



Third Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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Speaker*



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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, Myma	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FRIESEN, Jean, Hon.	Wolsley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSON, 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.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
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.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SHELLENBERG, 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.
STEFANSON, Heather	Tuxedo	P.C.
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

Tuesday, May 7, 2002

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

**PRESENTING REPORTS BY
STANDING AND SPECIAL COMMITTEES**

**Standing Committee on Public Accounts
First Report**

Mr. Edward Helwer (Chairperson): Mr. Speaker, I beg to present the First Report of the Standing Committee on Public Accounts.

Madam Clerk (Patricia Chaychuk): Your Standing Committee on Public Accounts presents the following as its First Report.

Some Honourable Members: Dispense.

Mr. Speaker: Dispense.

Meetings:

Your committee met on Monday, May 6 at 10 a.m. in Room 255 of the Legislative Building.

Matters Under Consideration:

Rules and procedures pertaining to the functioning of the Public Accounts Committee.

Committee Membership:

Substitutions received prior to commencement of meeting:

Mr. Laurendeau for Mr. Faurschou

Mr. Penner (Steinbach) for a vacancy

Hon. Mr. Mackintosh for Hon. Mr. Sale

Motions:

Your Committee agreed to the following motion:
That these recommendations on proposed terms of reference, we recommend referral to the Rules Committee of this House.

Officials Speaking on Record:

Mr. Jon Singleton, Auditor General of Manitoba

Mr. Helwer: Mr. Speaker, I move, seconded by the honourable Member for Arthur-Virden (Mr. Maguire), that the report of the committee be received.

Motion agreed to.

TABLING OF REPORTS

Hon. Drew Caldwell (Minister of Education, Training and Youth): Mr. Speaker, I am privileged and honoured to table the final report of the Commission on Class Size and Composition.

MINISTERIAL STATEMENTS

* (13:35)

Camperville Water Treatment Plant

Hon. Eric Robinson (Minister of Aboriginal and Northern Affairs): Mr. Speaker, I have a statement for the House.

I would like to report to the House on a very serious incident that occurred on Sunday night. The 623 people of Camperville are without a water treatment plant at this time due to a fire on Sunday, May 5, 2002. Smoke was noticed at the Camperville community water treatment plant at about 3:45 p.m. on May 5, 2002, by a local resident who contacted the local fire department. The fire department responded, as did the Duck Bay fire department which was called in to assist.

The Department of Aboriginal and Northern Affairs technical consultant Wayne Preston, along with Hessel Dethmers, protective services consultant, arrived in Camperville at around 6:30 p.m. and met with the firefighters, the RCMP and the community council. The Office of the Fire Commissioner is investigating the fire. The building was partially gutted by fire. The electrical and plumbing systems have been destroyed. A rough estimate of damage would be in excess of \$200,000.

The community council enlisted the local housing authority on Sunday evening to advise the community residents of precautions to be taken for hot water tank shut off and where potable water could be obtained in the community. A water truck with a 1000 gallon tank was obtained from the community of Spence Lake as well as two 250 gallon tanks from local residents, Sunday evening, May 5, by the community council to provide water for the residents.

The potable water supply for the community is being obtained from the Duck Bay community water treatment plant 19 kilometres away. Council has set up a location for the pickup of potable water in Camperville for the residents. Water is being delivered to seniors and residents without transportation. A plumbing and electrical contractor has been sent out by the department to Camperville to assess what is required to establish a raw water supply for the community. It is anticipated that the time frame to purchase and set up a treatment process may take up to two months.

The water line in the community of Camperville is presently back on line, however the water is untreated and therefore may be used only for cleaning, washing dishes, bathing and flushing of toilet facilities. A written notice has been delivered to all homes in the community, including businesses, indicating that the water coming out of the tap is untreated and is not to be used for drinking.

The Department of Conservation provided assistance in wording the notices that went to each home and businesses in the community. Piped raw water was provided on line in Camperville on Monday night at approximately 11 p.m. Camperville school resumed classes this morning, May 7. Announcements by the school division on the local radio station requested students to bring their own drinking water. The potable water supply for the community is being obtained from Duck Bay and their community water treatment plant, which is 19 kilometres away.

