in Manitoba and could be harming our ecosystem right now. The foreign biota, I think, is a greater threat than the water quality, although water quality is also of great concern. That is why we are asking for an environmental impact statement for any proposal to move Devils Lake water into the Red River system before any decisions are made.

I can assure the member that, yes, we are working hard to not only safeguard the water within the systems in Manitoba, but we are also working hard to convince the Americans that to drain their water into our system would be a grave mistake, especially if it harms the Red River water and then, as the member says, it goes into Lake Winnipeg, further damaging the quality of the Lake Winnipeg water, not only the marine life there, the ecosystem. It would also affect in a negative way the communities along the shores of Lake Winnipeg. It would impact negatively on fishermen who make a living out of fishing. So I believe that is why we see our Premier being so committed and enthusiastic in his efforts to convince the Americans to not channel any foreign species into our river system.

Mr. Maguire: There are two routes that I would like to go in regard to that. I do not know if we can get it all in today. My colleague from Russell would like to ask a couple of questions, but first I would like to say that while we are on this issue, there is the mayor of Fargo, Bruce Furness, who was here in Winnipeg at the end of April. I do not know if you had a chance to meet with him or not, but he was voicing the concerns that we need water in our state and our communities for development and that sort of thing. I think that is a concern that I raised earlier. It is the same as what we in industrial Manitoba need as well, but, as I have said, we need to make sure that we are not creating any concern for our consumers, who, as we are all consumers, need water in our daily lives, a stable water supply. A stable, clean water supply is the issue we are dealing with.

The mayor of Fargo indicated at that time that there was no scientific evidence that transferring water from the Missouri basin into the Hudson Bay basin would damage the environment. Can the minister indicate to me, Mr. Acting Chairman, what his response is to that? I do not mean to make that personal. I am asking about his government's responses to that.

Mr. Lathlin: I apologize for the delay. I believe the member was relating to us about his visit with the mayor of Fargo, the mayor apparently saying that there has been no scientific evidence to say that the water would be contaminated when it comes to Manitoba, Canada. I have been on trips and meetings with the Premier (Mr. Doer) where, for example, the former—*[interjection]* Mr. Schafer, when I was with the Premier meeting with the former governor he was pretty blunt about it. In so many words, he said: Well, I will warn you when the water comes. But he only cares about the water that comes to the border. After that, he basically told us that it was our problem.

We do not oppose a water supply for Fargo. We have never said that. However, there is much better evidence that harm would result from the Missouri River water than really Devils Lake. Scientists have identified several species that are in the Missouri River that are not in the Hudson Bay drainage basin. So we have a lot of work to do in order to convince our American

neighbours that good, safe water is very important to the citizens of Manitoba.

I wonder, Mr. Acting Chairperson, if I could ask you to canvass the committee here whether there would be an agreement to call a short break.

Mr. Maguire: It is my understanding that we have private members' resolutions today. There is no private members' hour, so we are free to go on.

The Acting Chairperson (Mr. Jennissen): We will be here till six o'clock, and the minister has asked for a short break.

Mr. Maguire: Take five, sure. Then that is fine.

The Acting Chairperson (Mr. Jennissen): Recess for five or ten minutes? [*interjection*] Five minutes. [*Agreed*]

The committee recessed at 4:48 p.m.

The committee resumed at 4:57 p.m.

The Acting Chairperson (Mr. Jennissen): I would like to call the committee back to order.

Mr. Maguire: I had further questions that I want to ask at some point in regard to the questions that I was asking the minister on our neighbours to the south and the water quality going through Winnipeg and into the North, but we have a couple of other issues that my colleagues would like to deal with here, as well. I think the first one would be the member from Portage la Prairie has a concern here about the diversion of water in the Assiniboine diversion, and I will let him ask the minister the question at this time.

Mr. David Faurshou (Portage la Prairie): Mr. Acting Chairperson, I would like to ask the minister a couple of questions regarding the operations of the Assiniboine River diversion as it pertains to my constituency in the areas between Winnipeg and Portage la Prairie.

Mr. Chairperson in the Chair

My understanding is that the Lake Manitoba lake levels have increased significantly and that

the flow through the Assiniboine diversion has been reduced substantially, which ultimately has resulted in an increased flow in the Assiniboine River itself in travelling downstream from Portage la Prairie through to Winnipeg and the junction with the Red. Now, when the flow in the river is at such a height, no water from farmland is able to actually flow into the river because the river is so high. Now we have experienced significant rainfall in the central plains, and a lot of water is now standing unable to flow into the river. Ditches on the highways are full. Fields are inundated.

* (17:00)

I am wondering whether the minister is considering, perhaps for even a short period of time—I understand that the Lake Manitoba is relatively high in its level—but consideration should be given and I am requesting consideration be given to reducing the flow on the Assiniboine River proper and more water is flowing out of the Assiniboine diversion, so that water now accumulating on the fields and in the ditches can flow into the river, and whether or not his department staff are considerate of this move. It is vitally important to those persons looking to try and get on the land between Portage la Prairie and Winnipeg.

Mr. Lathlin: I can indicate to the member that we will have a look at the possibility of putting more flow down the Portage diversion, but I think we would have to determine that it would actually relieve the flooding that is occurring downstream of Portage and that it would not create an even greater problem on Lake Winnipeg. I think there are probably two reasons why we are having this problem again, and that is: the heavy rain, of course, but I think the peak is finally happening at the Portage area. Combined with this heavy rainfall, we are having that problem now. We will definitely look at the member's suggestion and see what we can do.

Mr. Faurshou: I want to thank the minister for his response, and I appreciate him looking into it. The other consideration I want to leave with the minister here is the inordinate amount of debris that the Assiniboine diversion has experienced this year. All of that channel is

rented by agricultural producers, cattle ranchers, for forages. It is a real concern that they will not be able to in fact harvest the forages on there because of the amount of debris that has settled into the diversion channel.

I know that the Budget is limited, but consideration should be given, if in fact they cannot get rid of the debris, that persons should be rebated the amount of monies that land has in fact been rented for to producers, if they are unable to harvest, or cause damage to their haying equipment when they go into the channel.

Mr. Lathlin: I can probably imagine the amount of debris that would in fact be left there, especially after the water levels go down. It is my understanding that we always in the past have cleaned up in the Portage diversion area after the floodwaters have receded. We will probably do the same thing this year.

With regard to the issue of compensation, I would like to bring that to our Minister of Transportation and Government Services (Mr. Ashton). I will discuss that with him, as I have with these other issues that we have been faced with during this spring's flood.

Mr. Faurchou: I just want to also leave with the minister it is important on timing too. All of the debris is very visible now and maybe for the next two to three weeks before the grass grows up, but it seems that the department moves so doggone slowly, in the last little while, to get out there and pick up the debris. It is not faulting the personnel that are dedicated to cleaning up the debris. It is just overall timing in how the government department handles the debris. It would be very easy to spot and pick up in the next two to three weeks, but once the grass grows over it you pretty well have to stumble and trip over it before you know it is there. It makes it much more difficult. So allocation of staff should really recognize the efficiency that is garnered by doing it when, the old adage from farming, you make hay while the sun shines. Well, I am trying to say that you can pick up the debris—

An Honourable Member: You pick sticks when the rain falls.

Mr. Faurchou: Pick sticks and stones when you are able to see it, not after the crop has grown up and grass has grown up over top of it. So I leave that with the minister's consideration, because I know the staff work very, very hard, and it gets a lot more difficult for staff to work efficiently if they are delayed in actually picking up the debris.

Mr. Lathlin: Certainly I will make a commitment to the member that our department will endeavour to be a little more speedy in their clean up work once the water has gone down. Of course, I think the member can also appreciate the fact that if it is too wet, I mean I do not think even he would go there to try to clean up. The bottom line is that we will, as soon as we are able to, be out there to clean up. I do not travel that area quite often, so I am going to have to rely on the member to give me some reports. If it is not getting cleaned up, let me know.

Mr. Maguire: Also, I have been dealing with the Whiteshell Cottage Owners Association on the issue of the forest tent caterpillars. I know part of my colleague's area, from Lac du Bonnet, is in that jurisdiction, and he has informed me that he would like to ask a couple of questions in that area, so I will turn it over to him.

* (17:10)

Mr. Darren Praznik (Lac du Bonnet): Mr. Chair, I have a number of questions that I want to put to the minister, not today, on the area of the Pine Falls Paper Company and the forest management licences, the sawmill development, et cetera, but I will be asking those later in the Estimates process.

What has happened that is a very timely issue, as the minister may know, the forest tent caterpillar infestation is certainly feared and expected. A very significant number of residents of the Whiteshell Provincial Park, part of which is in my riding and part of which is in the constituency of his colleague the Member for La Verendrye (Mr. Lemieux), have been looking at spraying, at least in the areas around their property, to protect themselves from this infestation. The information we have received is that the minister's department, who administers the Whiteshell Provincial Park, who is the

landlord, who is, for all intents and purposes, the municipal government, is refusing to support the spraying of those caterpillars or to allow the spraying of those caterpillars, which are really two different issues. One would be allowing people to spray on their own; the other would be as the municipal jurisdiction undertaking to spray.

I would like the minister to let us know what in fact is the current status, as Minister of Conservation, with respect to dealing with the infestation of forest tent caterpillars in Whiteshell Park.

Mr. Lathlin: In response to the Member for Lac du Bonnet, his question of spraying in the Whiteshell, I can indicate to him that this particular association has made an application to conduct aerial spraying in Whiteshell on their properties. I understand their application is currently being reviewed by the director of approvals and that he will be making the decision probably in a day or two.

Mr. Praznik: Mr. Chair, I want to give the minister the opportunity to respond to this. One of the members of the media who spoke with me about this this afternoon had indicated that the minister had expressed concern about spraying in the Whiteshell Park and had indicated to him that he personally was not supportive of it, that it was part of the cycle. Now, again, my information is secondhand. I wanted to know what the minister's views were on this particular matter and give him the chance to tell me that that was not said or it was said. I think it is important that the minister's view is put on the record.

Mr. Lathlin: Yes, Mr. Chairman, I would be happy to make clear my position on the issue of spraying. First, when people talk about spraying, especially in parks, I think about, you know, why those parks have been established in the first place. What is the purpose of a park? I of course think the parks were established so that the ecosystem in that particular park can be protected for the most part unchanged, even though cottagers go there, campers go there and sometimes will make changes to the ecosystem. But for the most part the parks are set up so that the ecosystem is protected, and so for us to come

along with spraying, I mean, for us as a government to go and spray there, I have never supported.

For one thing, since I have been here, I have challenged people, professional people to give me evidence that if we do not spray that in fact these caterpillars would impact negatively or that it would be harmful to the trees, the environment. More importantly, I have to be clear in what I am saying. I have asked for scientific evidence or scientific information that would suggest to me that if we do not spray that it is going to be harmful to the environment, the leaves, the trees and so on. I have also asked for since I arrived here any information, scientific or otherwise, that would suggest to me that it would be harmful on human beings, you know, these caterpillars would be harmful to human beings. I have yet to come across anybody that can give me that information which would lead me to or cause me to change my opinion, my position on the issue of spraying.

In the North people have never resorted to spraying tent caterpillars, not even those people who reside outside of the park areas. In the North we just accept this temporary summer phenomenon to be a part of nature. Sure it is inconvenient for some people. Nevertheless, it only lasts for a short time, and, as I said earlier, caterpillars do not harm the leaves. The leaves come back on, the trees get healthy again and they keep living. The North is living proof. We have had caterpillars in the North ourselves. We have had our supply of caterpillars. I do not think people have ever suffered any ill effects as a result of caterpillars coming on whenever their cycle comes about. So that has always been my position. We do not spray mosquitoes, for example, in the North. They are there. They are a bloody nuisance but we just learn to live with them.

I am not trying to impose anything on anybody. It is just that I wanted to point out that for those who insist that we spray everything that comes along, as a Conservation Minister I do not think I would be doing my job if I were to, you know, every little bug that comes along let us spray the damned thing because it is inconveniencing people. Otherwise I would not be doing my job. So I hold the same opinion

here. As I said earlier, the infestation of these creatures, they are not a threat to the ecosystem. In fact, I should point out to the member that most people would say that these caterpillars are just a natural part of the ecosystem. People can treat their own property so long as whatever substance that they are using is not environmentally endangering anything in that area.

* (17:20)

Mr. Praznik: The minister has expressed a great deal of his personal concern about the use of spraying. I would like to ask him to confirm that his department in fact issued a licence to the City of Winnipeg to spray for forest tent caterpillars using malathion and BTK.

Mr. Lathlin: I would like to indicate to the member that yes we did. As of now, I do not know any details of the substances or chemicals that are contained in the material that they are using, but I can get a copy of the licence and find out. The other thing that I would like to say to the member is the Whiteshell people have applied, and, yes, it is quite possible that the director of licensing may issue a licence to those cottage owners who have applied to spray.

Mr. Praznik: Mr. Chair, the assurance that those people are looking for is that despite the minister's preference not to spray, that will bear no influence, and they will be treated just like their brethren in the city of Winnipeg who are granted a licence, and that there will be a consistency in the granting of a licence. If his department has already granted a licence to the City of Winnipeg, one would expect that the same could be also applied to those people from the Whiteshell Provincial Park. What my constituents are looking for—*[interjection]* Yes, exactly, who are many of the same people, but I would remind my colleagues that there are many people who do live in Whiteshell Park, they are residents and they are represented by myself and Mr. Lemieux, and that their expectation is they will be treated the same way as the residents of the city of Winnipeg and that there will not be an interference in preventing them from having a successful application for a permit to spray.

Mr. Lathlin: As I indicated earlier, the director of licencing makes the decision, and I can only

assume that he applies the criteria that is consistent with each situation.

Mr. Praznik: Mr. Chair, I appreciate the minister's comment. I will just say that we will be looking for that consistency between the applications in the parks and the city of Winnipeg, and we would expect that they will be treated in a fair and consistent manner. Since his department has already authorized spraying in the city of Winnipeg, I would hope that there will not be an inconsistent treatment of the people who spend their summers in the Whiteshell Provincial Park. I would like to thank the minister for his answers, and I look forward to my questions and discussions with him perhaps tomorrow or Wednesday on the Pine Falls paper mill and their expansion plans.

* (17:30)

Mr. Maguire: I would like to proceed with some of the line of questioning that I was asking before my colleagues came along today. A couple of issues they have raised are important. I think they were issues that I have on my agenda. So I appreciate them coming in and asking those.

We were talking about the water transfer from North Dakota into Manitoba and the comments of the mayor of Fargo, Mr. Furness. He was not the only one who made the comment that there was no scientific evidence transferring water from the Missouri basin into the Hudson basin would damage our environment. It was also made by Mr. Jamison, who is the manager of the Garrison Diversion Conservancy District down there. He indicated that there was no evidence of damage either.

So I ask the minister again just what the Government's plans are, if this is the mood of the people who have come to Manitoba to plead their case, I guess, if you will, in the Red River watershed area? What kind of solace can you give the citizens of Manitoba that they are not just going to plow ahead in the U.S. with the projects that they have on-line for Devils Lake anyway.

Mr. Lathlin: I think in an earlier response I indicated to the member that, so far, in all the meetings that I have been at with the Premier

(Mr. Doer), with leaders in North Dakota, the elected leadership, I have never met Mayor Furness or Mr. Jamison, but it struck me, even on the first meeting that I attended, that these people have been under a lot of pressure to do some mitigation work or to try to, for example, in North Dakota, to do some flood-proofing work. I have seen, at least in North Dakota anyway, the extent of the flood. It was not a very pretty picture, the time that I was there anyway.

I can understand why some of these leaders from that area would be so concerned, just as we are concerned on the other side of the border, if we get any foreign items in the river, in the Red River going into our Lake Winnipeg, that it would have some negative consequences.

The mayor, or Mr. Jamison, I think I can safely say they are like me; they are not scientists. It will be like me saying to people this is the way it is, because I have to rely on professional people to give me that information before I can go and make such statements. In our case, Environment Canada scientists have been providing us with world-class technical advice on this issue. It is their information and advice that we are relying on and not lay people like Mayor Furness and Mr. Jamison. We truly believe that, if a proper environmental assessment is done, the scientific evidence should cause the project to be abandoned.

Mr. Maguire: I have concerns that two officials of this, they are called officials in North Dakota. They are mayors and part of a manager of a diversion district. It gives me a lot of concern, I guess, that these people are saying that there is no scientific data here. We talk about scientific data in agriculture all the time. We need to have scientific data before we proceed with issues, before we proceed with things like labelling and a number of other areas. We need to make sure there is scientific data there.

I believe that we should respond and be aware of issues that the public is concerned about. I think it is our responsibility to put forth scientific evidence that comes forward to either uphold or refute a decision or an argument in those areas. I am only asking the minister if he has seen scientific evidence to the effect that

these biota would create problems in our water system here in Canada.

Mr. Lathlin: I want to tell the member that I remember one meeting that I was at in North Dakota where the former governor told the Premier (Mr. Doer) towards the end of our meeting, I believe, you know, he was talking, like, these two people you were mentioning, Furness and Jamison. He said: Look, well, why do you not get a fish out of Lake Winnipeg and put it in Devils Lake and see if it survives? I mean, that was his scientific data, I guess. I suppose we could do that and make our decision that way.

I think we should also remember how the American government had halted some livestock shipments from Manitoba on so-called scientific evidence that we were using harmful drugs on these animals. I do not know if you remember that. They had no set science even then.

We have extensive scientific reports about the harmful consequences of these American diversions of water. The most complete one is the 1977 report of the International Joint Commission on Garrison Diversion. There have been several others since then. There is quite a bit of data, scientific data available. The leaders in North Dakota and the States, state government, federal government continue to say that they have not come across any information that would indicate harmful effects from such diversions.

* (17:40)

Mr. Maguire: I am very well aware of what can be thrown up as a trade barrier as opposed to scientific evidence. Of course, the procedures there then are tying it up in time, and it just takes time to get these things corrected and get the clear points.

I was very involved in the '98 issue with Janklow, governor in South Dakota, in regard to his trade harassment, if you will, of Canadian issues at that time. We were quite successful in being able to, you know, sit down with our American counterparts as farmers and bring consensus together and go to both the Canada

side and U.S. side and pull those together to find some consensus.

Basically the scientific data indicated that there were many areas. In fact we ended up with 16, I believe, that we found consensus in at that time. So it can be done. I am just saying we need to be very aware of the studies and where they are done. That is just a concern that I express to the minister that I have in this whole issue as we proceed. It goes back to the kind of water quality that I say comes through our course here, right up into the North and what we do in northern Manitoba.

I know the minister was in Washington with the Premier (Mr. Doer) when he was first elected and talked to these people. I know they indicated co-operation and willingness to work with Canada before anything would proceed in that area. I guess it alarmed me that as late as December here that the U.S. Congress passed the Dakota Water Resources Act and put in place or budgeted \$631 million for water development schemes in North Dakota. I wonder, you know, having been there himself, if the minister can portray to me what kind of confidence he gets that they will not proceed with the fact that they have budgeted these kinds of dollars for water development in their state and what kind of impact that will have on us here in Manitoba.

Mr. Lathlin: Mr. Chair, I again apologize for the delay. In response to the member's question, the Dakota Water Resources Act has budgeted \$600 million, as he says, but it does not really specify as to the projects that are to be funded. The act apparently does say that if options are looked at to divert water out of the Missouri River, then a new act of Congress would be required.

Now, the state of Missouri has joined with us in our opposition to such a diversion, as has Minnesota. The Premier (Mr. Doer) has been to Minnesota to meet with the governor there, and the Premier has also vowed to take legal action, if necessary, to prevent all these things from coming about and harming our water supply.

Mr. Maguire: Well, I think it is some particular solace, it does not give me much solace, I guess, to think that they would have to go back to

Congress for an act to get the okay to do some of these projects if they already have this kind of money allocated. Just as an aside, a \$631-million water development scheme or program for development of water in North Dakota, I defer to the minister the fact that—and I know he is promoting watershed management areas and development of watershed management districts in Manitoba and further conservation district development, and these kinds of things will take some funding. His Government will have to come up with some dollars to meet that kind of commitment.

We do need the development in our province, and we could use some considerable irrigation, as it has been pointed out in regard to the Simplot expansion in Portage if they go ahead with the new plant, that sort of thing.

Just to point out that this is what the minister is up against. If our neighbours are going to come up with \$631 million for purposes other than just diversion, then some of that water could be used for irrigation, it gives them a pretty big advantage in infrastructure development somewhat similar I suppose in the long-sightedness that Alberta had when they put the canals in from the rivers that they have in southern Alberta that have provided that area with the opportunity to grow corn and potatoes and a number of other things in that area which they would not be able to do if it had not been for that vision that was there decades ago.

But \$631 million, that is U.S., that is a billion dollars Canadian virtually from our American neighbours in one state to the south of us. It is a considerable amount of money that we would be up against. I am not suggesting that we come up with anywhere near that kind of dollars but they do not have as many people in their state as we do in the province of Manitoba, and it is a considerable concern. They have a large agricultural area as well. We need to make sure that when we talk of level playing fields, it is just another one of those areas.

* (17:50)

I guess, to say that we have the state of Missouri on-side is some consolation, but I would say that a good deal of the water that

enters into the Missouri Basin certainly does not originate in that state, and you know right out of the foothills of the Rocky Mountains, it comes across Montana, through North Dakota and through South Dakota and other areas before it enters into the Mississippi. I guess if there are going to be some kind of changes done in this area, there will be water agreements between states just like we have within provinces.

But I ask the minister again what kind of guarantees or what kind of discussion and debate is going on with our counterparts in North Dakota who have obviously gone ahead and authorized these kinds of dollars? What kind of assurance, I guess is my question, can the minister provide us that they will not just proceed? Nice to say that they have to go back to Congress, but if they have already indicated that they have \$631 million for that, to say that if some portion of that then ends up for diverting water out of the Missouri rather into the Hudson Bay watershed area, what kind of concern or guarantee can the minister give us, assurances that they just will not proceed with that even though they are saying that that is only one of the three or four options that they have got.

Mr. Lathlin: Mr. Chairperson, I concur with the member that this issue is very complex; it is important. I do not think we are going to fool ourselves into thinking that we can match the American government dollar for dollar in terms of the budget that they have allocated for the project.

As a new minister in the fall, it did not take long for me to become frustrated with this whole issue, especially after I had been to Washington with the Premier, and I discovered over there that—I do not think I was that naive, but it very quickly demoralized me to find out that, while we are trying to argue from scientific data, trying to rationalize projects that way, environment and so on, I find out from our Washington trip that these decisions are made based on other not-so-scientific data. It all boiled down to the former president's cutting deals during his impeachment difficulties. There were a bunch of IOUs, and it was time to pay up. I think that is how some of these issues took centre stage. So it is frustrating that way. I continue to applaud the Premier for not being like me. He continues to be

enthusiastic; he is committed; he never tires of talking to the American people about the Garrison and Devils Lake. He has a lot of staying power. I will have to give him credit for that—you know, not backing away even when, at times, for me it seems so futile. They are going to do whatever they want was what I told the Premier at one point, but he is not prepared to go there himself.