The Department of Aboriginal and Northern Affairs, Dauphin office, continues to support and assist the community of Camperville with the restoration of the potable water supply for the community. Mr. Speaker, I want to thank the

other departments of the provincial government, the local community council, the Duck Bay community council, the Duck Bay school division, our departmental staff and everyone else involved for their prompt work and efforts in this matter, which of course has been very difficult for all residents.

Mr. Glen Cummings (Ste. Rose): I want to thank the member for providing us with this update and the most current information available. It is at times like this that communities realize just how vulnerable they can be if anything happens to interrupt or to contaminate their drinking water or their household water in any way.

I would simply say that I join the minister in expressing appreciation to the departments in supporting the communities. One of the most important aspects of a situation such as this is that, first of all, we make every effort to restore potable water, but even more important is that we make sure there is adequate information available to all the citizens, which the minister is indicating he is working on, to make sure that no one does become sick during the period of time that they may be without potable water. I want to encourage him to continue his work.

* (13:40)

Hon. Jon Gerrard (River Heights): I ask leave to speak to the member's statement.

Mr. Speaker: Does the honourable member have leave? [*Agreed*]

Mr. Gerrard: Mr. Speaker, I would just say very briefly that this is clearly a very important issue, particularly to residents of the important community of Camperville. A thank you goes out to those who have been working hard to try and make sure that there is adequate and drinkable water. I think this sort of effort is very important to make, and the guarantee of good water for people throughout Manitoba continues to be an important issue.

National Forest Week

Hon. Oscar Lathlin (Minister of Conservation): Mr. Speaker, I have a statement for the House.

I would like to take the opportunity to announce that May 5 to 11 is National Forest Week. Canada has celebrated National Forest Week since the 1920s. In Manitoba, the Manitoba Forestry Association has marked this annual occasion by providing white spruce seedlings to my honourable colleagues.

These seedlings serve as a reminder of the importance of our forests. The Manitoba Forestry Association is a leader in promoting the importance of trees and forests. At the end of this month, MFA will co-host its annual Envirothon competition with the state of North Dakota. This Olympic-style competition on the environment will be held at the International Peace Gardens from May 30 to June 1, 2002.

In June, the Manitoba Forestry Association is conducting a two-week tour of northern and remote communities to promote the importance of trees and forests. The MFA will also include a fire prevention message as part of the tour, which is expected to reach some 3500 residents. I commend the MFA for their ongoing efforts to celebrate and create awareness of our valuable forest resources.

Sustaining Manitoba's forests is a priority of Manitoba Conservation. In March 2000, we released a publication *Next Steps: Priorities for Sustaining Manitoba's Forests*. The document builds on past policy work, outlines our goals for the future and demonstrates the Province's commitment to increasing scientific and traditional knowledge of Manitoba's forests, enhancing forest stewardship, increasing employment and economic opportunities for Aboriginal communities, promoting a sustainable forest economy and updating and improving legislation and guidelines.

Mr. Speaker, it is appropriate to make a note of all these important goals and priorities as we celebrate National Forest Week. On behalf of the people of Manitoba, I thank the Manitoba Forestry Association for their white spruce seedlings and for its continued efforts to promote sustainable and wise use of our forests. We look forward to working with all those interested in sustaining our forests for the future.

* (13:45)

Mr. Harry Enns (Lakeside): Mr. Speaker, I do thank the honourable minister for this statement, which has become a pleasant annual occasion as we acknowledge the importance of forestry in Manitoba. I particularly want to also extend my appreciation to the Manitoba Forestry Association, one of the province's oldest NGOs that is involved in assisting government, in this case the Department of Conservation, in the importance of forestry and forestry education throughout our school system.

It is appropriate that we are just currently dealing with the honourable minister's Estimates. I will be able to examine as to whether or not the progressive policies regarding forestry that I was privileged to introduce, including the white spruce tree—although I notice somehow some rust got on it in the last little while—such progressive policies that we take for granted, like the fact that two trees should be planted for every tree that is cut down in Manitoba, the fact that our major commercial users should contribute directly to forest fire protection as part of their access, part of their stumpage to our forestry resources.