The U.S. Congress—and that is another thing I did when I was in Washington—I had to learn the American system over there. I still today have difficulty really understanding how the system works over there. It is a very diverse body. If powerful states and congressmen oppose a Missouri River diversion, I think it will be difficult for North Dakota, and we do have some powerful allies in the States, including the Great Lakes states who are also opposed to this water diversion. As I said earlier, and as the member said earlier, there are other Missouri River states that are also looking at this issue critically. As well, the U.S. Department of State has assured us at one point that North Dakota would not be able to act unilaterally on their channelling efforts.

Mr. Maguire: The question for the day likely, Mr. Chairman. The minister felt then that the Premier, even though he was a new Premier at the time when they were in Washington, was given a good hearing and a respectful hearing by the people in Washington? Would it be the minister's feeling that the views were well heard?

Mr. Lathlin: You know, in my humble opinion, that was the observation that I made. I think the federal government, through Lloyd Axworthy, all these people have been involved in supporting our position. So, yes, I would go so far as to say that the Premier received a good hearing while we were in Washington.

Mr. Chairperson: The hour being 6 p.m., committee rise.

FINANCE

* (15:00)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to

order. This section of the Committee of Supply meeting in Room 255 will now resume consideration of the Estimates for the Department of Finance.

Consideration of these Estimates left off on page 84 of the Estimates book, Resolution 7.4. Taxation (a) Management and Research. The floor is now open for questions.

Mr. John Loewen (Fort Whyte): The last time the committee sat we had a brief discussion regarding the handling of the new regulation that was brought in the Budget, removing the exemption from tax on basically non-farm use, insecticides, sprays, fertilizers.

My understanding from the minister at the time was that it would be a fairly straightforward process for retailers to make sure that they could differentiate between the exempt articles and the articles that were not exempt. I found out last week that, I guess, in fact what the intention is is that every farmer, everybody who is not responsible for paying the tax is going to have to sign a waiver form that will be provided by the retailer on every such purchase. Is that correct?

Hon. Greg Selinger (Minister of Finance): I thought this question might come up, and my ADM of Taxation informs me it is a one-time-only requirement to fill out the form to ensure that the purchases are dedicated to agricultural purposes and not any other purpose, sort of a declaration. They apparently do that on many purchases they make for the agricultural sector where they are exempted from RST, retail sales tax. So it is a one-time-only requirement. It is a blanket exemption that they make for several items that they purchase for farm use.

Mr. Loewen: The example that I have seen indicates that the waiver is declared for every invoice. The minister is indicating that is not the case. Would it be then that every farmer would be exempt in total, including those that decide to put fertilizer in their yard, sod around their house? Are they exempt from that simply by signing a waiver?

Mr. Selinger: Apparently there was a fax sent out by an organization unrelated to—I do not know who sent it out, but it was not our Taxation division. They say that the fax is inaccurate, that

it is a one-time-only blanket exemption form that they sign and that our officials operate on what they call the 90-10 rule. If 90 percent of the use for which the product is intended is agricultural use, they exempt 100 percent of the purchase. So, for the smaller side projects they might be doing, if a farmer buys all of his chemicals for farming purposes but decides to fertilize the garden around their house, that will not become a problem. The 90-10 rule will apply.

Mr. Loewen: I thank the minister for that clarification. I am just wondering what the situation might be if, for some reason, somebody inadvertently missed signing a form. How will that be reconciled at the end of the process?

Mr. Selinger: My ADM of Taxation informs me that if, for some reason, somebody fails to fill out the blanket exemption, which is usually part of the process of making a retail purchase at a dealer of these products, then they usually catch it there in the overwhelming majority of cases. If for some reason that step is not complied with, when an auditor goes out and checks the books on say a farmer, they can look at the receipts and verify that they were used for agricultural purposes and once they verify that, then the exemption will apply. They will allow it to stand. So they apply what you might call discretionary common sense in the application of this tax.

Mr. Loewen: I guess really what I am trying to get a feel for here is how much of a cost is going to be incurred by the department in order to collect what has been indicated would be \$2 million in funds given that, in many cases, these purchases are made by phone. The bulk purchases are delivered to the gate, the farmer's yards, in many instances the farmers are in the field, not even at the point of delivery at acceptance time. I guess the concern is well, under a number of scenarios, there may be a situation where the farmer has some unproductive hours because they feel they have to wait to sign for the order, or in many cases and particularly in rural communities there is sometimes a disdain for signing one more form. What the retailer will be up against if at the end of the year—and you know, most of these products are bought in peak periods where there is a lot of activity.

I am just wondering what types of controls are going to be put in place to ensure that farmers and retailers are not inconvenienced but at the same time that there is an orderly mechanism in place to collect this tax where it is appropriate, or, I am sorry, to provide the waiver where it is appropriate.

Mr. Selinger: Yes, my ADM informs me that farmers are long used to the practice of signing the general exemption waiver form with the dealers that they work with for agricultural input and that this will not be anything new or unusual for them to do this, so there should be no additional paper burden there. It is not like it is a new form or anything like that. It is a standard form, and when audits occur they are done on a sample basis, a random sample basis, and the normal procedures for verification are used by the auditor. In the event that the proper documentation has not been signed, and clearly the receipts indicate it was used for agriculture purposes, they will apply the exemption there. Our view is that the existing system should more than handle this additional wrinkle in the taxation side, and that most of the taxation revenue will be derived from the retail market applying the retail sales tax at the point of sale in urban settings usually, the Revy stores, et cetera.

Mr. Loewen: So is what the minister is saying is primarily this is an urban tax? I imagine it could be quite difficult for people in small towns to differentiate between small supplies that are bought for the farm or for the houses in town.

Mr. Selinger: Apparently, it is a standard procedure for farmers to certify the products they buy are for farm use in order to be eligible for the exemption, and this practice will not change. It is a routine they are well used to, and we are not anticipating any additional paper burden. I guess it would just be one more little box that they would tick off on the form. We do not expect any problems to result from this in the way that it is going to be applied.

* (15:10)

Mr. Loewen: Well, I certainly will be monitoring this, and I would hope that over the course of maybe the next year the minister and his department will keep an open mind to this

new tax that they have imposed, and with an open mind maybe show some willingness to take a look at it if it does prove to be hard to manage or basically an inconvenience to rural Manitobans.

Mr. Selinger: I just want to indicate that our staff are meeting with that association that issued that fax this afternoon to clarify the situation and reach an understanding of how the regime will work and reduce the anxieties that those people seem to be expressing through the release, which in our view was inaccurate.

Mr. Loewen: Does the department plan on education or an advertising campaign to alert those who may be exempt on what it is they have to do to maintain that exemption?

Mr. Selinger: That would be one of the main purposes of the meeting this afternoon. They represent agricultural retailers, and the meeting will do the education job with the retailers so that they can properly administer a regime which has been in place for many years already.

Mr. Loewen: With regard to the Audit branch, last year during Estimates it was indicated that the Audit branch was in the process of reorganizing. I am curious as to whether that reorganization has been completed and whether there was any cost-benefit analysis done on the benefits of reorganizing.

Mr. Selinger: Just in response to the question, my ADM informs me that the audit reorganization process is underway, but it is proceeding at the pace of the retirements. There are several people who, as their retirement dates come due, are retiring. The reorganization is intended to increase the skills level of people, replacing those retired in certain areas of Audit to get greater efficiency to meet audit targets. That process is underway but not yet entirely complete.

Mr. Loewen: Is there a completion date, and is there a cost-benefit projection?

Mr. Selinger: I am informed that the reorganization is rolling along according to the pace of retirements and the ability to refill those positions with new people with the proper skills

level, and that the highly detailed specifics of how the Audit department is organized are usually not outlined in detail in terms of protecting the effectiveness of that branch and the nature of the work it does. I am also informed that it is not even eligible under FIPPA for that kind of detail to be made available. It is done in such a way that the effectiveness of the department is not impaired.

But in terms of the statistical side of it, I do not know if the member opposite has the annual report of '99-2000. I will just draw his attention to page 41, where they indicate—and I can provide a copy to him—the number of staff, Winnipeg, Westman; the amount of audit recoveries, 25 million; completed refunds, 315; completed files, 1607. Then they work their way through the number of investigations and the recoveries of 441 000 in this case. So they have tried to give detail to show the effectiveness of the department without compromising the specific manner in which they organize themselves to achieve that, because they want to maintain that effectiveness.

Mr. Loewen: I thank the minister for that. I would be interested in knowing if as a result of the organization it is anticipated in the future there will be an increase in staff, a reduction in staff. Are we seeing staff moving from one location to another and just, I guess, not individual but in the broadest scope, if we could get a little better description of the reorganization effects.

Mr. Selinger: The plan is to realign staff within the entire Taxation division as a whole without any net increase of staff in order to achieve the efficiency objectives. So there might be some movement of staff outside of Audit right now into Audit, but there is no specific goal to increase the total number of staff years but to reallocate to achieve the objectives of that Taxation division.

Mr. Loewen: So I take it from the minister's answer that what we can expect to result from the reorganization, is it more staff will move from within the department into Audit as opposed to Audit staff being moved out into the other departments. Is that fair?

Mr. Selinger: I am informed that the reorganization would see a minimal increase in

staff, but more importantly there will be the application of new technologies to improve audit effectiveness and specifically the use of computer-based auditing to increase the output or the effectiveness of each auditor on the job in that branch.

Mr. Loewen: Does that department still set audit targets?

* (15:20)

Mr. Selinger: On an overall basis the Audit branch tries to achieve a certain audit sample size in each industrial sector in order to get, I guess, a statistically accurate sense of the level of compliance with the law that applies to that sector. Those benchmarks are used to set workloads and focus the energy of that Audit branch.

Mr. Loewen: Just to follow up with that then, my understanding is that in the past the department has set specific audit targets, not necessarily something that they had to get to that exact number, but I am just wondering if specific audit targets are set.

Mr. Selinger: Just to clarify, are you asking audit targets in terms of the amount of money that is recovered through auditing or numbers of specific companies that are audited?

Mr. Loewen: My understanding was that in prior years the audit targets were set in the number of audits that were anticipated being done. That is the number. I do not think the auditors know beforehand how much money might be involved in any single one.

Mr. Selinger: Again, without giving the specific proportion, they do try to achieve a certain accurate sampling size of numbers of companies they audit by industry. They do not have necessarily a monetary target as indicated by the Member for Fort Whyte (Mr. Loewen), but they want to assure the correct application of the laws within that industry, and they draw a sample size to give themselves a degree of comfort that those laws are being properly applied across that industry.

As the member knows, the use of statistical sampling procedures, there is a certain threshold

at which you can make a generalization or you can do an extrapolation from a sample size to the whole industry, and they try to get a sample size that will allow a fairly high degree of confidence that when applied across the boards, the results would be the same.

Mr. Loewen: I thank the minister for that. I guess what I am trying to get at is in the expected results from the Audit division, one of the expected results is a completion of a targeted number of audits of the records of taxpayers and collectors. I guess I am just trying to establish that there are in fact targets set.

Mr. Selinger: There is a sample-size target set to ensure that the results can be reasonably and fairly extrapolated to reflect what is happening in the industry with respect to the successful application of those laws.

Madam Chairperson: The honourable minister.

Mr. Selinger: Thank you. For the record, they will note that I just said that.

Mr. Loewen: We will not dispute that. Maybe the minister would like to read Hansard before he—we will give him an opportunity.

In any event, I appreciate that. I would also like to know if there are any significant adjustments, either up or down, in terms of the targets that have been set for this year, as opposed to targets that have been set for previous years in the various areas. I am just wondering if there is any one of the particular acts that is either getting more attention or less attention by way of audit.

Mr. Selinger: This is an area of some degree of delicacy in terms of our audit people wanting to protect their effectiveness, so my answer will be a little bit repetitive. In each sector, they try to draw a sample size that will allow them a fairly high degree of confidence that the information they are getting is reflective of the compliance of that sector generally.

So it is a sample size reflecting the size of the sector, the activity level in that sector, the accuracy of the information they receive. So there is kind of a reluctance to talk about shifts in emphasis, et cetera.

But in all cases it is a sample size that will allow for a degree of confidence in the validity of the results.

Mr. Loewen: With regard to the International Fuel Tax Agreement, I am just wondering if there are any changes in the works with that. Is the Government still working closely with the trucking industry in Manitoba with regard to that, and do they see any I guess efficiencies in terms of dealing with that arrangement that could be passed on to the trucking industry in Manitoba?

Mr. Selinger: The one thing that is being moved on to create greater efficiency and greater convenience for the industry is to have a one-stop shopping for the trucking industry, with respect to both IFTA registration and any registrations they have to comply with in the highways and Transportation Department. They are trying to bring those together so that it is a single window of delivery.

That is being acted on as we speak to bring those two things together for the industry and for the greater efficiency of government. The auditing of that sector is still separate and handled by taxation officials.

Mr. Loewen: With regard to the audits with regard to the native fuel and tobacco tax exemption, can the minister indicate how many audits were undertaken in the past year?

Mr. Selinger: With respect to fuel and tobacco tax exemption agreements with First Nations communities, there is a review of every single item that is submitted by officials, so there is a 100% review of the specifics. Once again, my ADM of Taxation, normally a fairly open-and-sharing kind of a guy, does not want to give any specific numbers on audits that have been initiated in that area, but if they see on the review process that there are some aberrations in the pattern of claims in terms of their volume frequency or amounts, then they will initiate an audit to find out what is going on.

Mr. Loewen: Could the minister advise how many audits are outstanding then?

Mr. Selinger: The short answer is—and I do not want to put too fine a point on it—no.

Madam Chairperson, I just want to indicate for the member that this might be a little bit frustrating, but I think the ADM's intention here is not to be disclosing numbers that create artificial indicators of success or lack of success or any indication that you have got to achieve. You know the old complaint about the police department, do they have to get a certain number of tickets on cars, that mythology. He does not want to create any impression that there is any of that kind of targeting or artificial barriers being set. Auditing is done on an as-needed basis, on a sample-size basis, to ensure compliance with the legislation, and that is the function of it.

The review of each claim is done on a 100% review of each claim that comes in, and where there is a high degree of comfort that those claims are legitimate, then they are processed. Where there are any irregularities that are detected over a large number of these claims with respect to any one agreement, then the audit mechanism is available. Of course, it is done on a sample-size random basis, as well on a regular basis, just to ensure that there is nothing untoward going on out there.

* (15:30)

Mr. Loewen: Madam Chair, I appreciate the information from the minister. I want to assure him that we are not trying to name specific corporations or bands or specific acts; we are trying to get a feel for government action through the Estimates process and policy. I am sure the minister is aware that there are always outstanding audits around, particularly when it relates to native fuel and tobacco tax. I guess what I am looking for is just a general number, and in terms of how many audits might be outstanding at this particular point in time, so we can have some idea of where we stand as opposed to where we were last year.

Mr. Selinger: I am just going to get the information that is prepared in the annual report. It is on page 39 of the Annual Report '99-2000 for Finance with respect to The Tobacco Tax Act. Operational results for '99-2000 include, for example, \$109,000 and change of registered vendors, collectors and deputy collectors and \$359,000 and change returns generated per annum; \$15,000 plus refunds, representing \$53.8

million—I am rounding the numbers here—and charge-backs representing \$2 million.

There were also service stations on 46 reserves who had entered into an agreement with the Province to provide tax-free fuel to Status natives; \$7 million and change representing 1800-plus claims were disbursed under this program. These agreements are being negotiated as we speak with other First Nations communities that have an interest in this.

As of March 31, 2000, there were 56 Indian bands who had entered into agreements. A total of \$6,192,000 representing 904 claims was disbursed under the agreements for tax exemptions for tobacco products sold to Status natives on reserves. So they try to provide a fair amount of numbers to give a sort of sense of the magnitude of the program and the importance of the program to those communities and how much work is being done to administer them. I hope that is helpful.

Mr. Loewen: The short answer is no. I guess what I would take from that is that the minister is not prepared to share with us how many audits are outstanding at this point.

Mr. Selinger: I repeat my brief but to the point answer of before: No.

Mr. Loewen: We will move on and come back to that at some future point, no doubt.

Mr. Selinger: The only thing I might be able to do, and my officials are looking at me with raised eyebrows, is we might be able to have a private conversation on this, if that would give you some comfort. I am not sure they would even agree to that. If you are trying to just understand how the program works, then we might be able to do something there that would not compromise. I am trying to figure out a way not to compromise the effectiveness of the branch. There might be a way that we could do something like that.

The other thing I would say is in terms of the total number of audits that are undertaken by the Audit branch, they are indicated on page 41. There are 250 files that were investigated; charges in 210 cases; convictions in 133 cases;

finances of \$42,900; recoveries of \$441,000. That is just off investigations. On audits, completed refunds that were audited were 315; completed files, 1600; and recoveries were \$25 million. That gives you an idea of the volume and the number of activities that are going on out there.

Mr. Loewen: Maybe we can have a private conversation about that. I can read the statistics from the prior reports. I am trying to get more of a feel for where we are today with regard to the outstanding audits without naming individual audits. We will leave it at that for now.

Mr. Selinger: By September 30 there will be another annual report bringing everything up to date again.

Mr. David Faurichou (Portage la Prairie): On the topic of audits, currently the information that is available to the Manitoba Gaming Commission, under the auspices of the Minister of Government Services, issues licences for particular entities for VLT operations, et cetera. I would like to ask the minister whether there is a consideration towards a co-operative type of relationship between the issuing body for licences, the Gaming Commission. Specifically speaking, when a gaming licence is issued to a particular entity, and that entity is not in compliance or is under audit or is not fulfilling its obligations to the Department of Finance, without revealing specifics, this very short answer, yes or no, are they in compliance with their existing agreements before the Gaming Commission follows through with their extension of their gaming licence or expansion of their gaming licences? Has there been any discussion to this effect between your department and the licensing body under the Manitoba Gaming Commission?

Mr. Selinger: To the member from Portage la Prairie, my officials indicate to me that the investigations units of Taxation regularly communicate with the investigations unit for Lotteries and Gaming and the Liquor Control Commission to ensure that where they have common issues or where they have common problems arising from similar operators, that there is a co-operation to ensure that the laws are followed under the respective pieces of legislation. So the investigators do talk to each

other about whether or not all the laws are being followed by a particular agent.

Mr. Faurichou: So I am receiving today the assurances of the Finance Minister that compliance is in fact the order of the day where be it in the hotel or gas station or whatever, is in full compliance with their obligations to the Finance Department prior to receiving extensions to their gaming licences. What I am understanding from the Finance Minister, that he is assuring me today that if a particular entity is responsible for forwarding tobacco tax or gasoline tax or sales tax, that they are in full compliance prior to the Gaming Commission authorizing a renewal or extension of their contract with Lotteries.

* (15:40)

Mr. Selinger: I do not know if the member from Portage la Prairie has a specific case in mind, in which case we might be able to address it privately outside of this formal presentation. But my Taxation officials are very keen on working with the investigation units of other agencies such as Lotteries and Liquor Control Commission to ensure a tax deficiency, for example, would be offset against say the revenues on another licensed source of activity that an organization might have. There is not, as yet, a complete and total synchronization of all those processes so that there is a common form that is signed before any permissions are given, but there is an ongoing attempt to solicit the co-operation of those agencies.

As the member might know, there has had to be some fairly serious reorganization done at the Lotteries Commission. There had been some internal issues there getting in the way of some of this co-operative activity occurring, and my officials inform me they are continuing to work with them to try and improve the sharing of information and that all legislation is complied with, but there is not a perfect synchronization at this stage of the game nor even a common form that everybody signs before they do this. So it is coming down to the willingness of management and the investigators to co-operate together, and that is where it is at right now.

There is further work to be done, and if you have any specifics, we would be happy to check them out for you.

Mr. Loewen: With regard to the Tobacco Interdiction program and the changes announced in the Budget, as I am not a smoker, could I ask the minister to give me the differentials between the cost of cigarettes in Manitoba, Saskatchewan and Ontario?

Mr. Selinger: The cost of a carton of cigarettes in Ontario is \$36.28, approximately, subject to the next budget. The cost of a carton of cigarettes in Saskatchewan is \$46.95. The cost of a carton of cigarettes in Manitoba is \$50. Were there others you wanted?

Mr. Loewen: Could the minister indicated the number of charges that were laid under this act in the last year, at the same time, the conviction rate?

Mr. Selinger: This is the most recent information of April 6. Since the program has been in operation, 433 infractions have been brought to court; 268 of these have been successfully completed, resulting in \$1,042,506 in tax penalties, \$148,463 in fines and costs, 114 cases have resulted in a stay of proceedings, and there are 51 cases still before the courts.

Mr. Loewen: I am just wondering, with the recent changes announced in the Budget, whether the minister would anticipate that there will be more need and, I guess, more cost associated with this program.

Ms. Marianne Cerilli, Acting Chairperson, in the Chair

Mr. Selinger: My officials feel they can enforce and protect the existing program with existing resources. There has been a narrowing of the gap on an east-west basis between Manitoba and provinces to the east of us with the spring increase by the federal government in taxation on tobacco, so there is a little bit of relief of pressure there. There is a modest gap between Manitoba and Saskatchewan. In the overall, officials think they can successfully enforce our regime of taxation in Manitoba with existing resources.

Mr. Loewen: I believe most of the effort in the past has been focussed on the Manitoba-Ontario border. With the changes we now have, there is a

three-dollar gap with Saskatchewan. Is it the intention of the department to also now start monitoring the transportation of cigarettes across that border, or is that gap not considered wide enough to incur the extra cost?

* (15:50)

Mr. Selinger: The feeling is that the gap is not sufficiently wide to encourage organized tobacco smuggling activity, but they are working with Saskatchewan Finance officials to identify where there might be ongoing patterns of casual abuse of the taxation laws there. They do not consider it major at this stage of the game.

Mr. Loewen: So I could take it from that, that on our way to Saskatchewan we will not be waving at the interdiction police as we do on our way to the cottage in the summer in Ontario. We will be able to stop for a coffee with them maybe.

Mr. Selinger: There is actually signage at both the east and west borders of Manitoba that people bringing in products should stop and declare them, but we do not anticipate any obtrusive additional enforcement on the western border.

Mr. Faurschou: In regard to taxation, specifically the provincial sales tax, I had a specific example of a person who was injured in a motor vehicle accident who required a fair amount of modification to a vehicle to allow this individual to continue driving after his injuries. It was of comfort to the family to learn that the modifications to a vehicle are tax exempt. However, the size and model of vehicle that is required to now transport a wheelchair is not tax exempt.

Now the individual would not be buying a heavy duty van with lift and wheelchair accommodations, other than to incorporate these specific modifications in order to allow him to drive. I know that the department right now separates the two, but I am wondering whether the minister has any consideration to extend the exemption to the actual purchase of the vehicle in regard to provincial sales tax. In all honesty, Mr. Minister, both components are one and the same, essentially, because they all emanate from

the one injury and are essentially a requirement to continue the quality of life for this individual.

Mr. Selinger: Historically, the exemption has been for the modifications and equipment required to make that vehicle suitable for conveying people with disabilities. There has been administrative problems in applying that exemption to the size of vehicle. The size of the vehicle may not relate to its price. I mean, there are smaller vehicles that are more expensive than larger vehicles, so it is a trickier area to know what the specific end use of that vehicle is. When you make the modifications, then you know that it is for a specific intended purpose and can give the tax relief accordingly. A larger van may not be more expensive than a smaller van, depending on the size and the model, et cetera. So up to now, there has been a reluctance to sort of go into that end of it because of the difficulties in confirming the intended end use of the vehicle.

Mr. Faurschou: I thank the minister for that response. I do want to leave him with the consideration though that in the case of a person purchasing a van which is specifically modified solely to accommodate persons with disabilities emanating from an injury which they would not otherwise be having to purchase, I do understand that the person, if they were not injured, would be buying a replacement vehicle anyway, so how much does one attribute to additional expenditure that one might not otherwise have been spending. I do want to leave it with the minister for his consideration, that in many cases the vehicle purchased would not otherwise be purchased and is more expensive than the original replacement of the equipment.

Now just back to the IFTA discussion, the International Fuel Tax Agreement that we have. As you are aware, farm-plated vehicles here in the province can use coloured fuels when transporting one's own agricultural product within the province. However, when one travels across the border one is required to have clear fuels.

Could you refresh my memory as to how one now goes about reclaiming the taxation, because we will have to purchase clear fuels, which are obviously not farm exempt from

taxation, and how that is recovered when one purchases clear fuels for the transport of agricultural product to North Dakota, say, or Minnesota?

Mr. Selinger: I want to thank the member from Portage la Prairie for pursuing the exotic features of our sales tax as it applies to fuel for farm vehicles. If nothing else, I am learning about the intricacies of the application of the law.

We have different colours that we use for farm vehicle fuel use and non-farm vehicle fuel use, which are different from the United States' colours. They use coloured fuel for farm fuels and a clear fuel for non-farm use. When an individual with a farm vehicle travels in the States in a farm vehicle but for non-farm use, they have to purchase clear fuel. When they come back they do not normally get a rebate on that because they have made that decision in another jurisdiction and we are not rebating money on products purchased outside of our jurisdiction, otherwise that could get expensive with no real benefit to us. So I guess it comes down to the farmer being careful about how much he purchases and to what purpose he is intending that.

Madam Chairperson in the Chair

We have, however, I am informed, worked out consistent fuel treatment colouring and rebate schemes interprovincially. So if there is east-west travel there is a greater ability to cooperate and co-ordinate on that level.

* (16:00)

Mr. Faurschou: I appreciate the minister's response. Yes, in part it was to highlight the cumbersome nature of the sales tax as applied to fuel from Canada to the United States. When we are, as producers, transporting our agricultural products south of the border, it is of great concern because we end up having to drain our fuel tanks and refill with clear fuels so that once we cross the border we are not in breach of their regulations on fuel.

So it is with some consideration that I leave it with the minister, when renegotiating or addressing this particular agreement, that

consideration in this regard be featured in that because obviously all of our vehicles are farm-plated and very distinguished from other vehicles, and if in fact conveying product of our own production, it is very clear in our bills of lading and B13 and other documents that we require to cross the border. So an exemption, if at all possible, to clear the way of having to drain and otherwise purchase other fuels for this purpose.

Mr. Selinger: My officials inform me they are working in an ongoing way with American officials to try to make this less cumbersome, that there will be consideration for using farm fuels for travel in the United States for farm purposes. They are trying to work out something that makes it easier and that you do not have to drain your tanks. This process is ongoing. When we get something tangible agreed to, we will be happy to communicate that with you.

Mr. Faurschou: Thank you very much for that response. I appreciate the work the staff have put into this. On the point of staff I do want to express my sincere appreciation of the diligence shown by personnel in the tobacco compliance area of his department, making certain that persons that are not of the age of majority are not purchasing tobacco products. The diligence shown by his staff has been outstanding. So I leave that with him.

The last point that I would like to ask is in regard to the fuel taxes. I do this in a bit of support from another Executive Council member, that being the Minister responsible for Transportation (Mr. Ashton). Our roads currently are showing a tremendous amount of wear and tear and are in some places in horrendous condition. My honourable colleague from Turtle Mountain was, this morning, travelling on Highway No. 5, one of our major thoroughfares in the province; there is Highways equipment that is today assisting by pulling vehicles through certain stretches of that highway because there is no highway essentially left. It has disintegrated. There is no hard top left, gravel, and most vehicles travelling highways cannot travel through these sections. When you get Highways department equipment having to pull vehicles through ruts in our major,

major thoroughfares then we do have real concerns.

Just by your own Estimates, sir, you are looking to raise over \$300 million in revenues directly related to transportation. On the budgeted side, expenditures are considered somewhere in the neighbourhood of \$250 million. I would like to leave with the minister and ask the minister's consideration in light of the absolute need for our infrastructure, i.e., roads, that more dollars are required in this area and that he consider that at the very least the funds raised through the Department of Transportation are dedicated to expenditures within the Ministry of Transportation. In current figures here, that is over \$50 million of additional expenditures going towards highways.

I appeal to him that this be a very, very strong consideration, more specifically in light of the number of rail crossings within our province. Portage la Prairie constituency has more than its fair share, being that both main lines cross in Portage la Prairie, that the motive fuel that is collected reflect into consideration towards rail crossings. You know, there is only about a million dollars allocated for rail crossing enhancements this year. Underpasses, overpasses, rubberized tracking and lit crossings, all those are real strong considerations. So I appeal to the minister for his consideration for, at the very least, taxation revenues or administrative revenues attributed from transportation flowing through to expenditure in transportation.

Mr. Selinger: In general, all the revenues we collect off the gasoline tax are dedicated back to transportation and we do certainly a better job of rededicating those revenues than, say, the federal government does where they take billions out and put far less back in. I think it is about a ratio of 10 to 1. It is not a very even ratio. So we take your point. I am sure the Minister of Transportation (Mr. Ashton) will be thrilled that you are supporting him here at these Estimates. I can tell you that he makes the case continually about resources for highways and we do have the Grain Roads Program with the federal government. I think it is about \$6.8 million this year and we think there will be other transportation infrastructures addressed through the infrastructure agreement as well, so we are

looking for ways to maximize the use of those dollars.

The only other thing I might say that is important in this area is the Minister of Transportation is making some very strategic investments in research and development on the highways side where he is trying to improve essentially the mileage that he gets out of the highways by having better products, better quality roads built, better use of materials, extending the life time of roads, because as you know, with the harsh climate we have, the quality of the work we do has a lot to do with how long it lasts and how quickly it has to be replaced. So we are, through that minister, making some strategic investments to improve the durability of the transportation infrastructure that is constructed. We are looking for ways to make the infrastructure last longer, get more mileage out of it and dedicate resources to it that come off the fuel tax. If there are other things we can do, we would be happy to do it.

Mr. Faurschou: Just switching now to another topic that is of paramount concern to my constituency and that is the area of justice and allocation of dollars towards improvement of facilities that the Department of Justice operates but are, in fact, Government Services expenditures.

The revenues that we derive from the federal government I believe are supposed to be 50-50 under federal-provincial agreement. I believe those fall into about 32 percent to 33 percent of federal source, dollars expended in justice and corrections I speak specifically of. Mr. Minister, are you aware of that particular figure and has that changed over the last year to two years?

* (16:10)

Mr. Selinger: I am not highly honed on the specifics of the Justice Department, but we share your concern about a continuing reduction of commitment from the federal government in all areas of jurisdiction that we work in, in the provincial area, justice, health. Social services has had a significant withdrawal there, post-secondary education, all of these fundamental programs the Fathers of Confederation designed as being under provincial control but never provided equivalent amounts of revenue capacity

to do that. We do have a serious fiscal imbalance in this country.

I was in Ottawa a week ago Friday, last Friday, presenting on the equalization matter, the manoeuvre by the federal government to reintroduce an artificial cap on equalization. I have provided a copy of our brief to your official critic, and we could lose potentially \$100 million from the federal government by them reintroducing a \$10-billion cap after lifting it for one year and promising to re-base that cap consistent with growth in the economy.

So there really is an ongoing problem with the federal government doing what we call boutique federalism, highly visible, low-cost, one-time only funding for things that gives them political credit but leaving the ongoing operational expenditures in more mundane but very important programs up to the provinces without the requisite tax capacity. It is a major concern for us.

Mr. Faurschou: Before I turn my mike over to my honourable colleague from Fort Whyte, we are all aware of what happened at the Headingley jail in regard to not keeping up with the times, not renovating, not providing facilities that would do the job. We have the provincial women's correctional facility in Portage la Prairie, many deficiencies have been identified. I just want to leave it with the minister if he has opportunity to discuss expenditures on the capital side of things in regard to Corrections. I leave it with him. It is vitally important that we not let similar circumstances arise with our female population in our jails as happened in our male population incarcerated in their jails.

With that note, I thank the minister very much for his responses.

Mr. Loewen: Just with regard to finishing off the Taxation division then, is there any work being done now or any planned work in the near future with regard to increasing any of the taxes that would have been identified in this department?

Mr. Tom Nevakshonoff, Acting Chairperson, in the Chair

Mr. Selinger: As the member knows, we have just completed this budget rollout, and we are a long way from having the next budget. It is a little early is all I could say. We make an annual review of all our revenue and expenditure requirements, but I can tell the minister I am not aware of any—it is a little early. I will leave it at that.

Mr. Loewen: Well I am sure the minister can appreciate the reason I ask. It was, I believe, 10 days of the Budget, we had an announcement the department of motor vehicles was upping its fees, and I just wondered if there was any other work underway with this department. If the minister is advising us that there is not at the present time, then we will take him at his word.

Mr. Selinger: The fees for Motor Vehicles were part of the budget process.

Mr. Loewen: With regard to one more issue, the Staff Turnover Allowance. There is a fairly significant increase all the way through the department, certainly an increase within the Taxation division. I am not sure if the minister wants to deal with it at this point or to come back to it on a global basis, particularly as it appears for this department to be a significant amount. Is this resulting from the anticipation that there will be a higher than normal staff turnover and perhaps positions will not be filled? If that is the case, I would be interested in knowing what positions are anticipated that will not be filled.

Mr. Selinger: Primarily, this reflects the retirements anticipated in the Audit division, and the time it will take to replace those positions. So the allowance for staff turnover reflects the turnover and the need to replace them and the timing of that. So it is intended to be an accurate reflection of what the expected pattern of personnel movement is during the course of this budget year.

Mr. Loewen: Were some of these retirements planned early retirements, or most employees reaching the normal retirement age?

Mr. Selinger: In most cases these are normal retirements, but as a matter of historical interest, the sales tax was brought in '67. Many of these

people were hired during that period, and they are now banging up on 33 years or plus and are interested in generating more sales tax for us in retirement but not necessarily collecting it anymore.

Mr. Loewen: I assume that the minister is satisfied with the fact that there will be less staff working on the collection of some of these taxes, that the department will still be able to do the necessary audit work to ensure that the acts are being complied with.

Mr. Selinger: I think there is an assumption going on that because the increase in turnover allowance is maybe a little more accurate this year, that there will be a reduction in staff. In fact, the staff establishment of people actually working in this area will probably be more or less the same, but this number reflects a more accurate portrayal of the expected pattern of retirements.

Mr. Loewen: I am prepared to pass 7.4.

The Acting Chairperson (Mr. Nevakshonoff): Item 7.4. Taxation (a) Management and Research (1) Salaries and Employee Benefits \$1,096,600—pass; (2) Other Expenditures \$170,200—pass.

4.(b) Taxation Administration (1) Salaries and Employee Benefits \$3,059,300—pass; (2) Other Expenditures \$4,214,400—pass.

4.(c) Audit (1) Salaries and Employee Benefits \$5,467,700—pass; (2) Other Expenditures \$1,012,000—pass.

4.(d) Tobacco Interdiction (1) Salaries and Employee Benefits \$623,900—pass; (2) Other Expenditures \$253,400—pass.

Resolution 7.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$15,897,500 for Finance, Taxation, for the fiscal year ending the 31st day of March, 2002.

Resolution agreed to.

Item 7.5. Federal-Provincial Relations and Research \$2,483,700 (a) Economic and Federal-Provincial Research.

* (16:20)

Mr. Selinger: There were a couple of questions asked the other day, and I just wanted to provide the information for the member. Farm buildings' exemption for taxation, the cost is \$3 million to \$4 million a year. Ontario has a permanent exemption re: the above. The Saskatchewan legislation sunsets on December 30, 2003.

With respect to liquor markups, a 40-ounce bottle of whiskey, it is \$15.80, and for a 12-pack of beer, the markup is \$5.44. The new rate that has been established for microbrewery products in Manitoba is 91 percent of the regular markup rate for beer.

That is just some response to some earlier questions.

The Acting Chairperson (Mr. Nevakshonoff): Item 7.5. Federal-Provincial Relations and Research.

Mr. Loewen: Maybe just before we get into that, the minister provided me the other day with a list of staff changes, which I believe only reflected the director level on the French Language Services. Just for clarification, I was looking for a more detailed list similar to the one we got last year with regard to all staff changes within the department. So I am not sure if that has been miscommunicated. Okay, thank you.

Mr. Selinger: The other thing was I believe the member asked me for an ESM reconciliation of budget numbers, and I have that information for him. I will pass it over to the Clerk just to bring the numbers into focus for him.

The Acting Chairperson (Mr. Nevakshonoff): Honourable Minister, do you wish to table these documents?

Mr. Selinger: Yes, I do.

The Acting Chairperson (Mr. Nevakshonoff): Okay, thank you.

Mr. Loewen: I will review those. I may have to check Hansard just to refresh my memory on some of the discussion we had, but I am sure that will help clarify the situation. Just with regard to the Federal-Provincial Relations, there was some

discussion last year about the relocation of the Manitoba Tax Assistance Office. I think there was talk of relocating it with the federal government. I am just wondering where that project is at, whether it is completed or anticipating being completed.

Mr. Selinger: That relocation is still in the dialogue phase. The new CCRA, the revenue collection agency of the federal government, has apparently expanded faster than anticipated. They are now saying that they are not sure how much space they can give up, and until that resolves itself it is not clear how many staff would be moved and whether or not there would be a partial or a complete move of that office over to that federal facility.

Mr. Loewen: I thank the minister for that. With regard to the provincial income taxes—and I believe I have got the dates here—the minister indicated that November 26, '99, the federal government was advised that Manitoba was going to switch to a tax on that income collection system. There was some correspondence on January 6, and then on February 18 I believe the minister indicated that a letter was sent to the federal government advising them of the rates that the Manitoba government had decided to set. Would it be possible to get copies of that correspondence?

Mr. Selinger: My officials will review that to see if there is a comfort level with releasing it. I just note for the record that it is minister-to-minister correspondence not normally eligible for release under the FIPPA legislation.

Mr. Loewen: I appreciate that, and I will look forward to the minister and his staff responding with regard to whether we can have access to that letter. We had, I am sure the minister will remember, a rather lengthy discussion last year regarding tax on income and the effect that it was going to have on Manitobans, particularly with the increase in the amounts of tax that would be paid by most Manitobans, amounts of provincial income tax that would be paid by most Manitobans last year as a result of the changes to the Budget.

I am just wondering if the department in the last year has done any analysis of what the total

effect was in terms of the cost to Manitobans to the change on collecting tax on net income at the rates prescribed in the February 18 letter to the federal government, what the increased cost was to Manitobans as a result of the change.

I should clarify, just so that we are certain, that I am talking about the increased cost that resulted from the federal government reducing tax rates that it was charging and given that if the Manitoba government had stayed at the 47% rate that was, Mr. Acting Chair implemented January 1, Manitobans would have received the benefit of that reduction on their provincial income taxes, which they did not.

So I am looking for a comparison or analysis of what the extra cost was as a result of the two changes, the federal government reducing its rates in its February 28 budget and the Manitoba government switching to a tax on net-income level at the rates that it prescribed.

Mr. Selinger: I have conferred with my officials. At the time the delinking was done, it was done on a revenue-neutral basis. Subsequent to that, the federal government brought in a budget, and the member asks me what would have been the effect, if we would have stayed linked, of the changes in the federal budget.

My officials have not done that specific analysis. What we did was deliver a budget of our own that had our own tax changes, our own three-bracket structure and our own family tax reduction and our own tax reductions keyed in to our own system, aimed at our own population to give the advantages where we thought they would have the greatest benefit with respect to families raising children. So that remains the view of what we did.

* (16:30)

Mr. Loewen: Well, I would remind the minister at the same time that he indicated to Manitobans that he would be passing along to them the full benefit of any federal tax reductions. I am a little curious how he could have made that statement and lived up to that statement if no analysis was done on what the net effect to Manitobans would have been on the full benefit of passing along that reduction.

So what the minister is telling Manitobans is that he made the statement and then did not really follow up with any research on it.

Mr. Selinger: No, that would be an inaccurate characterization. I said that the changes that the federal government made on their own tax base would be fully carried through to Manitobans, and, of course, we would, in addition, offer tax reductions based on our reformed tax system, tax-on-income system.

I think there has been a confusion here. I get the feeling sometimes that the member opposite expects me to absorb in our tax base federal tax changes, in other words, to have our tax policy made in Ottawa. Our tax policy is made in Manitoba, designed for Manitobans. We did not encroach on any federal tax base issues.

As a matter of fact, we passed on all the tax changes that the federal government made on its own tax base, and we actually continue to collaborate with them on some shared tax bases with respect to capital gains and the learning tax credit, are the two that jump to mind. All of the non-refundable tax credits, we have stayed in synchronization with the federal government in those areas, even though the decisions were made by Ottawa, without consultation of the provinces. So that is the way the system is shaping up.

Mr. Loewen: I have some difficulty with the minister's last statement, because it would come as a very great shock to me, and I think probably a very great shock to the federal government, if the minister felt he had the power to overrule what rates the federal government set for the people of Canada. The minister has no choice, I believe. If he does, maybe he can tell me different, but in my understanding the minister has no choice but to comply with federal legislation and enact the federal laws with regard to tax collection, as set out by the federal government. Am I missing something?

Mr. Selinger: Once again, when it comes to taxation in a federal state, there is the ability of provincial governments to occupy room vacated by a federal government, and we chose not to do that. We did not occupy that room; we allowed the full tax reductions initiated on the federal tax

space to be passed on. We did not take the initiative to move in and occupy that tax space. That is what we meant by saying we passed on the full reductions. We did not take it up with any of our own initiatives. In addition to that, we brought in our own tax-on-income system, where we offered additional tax reductions.

I think the member is assuming that these are absolutely discreet and separate tax spaces. In fact, provincial governments often occupy space vacated by the federal government, or vice-versa. Sometimes the feds move in and occupy space otherwise available to our provincial government. So there is some degree of overlap there. What we did was we did not occupy any space vacated by the federal government.

Mr. Loewen: What I understand the minister as saying is that the federal government, in its February 28 budget, decided to reduce tax for Canadians—

An Honourable Member: Personal income taxes.

Mr. Loewen: Personal income taxes for Canadians.

Mr. Selinger: We could have taken up that tax space if we wished, but we decided not to do that. In addition to them reducing their taxes on personal income, we reduced our taxes on personal income.

Mr. Loewen: Maybe the minister could explain to me, I realize he said he has not, how could the provincial government have taken up that room without raising provincial taxes?

Mr. Selinger: In effect, we could have raised provincial taxes, and some provinces consider that option.

Mr. Loewen: Does the minister believe he would have been able to raise provincial taxes to take up that room without having to comply with the balanced budget legislation and have a referendum?

Mr. Selinger: No. We are not interested in that option. We were interested in providing tax

relief on our own new designed tax-on-income system, and that is what we did.

Mr. Loewen: Given that it would have, I believe, taken either amendments to the balanced budget legislation or a referendum for the provincial government to have taken up any of that space, as the minister has termed it, left by the federal government, again, my question to the minister is: How could he do anything but pass on the regulations that are imposed on the taxpayers of Canada, and therefore the taxpayers in Manitoba? How could he have done anything else but pass on to Manitobans the full effect of the federal reduction?

Mr. Selinger: Once again, we had the option of deciding whether or not we wanted to occupy that tax space. We chose to do the opposite but to increase tax relief through our own reductions. The point I am making is that space can be jointly occupied by both levels of government. It is not a question of their space and our space, it is a question of space jointly occupied by two levels of government. We decided not to occupy that space. In effect, we passed on the full tax reductions implemented by the federal government on their base to Manitobans.

Mr. Loewen: I am having some difficulty here. I do not want to get into a protracted discussion and quibble with the minister regarding the rights and responsibilities of the provincial government with regard to passing on federal tax rates. My understanding is that the federal government declares the tax rates. Just to remind the minister, even before the delinking process there was in the tax formula a federal contribution and separate from that provincial contributions, rates which were set for the federal portion by the federal government, for the provincial portion by the provincial government.

So is what the minister saying then that the rates that he set, if he did not encroach, as he said, upon the room left by the federal government, that the provincial rates that were set in his I believe it was the May 10 Budget, if he has, as he claimed, not occupied any of that space that was left by the federal government, would it not also be true that after May 10 that

the provincial taxes would also reflect the reduction that had been made by the federal government as a result of the percentage that had been collected?

Mr. Selinger: The short answer is that we made the conversion before the federal budget on a revenue-neutral basis. Then after the federal government announced their reductions we did not in any way interfere with those being available to Manitobans. In addition to that we offered our own reductions on our own May 10 Budget. Manitobans had a double benefit based on two separate tax systems, both of them based on income. Neither one piggybacked on the other.

Mr. Loewen: At the same time, I believe the minister is confirming that his department did not do any research to determine whether in effect taxes were reduced after May 10 or had risen after May 10. Has no research been done on that issue?

*(16:40)

Mr. Selinger: There is no question that our May 10 Budget reduced taxation for Manitobans on our own tax on income system. Those benefits are becoming material to people now as they see them affect their paycheques.

Mr. Loewen: When the minister says there is no doubt, I can assure him there is doubt. I think some of the research that has been done, in fact if one is to look simply at the rates that have been applied across the country, I think the minister would be advised to do some research. I believe the research would quite clearly prove that as a result of delinking and setting the rates where the minister chose to set the rates, Manitobans were in fact penalized by his government's decision to delink. I am just trying to confirm whether the minister has within his department ordered any hard research to verify one way or another what in fact transpired as a result of delinking and the establishment of the rates that he set.