Mr. Speaker, on the whole, our forestry resources are well. They need to be nurtured and I am satisfied that we are on the right path.

Hon. Jon Gerrard (River Heights): I ask leave to speak on the minister's statement.

Mr. Speaker: Does the honourable member have leave? *[Agreed]*

Mr. Gerrard: Mr. Speaker, two brief points. I recognize both the comments from the minister and the Opposition critic, but it would seem to me that the role of government should be to assist those who work in the forestry area, in the forestry industry, not the reverse. I am sure the member who is the critic for the Opposition would agree, on consideration.

Second, I think it is important that we mention the softwood lumber dispute and the concerns that it raises with regard to the forestry industry in Manitoba, and hope that this, in some

fashion, can be resolved to the aid of our industry and our province.

INTRODUCTION OF BILLS

Bill 17—The Cooperatives Amendment Act

Hon. Scott Smith (Minister of Consumer and Corporate Affairs): Mr. Speaker, I move, seconded by the Minister of Family Services and Housing (Mr. Sale), that leave be given to introduce Bill 17, The Cooperatives Amendment Act, and that the same be now received and read a first time.

Motion presented.

Mr. Smith: We are proposing amendments to resolve issues that have arisen in the administration of the act since it was proclaimed on July 1, 1999, including access to records and to clarify filing requirements and simplifying wording.

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 public gallery where we have from Seven Oaks Middle School 27 Grades 6 to 8 students under the direction of Mr. Paul Bennett. This school is located in the constituency of the honourable Attorney General (Mr. Mackintosh).

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

ORAL QUESTION PERIOD

Budget Manitoba Hydro Profits

Mr. John Loewen (Fort Whyte): Mr. Speaker, on April 22, without consulting Manitoba Hydro, the Minister of Finance informed the people of Manitoba that he was going to strip \$288 million from Hydro. Since 1999, Manitoba Hydro has earned \$622 million. However, in the same period they have had to borrow, and their debt has risen by \$583 million to almost \$6.3 billion.

* (13:50)

I would like to ask the Minister of Finance if he can inform Manitobans how much more debt will have to be incurred by Manitoba Hydro in order to fund his scheme to draw funds from Hydro to pay for his operating deficits.

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, the member opposite neglects to mention one of the reasons for the increase in that debt and that was of course the purchase of Centra Gas, a prescient decision to take public a private corporation made by the former government. The Hydro transfer to the Government of Manitoba will be funded out of the extraordinary profits made by Manitoba Hydro due to stronger than expected export sales into the American marketplace.

Manitoba Hydro Rate Increase

Mr. John Loewen (Fort Whyte): Mr. Speaker, the numbers speak for themselves. Manitoba Hydro spends more money than it earns, that is prior to this Government dipping into their pockets. I would like to ask the Minister of Finance if he will guarantee to Manitobans that electricity rates will not increase as long as his Government is not dipping into Manitoba Hydro to fund their deficits.

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, the member has asked whether or not there will be an increase in Manitoba Hydro rates during the period of time, the three years we projected to take a transfer from Manitoba Hydro, and the answer is: We do not anticipate any great increases.

Mr. Loewen: Mr. Speaker, this Government is taking us back to the 1880s when—

Mr. Speaker: Order.

Point of Order

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, I am wondering if you could assist the House in ensuring that the honourable member does not have preambles to his supplementary questions. I think it is becoming a habit with the honourable member.

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

Mr. Marcel Laurendeau (Official Opposition House Leader): Mr. Speaker, the honourable member had just risen to his feet. I do not believe there were more than two words from the member. Unless the Attorney General can now see in the future, I do not know how you could rule against this.

Mr. Speaker: On the point of order raised by the honourable Government House Leader, I would like to take this opportunity to remind all honourable members that *Beauchesne* Citation 409(2) advises that a supplementary question should not require a preamble.

* * *

Mr. Loewen: Mr. Speaker, the question is simple. Will the minister guarantee to the people of Manitoba that Hydro will not be raising its electrical rates for the next three years? Will he please answer that?