Mr. Selinger: Once again, my officials focussed on designing a tax system that would confer advantages on families, people with responsibility for raising children, as well as overall

benefiting all taxpayers, but the bottom line is that our system reduced taxes for all Manitobans, increased the non-fundable tax credits, offered advantages for things like charitable donations, people looking after people with disabilities, and focussed on reducing the tax burden for families. In this Budget, we again accelerated that process and increased the tax reductions for families, as well as taking additional initiatives in the business tax side.

I think the member keeps posing a hypothetical situation, what if we would have stayed linked to the federal government's rates. Well, the reality is that about half the provinces delinked last year and all provinces have delinked this year, and they are all designing their tax system to meet their policy objectives for their population groups.

Mr. Loewen: Well, I can assure the minister that research has been done based on, I guess as he describes, hypothetical situations, but his promise to people in Manitoba was not hypothetical. He said unequivocally that he would be passing on the full benefits of the federal tax reductions to the people of Manitoba. I am talking about provincial income tax. I am not talking about any other taxes that he real or imagined believes that were cut.

I have and others have done research and it has been verified. The minister should be aware of that. It was verified last year that shows that as a result of delinking, and it is not just the practice of delinking and other provinces did choose to delink and it is the minister's right to do that, but he has also said that the attempt was made by his department to do it in a revenue-neutral way. I find it astounding that, having made those two statements, he wanted to pass along the full benefits as a federal tax reduction and he wanted to delink in a revenue-neutral way. I cannot understand why there would not have been some follow-up research after the federal budget for the minister to prove to himself that in fact the rates had been set in a revenue-neutral way. So, again, I ask the minister: Was any research done last year to indicate one way or another the effects of delinking on the provincial income tax system, the effects that had on Manitobans and Manitoba families?

Mr. Selinger: Once again, when my officials designed the new tax on income system last year they designed it in such a way that virtually everybody would get a tax reduction. That was an incredibly complicated process to do that to make sure that there were no losers in that process and that was the entire focus of their energy. As I indicated earlier, I think they ran about 185 different models of new tax systems, tax-on-income systems, to get the right one that would ensure the overwhelming majority, 98 percent of Manitobans, received a benefit from the new designed tax-on-income system. Then if the member would refer to table D3 in the Budget papers, it indicates what the impacts are on various types of taxpayers in Manitoba: single persons; single senior; couples; families of four, one earner; family of four, two earner; and the tax benefits or tax reductions they will receive as these tax reductions roll out over four years. In every case, people are getting a reduction. I think that is an important and significant initiative on the part of our Government. That is where we focussed our energy, to make sure everybody came out a winner on reduced taxes.

Mr. Loewen: I appreciate the fact that there is political rhetoric here, that the minister feels compelled to stay within the bounds of. I think, for the record, it needs to indicate that all of the comparisons that have been done in last year's Budget book and this year's Budget book compare a scenario based on the income tax structure in 1999, which had the federal rates prescribed as they were in 1999 on a provincial rate of 48.5 percent. There was a commitment by the Government to reduce that rate in the year 2000 to 47 percent, a commitment by the previous Conservative government, which in their election campaign the New Democratic Party agreed to maintain that tax reduction to 47 percent and to their credit did.

I would ask the minister then: Has research been done to compare the tax reduction that was brought in with his Budget with what would have happened had the rate been left at 47 percent and had the comparison been done to what a taxpayer would have paid in the year 2000 as opposed to what a taxpayer did pay in the year 2000? Has that comparison been done, and if so do we have access to the numbers?

* (16:50)

Mr. Selinger: The short answer again is that the tax officials focussed on designing a new system that was fair and equitable to everybody, reduced their taxes. They did not get into a hypothetical comparison of rates that were brought in later on by the federal government.

I know the member is strongly focussed on this issue, but we have to focus on our go-forward position, not the hypothetical position that would have been if we would have stayed hooked into the federal system. We moved to the new system of delinking, along with about half the other provinces last year, with the permission of the federal government, and got on with the business of designing our own tax system to offer benefits to people we thought needed them the most. We followed up again this year's Budget in doing the same thing.

So we lived up to the commitment of going to the 47% rate. We lived up to the commitment of passing through federal tax reductions on their base, without any incursion on that base. In addition, we offered our own tax reductions and we have followed that up again with further tax reductions this year. That is the situation we followed through on.

Mr. Loewen: Well, again, I remind the minister that he indicated the delinking was done on the assumption that it would be revenue neutral. All I am trying to establish is whether in fact the minister's own department did any research after the fact and after the federal budget to ensure that the prescribed numbers were in fact neutral?

Mr. Selinger: In the Budget speech that I provided a copy of to all members of the public interested and to all members of the Legislature, on page 17, it indicates personal income tax savings since '99 for the years 2000 and 2001, and subsequently for the years 2002 and 2003. The information is that we are reducing taxes for all categories of taxpayers in Manitoba. The value of those tax reductions is indicated on those pages.

So for 2000, there was \$35 million worth of reductions. For the year 2001, there was \$124 million worth reductions, including the education property tax credit, and then it indicates

what the reductions will be in the subsequent two years. So that is the reality of the benefits Manitobans are receiving.

Mr. Loewen: So the minister is confirming that his department did not do any research last year to determine whether in fact the move to a tax on net income by the Province was a neutral move for the taxpayers of Manitoba. They set a number hypothesizing that it would, passed the Budget, and then never did any verification that in fact that was what happened?

Mr. Selinger: Once again, I have to reiterate for the Member for Fort Whyte (Mr. Loewen) that, at the time the tax on income system was entered into and delinkage occurred with the federal government, it was done on a revenue-neutral basis, and then our first two budgets have rolled out \$165 million worth of income tax reductions extending from the year 2001 to 2003. So it was neutral at the time with tax reductions to follow and the subsequent moves by the federal government in their budget of the spring of 2001, in their mini-budget, going into the federal election, were hypotheticals because we were no longer part of that system. We were on our own system and following our own track of tax reductions designed to meet what we thought would be the priorities of Manitobans.

Mr. Loewen: Just to clarify timing, my recollection is that that federal budget was February 28, 2001. The provincial Budget was May 10, 2001. The minister made it sound as if the Province had enacted their legislation, and then the federal government changed theirs. In reality, it was the other way around.

The federal government enacted their intent in February to reduce the tax rates to their level. Certainly between February 28 and May 10, the minister had made the statement that he was going to pass on the full benefit of that federal tax reduction to Manitobans. Is he now saying that he only meant the full benefit prior to that February 28 budget?

Mr. Selinger: Again, our officials negotiated the decision to delink from the federal system of tax piggybacked on their tax system prior to the federal budget decisions, and in both cases, the legislation to pass into law those decisions came

well after the budgets were tabled by both the federal and provincial government, but it is the decision-making process that is critical here.

My officials were in ongoing negotiations with the federal government about delinking well in advance of the federal budget. They, along with several other provinces, firmed up that decision with the federal government and the concurrence of the federal government before the federal budget was brought down. Then the federal budget was brought down and then our provincial Budget was brought down with additional tax relief for Manitobans. We took responsibility for our own tax reductions and in our first two budgets, personal income taxes have been reduced 10.5 percent, which is probably the greatest tax reduction in personal income taxes certainly in the last decade.

Mr. Loewen: Is the minister saying that there was a deadline which the provincial government had to set its rates for a tax on net income with the federal government? Was there a hard deadline those sets had to be set prior to and could not be changed afterward?

Mr. Selinger: In the negotiations with the federal government, there were several moving parts that had to be confirmed as the delinking process occurred and one of them was to confirm the structure of the tax regime that we are going to implement on our own tax on income and another part was to confirm the rates. We had certain deadlines to comply with, with respect to the structure. Then we had, I believe, the opportunity to set our own rates as part of our own budget process. The reality was that we negotiated the ability to delink along with other provinces early on. This had been a process that had been underway prior to our taking government, this tax on income system had been negotiated over several years with ministers of Finance at the federal and provincial level. I do not know what else I could say at this stage on that.

Mr. Loewen: Just so I have a complete understanding, and I appreciate that the structure had been negotiated over time and in fact the NDP government moved it up a year. So that was one set of negotiations, negotiating a structure, yet the Government still had up to its

Budget to determine what the final rate, tax on net income rates, would be as far as the province of Manitoba. Am I understanding that correctly?

* (17:00)

Mr. Selinger: My understanding was that the federal government agreed around Christmas-time to allow the delinking to occur for the subsequent taxation year. So we followed up on that along with, I believe, at least four other provinces for that year. Then we worked on our rates on a three bracket structure, no surtax, no net income tax. Those are decisions we made to eliminate the net income tax, to eliminate the surtax and bring out a three-bracket structure to innovate with the family tax reduction reform that broadened it and gave more coverage to a wider range of income groups.

My officials are recalling right now. They believe that the initial conversion had to be a direct conversion in a revenue-neutral way of the rates from the federal rates to the tax-on-income rates, and only once those rates have been converted could you make subsequent moves to reduce them. That is what we did in our first Budget, but the initial move had to be a revenue-neutral move of those rates.

Mr. Loewen: Yet the minister is saying that no research was done after the fact to in fact establish that those rates had been set as revenue neutral. Is that my understanding?

Mr. Selinger: The negotiations with the federal and provincial government confirmed the revenue-neutral conversion at the time it occurred.

Mr. Loewen: Well, would the minister then be at all surprised or was he surprised last year when he realized that as a result of setting the rates where he had set them that a family of four, earning \$60,000, with one income earner, was paying \$131 in provincial income tax more than they would have paid had the minister not made the decision to delink? Does the minister consider that to be revenue neutral?

Mr. Selinger: Once again, at the time of conversion, it was revenue neutral. Subsequent to that, the federal government made some tax

reductions in their budget of February, and then we made tax reductions in our Budget of May, but both of those decisions were not relevant at the time the conversion occurred. The conversion occurred based on the rates in effect at the time of the conversion.

Mr. Loewen: The minister has indicated his department has not done any research. I am wondering if he understands that same family, as a result of him setting the rates where he set them last year and adjusting them again this year, is now paying \$220 more on an annual basis in provincial income tax than had he left the rate at 47 percent. Has any research been done to show him those numbers?

Mr. Selinger: Our research indicates that for a family of four, one earner, that if they are earning \$25,000, by the time our tax reductions roll out over four years, they will have about a 61% reduction in taxes. For a family of \$40,000, with one earner, a family of four, our reductions will total about 21 percent by the year 2003. This is with the first two budgets that we have brought in. For a family of \$60,000, a one-earner family of four, our reductions will total about 17.5 percent; for a family of four at \$75,000 income, our reductions will total 14 percent; for a family of four \$100,000 income, our reductions will total approximately 9 percent. In addition to that, they will receive reductions initiated by the federal government as well.

Mr. Loewen: I would ask the minister just to confirm that the numbers he just read into the record were comparisons to the amount of income tax a family would have paid in 1999. He is comparing those numbers to 1999 and a 48.5% provincial rate, as opposed to what the situation would have been had the rate been at 47 percent in the year 2000. Is that correct?

Mr. Selinger: Yes. These numbers are based on the taxes in effect in 1999.

Mr. Loewen: I would ask the minister if his department could do the same calculation, provide us with the same table based on what the tax increase or decrease would have been when compared to the rate of the 47 percent and the federal rates that were applicable for the year beginning January 1, 2000.

Mr. Selinger: I just should inform the member that when the former government did their tax comparisons, they always did it based on the '87 year, and they counted as their tax reductions the reductions introduced by the last budget of the former NDP government in '88. They counted that as their reductions and used the base year as '87. We are using the base year as '99, so there is similar treatment.

Mr. Loewen: I am not asking the minister what the previous government did. What they did stands on its own. I am asking the minister if he has any, or if his department can provide any comparisons of the tax structure that he set in place last year as opposed to comparing it with 1999, compare it to what he had promised to do which was to reduce the tax levels to 47.5 percent in his Budget. Can he provide Manitobans with those comparisons?

Mr. Selinger: I can confirm to the member opposite that we did reduce our taxes to 47 percent, as we committed to, and then we converted it to our own tax on income system. In doing that, we eliminated the flat tax and the surtax and improved significantly non-refundable tax credits, implemented the family tax reduction, and increased the benefits for people making charitable donations, increased the benefits for tax reductions for people looking after persons with a disability. So we lived up to that commitment and made further moves, as well, over and above what we had promised in the election.

Mr. Loewen: Can the minister advise when he made those comparisons whether he made them with the federal tax rates at the levels they were prior to the February 28 federal budget, or did he do that comparison with the federal tax rates that were in effect after the February 28 budget, or did he do both?

* (17:10)

Mr. Selinger: Once again, I can only reiterate to the member that at the time of conversion it was revenue neutral. It lived up to all the commitments that had been made by the Government in the election period, and after we went to a tax on income system we eliminated a lot of the complexity. You had a rate structure prior to the

tax on income system coming in that included a basic rate structure plus a net income tax, plus a net income surtax on top of the net income tax. What we did is we eliminated that and simplified it, to bring it down to a three-rate structure with none of those complexities involved.

You have to remember that with a net income tax and a net income surtax, you basically had a multitude of tax rates because they applied on every person's tax forms after they made those deductions. So you did not have a simple three-rate structure, you had in effect hundreds of rates being applied. We eliminated all of that and brought it down to a simple three-rate structure and then for comparison purposes did it based on the '99 amount which was the last structure in place prior to the conversion. That was to keep it transparent and to reduce all this complexity that existed here.

There were many other complexities. We changed the non-refundable tax credits so that made it hard to compare before and after. We changed the charitable deduction and increased it which made it hard to compare before and after. We changed the disability deduction amount. The basic credit rate generally went from 8 percent to 10.9 percent. So that changed the comparables as well. But the overall impact was to reduce taxes for everybody, and I think that is the most important point to remember here. Everybody got a tax reduction in the first Budget and in the second Budget.

Mr. Loewen: Well, I thought I was asking the minister a fairly straightforward question. Just before I ask it again, and hopefully get an answer for it, just so the record is clear, I disagree with the minister. In fact, most Manitobans had their income taxes raised as a result of his last Budget, and this Budget. We can agree to disagree on that point, I am fine with that.

What I am asking the minister is he said that he made, his department made a decision to delink on a revenue-neutral basis in the year 2000. I am asking him whether the revenue-neutral basis was based on the federal tax rates that were in effect prior to February 28, 2000, or after February 28, 2000, before or after, seems to me it is fairly simple.

The Acting Chairperson (Mr. Nevakshonoff): Order, please. Before the minister gives his answer, I would like to ask all members around the table to refrain from long, extended conversations. If they wish to do so, take it to the end of the table, please, because it is somewhat distracting here.

Mr. Selinger: Once again the rates were converted in a revenue-neutral fashion at the time they occurred, which was prior to the February 28 federal budget, and prior of course to our Budget of April 10. In both cases, both levels of government introduced further tax reductions to offer more affordable tax relief to all Manitobans.

Mr. Loewen: I thank the minister for that clarification. Did he not then realize that, after February 28 when the federal government reduced its rates, in fact the conversion would no longer be revenue neutral, that in fact he would be increasing the provincial revenue and the amount of provincial income tax paid by Manitobans?

Mr. Selinger: Once again, the tax conversion was done in a revenue-neutral fashion prior to the budgets of both the federal and provincial government that year, and in both cases changes made reduced revenue to the provincial government of Manitoba. Nobody was making additional revenue. Both were giving up revenue or offering up revenue vis-à-vis tax reduction.

Mr. Loewen: Well, I will ask again the minister what I believe is a fairly straightforward question. Did it not occur to him that after the federal government had announced their rate reduction on February 28 that the result would be that the rates that he had determined, based on the federal rates prior to that budget on February 28—did he not realize that the changes he was proposing to the provincial system would no longer be revenue neutral? Did he receive any advice from his department to that effect?

Mr. Selinger: Again, the changes we were proposing after we did the revenue-neutral conversion were in effect to offer greater tax relief to Manitobans based on what we thought were important areas to focus on. In particular we focussed on offering tax relief to families.

We were occupied with designing our own tax-on-income system that had everybody benefiting from the tax reductions that we made, with a particular emphasis on reducing taxes to families.

Mr. Loewen: It is unfortunate that you did not accomplish what you set out to accomplish. Just for clarification, then, once again, after those rates were set since the federal budget on February 28, 2000, there has been no analysis done to indicate whether in fact the rates had a negative or a positive effect on taxpayers in Manitoba as a result of the federal budget of February 28.

Mr. Selinger: I can only repeat what I have put on the record both last year and this year. Our focus was on designing a fair, affordable tax system based on Manitobans' income. We brought that in in our first year, we improved it in our second year. In addition to that we have offered \$150, well over \$55 million worth of property tax credit relief as well to support the education system in Manitoba. The relief we have been offered in our first two budgets is very substantial.

Mr. Loewen: In the 1999 Manitoba Budget income taxes were reduced to 48.5 percent and then to 47 percent January 1. The Department of Finance indicated in that year that those changes would save Manitobans about \$81 million in the year 2000. In the 2000 Budget the savings for Manitoba as laid out by the department were, I believe, \$34 million. They were \$81 million in the year 2000. Can the minister tell me what his estimate was for the savings that would be passed on in the year 2000 as a result of the delinking?

* (17:20)

Mr. Selinger: In the year 2000 we implemented \$40.5 million of personal tax reductions that had been announced in the '99 Budget by the previous Minister of Finance and voted for by both the Opposition and the Government. We followed through on that after we took office. In addition we offered another \$9 million of tax relief in the 2000 Budget and announced \$68 million to take effect January 1 of 2001, and then another \$34 million in 2002. Then in this

Budget we added another \$29 million in 2001 on top of the \$68 million announced in the 2000 Budget, another \$7 million on top of the \$34 million announced in the 2000 Budget, and an additional \$18 million for 2003. This is all on page 17 of the Budget speech, but what is not in there is the \$40.5 million that had been announced in the 1999 Budget that we followed through and implemented. It was a decision we had to take as a new government, whether to follow through and implement that, and we did do that.

Mr. Loewen: What I am looking for is what happened to the \$81 million that was a projected tax decrease as a result of reducing the rate to 47 percent. Given that the federal government changed its rates, did the department do any research to determine what that \$81 million would have been, based on the new federal rates, because it certainly would have been more.

Mr. Selinger: The '99 Budget introduced about \$40.5 million for the 1999 taxation year, and an additional \$40.5 million in the 2000 tax year. We followed up on supporting both of those reductions, and then the additional reductions we made are indicated on page 17 of the Budget speech. At that stage, we had moved to the tax-on-income system.

I think the member keeps focussing on what the situation would have hypothetically been if delinking had not occurred. The reality was that delinking did occur for half the provinces at that point, and the remainder for this taxation year, and all provinces designed and implemented their own tax reductions to meet their priorities in their provinces.

Mr. Loewen: We all know that delinking did occur. I guess what we are arguing over is the effect of delinking. I would ask the minister if at any point last year he received any legal opinion on whether the changes he made in his May 10 Budget in any way contravened the balanced budget legislation.

Mr. Selinger: No. My taxation officials, none of whom are lawyers that I am aware of, advise me that all the changes we made were reductions in taxation and were in complete compliance with balanced budget legislation.

Mr. Loewen: Is the minister saying that he was given written advice by his department that all the changes fell within the bounds of the balanced budget legislation?

Mr. Selinger: Once again, my officials advise me of any negative implications, if any. They saw none. They were certainly asked the question: Are there any implications for balanced budget legislation?

I should point out to the member that balanced budget legislation does allow for adjustments upward in taxation rates if federal changes to taxation levels negatively impact on the province. They allow for upward adjustments to allow provincial revenues to stay neutral. We did not do that. We did not occupy that space. As I pointed out earlier, we in fact reduced our taxation levels, as well as the federal government. So there was a high degree of comfort on the part of my officials that we were in compliance with the legislation.

Mr. Loewen: Well, as the minister knows, there are two provisions in the balanced budget legislation; one is the minister is allowed to increase the provincial income tax, provided that there is corresponding lowering in some rates, so in other words that it would be revenue neutral as well. The minister is allowed to increase provincial income tax rates, if in his opinion the federal government reduces its rates, as he said, having a negative impact on the provincial government.

So I would ask the minister: Which one of those two clauses did he invoke last year when he raised income taxes?

Mr. Selinger: I think this is important, because it goes back to my earlier point that I had asserted that we would pass on all the federal tax reductions, which we did. We did not act on either of those clauses in the balanced budget legislation to retain revenue neutrality. In fact, we went out and implemented our own personal income tax reductions in addition to the personal income tax reductions initiated by the federal government. So we were going in a direction where we were reducing the taxation burden both at the federal and the provincial levels and neither of those clauses were acted upon.

Mr. Loewen: So just to clarify, and the minister did not have legal opinion on this, but he did have the opinion of the Department of Finance, is stating that—and I think stating very clearly—that the tax changes that he brought into effect with last year's Budget did not require him invoking any of those two, I guess, portions of the act which allow him to raise provincial income taxes, because in his belief and in the belief of his department, he lowered provincial income taxes. Is that correct?

Mr. Selinger: We have here officials who were very instrumental in designing the balanced budget legislation and feel that they have a high degree of knowledge of this legislation. As I understand it, it was much more complicated when they originally designed it and got simplified through the legislative process.

They indicate to me that the balanced budget legislation focussed on rate increases, protecting against rate increases, and in all cases we reduced rates, and therefore we are exceeding the expectations of balanced budget legislation, not to increase rates but in fact reducing them. So they indicated no concerns about balanced budget legislation being in any way breached by any of the actions we took last year in moving to a tax on income system.

Mr. Loewen: Perhaps the minister could enlighten me. Do either of those officials have a legal background, trained as lawyers?

Mr. Selinger: Once again, I am not aware of any of these people having law degrees. They are trained in the fine art of economics and have an economics background, but they are very familiar with policy and how to read policy documents and understand the implications for any tax measures we take.

Mr. Loewen: I have no doubt that the minister's staff is very good at what they do. What I am trying to determine is how well-rounded the approach was to this whole issue.

I would ask the minister if—

The Acting Chairperson (Mr. Nevakshonoff): I believe time is up. As was previously agreed in the House, the hour being 5:30 p.m., committee rise.

EXECUTIVE COUNCIL

* (14:40)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates for Executive Council. Does the honourable First Minister have an opening statement?

Hon. Gary Doer (Premier): Mr. Chairperson, yes, I do. I have a few introductory remarks on this year's Executive Council Estimates.

I will begin by noting that Executive Council continues to be the smallest separate department in the Government. Our appropriation for the '01-02 fiscal year is \$3.5709 million, represents an increase of \$17,000 or 0.5 percent over last year's adjusted vote. Our staff complement remains at 44, consistent with previous years. We have also seconded staff, but the overall level is comparable to previous years.

I would like to acknowledge the hard work and dedication of all the staff in Executive Council, and it is, of course, true of the staff throughout the public service.

As members are aware, deputy minister appointments are made by tradition the responsibility of the Premier. I am pleased to confirm that Marie Elliott has been confirmed as Deputy Minister of Intergovernmental Affairs. Shirley Strutt has been confirmed as Commissioner of the Civil Service Commission, replacing Mr. Hart who retired after a very long and successful career in the public service, and Val Perry was named Legislative Counsel. Diane Gray was confirmed as Assistant Deputy Minister of Federal-Provincial Relations. I think all four individuals are well known to members opposite when they were in government.

Turning to the specific items of the Estimates, where increases are required is generally because of salary costs. The general salary increase was adjusted in last year's set of Estimates from the enabling vote, and normal increments of reclassifications are also included. We have been able to reduce some other

operating expenditures to maintain our expenditure increase at the .5 level.

Last year was Manitoba's turn to host the Western Premiers' meeting and the Western Governors and the annual Premiers' Conference. The expenditures associated with these events were non-recurring. I believe these conferences were successful, and we received many compliments on those events. The Western Premiers' Conference and the meeting with Western Governors at the International Peace Gardens were very productive. Besides showcasing western and southwestern Manitoba, we had a chance to discuss several key issues with our American colleagues, including agriculture and trade. This year's meeting of Western Premiers will be held in Saskatchewan in Moose Jaw at the end of the month. I am not sure how close that is to home for the member opposite, but we will keep you apprised.

I will be carrying on the chair of the premiers' group till August, when British Columbia will take over this event. *[interjection]* Of course. Chairing the premiers' group has been very interesting and challenging, and I can say I have had the excellent co-operation from other first ministers throughout the year. I was particularly pleased that the provinces and the territories were able to maintain a strong consensus through last fall's first ministers' meeting on health care financing, and we were able to persuade the Prime Minister to move in a positive way on Canada Health and Social Transfers, the CHST, to restore cash payments to the '94-95 levels. The federal government also agreed to remove the cap on equalization for one year. While both these measures were helpful, the adequacy of federal transfers remain a major issue for all provinces, and members opposite would be aware of that. Health and post-secondary financing and equalization will remain high in our collective agenda.

I was pleased to see that the former Premier of Saskatchewan, who has taken on the job of leading the new federal Commission on the Future of Health Care in Canada, has said that he will be looking at financing issues as part of his mandate. That is important because, at the provincial level, we do not think decisions on further improvements of financing arrangements

can wait for another two or three years. Of course, federal transfers are not the only issues on our agenda which require action by the federal government. The situation facing farmers remains critical, and we must continue to press Ottawa for improved support, not only for the short term but for the longer term, as well. Adequate financial assistance for disaster for last year is another major priority which is still outstanding. My colleague the Minister of Transportation and Government Services (Mr. Ashton) met with his federal counterpart to import upon him and re-emphasize the importance of the satisfactory solution of this matter.

On infrastructure, we are moving ahead with our federal and local partners. Some projects have already been announced, including some important water projects and an enhancement of the floodway. Further water projects will be announced in the coming weeks and months, and we are confident an overall agreement on expansion of the floodway itself can be reached with Ottawa in the relatively near future.

Another issue of critical importance is energy. We are actively involved and encouraging the federal government to work closely with the provinces in establishing a position on continental energy priorities and domestic energy priorities, as well; in other words, both north-south and east-west. My colleagues, the Minister responsible for Hydro (Mr. Selinger) and the Minister of Conservation (Mr. Lathlin), have ensured that their federal counterparts are fully aware of Manitoba's views on these issues.

I would also add that the responsibility for chairing the Premiers' group for a year, the host province for the APC, also takes on the responsibility of chairing several other ministerial groups. The Minister of Family Services and Housing (Mr. Sale) has been chairing the social policy ministers' group. The Minister of Health (Mr. Chomiak) has chaired the provincial ministers on health care for the last year and contributed to the health care agreement that the First Ministers signed in September. The Minister of Finance (Mr. Selinger) has also been chairing his colleagues' committee and continues to do so as well. The Minister of Conservation

(Mr. Lathlin) is also chairing the Canadian Council of Ministers of the Environment, and he hosted a meeting with his environmental colleagues and the federal government last week.

This week the Minister of Aboriginal and Northern Affairs (Mr. Robinson) was to have hosted a meeting of his colleagues here in Manitoba. In his absence, the Minister of Conservation will be filling in as chair. In every case, Manitoba is having the opportunity to help shape the national agenda on key national debates in a positive and constructive year.

As in the last year, we have been extremely active internationally as well. Trans-boundary water issues have been a major concern. The Devils Lake water resources act's issues require continued attention and vigilance. Last year, partly at the urging of the federal government, we developed and strengthened some important alliances, particularly with Minnesota and Missouri, but our neighbours in North Dakota continue to press ahead with their Devils Lake outlet plan with development plans for the Garrison Diversion. We welcome the support of members opposite in our efforts to protect Manitoba from the threats posed by these developments.

Based on the successful model of the all-party initiative on the military base issue, I believe it would be very helpful if we developed a similar approach now to trans-boundary water issues. In the last year, we have been playing catch-up to deal with the fast moving events in the United States. Now I believe we should consider an all-party delegation to Washington to deal with Devils Lake and Garrison, ideally before the end of June.

I would also note that on the positive side of trans-boundary water issues, this past November, I was able to sign a memorandum of agreement with the governors of Minnesota and North Dakota on IFMI, the International Flood Mitigation Initiative. The IFMI initiative was a very worthwhile consensus-building effort. I noted that the Member for Morris (Mr. Pitura) was speaking of some of these flood protection measures in his piece this weekend. The initiative is very positive if we co-operate on a cross-border boundary to make certain we are

well prepared for possible dealing with annual flood threats in the Red River Valley.

One of the results of the International Flood Mitigation was a decision to hold regular across-border legislators' meetings. The first such meeting will be held in Winnipeg in a few weeks. I have asked my colleagues in either party to look at this issue, both in terms of the Official Opposition and the Leader of the Liberal Party (Mr. Gerrard).

Mr. Chairperson, it also would be safe to say that we are very much looking forward to the report of the Agriculture Minister's dealing with the agricultural situation. We were able to negotiate another short-term \$93-million package for Manitoba producers on top of the situation that we negotiated last year on crop insurance and another hundred million dollars, but we believe that the work of our standing committee is crucial to having a united approach to deal with Ottawa. We are as frustrated as members opposite in dealing with the federal government on their strategy to abandon the Crow rate without any adequate transition support, both in transportation and in income. All the income increases, we believe, have been eaten up by the agricore companies, and our farmers are in a real equity situation if they are in the grain and oilseeds this year.

Finally, I should add that the Executive Council Estimates contain an amount of \$500,000 for International Development programs, the same amount as last year. I know this initiative has the support of all members in the House. We did increase that amount within the Budget last year by \$50,000 for the situation in Central America, as has been the case with the previous premier when situations and the community are working toward a solution on disaster relief.

Mr. Chair, I look forward to hearing the views of members opposite on the Executive Council Estimates for the 2001-2002 year. Thank you very much.

* (14:50)

Mr. Chairperson: We thank the First Minister for those comments. Does the Official Opposition Leader have any opening statement?

Mr. Stuart Murray (Leader of the Official Opposition): Yes, I do, Mr. Chairman. It is indeed a privilege to address these proceedings today on behalf of all the people of Manitoba. There have obviously been a number of firsts for me, and, obviously, this one is an opportunity to look at some of the things that are important to Manitobans and, frankly, to speak on behalf of all Manitobans.

Today, as I address the Premier (Mr. Doer) and Executive Council issues, I think that it is a very serious issue and I know the Premier takes it as such. The democratic process, Mr. Chairman, has many opportunities, but I think one of the most important opportunities of any democratic process is one that allows the Opposition to question the government of the day on certain issues, on certain directions, some that they might agree with, and some frankly that they might find discrepancy with.

Mr. Chairman, I begin today by acknowledging the political experience and the savvy of the Premier. His performance in these chambers is very well documented. I think he has, over the past years, been very skilful in his debate, and I think he has been very cunning in his selection of words and the use of information.

Today, Mr. Chairman, I would humbly ask the Premier to provide his patience as we go to the format of asking the Premier about Executive Council and some of the questions that we may have, and we humbly do so on behalf of all the citizens of Manitoba.

Mr. Chairman, I begin today by carrying a message from all Manitobans. It is a very clear, straightforward message that I believe Manitobans always say to the Premier, and they say to this Premier, it is no exception and that is that what they are looking for is good government. Unfortunately, I think what we are seeing is some pessimism creeping into the system, pessimism whether it be in the urban areas or as we see in some of our rural communities such as Portage and Brandon, I think there is some concern and some issues, so we would like to raise some of those issues through this process.

They are concerned I believe about the narrowing focus of the Premier and that he is

more concerned perhaps in maybe helping his friends and the special interest groups that got him elected than with working with what is best for the future of the province of Manitoba. It is proving in some instances, Mr. Chairman, to be a hidden agenda with some deception that they did not anticipate I believe from this Premier. I think it is something that they saw in the past NDP premiers and governments but not something that they expected from the man who sold himself as a party of something that was new and different, to quote from the NDP's own campaign literature: Today's NDP.

Well, Mr. Chairman, people throughout the province are telling me that they are concerned also about the broken promises of Today's NDP. They are concerned about the mismanagement of Today's NDP, and they are concerned about the missed opportunities that are accumulating under Today's NDP. They are concerned with the fact that Today's NDP has no plan and no vision for the future of Manitoba, its people and, most importantly, its children. They are growing more and more concerned with the fact that this Government is just not listening to the majority of Manitobans whom as I said earlier, simply want good government. The fact is the people have realized that Today's NDP is simply not good enough. It is not dealing with the responsibility with the issues today and most importantly it is not preparing us for a prosperous future.

Mr. Chairman, the Premier sat on this side of the House in opposition for almost 12 years because the people of Manitoba perhaps were slightly wary of him, wary of his ability to represent all Manitobans, wary because of his days as union boss where his vision was too narrow, wary because of the deception and failure of the Pawley government of which he was a part.

Mr. Chairman, we know the Premier did not listen to Manitobans with regard to the 2000-2001 Budget. Middle-income Manitoba, hard-working middle-income Manitobans are still amongst the highest taxed in Canada. This Premier does not understand that the rest of the country and even Saskatchewan has proven that you can provide meaningful tax relief and increase spending to priority areas at the same

time. The Doer government is only interested in the latter.

In his most recent Budget, spending is up by almost \$360 million or 6 percent over last year. Over the last 18 months, Mr. Chairman, government spending has increased by some \$750 million. Simply, that is not sustainable. In fact, for every one dollar in tax relief, there are six dollars in new spending. As we have already stated, much of that spending is being seriously questioned by Manitobans. Our families, our businesses, unionized workers, producers would like to see some of their hard-earned tax dollars go back into their pockets to make life better at home and in their communities.

Manitobans, Mr. Chairman, want a quality of life, a better quality of life, not bigger government. The Doer government's failure to keep Manitoba tax competitive is at the root of the reason as to why businesses are increasingly leaving or failing in our province. As I mentioned before, we have no idea how many more passed our province for greener pastures elsewhere. It is a disturbing trend with no end in sight.

On health care, Mr. Chairman, I acknowledge the Premier's notable political acumen, but I caution him on repeating the errors of his past. Do not try to deceive Manitobans again. The point comes from the 1999 election campaign where the Premier (Mr. Doer) made five major campaign promises. One of those was to end hallway medicine in six months with \$15 million. The promise is well documented in his own campaign news release, as well as promotional material.

The people of Manitoba now understand how foolhardy a promise this was. They were duped. They also clearly realize that the Premier has broken his promise; but, rather than come clean and admit the failure, the Premier is compounding his broken promise by attempting revisionist tactics. He is trying to wriggle out from under the embarrassment and is now accusing Manitobans of misinterpreting his promise. This is an example of the deception that people all over Manitoba are identifying and the reason they are growing more and more wary everyday.

They are not blind, Mr. Chairman. They see patients still lining the hallways on a daily basis. They see waiting lists for CT scans, for ultrasounds, for joint replacement and cancer treatment growing longer and longer. They see that the nursing shortage has doubled from 650 to 1100 with another 1100 nurses eligible for retirement by the end of the year, and at the same time they watch as the Premier fires 350 VONs.

The doctor shortage has also grown and two walk-in clinics have closed their doors, and another is threatening to do the same. They have watched as health spending has increased some 22 percent, Mr. Chairman, since the Budget of 1999-2000 and at the time that this Premier (Mr. Doer) took office, and they have heard the Health Minister (Mr. Chomiak) admit that "there is no grand scheme," no plan, no vision for health care.

The people of Manitoba have heard the president of the Manitoba Medical Association warn that they were "teetering on sustainability," and criticized the Doer government for closing its mind to options. What the Premier must understand, Mr. Chairman, is that people of Manitoba are watching him very closely.

I mentioned earlier the Doer government's hidden agenda, a hidden agenda that closes its doors to open debate on how to improve health care in Manitoba and the consideration of new and effective ways to deal with the health crisis and a hidden agenda that responds only to influential friends.

Mr. Chairman, there are a growing number of questions surrounding the purchase of the Pan Am Clinic and increasing doubt about the soundness and the benefits of this \$7.3-million deal. A letter from the Health Minister to the chair of the WRHA demonstrates this deal was cooked from the beginning. The Doer government decided to buy the clinic and told the WRHA to find a way to make it work. There was no business plan. There was no cost-benefit analysis.

* (15:00)

Mr. Chairman, more information will be revealed about this very important issue in the

next little while, but I must say this is not the way to manage and spend the hard-earned tax dollars of honest and trusting families in Manitoba. It is, as we are finding, the beginning of an old pattern, one that ties this Premier (Mr. Doer) to yesterday's NDP.

Manitobans told this Premier no, when he tried to sneak money out of the MPI, and I believe they are going to say this deal as well. The vital question here is: Will the Premier listen? For example, Schneider corporation cancels a \$125-million expansion, 200 jobs lost; Strongco Engineered System relocating to Alberta, 61 jobs lost; Buhler Industries relocating tractor plant to North Dakota, 250 jobs lost; Simmons Canada Inc. relocates production to Alberta and Ontario, another 40 jobs; Investors Group Securities Inc. transfers operations to Toronto, 49 jobs. The list goes on and on.

It has only been 18 months and a little bit since the Doer government took office, and already they have taken the best macro-economic situation that existed in this province in the last 25 years and have created enough doubt with the management of the province's affairs that people are looking outside of Manitoba for their futures. This is unacceptable for Manitobans.

Justice. One of the last few places one can acknowledge that the Doer government has laid out a plan of action is in regard to crime, but sadly, Mr. Chairman, the plan is not working. In fact, it has been, and is, a dismal failure. The Winnipeg Police Service say gang membership in Winnipeg alone has increased by 500 under the Doer government, a 36% increase. There are a thousand more car thefts under the Doer government. Violent crime is on the rise. The illegal drug industry is expanding with sales of crack cocaine, ecstasy, and crystal meth on the rise. The fact is the Doer government has not taken any action to crack down on the dealers and the underground laboratories that manufacture and sell these drugs.

On agriculture, Mr. Chairman, Today's NDP promised Manitoba farm families to create a better relationship with the federal government in order to improve support for the urgent needs

of our producers. Not only did Today's NDP fail to keep this promise, but they have jeopardized long-term relations by walking away from the negotiating table at Ottawa, resulting in the worst support package of all the provinces.

The most grievous inaction by this Premier (Mr. Doer) and Today's NDP is targeted at those who were devastated by the abnormal rainfall and subsequent flooding in 1999. The Premier refuses to provide an acceptable or reasonable response as to why compensation is still outstanding. Nothing has been done; absolutely, nothing. These people want the Premier to tell them why Today's NDP is not prepared to put disaster assistance money on the table, just as the previous government did during the devastating forest fires in 1989 in northern Manitoba. That government took action, and then lobbied the federal government for its portion. How much longer will these people have to wait for help from Today's NDP? How much longer will they be treated as second-class citizens?

The report of the Manitoba Rural Business Task Force, or the Rose report, Mr. Chairman, has been gathering dust since August 16, 1999. It is time for action. This is an issue beyond partisanship. Political posturing must stop. It is time for the Premier to be fair. It is time for this Premier to help those in need.

Mr. Chairman, there are so many areas and issues of concern in agriculture. It is time, as well, for the Premier to inform all farm families in Manitoba when they can expect the report of Manitoba's all-party agriculture committee to be complete. Tell them when he proposes to discuss that report with the rest of the western premiers and when he envisions taking a united western Canadian position to the Prime Minister. Rural Manitoba scepticism and pessimism from our agriculture and rural communities are mounting for this Premier.

Today's NDP have displayed a glaring lack of support for rural Manitoba since taking office. They do not even bother to offer up tokenism. I have said in this House that this Budget was a disappointment to Manitoba families. To rural families, it is not only disappointing, it was discouraging: no support, no vision, not even any encouragement; the result no hope, nothing. Today's NDP have no plan for rural Manitoba.

The economic development programs created and utilized over the past decade barely get a mention by this Premier or by the Deputy Premier, who has the responsibility for this area. The incredible achievements and entrepreneurial spirit that sparked new economic growth and a renewed sense of pride in rural Manitoba has been set aside in favour of more central planning. In other words, more and bigger government.

Rural Manitobans see opportunity slipping away, jobs and businesses lost. Their can-do spirit is being sapped just as it was under the NDP government of the 1980s, the same government where this Premier got his start. I guess it is true what goes round comes around. Rural Manitobans have always been wary that Today's NDP would turn a blind eye to their needs and aspirations. They just did not realize that it would happen so soon.

On conservation and environment, Mr. Chairman, rural Manitobans are also impacted greatly by the failings of Today's NDP in the areas of conservation and environment. We have a minister who has failed to respond to the issues and concerns of municipalities, he would not even meet with them. However, I guess since the same minister would not even respect his responsibility as vice-chair to meet with the Premier's Treasury Board, he may even share their frustration.

Somewhat surprisingly, since Today's NDP pride themselves as stewards of this area, the failings are numerous and serious. For instance, failing to hold consultations on water management issues; failing to immediately clean up 100 tons of contaminated soil in East St. Paul; failing to hold public hearings on Bill 5, The Wildlife Amendment Act as they promised; failing to abide by regulations as set out in The Sustainable Development Act; failing to permit public scrutiny of the department by disbanding the volunteer Manitoba Environmental Council; and failing to ensure proper representation on the Clean Environment Commission, and these are but a few. I know the Premier is determined to leave his legacy for Manitobans, this is one they will not soon forget.

On education, Mr. Chairman, Today's NDP have their share of difficulties in almost every

area of responsibility and the same is true for education. A recent headline read: Red River scrambles to keep new campus within budget. This project has no final blueprints and already the college's Board of Governors is projecting at least a \$6 million cost overrun. The Premier needs to come clean on this issue and inform Manitobans as to what he is doing to mitigate these cost overruns and ensure taxpayers that they will not be left on the hook at the conclusion of this initiative.

Mr. Chairman, in this area of Grade 3 diagnostic assessment, an article in the Manitoba Teachers' Society MTS newsletter, March-April 2001, refers to an MTS survey of Grade 3 teachers and I quote: The provincial assessment did not give them any information that they did not already receive from Grade 2 transition meetings. They go on to quote and say: The provincial assessment took on average 3.3 hours per student or over 72 hours for a class of 22 students. They go on to quote again and say: The provincial assessment robbed the average Grade 3 student of 3 to 4 weeks of instructional time. And finally quote: The provincial assessment did not provide teachers with standard materials which begs the question how standard is the assessment. I have to emphasize that the last question was asked by the Manitoba Teachers' Society.

Mr. Chairman Today's NDP have announced consecutive funding increases in the last two budgets. Most school divisions are left wondering where they are. For the 2000-2001 school year, the funding increase was 3.8 percent. The Manitoba Association of School Business Officials surveyed 46 school divisions and found that only 3 out of 46, in other words, 6 percent of those divisions received the promised 3.8 percent.

For the 2001-2002 school year, the Doer government announced a funding increase of 2.8 percent. Again, the Manitoba Association of School Business Officials surveyed 53 school divisions and found that only 11 of the 53 divisions received the promised 2.8 percent. You almost expect a magician to pop up and say, and for my next trick, a rabbit out of the hat.

* (15:10)

Today's NDP, where, Mr. Chairman, do they keep getting the smoke and mirrors. Manitobans

are also very concerned that the Premier keeps his promise to phase out the education support levy beginning in 2001, and they will be watching. They are concerned about the Education Minister's (Mr. Caldwell) promise to take over the initiative forced amalgamation on the school divisions by June 30, 2001. Again, they will be watching.

On the Aboriginal casinos, Mr. Chairman, in regard to the management of the Aboriginal casinos issue, Today's NDP have pretty much made a mess. After the Doer government established the five First Nation casinos, the R.M. of Headingley held a referendum on April 7, 2000, to determine community support. A total of 85 percent of voters rejected the establishment of that casino. Despite this, the First Nations site selection committee has recommended Headingley as the number one choice. The Doer government flipped and flopped over the question about whether to accept these results. Correspondence dated June 8, 2000 from the Minister responsible for Gaming to the R.M. of Headingley rejected the results of the first vote. However, an article in the *Winnipeg Sun*, dated November 15, 2000, said that the new minister refused to say definitely whether a plebiscite taken last April would be honoured. Then the R.M. of Headingley held a second vote on December 8, 2000, and residents again rejected the casino. At this point, Today's NDP attempted to tell Manitobans that they had always accepted the first results. It kind of sounds like you guys had a bit of the hide-the-pea, you know, the old shell game going. As a matter of fact, the more one looks at the last 18 months of Today's NDP you get a sense of what it is like at a carnival. Hide-the-pea, smoke and mirrors, magicians and rabbits out of a hat. I know a good show when I see one, and so do Manitobans. There is a lot of flash with Today's NDP. There just is not a lot of substance.

Mr. Chairman, I am privileged to take part in my first Estimates process. We have many questions for the Premier and I have touched on only a very few of the issues and concerns Manitobans have brought to our attention. I thank you for this opportunity and I and all Manitobans look forward to the Premier's responses. Thank you very much.

Mr. Chairperson: I would remind members of the committee that debate on the Minister's Salary, item 1.(a) is deferred until all other items in the Estimates of the Executive Council are passed. At this time we would invite the minister's staff, the honourable Premier's staff, to take their places in the Chamber.

Mr. Marcel Laurendeau (St. Norbert): I wonder if we might take a recess while we are waiting for the staff to come in.

An Honourable Member: Okay.

Mr. Chairperson: How long?

An Honourable Member: Ten or fifteen minutes.

An Honourable Member: Ten minutes.

Some Honourable Members: Ten minutes.