Mr. Selinger: I gave the member an answer in my last question, but I think we should just look back on the past year and see what happened. In the global economy we had a slowdown. We had September 11 which nobody could foretell.

I mean, in effect, the minister is asking me to project the future and all the events that will occur in the future. I have said very clearly we do not anticipate any rate increases, but who knows what is going to happen out there? It is a bit of an unpredictable world.

An Honourable Member: So the answer was no.

Mr. Speaker: Order.

Mental Health Care Facilities Sexual Assaults

Mrs. Myrna Driedger (Charleswood): We have learned today that there have been two sexual assaults in the last 10 days at a psychiatric ward at St. Boniface General Hospital. I would like to ask the Minister of Health if he can tell us if there have been other patients that have been sexually assaulted in psych wards in the last few years in Manitoba.

Hon. Dave Chomiak (Minister of Health): It was reported today that there were two sexual assaults of mental health in-patients at St. Boniface General Hospital. One of these incidents has led to a sexual assault charge against the male perpetrator.

Mrs. Driedger: I would like to ask the Minister of Health what steps he is taking right now to ensure that all psychiatric patients are protected from sexual assault, if he is considering segregated units, and if, indeed, there might have been other patients over the last few years that have been sexually assaulted.

* (13:55)

Mr. Chomiak: I will attempt to deal with the three questions that the member raised in her supplementary question. I can advise that an internal review at St. Boniface Hospital is already underway. I can advise that St. Boniface Hospital has requested a review by an independent third party from WRHA with respect to the incident. I can also report that the Protection of Persons in Care Office is investigating as well. Finally, Mr. Speaker, there is a criminal investigation in this regard.

Mrs. Driedger: I would like to ask my question again. Can the minister tell us what steps he is taking himself to see that patients can feel safe on psychiatric wards and if there is any consideration on his part to look at the issue of segregated units?

Mr. Chomiak: Mr. Speaker, as I indicated, St. Boniface Hospital is undertaking an internal investigation. Secondly, they have asked for an external third-party review of that by the WHRA. Thirdly, the Protection of Persons in Care Office, an office established by this Government to investigate matters of this kind, is undertaking an investigation. Fourthly, a criminal investigation in regard to this issue is presently ongoing.

Fish Habitat Enhancement Groups Consultations

Mr. Glen Cummings (Ste. Rose): Mr. Speaker, in this province, the fish enhancement community groups have annually brought pretty well

\$100,000 to the table to support stocking of lakes and to support fish habitat enhancement because of the love of the sport and because they care about our resources. This Minister of Conservation has frozen these groups out of discussions on planning and management around some of the best sport fishing lakes in this province. Will he change his mind?

Hon. Oscar Lathlin (Minister of Conservation): I think I indicated to the member already during yesterday's Question Period that we already have a process such as the one that he is suggesting for the Lake of the Prairies area. We are also currently setting up a similar process for Lake Dauphin.

Mr. Cummings: Mr. Speaker, yesterday this minister referenced that he was already in the process of inviting people from Lake Dauphin to the table. Can he confirm when he made that invitation?

Mr. Lathlin: I can advise the member that about two or three months ago I was in Dauphin. I had a lunch meeting with Mr. Ault and two of his executive members of the fish enhancement group in Dauphin. It was at that time that I indicated to Mr. Ault we would look for a way to include his group in with the West Region Tribal Council so that, although they would not be making any decisions with respect to treaty rights but certainly they would be included in the process for the purpose of getting information and knowing what is developing with respect to the development of the comanagement agreement that we have been working on with West Region Tribal Council.

Mr. Cummings: I heard somebody from the back benches of Government say: Good answer. That is not a good answer, Mr. Speaker. He has given them a non-participation role. Will he listen to their advice?

Point of Order

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you please remind the member of *Beauchesne* Citation 409: A question must be brief. A supplementary question should need no preamble, or else separate these two members over here?

Mr. Speaker: The honourable Member for Ste. Rose, on the same point of order.

Mr. Cummings: I was simply trying to get an answer from this minister whether or not he will give them meaningful participation.

Mr. Speaker: On the point of order raised by the honourable Government House Leader, I would like once again just to advise the House that *Beauchesne* Citation 409(2) advises that a supplementary question does not require a preamble.

* * *

Mr. Speaker: The question had been put. The honourable minister has a response?

Mr. Lathlin: I have been working with the groups in the Lake Dauphin area. I have met with the sports fishermen groups; I have met with the West Region Tribal Council; I have met with the chiefs. Of course, our people in Dauphin, the Conservation office there in Dauphin, meetings have been held. In fact, every meeting that I have been at I have suggested to the groups, not only to West Region Tribal Council but also to Mr. Ault and his group—I even suggested the same thing to the Lake of the Prairies representatives—that it is time that people started working together.

* (14:00)

I have suggested over and over again that all the groups get together with a view to finding a common solution. In fact, I would like to table a letter here that was written to the Leader of the Opposition (Mr. Murray) back on February 14 from the West Region Tribal Council asking him for a meeting so that the West Region Tribal Council could apprise the member of what had been achieved to that date.

Mr. Speaker: The honourable Member for Ste. Rose, on a new question?

Mr. Cummings: Yes, Mr. Speaker, on a new question.

My question is to the Premier (Mr. Doer). The Minister of Agriculture (Ms. Wowchuk) in

Swan River was asked if the Swan River fish enhancement association could have meaningful input into the management of fish stocks, particularly in the sporting lakes in this province, and she said it will not happen.

I ask the Premier: Is he prepared to step in and make it happen?

Mr. Lathlin: Yesterday I indicated to the member that, unlike what they were doing when they were in government, we have decided to work with all the groups from the Dauphin area with respect to the fishing issue. In fact, we imposed a closure on fishing in that area and we did not have to force anybody to agree to a closure. We got agreement from the West Region Tribal Council. The tribal council is in support of that closure and so far people have been charged for breaching the closure regulations, so we have taken action.

Mr. Cummings: As I indicated, these groups raise in total across the province about \$100,000 in funds for fish. I would like the minister to answer the question: Does he expect this money to be now spent in support of fish, or is it going to be spent fighting his foolish organization approach to this problem?

Mr. Lathlin: I am not sure if I heard the member correctly, but if he is referring to the work that has been done by the west region and the sports fisherman's group and Conservation as foolish, then I am disappointed in the member's attitude, Mr. Speaker, because I have indicated to the members across the way previously that this is in fact what happens when you exclude some people from the process. Our attitude is that we include everybody and that is what we have been trying to do in discussing the fishing issues at Lake Dauphin.

Mr. Cummings: Swan Valley Fish Enhancement association, Parkland groups, Thompson, Flin Flon, Wanless, Cranberry Portage, The Pas, Snow Lake, Fish Futures, they are all fighting this minister. Why will he not include them in the discussions?

Mr. Lathlin: Of course, I disagree with the member's statement that everybody is fighting. The department in this instance, Mr. Speaker—in

fact, just prior to meeting with Lake of the Prairies some couple of months ago, six weeks maybe, I had a meeting with the Member for Russell (Mr. Derkach) and he gave me his assurance that he would try everything in his power, on his part, to ensure there is common work done to find common solutions. He suggested to me he was not even part of the M.P. for Dauphin who has been going around trying to inflame people into taking actions that are outside of the law. So I welcome the time that I met with the Member for Russell. I was encouraged and I welcomed his assistance in this matter.

Clearwater Lake Provincial Park Land Transfer

Mr. Gerald Hawranik (Lac du Bonnet): Mr. Speaker, I direct this question to the Minister of Conservation. The minister, on April 26 during Question Period, stated that he is following the process in the Treaty Land Entitlement Framework Agreement to transfer over 950 hectares of Crown land, Clearwater Lake Provincial Park, to the OCN Aboriginal land claim.

The Treaty Land Entitlement Agreement outlines a process with respect to provincial park land which provides only for co-management of land in a provincial park between the Province and an Aboriginal community, not the transfer or sale of provincial park land to an Aboriginal community. Does the minister understand that by transferring the land to the First Nations community he is not following the process in the Treaty Land Entitlement Framework Agreement and that he is breaching the spirit and the intent of that agreement?