Mr. Chairperson: Is there agreement to rise early?

An Honourable Member: Find out what time.

An Honourable Member: Five-thirty is the latest.

The committee recessed at 3:14 p.m.

The committee resumed at 3:26 p.m.

Mr. Chairperson: Committee, please come to order. Is there an agreement as to the adjournment today in this committee?

Mr. Laurendeau: Mr. Chairperson, this committee should rise at 5:30 today.

Mr. Chairperson: Is that agreed? [*Agreed*]

Is the First Minister, the Premier, prepared to introduce his staff to this committee?

Mr. Doer: Yes. I think members opposite know Jim Eldridge, Diane Gray, Karen Hill. They are all very good staff.

Mr. Chairperson: The item before this committee is item 2.1. General Administration (b) Management and Administration (1) Salaries and Employee Benefits \$2,200,500.

Mr. Laurendeau: Mr. Chair, have we agreed to look at the Premier's Estimates on a global basis as of yet?

Mr. Doer: I would concur with that. That is the way I did it with the previous premier.

Mr. Chairperson: So there is an agreement to have the proceedings in a global manner? Nevertheless, I have to call the items.

The item before this committee is item 2.1.(b) Management and Administration (1) Salaries and Employee Benefits \$2,200,500.

Mr. Murray: I just would like to make a comment to the Premier, question him particularly on the fact that there have been many, many occasions where he has indicated to Manitobans that a promise that he makes is a promise that he will keep. I just wonder on the basis that during the election campaign of 1999 the NDP, under the Premier, promised to end hallway medicine in six months with \$15 million, yet patients still line hospital hallways daily. They promised to hire full-time nurses and more doctors and specialists for rural Manitoba, yet the nursing shortage has doubled and doctors and specialist shortages persist.

They promised to convert part-time nursing positions to full-time, yet today there are fewer full-time nursing positions than there were 18 months ago. The Premier, the then-Leader of the Opposition, promised to immediately open 100 new beds and slash waiting lists. This did not happen. The Premier was supposed to allow the majority of RHA members to be elected, yet they continue to be appointed. As well, we know the Premier did not establish a prostate cancer screening program within his first year of office, and he did not put the Grafton clinic out of business.

Mr. Chairman, there have obviously been many promises. I go back to what the Premier's own words were, that a promise that he makes is a promise that he will keep. In light of all of

those broken promises, I wonder if the Premier could tell us why he has indicated one thing when the facts show something quite different?

Mr. Doer: I disagree with the Leader of the Opposition.

Mr. Murray: A few months ago the Premier indicated on Videon's *Insight* program that Manitobans "misinterpreted" his election promise to end hallway medicine in six months with \$15 million. This promise was repeated hundreds of times during the campaign, and it was clear he would end hallway medicine in six months with \$15 million. In fact, the current Minister of Health (Mr. Chomiak) indicated that, and I quote: Come April 5, 2000, there will not be a single patient being treated in hospital hallways.

Considering there are more patients being treated in hallways today than there were a year ago, it is clear the promise has not been kept. Can the Premier explain why he believes Manitobans misinterpreted his very clear promise? Today, he talks about the culture of hallway medicine, but that certainly was not the line during the election campaign.

Mr. Doer: Well, I look forward to refighting the last election campaign with the Leader of the Opposition. Having said that, I have great faith in Manitobans, and I think they know we are on the right path on health care.

* (15:30)

Mr. Murray: Well, Mr. Chairman, I know that he has great confidence in the people of Manitoba. The question I guess must be asked: Do the people of Manitoba have confidence in him? My sense is that under the basis that he clearly stated and I think it is important for the record, I always think facts are an interesting way to have a debate, and the facts are that the record shows the then-Leader of the Opposition and the Health critic day after day after day commented and promised to end hallway medicine in six months. We now are close to 20 months past the last election campaign, and not only have there been increases, but the \$15 million has grown to some \$500 million, yet Manitobans continue to lie in the hospital hallways.

So I ask the Premier, and I am delighted that he has sort of a sense that he has a great sense of commitment to the people of Manitoba, but what would he say to Manitobans, or what—My job is to ask him what his response is to Manitobans who say: You failed to keep your promise?

Mr. Doer: Mr. Chairperson, the member is talking about commitments we made in the election campaign; he is talking about Manitobans. The tests for him and us will be in the next election campaign when we seek a mandate. I am not going to presume to say that he has more confidence or he has more support from the public than we do. I think, well, I will leave that to Manitobans. I am a democrat.

Mr. Murray: Mr. Chairman, to be factual I think the Premier is a New Democrat.

In regard to the Pan Am deal, can the Premier explain why he did not just increase the number of surgeries being done at the Pan Am, or why he did not enter into surgical contracts with other facilities rather than spend \$7.3 million just to buy bricks and mortar?

Mr. Doer: Mr. Chairperson, the Leader of the Opposition's statement is incorrect. We have not spent \$7.3 million.

Mr. Murray: Mr. Chairperson, I am delighted with the short answers that the honourable member is providing. I wonder though if he could indicate why, as his intention would be, as I believe if he has not bought it, then he either has the intent to buy it or perhaps he has the intent to walk away from it, something that we on this side of the House would very much support. If he has the intention of spending \$7.3 million to buy bricks and mortar, why would he have the intent to spend Manitoba's taxpayers' dollars on bricks and mortar, that being \$7.3 million of Manitoba taxpayers' money on bricks and mortar? Why did he not explore options such as increasing the number of surgeries being done at Pan Am, or why did he not enter into surgical contracts with other facilities?

Mr. Doer: It is interesting the members opposite spent some \$65 million in good will in the purchase of pipes in the ground for a gas-distribution system, and we have not seen a

decrease in the gas resource for homeowners in Manitoba.

Unlike that situation, Mr. Chairperson, the due diligence indicates a net saving to the people of Manitoba. I would refer the member opposite to the Harvard study just recently. I would also refer him to the 1998 Health Policy evaluation group that also identified issues. We do read where there is going to be savings. The member opposite is in favour of profit American health care; we are not. That is a good debate for the next election campaign.

Mr. Murray: I know that what is unfortunate is when in error—whether it is on purpose and one would hope that it is by mistake—others make allegations or comments that are inaccurate. Although this Premier and this Government clearly are interested in the status quo, or if they believe that the best way to solve the incredible health care disaster that they are overseeing under the Premier's watch, if their best efforts are to go out and buy bricks and mortar, I think that is something that will be debated in the next election campaign.

However, I do think that what is being totally missed, not only by this Premier (Mr. Doer) but by the Minister of Health (Mr. Chomiak), who claim very, very clearly—and I am sure that there will be all sorts of attempts to say that this, too, was misinterpreted by the media, members of this side of the House and Manitobans in general, that they have no plan to solve health care.

So my question again goes to the Premier, and I just would like him to please explain why he has intent to spend \$7.3 million of Manitoba taxpayers' money on bricks and mortar when clearly under the guise of the WRHA, under the direction that they were to explore all of the options that would be made available to them, they yet circumvented that, and instead of exploring those options they went out and cut a deal to buy \$7.3-million worth of bricks and mortar?

So I would ask the Premier: What is his plan to solve health care?

Mr. Doer: The member may know that the plan we introduced at the start of our Government—

and I note we are not in the Health Estimates, but just for purposes of clarification, the plan we introduced has been identified by an independent body as being the most effective. We are working on doubling the vaccinations for seniors, educating people. We have a major campaign now on preventing child injuries that is taking place with tremendous uptake.

Mr. Chairperson, the members opposite spent more money on bricks and mortar per year on capital expenditures in health care than we are doing right now, so if he wants to make the debate bricks and mortar, the only difference is when we promise to build or renovate or purchase a facility, we usually try to keep our word. Witness Brandon that seven times had the promise to renovate the Brandon General Hospital and had it cancelled each and every time. Now, if the member opposite is saying that in Brandon we should put up a "MASH" medical tent for purposes of health care, perhaps that is why members of the public were so discouraged by the results of their health care agenda.

Mr. Murray: Well, Mr. Chairperson, the Premier said in an interview, and I quote: I am responsible for all financial decisions.

I think that Manitobans expect those decisions to be made on a sound financial basis. In the case of the Pan Am deal, they expect those to be made on a sound health care basis. Given that no business plan was developed, given that it is not in the health authority's health plan, given that there was no cost-benefit analysis, and given that he did not explore all other options to increase surgeries, can the Premier tell us on what basis did he make this very significant financial decision?

Mr. Doer: I keep saying that the decision has not been made yet. I think the issue of discussing this clinic was an issue on the public agenda last year when debate was taking place on Bill 11. We said, I mean there was an argument about are you going to close down all the "profit health care." We never took that ideological position because they were providing services to the public.

Mr. Chair, the Winnipeg Regional Health Authority made a decision based on their own

review of the numbers. In government, we asked for an independent due diligence report, and made it public when the health authority received it. They have that information. There are some strengths in the plan in terms of costs. The general recommendation is, and it would be curious to see if the members opposite were in government, because the general recommendation says, this is a \$1.2 million net benefit to the public.

* (15:40)

The Centra Gas takeover was no benefit to the public. No benefit. It was identified as having no benefit to the public. Here we have a \$1.2 million benefit identified by an independent body and doubling the number of patients, Mr. Chairman. The due diligence has been performed. It has been made public. I would compare that to, for example, the frozen food. For example, the business plan did not include the GST. This business—due diligence identified when you move from a public enterprise to a private enterprise, then there was going to be a GST applied to a number of services in that centre.

Mr. Chair, the frozen food that would be produced out of Toronto. You know, it would have been nice to have the due diligence, if there was one, for a \$25-million decision, made public. We decided to make the material public. The debate is taking place. Members opposite are picking away at different parts of it, but there has to be—some of the strengths of the report have to be considered by the Winnipeg Regional Health Authority. Some of the areas that are deficient have to be improved, and we will await the recommendation from the Winnipeg Regional Health Authority.

This money will come out of, if it is appropriated, the existing capital budget. Unlike a few years ago, it is actually in the books, and it is actually being paid for in the books. If the member opposite, we should tell you bond rating agencies were just astounded to find out through the Deloitte and Touche report that capital was not being included in the '98-99 Budget, '99-2000 Budget for purposes of repayment, and that was \$130-140 million per year. So, we had announcements being made by members

opposite prior to the last election without any, you know, in press releases with no money attached to it. No money in the budget.

We have a due diligence review. If the member opposite is saying he is smarter than PricewaterhouseCoopers, then that is his right to say so. If he can convince me that he is smarter than PricewaterhouseCoopers, if he has something that we have not considered yet, that is why the debate is there. We put it out there. We let the Opposition take a run at it. They have taken a little run in rhetoric, but they have not taken a run in terms of actual arguments or alternatives. I note that the Leader of the Opposition, when he goes in the hallway, will not tell the public where he is at with profit health care versus non-profit healthcare. That will be, you know, this kind of vacuous position on this issue will be his right to defend. That is his right to defend it. We have a right to defend what we are going to do, but the numbers have been put out there for the Leader of the Opposition. If he is smarter than the independent study, then I am open to any financial critique he can have of PricewaterhouseCoopers, but so far their numbers seem to be standing up, maybe not to the rhetoric but certainly to the facts that have been raised by members opposite.

Mr. Murray: The Premier (Mr. Doer) says that he is open to any critiquing, and, you know, I do not think anybody on this side quarrels with critiquing in terms of anything other than the fact that I have never seen anybody in my years of business go out and declare a value on something and yet say they have not bought it. I find that quite astounding that you make every indication you are going to buy something, you set a price and then you say well, we have not bought it yet. So I do not think it is a matter of who is smarter than who, I just think it comes down to management, it comes down to sound business principles. The Premier might want to talk about transparency till the cows come home, the fact of life is that they have made a commitment that one day they say they have bought it, one day they say they are not sure they have not bought it.

My critiquing is really on the fact that \$7.3 million of hardworking Manitobans taxpayers' money is potentially, I gather from what he is

now saying because the deal apparently is not done, is potentially being put into bricks and mortar without a business plan. I think again it shows very much along the same lines of what we saw when the Doer government decided they were going to take \$30 million of MPI ratepayers' money to go ahead and fund universities. Well, it was a great statement to fund universities but they realized they had made an error, and we applaud the government of the day for reversing their decision. We think that they did the right thing. I think all Manitobans realized as they did, that they had made an error and that rather than using ratepayers' monies for MPI to go out and fund universities, that universities should be funded quite appropriately so, out of general revenues, assuming the government of the day has a plan. They proved they did not, so they spent whatever money they could.

My question to the Premier on the sense—and I wrote this down because I hope I heard it correctly, but he said: The decision has not been made yet—well, in light of that fact then, is the Premier prepared to walk away from the deal?

Mr. Doer: We made the document public. The document is there for all to see. It says that it is a \$1.2-million benefit to the public. It says that it will double the number of surgeries and it says it is fair to the Winnipeg Regional Health Authority. If it said it was not fair to the Winnipeg Regional Health Authority, then that would be a different conclusion and that is why we asked for an outside review of this proposal.

It has gone back to the Winnipeg Regional Health Authority to address both the strengths of the proposal and some of the areas that have to be improved. We have doctors saying that this is going to improve health care. We have financial people saying that it is a net benefit to the province, to the Winnipeg Regional Health Authority, and they have even identified a few other places where the GST consideration could be even a better benefit to the public, and we will have to see how that operates.

On the issue of the university funding, it was \$20 million not \$30 million. The numbers were identified in a Deloitte and Touche audit that was tabled with the people of Manitoba. Again,

members opposite may not want to face the facts that we had, I think all people, the business community came to me at the beginning of our election and said that the former government had left the universities virtually with leaking roofs in the Engineering Faculty and they came to us with various levels of plans for private-public partnership of university funding.

We announced a plan at the University of Manitoba that would be matched by the private sector, and we had a big hole to recover from on the university capital. I think even colleagues of the member opposite know how little investment was made in university capital. If you are opposed to university capital plans that we have made, that is your right to take that to the next election. You talk about the future. Well, the future for us is not having a roof at the University of Manitoba that leaks. Maybe that is your future, but it is not ours.

Mr. Murray: Of course, I mean it is quite absurd for the First Minister to say that we are opposed to university funding or capital. Of course, we are not. What we are opposed to is to running a province without a plan. If you are going to spend money, just find out where you are coming from, so that ratepayers and hardworking Manitobans know where their money is being spent. I come back to my comment that I asked the First Minister. I would like to repeat it because he is quite intent on reminding us that this deal is not yet done. My question, I think it is quite straight ahead. I will try to ask it as simply as I can. Saying that the First Minister is saying that the deal is not yet done, is he prepared to walk away from it?

* (15:50)

Mr. Doer: Just dealing with the aside made by the Leader of the Opposition, I would refer the Leader of the Opposition to two things: one, there was no plan in the Budget of '99-2000 beyond the income tax cuts that were already there. Part of the problem of that Budget was a \$185-million draw on the Fiscal Stabilization Fund with a \$75 million debt repayment, which people like Norm Cameron stated were "deficits, not surpluses," something the rating agency, since we have been in office, has pointed out to us time and time and time again.

Secondly, Deloitte Touche has identified the overexpenditure. I have a number of memos, particularly in health care, where the over-expenditures took place. So, talking about hard-earned taxpayers' money, we note that those facts were part of the economic environment, the fiscal environment which we took over from. It was a bit inconsistent with what I would say happened in '98. I guess '99 was a different year. I think '98 was a more balanced situation.

We have received a report that is back with the Winnipeg Regional Health Authority. They have a board of directors that will look at the comments made from the due diligence. The only difference that has taken place for most agreements made by government is we have taken this due diligence report, which is external from government and external from the Winnipeg Regional Health Authority, and made it public.

So the document that is now before the Winnipeg Regional Health Authority Board is a public document. It points out a \$1.2-million benefit. It points out a doubling of surgeries. On patient care it is better. On the financial side, from what we have seen so far, it is positive. I do not know what the exact recommendation will be from the Winnipeg Regional Health Authority Board. The health authority has responsibility for living within an operating budget. I know this is a novel idea for members opposite because—

An Honourable Member: You did not live within yours last year.

Mr. Doer: In the Winnipeg Regional Health Authority, we did.

An Honourable Member: Not overall budget.

Mr. Doer: I am saying that the Winnipeg Regional Health Authority lived within its budget last year. If their advice to us is that this is not as financially sound for them or it is not as good for patient care, then we will listen to that. We have given them the benefit of an external review. We have given you the benefit of an external review. Pigs would fly before we saw an external review in this House about frozen food or SmartHealth.

An Honourable Member: The cows would come home now.

Mr. Doer: Cows would come home. They might. I think that—look at that. God has spoken. He wants us to move on on this topic. I will end with my comments.

Mr. Murray: I have to take it from the honourable First Minister's answer that the deal is really done then, because he will not say that he would walk away from it. So it can only leave one conclusion that, in fact, the deal is done. On that basis alone, and I would be happy to stop there—again I was very clear—I will just ask the question again, and if the First Minister would like to answer, I would be delighted to hear: Is he prepared to walk away from the deal?

Mr. Doer: Mr. Chairperson, in general terms any proposed agreement that comes to government that is not in the best interest of the public, both financially and service-wise, then we evaluate it accordingly. I can assure the member opposite there were lots of agreements we walked away from when we have been elected, and there are lots of agreements reached by people that get recommended to us that we do not approve.

The public interest will be the guiding criteria. We have sent the material back to the Winnipeg Regional Health Authority. It is in their hands now, and the Regional Health Authority board will deal with it.

In this issue, you have the responsibility for an operating budget with the Winnipeg Regional Health Authority. You have certain financial obligations now, not something that was in '98 and '99, but now on capital with the provincial government, within its capital budget. So there has to obviously be support for both the operating plan and the other obligations that flow from it.

Mr. Laurendeau: Mr. Chairperson, through you to the Premier, when it comes to the surgeries that are being performed, hip and knee surgeries are the ones that are really falling behind right now, and I keep hearing that we are going to be doing a doubling at the clinic, but then we do not see any doubling of the funding for hip and knee

surgery anywhere in the budget within that department.

Can the First Minister help me in understanding how he is planning on doubling these hip and knee surgeries when there is no extra money in the Budget for this doubling?

Mr. Doer: Well, the honourable Opposition House Leader knows that that is an appropriate question for health care. I appreciate his attempt to get me to discuss the health care budget, but in general terms that matter should appropriately be dealt with in health care.

Mr. Laurendeau: The only reason, Mr. Chair, that I ask the question here is that I have heard the Premier and the minister, who have been saying that they will doubling the operations at the surgical centre, and I know that the buck stops here with the Premier. The Premier said it himself, and I am sure that the Premier has had an opportunity to look at the numbers as we have, and the numbers just are not there.

I cannot understand how they can be putting on the record that they are going to be doubling the surgeries. I mean, we already know that they are going to be losing revenues from taxation from this facility once it becomes a public entity. They will also be losing other funding that they had the capabilities for before. They are paying a large amount of money for something that there is no revenue on when they could have just turned around and basically—they could have been in the best of both worlds because they could have had the Godley clinic and the other clinic sort of competing to see who was going to be giving the best health care, the best bang for the buck, but they chose, no, not to do it that way. We are going to go into direct competition and we are going to double the surgeries. Well, doubling the surgeries, I do not know if it is going to help, Mr. Chair, if the money is not there. I do not see it in the Budget.

Maybe the Premier could just reassure me and let me know that he will see that the Minister of Health (Mr. Chomiak) does have somewhere in that budget of his a line that will allow for this doubling of the knee and hip surgeries.

Mr. Doer: I do not think the member could cite any reference to my answers on this question dealing specifically with knee and hip, and I think the matter, the knee and hip and shoulder and toe and other operations could be dealt with in the Health Estimates.

Mr. Murray: The First Minister makes tremendous reference to the 1999 Budget with all sorts of caveats and concerns and issues about it. Just for my understanding, Mr. Chairperson, I was not in the Chamber at the time, but I wonder if the First Minister could tell me if he, in fact, did vote for that Budget.

Mr. Doer: Mr. Chairman, the record is clear, and the members opposite know that. I think the issue of voting for the Budget, we thought that the Government had a number of issues that we had called on them to deal with. Unfortunately, what we did not vote for was the overspending that we did not have any knowledge of and found out later. We did not vote for a lack of capital treatment, as well. We found that out later, and we have had to try to straighten those things out.

Mr. Murray: Mr. Chairman, in regard to The Maples Surgical Centre, can the Premier explain how a clinic that is looking at having four overnight beds—and I believe they actually have three, as existing legislation allows—can he explain why he refers to that clinic as a private hospital?

* (16:00)

Mr. Doer: I do not believe I have. I think I have dealt with the issue of what we understood to be the by-law from the College of Physicians and Surgeons, what we understand to be the discrepancy, and that is a matter of public debate since the Western Premiers' meeting last year. I think at one point we were assured that there was—you know, the statements made by the former Minister of Health, the member from Lac du Bonnet, were in fact his statements against private hospitals here was the existing law of the land, so to speak. I think what we have said is we will examine if there is any loophole. I find it quite interesting that everybody over there on that side seems to think that this clinic is now

going to be—they want us to meet with them and everything else.

There are lots of private—not lots, but there are some private operations now in Manitoba in health care, and I think the issue for the Minister of Health (Mr. Chomiak) is what he understood to be the by-laws of the College of Physicians and Surgeons. What the members opposite used to articulate was their position, actually even in the election campaign, on private, profit health. We are just trying to make sure on that issue of private hospitals that we deal with it. I am not going to speak more on that in general terms, because the Minister of Health is analyzing what is in the existing by-laws from the College of Physicians and Surgeons and where the discrepancy is for purposes of further clarification publicly.

Mr. Murray: Mr. Chairman, just again so I understand. Under the current existing legislation as it currently exists, would the Premier say that The Maples Surgical Centre is or is not a private hospital?

Mr. Doer: I am not aware of any patients in there right now. It is a virtual hospital. *[interjection]*

Mr. Chairperson: Order, please.

Mr. Murray: Thank you, Mr. Chairman. I know that there may or may not be patients in the hospital or the clinic today, but I guess my question is—and I am not asking the Premier, of course, to speak on behalf of the Minister of Health (Mr. Chomiak), who in this Chamber has on numerous occasions referred to it as a private hospital. I just wanted to ensure that the Premier, the First Minister, was not misleading Manitobans during this debate with a wrongful discussion or a wrongful termination, or terminology I guess is the word, to ensure that Manitobans did not look upon that clinic as a private hospital, as is being suggested by the Minister of Health.

Regardless of whether there are patients in that clinic or not, assuming that there may be or may not be, I am looking more for a term of reference from the First Minister, to see if under

the existing legislation, he would term the Maples Surgical Clinic a private hospital.