Hon. Oscar Lathlin (Minister of Conservation): Mr. Speaker, I can assure the member across the way that, in fact, I have a good understanding of the process that his government had established when they were in power. In 1997, a framework agreement was signed off by Cabinet, and that framework agreement set out the parameters for negotiation.

At that time the member's party when they were in government should have realized then where that process was going. If they were

having such problems at that time, well, perhaps they should have said something at that time, but instead they passed the Order-in-Council and the framework agreement was approved.

Mr. Hawranik: Supplementary question. Mr. Speaker, if the process in the Treaty Land Entitlement Framework Agreement was followed, would the minister admit that the process only provides for co-management of certain lands in a provincial park on the basis of heritage, culture and tradition, not the transfer of provincial park land for Aboriginal land claims?

Mr. Lathlin: Mr. Speaker, I want to advise the member across the way, and I suggest that he listen very carefully because so far I have indicated to the House here that the process they had established in 1997, that is the process I am following right now. That process was just completed at the end of March. I indicated to the Member for Lakeside (Mr. Enns) earlier here that around the middle of May, end of May, I will be getting a report, and at that time I will make a decision as to whether more time will be allowed for public meetings and so on.

I want to close by telling the member that, contrary to what he is suggesting in his question, Mr. Speaker, no land has been transferred.

Mr. Hawranik: Supplementary question. Mr. Speaker, will the minister admit to this House that he is not following the process outlined in the Treaty Land Entitlement Framework Agreement? He is doing an end around that agreement by first converting that provincial park land to Crown land, and then he is transferring it to the First Nations community.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Lathlin: Mr. Speaker, when we took government two and a half years ago there were initiatives that had been started by the previous government. Most of them we followed through with when we came into Government and some we did not. In this case, this process that had been established by the previous government, that is the process I have been following. I do not know any other way that I can put it.

* (14:10)

I am following the process. I am sure his colleagues across the way, those who were members of the former government remember when they were sitting around the Cabinet table signing off the Order-in-Council.

Mental Health Care Adolescent Treatment Programs

Hon. Jon Gerrard (River Heights): Mr. Speaker, this is Mental Health Week. As the Minister of Health knows, I have been a strong advocate for improved mental health services. I would like to compliment the minister for his positive announcements this morning, but at the same time I today wear a red flag to remind the minister that Manitoba is lagging far behind other provinces in the development of treatment services for young people in the early stages of psychosis.

I ask the minister: When will there be a dedicated early psychosis service in Manitoba?

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, amongst the myriad of very difficult mental health problems that Manitobans face, and amongst all of the issues that we are trying to address in that regard, including the issue of stigma, including the issue of community, including the issue of education, is the very serious issue of first-episode psychotic children and early identification and early intervention. We have had meetings with that organization and group, and we continue to work in that regard.

Mr. Gerrard: Mr. Speaker, I hope that can progress quickly.

Regional Inequities

Hon. Jon Gerrard (River Heights): My supplementary again to the Minister of Health: When will the minister address the huge regional inequities that exist in some programs, for example, the Proctor Program which is for the equivalent of home care services for the mentally ill. I give as examples specifically the fact that there is very little in the way of funding and support for this program in the South

Eastman region compared to other regions of the province.

Hon. Dave Chomiak (Minister of Health): I had the honour this morning of announcing a three-quarters of a million dollar program, probably the largest community-based program that ever was announced in terms of community-based mental health.

Some of that goes to early identification and intervention in the form of a program to train 120 medical practitioners, Mr. Speaker, to diagnose and provide services to individuals who might be experiencing mental health problems. Part of that program is resources to self-help groups around the province to better provide their services. Part of that goes in terms of a housing support program for the benefit of the whole province in conjunction with the Canadian Mental Health Association to help mental health people across the system. Part of those resources, as well, go to the Medical Resource Education Centre that is a clearing house for all information regarding mental health across the province. None of those programs were in place a mere two years ago.