Mr. Doer: Again, I think it is a hypothetical question. I think we have heard the statements of intent from the doctor from British Columbia, and I think we have heard statements of intent from the Minister of Health (Mr. Chomiak), but I think it is a virtual clinic. I am not sure of any patients that are there. The member opposite will have—you know I think this is a debate that might take place. I know in the hallway, he would not tell us where he was at with private profit health care, and that is you know, the lack of clarity, in his view, is part of the debate. We generally believe that the Centre for Policy Evaluation in Health Care, which was identified in 1998, the efficiencies and inefficiencies of parallel systems, and I think if the member opposite is—will probably want to read that report. I will send him a copy if he has not had the—has the member opposite read the report from the Centre for Policy Evaluation on Health Care?

Mr. Murray: Thank you, Mr. Chairman, I have read the executive summary.

Mr. Chairperson: Order, please. We need to have an orderly proceeding here in the records of Hansard. Who wants to have the floor?

Mr. Murray: Just to clarify if there is any confusion. My staff put together an executive summary and I would be delighted to send it over to the First Minister if that was appropriate.

Mr. Doer: Thank you, yes.

Mr. Murray: The First Minister makes comment about lack of clarity. I am struggling as to how much more simple I can ask the question. I will try one more time, however. Regardless of whether there are patients, or regardless of whether it is virtual, or any other attempt to answer the question, my question to the First Minister is: The Maples Surgical Centre, under the existing legislation, is it or is it not a private hospital?

Mr. Doer: I cannot again give the specific answer to that question, because I have heard a number of conflicting statements myself in the

media about what the intent is and what the non-intent is and I should check today, as I say, but I am not aware of last week that there were any patients there, so we are talking about a virtual clinic in the sense of no patients. If the Leader of the Opposition is wanting us to approve it as a hospital, that is his position. I respect that, but we do not know if there are any patients there yet.

Mr. Murray: Mr. Chairman, certainly for the record there is no intent on this side to do as the Premier might suggest to make it a private hospital. Perhaps the question then under the existing legislation: Would this Premier say that it is a virtual hospital?

Mr. Doer: Well, I am glad to hear that the member opposite is going to join with us if we think that it is needed to bring in legislation on private hospitals, so that is an interesting point. I thank him for that answer.

As I say, I do not know whether there are any patients there, so we have a virtual clinic. I heard one comment about it is going to be this, and I heard another comment it is going to be that. I have heard the Minister of Health (Mr. Chomiak). I have heard the members opposite speaking quite favourably to the French health care system one day and then the American health care system the next day. We are just in favour of improving and innovating in a Canadian health care system, so that is where we stand.

Mr. Murray: So I guess I did hear then the Premier say that it was a private hospital, I believe, in his remarks. I will move on from there, Mr. Chairman—

Mr. Chairperson: Is there a response?

Mr. Doer: No, I think, again, we do not know. I have heard conflicting statements from the—

Mr. Chairperson: I have not recognized the Premier yet.

Mr. Doer: With the greatest of respect, I do not think there are any patients there. I only heard the Leader of the Opposition saying he is opposed to private hospitals, so that is an

interesting development and we will take his advice accordingly.

Mr. Chairperson: May I request that those who have the floor keep it until I recognize the other side? Now I recognize the PC Leader of the Opposition.

Mr. Murray: I would hope that the Premier would not misconstrue the facts. I do not believe that he is trying to sort of read something into the record that he would like to believe was said. This could be another way that he will argue that things were misinterpreted perhaps, and these things are all up to him to do.

It is free to make allegations and it is free to make promises, I gather. It is free, as he said, to make promises and then break them and say that people misinterpreted them. Again, that is up to this Premier to decide how he wants to represent himself in front of Manitobans.

I wonder if the Premier could perhaps tell us, with respect to The Maples Surgical Centre, can he tell us if he agrees with the Minister of Health (Mr. Chomiak), who has said that The Maples Surgical Centre is now allowed to take on Workers Compensation benefit clients?

* (16:10)

Mr. Doer: If that is what the Minister of Health has stated, he can get that clarification in the Department of Health Estimates.

Mr. Murray: As I say, this is my first appearance, but I do understand, I think, one thing and that is that the Premier is the Leader of his Government. He is the ultimate decision maker. He has reminded Manitobans that he makes all of the financial decisions. One would say that, to use an expression that has been heard many, many times, the buck stops at his desk. So I understand where he may want to distance himself perhaps from the Minister of Health or that he does not understand the position of the Minister of Health, or he may disagree with the position the Minister of Health has taken.

I would ask the First Minister one more time if he agrees with his Minister of Health, who has said that The Maples Surgical Centre is now

allowed to take on Workers Compensation benefit clients?

Mr. Doer: I know members opposite are preoccupied by this clinic, almost surrogate representatives for the clinic, but I can assure the members opposite we have been rather concerned about flooding and forest fires and agricultural crisis and a number of economic investments and a number of other issues that are confronting the Government. We are not spending every minute of the day talking about The Maples surgical unit just because it preoccupies benches opposite in their quest to get his clinic paid for by "hardworking taxpayers." It may be an issue for the odd member of the media and members opposite, but we have a lot of issues to deal with.

I am quite surprised that last week, for example, there were no questions on agriculture. There are some serious issues we are trying to deal with. Yes, ultimately, we have to deal with everything, but I am spending a lot more time on issues like flooding and forest fires and flood protection and flood diversions and other things, hydro-electric opportunities for Manitoba, a number of other items that I have in my statement.

In my First Minister's statement, I did not use the medical clinic of The Maples clinic as one of the items that is—maybe there are some items preoccupying the member opposite, but it is not preoccupying us. If there are any legislative proposals, we will deal with it in the parliamentary way. There will be first reading, second reading, third reading. If there is not, there will not be a piece of legislation. Beyond that, I will respect the democratic process. Laws on health care are made in this Chamber. That is where they belong, in the Legislative Chamber.

Mr. Murray: Again, the Minister of Health (Mr. Chomiak) has stated that The Maples Surgical Centre is now allowed to take on Workers Compensation benefit clients. The Minister of Health has stated that. I would ask the First Minister: what is his policy?

Mr. Doer: Again, I have not dealt with this issue specifically. The Workers Compensation Board is a body of government. It has a board of

directors that is a bit different than most agencies of government. I am not sure the status of this issue is in any, way, shape or form—the general policy issue on overnight stays in private hospitals and profit hospitals, we will have to deal with in a legislative way, if we do. If we do, then it will be before this Chamber, and the member opposite can deal with it and debate it accordingly.

I just know that I recall hearing publicly two different things on the radio myself. *[interjection]* It does not apply to this, but sometimes it would. No, it does not—two quarts of milk and a loaf of bread, and can I go to my soccer practice? I got to tell her no because it is raining. But the minister has made his statements and so be it.

Mr. Murray: I would like to ask the Premier who often in this Chamber and members of his Government state from time to time that the previous government fired a thousand nurses. Could the Premier please indicate how many nurses were fired, from which facility, and when did this occur?

Mr. Doer: The matter is in public records, and I would refer the Leader of the Opposition to it. Again, I am not debating Health Estimates here; I am debating the Premier's Estimates.

Mr. Murray: I guess I find it somewhat passing strange perhaps that the First Minister does not seem to have been fully briefed on the health issue. I am surprised in the sense that it was one of their main commitments that they talked about in the election campaign, a commitment that they made and a commitment that they have failed to live up to. It is clearly an issue where the federal government has appointed—I do not know if the Premier is close to Mr. Romanow—but the Prime Minister has appointed the former Premier, the NDP Premier, from Saskatchewan, and they are going around spending a lot of money looking at the health care situation.

Now maybe it is the Premier's approach to wait until that report comes out in November, 2002. That would surprise me. Perhaps if he wants to make that statement that he is prepared to wait, he should pass that on to Manitobans, just so those who are continually waiting in

hallways and those who are continually having to go to Grafton—I remind him he was going to put them out of business and that still has not happened. So all of these things that were supposed to have taken place and have not taken place, I understand that it is a very sensitive issue for him and difficult.

He says we seem to be fixated on certain issues on health care. Well, I think we are fixated on it because Manitobans are fixated on it. I believe that, through this process, if he would want to wait until tomorrow to perhaps have more time to talk to the Minister of Health (Mr. Chomiak), we would be delighted to do that, but I think we are asking questions that Manitobans, who frankly are getting frustrated because of the incredible waiting lists that are happening in the hallways, the length of time they have to wait, the frustration that the front line nursing staff are having to put up with, because of the shortages, because of the lack of effort on this Government's, the Doer government's side, to try to do some of the things that they said they were going to do. So I think we are asking questions on this side of the House because Manitobans are concerned, and he makes a comment about that it is on public record or that we can find it publicly. The fact of the matter is that is not correct.

I would ask if the First Minister, who loves to trumpet the fact that the former government fired 1000 nurses, to provide—if he cannot do it today then perhaps he could do it in writing some time by the end of the week or shorter—but I would ask him how many nurses were fired, to use his words, and from what facility and specifically when this occurred. It is just a simple question.

Mr. Doer: I am not sure that these questions are in order, Mr. Chairperson. These deal with decisions made by the previous government, and they would have a full breakdown, I am sure, on the exact breakdown. The macronumber was in the public arena in 1998 by the nurses representatives. It is in writing in a document. It is commonly acknowledged. Members opposite may want to deny it, but I note when we came into office the shredding machines were still hot from the documents that were—that machine was smoking.

* (16:20)

You are asking me to answer questions about the previous premier. I could tell you about the previous premier. He was a crafty individual who did not answer a lot of questions about health care, I could assure you of that. Point No. 1, in his own Estimates, and, No. 2, I am certainly not going to account for the decisions made by the previous government, except to say it is in writing. Thirdly, on the more important point the member opposite makes, on the Romanow commission, I did encourage the federal government to proceed with a commission. I thought it was timely. Many of my colleagues felt the same way, dealing across all political lines, on the need for a commission. I have said that everything should be on the table via national commission.

I hope it looks at some of the issues that we tried to address in our Premier's action document that was agreed to in Winnipeg in August of 2000, where we not only talked about restoring the CHST but we talked about the need to have a co-ordinated approach on pharmaceuticals, and we needed an approach to deal with the rising costs of pharmaceuticals. We talked about the need to deal with both the staffing, the inadequate staffing in terms of training and equipment issues for diagnostic testing. We talked about the need to have a human resource strategy.

Right now, we have a situation in one province where it is chasing the settlement of another province, you know, for crucial healthcare staff. We talked about the need for information systems that made sense for the public. We talked about primary care being an important priority for healthcare. Very, very important on primary care. We talked about preventative measures. We talked about how expansive the medicare system can be. We had a number of discussions on early childhood development and its relationship to healthcare. Of course, items that are very, very familiar to the member from River East with some of the programs she introduced and we are trying to expand on.

We have some definite ideas that Manitoba will be required to provide a lot of materials for this task force, this commission. We have had discussions with other governments in Canada.

As I say, I talked to former Premier Romanow last week again. I talk to him on a regular basis. He is going to come in town to meet. He is certainly a person who I respect. You have the commission that is taking place in Saskatchewan. We will have a contact person on that committee. We are not going to sit back. We are going to put our ideas forward and when we see some broader terms of reference, we definitely will make our views known. We will certainly make our views known to the public as well as we proceed. I understand there is going to be public side to this as well as, you know, the work that is going on.

Mr. Murray: In light of the fact the Premier (Mr. Doer) is unable to produce the rhetoric on the thousand nurses, where they were fired. The documentation, he says, exists somewhere, perhaps only in his mind. But, again, I think people look at the Premier. There is a history, Mr. Chairman, and the history is one of deception. That, I think, is unfortunate for Manitobans because he did say that he would solve the hallway medicine in six months with \$15 million. I find the frustration, that Manitobans say to me, that not only have they failed to do that but they had a critic who is now the Minister of Health (Mr. Chomiak), who was there for seven years. He clearly came to the position without any plan, any clue whatsoever. So you get this mismanagement, which finds its way from the top down through this Government, and I think that is unfortunate.

When you ask where the thousand nurses were supposedly, as he alleges constantly, that the previous government fired a thousand nurses. He is quite clearly unable to say what facility they were fired from, and when that did occur. I think it goes to the whole point that Manitobans start to look at the Premier of this province, and that is that he has the ability to misinterpret; the ability to mislead, and I think that it is unfortunate because that is not really what the health care debate is about.

I think the ability to address the issues and the concerns openly and honestly is what I said at the outset—in my opening remarks, I said: Manitobans, regardless of political stripe, expect good government. Unfortunately, they are not receiving it, Mr. Chairman. So I find it

interesting when asked to supply—I mean, presumably, if these 1000 nurses were fired there would be some record of it, because that is what they would quote if they were factual. If they wanted to put facts on the record, they would produce a document that would say, well, here it is. Here is the 1000. Here are their names. Here is where they were fired from, and here is the date.

In absence of that, Mr. Chairman, one can only assume that, once again, it is misleading. It is probably, and in fact I think one would argue that it is false. I think that that does not help to further debate which is important, because it is all about what is right for the people of Manitoba. I think that this Premier should understand and respect that when he make allegations about firing 1000 nurses, and he cannot back it up when asked for simple information, that perhaps he should apologize to the former government, because it clearly must be that he is mistaken or misleading. Otherwise, he would easily produce a document and say that here it is, here are the numbers, here are the facts.

So I would like to just also mention—*[interjection]* Well, if he wants to answer that question I would be delighted, because I am assuming he is going to produce the document.

Mr. Doer: Yes, there is a document produced by frontline nurses that identified over 1000 nurses, had the 1000 figure. It is writing. It is on I think page 34. If the public has to listen to the former government on what they did with nurses or listen to the Leader of the Opposition (Mr. Murray), I think the public will listen to nurses. But he can take his own counsel on that issue.

Mr. Murray: Mr. Chairman, I wonder if the First Minister could tell Manitoban farm families when the most recent aid package will be in their hands.

Mr. Doer: I will take the specifics as notice. We think it is very, very important to get out on a timely basis, which is awhile ago. I will take the specifics as notice on behalf of the Minister of Agriculture (Ms. Wowchuk). We have asked our people to move. We met with farm producers last week and the administration of the

Department of Agriculture. The deputy minister was there as well. It was the same deputy. He worked with the previous Minister of Agriculture.

We respect your point about a sense of urgency right now—the people making decisions on highly priced input costs, on seeding and other things. I know it is urgent to get the cash.

* (16:30)

Mr. Murray: I hope that again, and I agree very much with the First Minister about the seriousness of it. I do believe that what we have heard over the four hearings from the Standing Committee on Agriculture, the joint all-party committee, is that there are people out there who are suffering. This is a very human story, and I think demands serious attention from this Premier.

I would like to quote a comment by the Premier who, at that time of course, was Leader of the Official Opposition. I will just quote his comments that were on CJOB when he said: On the financial side, I think when we look at Alberta, when we look at Québec, the kind of quick settlements, immediate settlements to get people back on their feet which was supported by the federal government. I would like to see us do that with the victims and then take the bill to the federal government. I go on to quote, Mr. Chair: I think that the Province should, should respond to the human needs in the flood as well as they responded to the physical crisis in preventing the flood. I think, if the First Minister said that in 1997, I would ask him if he can. He made a comment about tonight, but can he give assurance today, during this questioning, that they will come to that agreement at the all-party meeting this evening?

Mr. Doer: I think it would be very inappropriate for me to start telling the standing committee what to do. I think that would be wrong.

Mr. Murray: I wonder if, in light of that, just again so I understand, there was some discussion in the House today about cheques being in the mail and all sorts of, I think, vagaries. I do not mean it, "vagaries," in the sense that we are trying to necessarily go on the attack of the

position of the Doer government. I think, when we say "vagaries," what we are saying is that Manitoba families are desperate. So what they are looking for is not a broad statement. They are not looking for a sense of any kind of comment from this Government other than to say: When will the cheques be in the hands of the farmers?

I know that there are all sorts of meetings that have taken place, and I think they have been very good meetings. I think they have been excellent meetings, but it all comes down to action. I guess that is my question to the First Minister, is when the most recent aid package will be in the hands of those much needed families that are desperate to find their direction.

Mr. Doer: We approved our part of the \$93 million within a week of getting the information from the federal government. There were some people who did not believe we should approve it and hold out for more money. There were some people who did not take any position on it. We thought we had to get the \$93 million because it is easier to argue from a \$93-million extra revenue base for the next amount of money that is short than it is from nothing. We approved, our money is approved. It is already budgeted for. It is already accounted for on top of the \$14 million for other income programs that were needed, for a total of \$52 million. I believe we made that decision on about the 20th or so of March. We wanted the money out as soon as possible. Our action has been taken. Our money commitment has been approved.

On the issue of the '97 situation and the quote, there were a lot of issues there dealing with compensation. I think in opposition we provided some constructive comments on compensation for victims of disaster when they are already approved under the federal system. In Manitoba, I believe the amount of money was \$35,000 when other provinces, like Québec and Alberta, were eligible for much higher amounts without deductibilities. We were quite worried about things like furnaces and other thing that we believed the feds would cover, that were not covered by the manual from the department of Emergency Measures and not therefore eligible for people in the Red River Valley. In other words, it would take something like a furnace

and unlike the Peace River Valley, where the federal and provincial governments had an agreement to proceed to replace that furnace if it was flooded out on its replacement cost, there would be deductibility. So if you had a 10-year furnace, you would have X number of dollars deducted per year, and then you would have to replace the \$4000 or \$2000 or \$3000 furnace with a compensation cheque of a couple hundred dollars.

I think we provided some useful information because, over time, the Government, to their credit, did make some changes on deductibility and a number of other things. I think that we, and the former provincial government also, made some adjustments to deal with \$50 an acre, with southwest Manitoba. It is a part of what we have covered now with excessive moisture coverage in crop insurance.

I think there are some different circumstances we are talking about between income support and the issue of disaster assistance in the Red River Valley. I do think some of the comments we made were listened to eventually by the government of the day. To their credit, they made some changes on the disaster assistance policy, which I think at the end of the day was good for people in the Red River Valley. I think that that policy today is better than it was in April 1997, based on some of the comments we made in the House, and some of the comments we received from the public, and some of the adjustments the Government made.

I think you will look at the record the former provincial government made an adjustment on one program in July of 1997, and made an adjustment on the JERI program, and the Minister of Agriculture is here. I am just going by memory now. In August of 1997, for some of the businesses in the valley that were not getting appropriate attention after some of their other operations were flooded. They were getting treated as a primary residence, and there was a problem with that. At the end of the day, I think the policies now in place are better than they were before.

I think that one of the things we ask for, if there is going to be a flood this year in our first

potential major flood, is to try to have some way of being more agile than we have been in the past. I think the policies are better now than they were prior to the flood of '97.

Mr. Murray: Could the Premier tell Manitoba farm families what response he got from his March letter to the Prime Minister about the need for additional financial support?

Mr. Doer: I apologize for being out of order for the first time ever in this session. The Prime Minister's public statement is the same as the statement we have received back in writing. We have gone back and written him right away with another letter. The weakness of the Prime Minister's response is he just gives us a generic response about how much money they have put in, and the fact that they are not going to put in any more. They do not deal with some of the other factors that have been in our letter dealing with input costs and some of the other—not only do we put in income support, but the previous government and our Government have maintained a policy, for example, on motive fuel taxes which is quite different in the federal government. So we have gone back and asked him to address that issue.

We also have chatted with some other federal ministers, including last week in the world forum, the Minister of Intergovernmental Affairs (Ms. Friesen) met with another federal Cabinet minister on this whole issue of the farm crisis and the income crisis that we spoke about in Brandon 10 days ago.

* (16:40)

Mr. Harry Enns (Lakeside): I just want to interject at this state for one brief moment, while we are on agriculture. I want to express to the Premier the one serious disappointment that I have on agriculture farm support. I want to be very specific. It has to do with the treatment, and this is like an old record, that I know his Government has put forward to the federal government the difference between the treatment of the Red River Valley farmers of '97 and the southwest farmers in '99.

On a specific issue like fertilizer costs, the Red River Valley farmer got compensated by the federal government for the \$15-20-25-30 an acre

that they had put in fertilizer. The irony is that the Red River farmer has still got a crop. The fact the federal government acknowledged that, or maybe they lost half of the fertilizer, they contribute a substantial amount. The southwest put the fertilizer in and did not get a crop, and this Government was unable to get equal treatment from Ottawa. I say this in this context, because it still riles me. On the morning after you beat us in the last election, public opinion in newspapers was that one of the big benefits was going to be that the New Democratic Party government will have a much easier and better rapport with the feds, with Ottawa. The Grand Pooh-Bah of liberalism in Manitoba, Lloyd Axworthy, on the front pages of the *Free Press*, said, well, we will certainly have a better working relationship with the incoming government than we had with the past, and so forth. Yet on a fundamental issue that means real dollars to Manitoba farm families in need, you failed, sir. You failed.

I am simply asking you not to give up even at this stage. I say that you are still negligent on it. We at least put up our \$50 without any approval of the federal government, much like the same thing we did in 1989 when 50 000 Manitobans were forced to evacuate from their homes because of the greatest forest fire season that we ever experienced, 85 percent of them being federal responsibility. It took us—and your officials in the office will know—the better part of three or four years to get federal acknowledgement from a then-Conservative government, Prime Minister Brian Mulroney, but we got it.

So on that now admittedly getting-old question of the '99 southwest flood, on a specific thing like replacement of fertilizer costs, which would be exactly comparable to what the Red River farmer received from the same government. You and I, of course, know what the reason was; '97 was an election year for the federal government. I am sorry to be that cynical. I can account for no other reason. In addition to that, in my opinion, the southwest farmer should have—because they could not put in a crop, all but 1 percent of the Red River Valley was seeded after the flood of the century, and a reasonable crop was experienced by the farmers.

In the southwest, over a million acres were not seeded. Input costs were put in, and the land was in ruin with overgrown weeds. There should have been a payment for the restoration of that land to put it ready for the next year's crop. That is the issue that rankles with the southwestern farmers. That is the issue that rankles with us. That was the issue on which we at least advanced the \$50 an acre without questions asked and likely would have advanced more money had we been in a position to do that, if we had been in your position, sir.

Mr. Doer: I first of all agree on the issue of disaster assistance and comparability. There is no question in our mind the fertilizer and the weed program—the member mentioned the fertilizer replacement cost at the Red River Valley and the weed abatement program or weed work necessary in the 2000 year—were both absolutely, in our view, not just eligible for but entitled to compensation from the federal-provincial governments. Secondly, we got agreement from the federal minister with a no seed. It was announced by the federal government in February of 2000. Then the door was shut after the income program was announced. The income program was never supposed to be part of the disaster assistance program. We have that on record. Premier Romanow and I have it on record from the Prime Minister, although in Saskatchewan they had some coverage for the unseeded acreage due to moisture.

I am again going through memory, but June of 2000 the Prime Minister was here. He wanted to deal with the health care agreement. I raised this issue in the scrum after. He mistakenly stated that there was no legal authority to pay this. We wrote back immediately and pointed out that he is wrong, an Order-in-Council was signed, and we have since received no recognition of this issue.

We have had some success dealing with the federal government on some issues of federal-provincial relations. I would point out we had good discussions and ran counter-politically intuitive work with the Shilo announcement recently, but this one is a decision that is not resolved and we have not stopped fighting for it.

We note that the public of Manitoba put out \$72 million in August of 1999. I think it is even

the day the election was called, if I am not mistaken. We have said this money is our 10 percent for the purposes of the \$55 million that we think the people are entitled to for purposes of weeds and fertilizer.

The federal government said because it was a payment made outside of the disaster assistance in an "electioneering government," and, trying to embarrass us, they would not recognize that. We said: Okay, let us just start all over again. Our 10 percent will be on the table for your 90 percent. In other words, and I am giving you our negotiating position, but I think the people need to know that. Let us just start all over again. These people are entitled to this. It is covered under disaster assistance.

The Order-in-Council was signed. The briefing notes that we had, and then we received further information from our own sources, then Rick Borotsik signed it, released some information, to his credit. All indicated that the federal department of disaster assistance believes these two components which we have been arguing and you would argue is comparable to the Red River Valley and entitled to compensation.

We have gone back to Eggleton. For the first time we have a meeting with him. The Minister of Transportation and Government Services (Mr. Ashton) has a meeting with him and we have gone back at it. When I first met with Mr. Duhamel when he was the lead minister after the federal election, I said this is an item we are not going to stop on. It is going to dog you and it is going to dog us. It should dog us, because the people there are entitled to this compensation.

The bottom line is we have not got it resolved and we are not going to rest. Your point about is it fair? No. Is it right? No. Have we given up on it? No. It is a debt owed to those people. We have agreed to pay our share of it and our money is on the table. I think the last time I met in Melita every producer that checked their federal sources confirmed to me that, yes, the provincial money is there, it has been there, it will be there and we are not going to try to count the money that you put out. If we can resolve it by putting a new amount in to get the 90 percent, we will. So I concur with the assessment. The bottom line is you either

succeed or you do not succeed, and we are not quitting, but we have not succeeded.

Mr. Enns: I want to assure the honourable Premier that the actions of the previous provincial administration in '99 were no more electioneering than the actions of the federal government in '97.

* (16:50)

Mr. Doer: I think what happened in '99 was right, and we certainly honoured the payments when we were in government, honoured your agreement. We thought it was the right agreement. I think the member opposite would agree that the longer-term solution for that kind of payment was better to have the crop insurance covered in the future. I think all the producers who normally went through drought now would concur with that, but it was a brutal situation, without any fair treatment by the federal government. I supported the speech the former Minister of Agriculture made in the Melita arena. I respect the motivation, and I respect the action they took.

Mr. Murray: I wonder if, just in that vein, and I appreciate the seriousness of the issue and the level of interest that the Premier seems to indicate to this, I wonder if he could explain how much longer the people of southwest Manitoba, the agricultural producers, will have to wait for him to act on the Manitoba Rural Business Task Force, which, of course, we all refer to in this House as the Rose report.

Mr. Doer: Well, we have acted on a couple of parts of it. The tuition freeze and the tuition reduction have generated more students from southwestern Manitoba into universities, including Brandon University. Its enrolment is up.

The issue of income which is identified in the Rose report as a benefit to business has been implemented to some degree but not as much as we want this year.

There has been an income program in both the 2000 crop year and the 2001 of \$190 million, a lot of it for grain and oilseeds. A lot of that is to southwestern Manitoba. It is still deficient. Our portion of that \$193 million is \$40 million

last year and another \$38 million this year. That is a total of \$78 million, plus we approved more money—I think our income support generally for agriculture, which flows mostly to grain and oilseeds producers, is now double that of two, three years ago, the provincial Budget. So some of that money is flowing to southwestern Manitoba.

I am just going by memory now, but there was a recommendation on the sales tax, and I think probably the former government and we are nervous about that precedent in the report. We have been looking for various options for economic development. We are working with Killarney on some ethanol ideas and some other economic development that we would like to proceed with, with the Iogen plant. I would like to see more economic activity in southwestern Manitoba, and we are certainly willing to work with ideas that can work. I think there are a lot of proposals, but there are some positive announcements.

There is economic development in Virden, with the Albchem operation going there, in southwest Manitoba. That is a positive announcement of high-quality, high-paying technical jobs there. So we are trying to go after more of the value-added businesses that we can help enhance and increase.

We are also looking at reviewing the trends in southwest Manitoba relative to other areas of the province that are generically hit by income prices. We are trying to get a handle on a lot of issues that are taking place in the marketplace in the private sector. For example, in Winnipeg, there are lots of small family businesses having to close or sell as big-box operations come on-stream. It does not mean there is a decrease in jobs and investment, but you might get—and the Member for River East (Mrs. Mitchelson) would know—a bigger store going up in her area or our area collectively in that area, and what will it mean to some of our smaller food stores?

There are more hardware stores being impacted. There are more small other retail outlets being impacted. If a huge Canadian Tire store goes in or a huge Domo operation—no, I will not use that term; I do not know enough about it. But, if a huge Canadian Tire store goes

in, what does it mean to the local company that would use the car-care part of the business to offset some of the retail sales in gas?

So we are looking at this province-wide, what the difference is between—this is a long answer to a short question, but there are some trends that are going on in rural Manitoba, for example, with bigger operations going to Brandon that are not just generic to southwestern Manitoba. Having said that, we are trying to find some more economic activity, and I guess the Rose report had some things that we are still working on. Some parts are work in progress; other parts we cannot implement.

Mr. Murray: We obviously put a lot of stock into the Rose report. We certainly, as we have on numerous occasions, members on this side of the House have encouraged the Doer government to follow the Rose report, to actively engage it. I would certainly again, in light of the seriousness raised by my colleague from Lakeside, I would like to echo that we would encourage this Government very much to follow along the lines of the Rose report because we believe that it addresses some of the unfortunate situation that is happening to those agriculture producers in southwest Manitoba.

I wonder if I could ask the First Minister what discussions have taken place between the federal and provincial governments on energy issues specifically as they pertain to Manitoba Hydro.

Mr. Doer: On the Rose report it was received and there was a draft press release prepared by the former government on August 16, 1999, but, getting back, I got into a bit of a debate with the former Minister of Rural Development. That political debate will not solve anything. So I just accept the fact that there are difficulties in southwestern Manitoba that have not been resolved, both in the business side and on the producers' side.

On the Hydro issue, obviously the Prime Minister is aware of hydro-electric development here in Manitoba. He and I chatted about a number of issues on Team Canada. Besides agriculture and some of these other issues that we have already discussed, one of the issues, in

water diversion projects, we discussed the issue of hydro. The federal government was aware of our success in exporting hydro-electric power to the United States. I think they know the success of Limestone and how much revenues it has produced and what it has done for Manitobans in terms of its ability to keep our rates low with hydro-electric export sales subject to our own reliability issues.

As I say, we have discussed this opportunity with the federal government, with the Prime Minister. We have followed it up with discussions and letters to the minister responsible for energy in the Canadian government, that is Minister Goodale. At the same time, we have discussed it with our own customers, with the political leadership in Minnesota, because, at the same time, we want the political leadership in Minnesota and the utility leadership in Xcel to know that we will not forget who has been good customers. We think the federal government has got to look at the issue of east-west power with Kyoto and other things, and we think that, as my statement indicates, there is north-south opportunities. We also have got to have a vision that keeps a lot of this power available for our own valued-added industries.

* (17:00)

So it is a work in progress in terms of the present U.S. situation. Some people think we can just hook up our grid to the California grid and proceed—although the Xcel grid is larger than the Northern States power grid, and we have been fairly accessible to decision makers in Wisconsin when Xcel has looked at expanding their grid east and south, getting much closer to south of Madison to the Chicago area. We have been down there talking to people about the benign nature of transmission, as documented by our report on the domestic situation here in Manitoba.

So the bottom line is, we have a sale agreement before the regulators in Minnesota that deals with the excess capacity in the existing system. We have to get that decision dealt with before we would go any further on the development of the resource and the regulatory requirements to develop the resource. It was interesting to note at the conclusion of the

Québec summit—the trade summit and the Summit of the Americas—the Prime Minister did mention Manitoba having the potential to develop more hydro-electric power.

Where this is all going to go, we have contacts with the Western Governors, we have contacts into the embassy in Washington, we have contacts with the federal government. Where the federal U.S. government is going to go on a macro basis is still a question that will be resolved, I believe—well, not resolved, but there will be more definition on May 16 when Vice-President Cheney is expected to report. There have been some differing signals from the U.S. administration on oil and gas versus other more environmentally friendly methods of producing power.

We note that two weeks ago, Vice-President Cheney made a speech in Toronto, and last week President Bush was saying the Vice-President's statements about we are not going to conserve our way to reliability—he clarified that statement by saying: We believe that conservation is not going to be the only part of our energy salvation, but it must be one part of it.

So we have a resource. We believe in using it to the benefit of Manitobans. The discussions have been very frank with the federal government, but they have been concept form so far. The Prime Minister has, I know, made this point available, as I understand it, to the U.S. administration, but what will happen at that level versus what will happen just adjacent to us, remains to be seen.

I know in the '80s, we were involved in negotiating the Limestone-Northern States Power Agreement, and we negotiated 250 megawatts to Ontario, plus a memorandum of agreement for Conawapa. I know that the memorandum of agreement for the 1000 megawatts was put on hold in the '90s, but the 200 megawatts that we entered into agreement on in 1987 has proceeded. It has been very lucrative for Manitoba Hydro, and very beneficial for Ontario.

I would hope the debate would not be just north-south. I hope there is some discussion in Canada on our power needs, our reliability

needs, both in terms of production of gas and oil, and also in terms of hydro-electric power.

I would also note that one of my criticisms on the Centra Gas purchase by members opposite, and one of my concerns in government, is that we really should purchase a long-term supply of gas, because that is the resource. That is the item that heats homes. That is the way to keep prices down. If we can get the prices lower, not the pipes that make up the utility—that is an aside. I will just point that out for—I had that discussion internally in my own group, too, years ago. Get the gas; that is the key to the future. Not the supply of gas, not the pipes.

Mr. Murray: Despite my past 10 years as well documented working for Domo, I would say that perhaps my honourable colleague, the Premier, knows a lot more about gas than I will. Can I ask the Premier: Will there be a national power grid, just to pick up on his comments about, not necessarily so much north-south but looking broader than that? If so, what if anything will the provincial government be expected to contribute to this? Can he maybe elaborate on that point?

Mr. Doer: To be perfectly honest, it is not a vision that is shared right now by the federal government, or a thought. We certainly have not been apprised of whether they have an east-west vision on these issues. We know that the Prime Minister has had some discussions with President Bush, but we have called for an energy ministers' meeting on this issue. Because what I think that we will see, lots of provinces know that they have got a resource that is available directly south with the reliability issue. But surely to goodness we should know what we are doing nationally as well as knowing the opportunities south of us. We have urged the federal government to call an energy ministers' meeting. Now is the time to get everybody together if there is a strategy. We also think that former Foreign Affairs Minister Axworthy could be helpful in the global warming, both in terms of mitigation and opportunities on our obligations and the Americans' obligations on Kyoto—of what that would mean.

But there are no substantive discussions going on east and west right now on some of

these options. There are a lot of discussions going on naturally between Manitoba and Excel, and there are lots of discussions going on between Manitoba and the federal government vis-à-vis the American issues of reliability. There are discussions going on with us with—we probably are going to have this on the legislators' agenda when they come here, although North Dakota and ourselves sometimes compete in the Minnesota market, but it is good to have a debate about this. There is not a lot of substantive discussion going on east and west, and we think there should be more. We think there should be more discussion on a power grid east and west, and there is none. No real tangible discussions. It is easier for us to sell now to the United States because we have the transmission lines there. There is not the same facility across northern Manitoba to northern Saskatchewan.

Mr. Murray: Can the Premier just clarify quickly—I appreciate the situation—but can you clarify if your government has had any discussions with any other premiers about that sort of a grid in western Canada?

Mr. Doer: There is going to be a pretty good discussion at the western premiers' meeting in about three weeks, because all of us are being polled with opportunities north and south. It is going to be a major agenda item. Manitoba wants it. Saskatchewan wants it. Alberta wants it. We have had informal discussions. You have got B.C. You have got four provinces and then the three territories. They hold a pretty interesting position. The Yukon and the Northwest Territories have made an agreement on two pipelines. Whether the private sector will fund two pipelines, I am not sure, but you have got the Mackenzie-Delta pipeline proposal. You have got the Alaska pipeline proposal, supported by Governor Knowles in Alaska. You have got the whole issue of the Arctic National Wildlife Refuge and what is going on there with the present administration and with our federal government. You have got the issues of B.C. being a net exporter of hydro-electric power. So far it looks like a dry year. You have got Alberta in an energy shortage for hydro-electric power. They have had ads on brownouts in Alberta, but they have this huge resource they are selling for a huge advantage right now. Saskatchewan is a net producer of gas and oil, I believe. The more

expensive this stuff becomes, the more opportunities you get for developing resources. The same arguments you get from tundra here in Manitoba, deeper, larger, older kind of proposals.

* (17:10)

We have changed some of the regulations on gas exploration here, gas and oil exploration here, to look at the opportunities. We of course have 5000 megawatts undeveloped. Our internal view is that we should maintain our ability to develop for the benefit of our own citizens, that any export sales should be always based on keeping the prices down to attract business here; reliable power. We just had Nexen expand their plant, break the ground on Friday.

It is on the western agenda. I have had informal discussions. It is nothing substantive. An item like a power grid is a big item. It is expensive. Is there a national will on this thing? I am not sure where that is, in terms of Kyoto and the national government.

Mr. Murray: Could the Premier tell Manitoba taxpayers his position on the construction of a downtown arena?

Mr. Doer: It is pretty similar to the position the former government had on the construction of the ballpark.

Mr. Murray: Could I ask the Premier to elaborate on his position on the downtown arena?

Mr. Doer: I think you know, and I have said publicly, that I think what we need in Manitoba is infrastructure for destination locations and for the quality of life in our own communities. The first announcement we have been able to make has been to invest money in the Keystone Centre in Brandon, but not invest an unlimited amount of money. We are investing money for the ice plant for the Purple Hearts next year. Is it Purple Hearts or Heart? Where's Stan?

An Honourable Member: You mean curling?

Mr. Doer: Curling, yes.

Mr. Chairperson: Order, please.

An Honourable Member: Scott Tournament—

Mr. Doer: Scott Tournament of Hearts, I am sorry. Purple Hearts is something—maybe I am thinking of Bob Kerry. I am sorry. You can see how much—I love curling, actually. It is one of my favourite sports. I know the member opposite likes the Leafs, so I will keep my comments—

An Honourable Member: I think you are coming with me on this one.

Mr. Doer: When it comes to New Jersey versus the Leafs, I am.

On the issue of the entertainment centre, for us, obviously, an arena would only be 40 nights a year. So we would have to look at the capacity for a lot of other events. It has to be private sector driven. That means real private sector driven. We received some discussions from the private sector that indicate positive signs, but we all know in this House that unless there is an agreement with all three levels of government and a number of potential investors there is no agreement. So there is nothing to announce. There is work still going on. It has not stopped. It is not proceeding. I know we have close to a 50-year-old facility, but my view is if it can be done we should look at how much the private sector has provided. I think for the baseball field it was 66 2/3 public sector—yes, I think the member from St. Norbert knows that—about 2/3 public, 1/3 private. I would like to change those ratios, but it is easier said than done.

I think the ballpark has been positive for the community. I did not criticize the former government for putting their 1/3 share of the 2/3 that went to that ballpark. I think most Manitobans, even those who were opposed to it, including the former mayor, I think, feel it has been a real asset to the community.

We do not just see it only in terms of Winnipeg. As I said, there are other centres that are important for communities, and I mentioned the Keystone Centre is our first announcement on a destination centre. We are working on it.

Mr. Murray: When the Premier makes reference to primarily private sector driven,

which I think we very much would support on this side of the House, can you be specific as to what you mean by primarily private sector? There is reference to the ballpark, and I understand that. He talked about reversing those things. I know that you are conscious of that. Can you give me your sense of what you mean by primarily sector driven?

Mr. Doer: Sometimes the media asks you: Does the majority of the money for the private sector mean 50 percent plus one, and what if we had an agreement of 49.5 percent. And you come back and say: Oh, you deceived me in the Legislature. So I guess we are trying to make it work. The real key to this, sometimes we have got to get all three levels of government together too. That in itself is a challenge, let alone getting the private sector investors together, and then getting the private sector investors together on how much the ratios will be. So, other than that, we are doing fine.

I recall that former Premier Pawley, and former lead minister, Axworthy, in 1983, had an agreement to build a downtown arena where north Portage was going to be, and it was rejected by City Hall. The powers that be—there was a large group of people that were fairly powerful on the City Hall decision making that also were members of committees that had some feeling that the existing facilities and enterprises were the best solution.

So, where it is, is we are trying to make it work, but there are a lot of components to make it work. I think, in 1983, it was 100 percent public money. I think the 1995 proposal was \$110 million of public money, but there was an added pressure of the operating loss agreement of the Jets. I always argued in the early 1990s, that we should not have had an operating loss agreement for the Jets. We should have just either built the arena or not. That is hindsight, and my view is that all the people that were in favour of the baseball stadium are happy, and all the people that were opposed to the baseball stadium are silent and are going to the games.

That is my view, but I am only one of many people discussing this issue. I am sure you are up to speed on some of the discussions that have gone on, because I know you know people. That

is the way it should be. There is nothing to announce.

Mr. Murray: Has the Premier or his Government indicated a preference for a site, if in fact they do build a downtown arena?

Mr. Doer: My preference for the Keystone arena is on its existing site, for the money. That is the only announcement we have made. Except for the change rooms in the Roblin outdoor swimming pool, which is a magnificent facility, I might say, except for the change rooms. We had to correct that.

An Honourable Member: Now you put some money into it.

Mr. Doer: I knew I would get your attention. We would not want the honourable member, when he visits there, to get his toes dirty on the old rug. So we are happy that he is happy with that.

An Honourable Member: And the Premier, too.

* (17:20)

Mr. Doer: Well, of course. The site has to be, in our view, downtown. Art Morrow, when he did the Morrow report, recommended it adjacent to the convention centre site. If that was 100% public money, then we would have 100 percent of the say. If there is private money in, as the member opposite knows, they have some say. They have more say with more money. So the convention centre is now a centre that has gone in the early 1970s from being the largest centre in Canada, to a centre that is less than the largest centre, and we are losing conventions.

There are some people who believe that a new arena across the street, if it was built, would be an advantage to that. Some people believe that it would not make a difference, because you really have to extend the second floor across York. Now we have a judge's arbitration case, and I do not want to prejudice that going to court on free parking, which is probably a matter that both of us agree to.

So there is a convention centre. There are people who believe an arena will help that.

There are people who believe that an arena would not help it. I think it is a little bit of both. But it still leaves: were we in favour of the convention centre site? If we were putting 100 percent of the money in, we would look at it very seriously. I think it is safe to say the private sector is looking at the Eaton site where they believe the money should go. You know, 18 months after no other private sector investment has come in with a meaningful offer on that site, there is a bit of a hole there in terms of urban downtown Winnipeg.

Mr. Murray: It takes many people to consummate if it is to move ahead. Just a confirmation from the Premier that he is involved in discussions with the other two levels of government as well as the private sector.

Mr. Doer: Yes, I have been involved in discussion. But like any other proposal, it goes through Treasury Board and other authorities of government, so the expenditure of money has to be fully dealt with. So even my discussions are subject to the authorities of government. Because there has not been anything to announce, we have not been supportive of some ideas that have been floating around the public domain. But that is just part of normal negotiations. I think it safe to say that the people in the private sector are well known to members opposite, are good people, and care about this community and also care about their investments. They are good community people.

Mr. Murray: Just to clarify if I understood correctly. The Premier said that the request would have to go to Treasury Board. I guess the question I would ask: has that request gone forward?

Mr. Doer: We have had ongoing briefings with Treasury Board, and you can brief Treasury Board without making final decisions. You can brief people and have other negotiating positions that you take from that. This is not the kind of decision you would make. You want to have a negotiating strategy, or a public policy strategy, before you start negotiating, and a policy discussion first. We followed that. Beg your pardon?

An Honourable Member: They did not do that when you bought the—

Mr. Doer: We had a policy discussion.

Mr. Chairperson: Order, please.

Mr. Doer: Well, we did have a policy discussion. So are you in favour of any money going to XYZ? So, yes, we follow those procedures. I am not trying to be evasive, but I think I was pretty specific about where the private sector wants to go on its site. There is nothing to announce at this point.

Mr. Murray: Can the Premier share if—either confirm perhaps, or deny—a casino or any type of gaming will be a part of this project?

Mr. Doer: A casino is a totally different issue. I do not know what the definition of a casino would be. Let us put it this way: there will not be any—I was going to refer to Assiniboia Downs. I should perhaps wait until the final details are concluded. I can confirm for the member, if he wants, there will not be anything in the extent of Assiniboia Downs.

Mr. Murray: Would the Premier be able to suggest if there will be any VLTs in the facility?

Mr. Doer: The issue of VLTs is there are hundreds of restaurants, and almost every restaurant in Winnipeg has VLTs.

Mr. Murray: I appreciate that. As for my question on this particular project, I wondered if the Premier could confirm or deny if VLTs will be a part of any proposed downtown arena.

Mr. Doer: I answered the question on the extent of Assiniboia Downs, and I have answered the question on restaurants. To go any further than that, I think, is still matters in discussion.

Mr. Murray: Mr. Chairman, you seem to have your gavel in hand.

Mr. Chairperson: I am waiting for the hour.

Mr. Murray: There is another minute. I will quickly ask again from the Premier's perspective: Is he anticipating an announcement on this project sometime in the month of May?

Mr. Doer: Unless there is agreement by all parties, there are certain issues being dealt with by the private shareholders, and there are certain issues being dealt with by the public sector. I have said, I think at the beginning of the year, that we either should do it or not do it. We should not just talk about it ad infinitum. There is an infrastructure agreement that has been discussed. I have talked about this: a priority downtown versus a priority in the Kenaston area, publicly before, so that is not a secret. What is that?

An Honourable Member: They were calling for you the other day.

Mr. Doer: There were a few that called, but I do not want to tempt them. I was getting as many complaints about people stopping the traffic, that I was about—

Mr. Chairperson: The hour being 5:30, as was previously agreed, this section of the Committee of Supply will rise. However, as another section of Supply is continuing to meet, the Speaker will not adjourn the House until 6 p.m. Committee rise.

IN SESSION

* (18:00)

Mr. Speaker: The hour being 6 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 7, 2001

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