Gambling Addiction Statistics

Hon. Jon Gerrard (River Heights): Mr. Speaker, my supplementary on mental health. I ask the Minister responsible for the Manitoba Lotteries Corporation (Ms. McGifford) whether the minister can tell us the extent to which mental health problems, including addictions to gaming, are occurring in this province as a result of the casinos for which she is responsible, and whether the incidence has been increasing or decreasing under the term of this Government.

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, I thank the member for that question because that also concerns another matter of another program that we announced today for the first time, a co-assessment program that works at addictions and mental health, side by side; a province-wide training program for across the entire province, the first of its kind in Manitoba, never here before; a recognition that addictions and mental health, co-management of

both of those, the first time in the province in Manitoba. I thank the member for that question.

Clearwater Lake Provincial Park Land Transfer

Mr. Gerald Hawranik (Lac du Bonnet): Mr. Speaker, I direct this question to the Minister of Conservation.

By virtue of your Government's action with respect to Clearwater Lake Provincial Park, in allowing a transfer of 950 hectares of that park to satisfy an Aboriginal land claim, is it your Government's position that further existing provincial park land be allowed to be sold or transferred to private interests and to be subject to other Aboriginal land claims, or should provincial parks be held strictly for use by the general public?

Hon. Oscar Lathlin (Minister of Conservation): Mr. Speaker, I want to repeat the response that I gave to the member earlier, and that is no land has been transferred from this particular process. I repeat no land has been transferred.

Mr. Hawranik: My supplementary: Would the minister agree that this precedent of land transferring currently in Clearwater Lake Provincial Park for an Aboriginal land claim puts part or even all of the land in the Whiteshell Provincial Park and the Birds Hill Provincial Park in danger of being converted to Crown land or to be sold or transferred to private interests or to satisfy further Aboriginal land claims?

Mr. Lathlin: Mr. Speaker, let me answer the member's question this way, and that is to advise him to study the file maybe a little bit more thoroughly than he obviously has.

I can indicate to the member that the Clearwater Lake Provincial Park was established in 1963. In 1973 there was an Order-in-Council transferring 25 acres of Clearwater Lake Park to the Stony Point Reserve, which belongs to OCN.

So for the member to say that I am about to set a precedent here, he is totally wrong, because there has already been a land transfer in 1973. In

1973 there was an Order-in-Council transferring Clearwater Lake Park to Stony Point Reserve.

His assertion that I am setting a precedent is totally wrong.

Provincial Parks Land Transfers

Mr. Gerald Hawranik (Lac du Bonnet): A second supplementary: Is the minister prepared to state clearly and emphatically in this House for the benefit of the Whiteshell Cottagers Association that both land in the Whiteshell Provincial Park and Birds Hill Provincial Park will not be converted to Crown land to be subject to another Aboriginal land claim?

Hon. Gary Doer (Premier): Mr. Speaker, the members opposite should know that under our Government and under this Minister of Conservation the ownership of private land has been transferred to public ownership in a provincial park in the Pembina Valley system under his leadership, the first time.

The members opposite should also know that we have set aside seven specific reserve areas as a precondition for more set-aside for more provincial parks in Manitoba.

The member should also know, Mr. Speaker, that rather than taking the stamp that was placed by members opposite on the east side to expand massively the cut area into the boreal forest, this minister was able to determine that the existing cut area actually had more fiber as a precondition to making decisions in the areas adjacent to the Whiteshell parks.

This minister is setting aside land for public use in provincial parks, and the member opposite knows that.

Morris-Macdonald School Division Representation—Minister's Comments

Mr. Harold Gilleshammer (Minnedosa): Residents and ratepayers in Morris-Macdonald School Division have repeatedly asked to have an election of school board members since the minister fired the board in November of last year. To that end, in late April the minister said, and I quote: I am interested in facilitating some of their concerns around representation.

* (14:20)

Will the minister confirm, first of all, that he made the statement and indicate what he has done to facilitate these concerns?

Hon. Drew Caldwell (Minister of Education, Training and Youth): Mr. Speaker, I appreciate the Member for Minnedosa's question. Of course the issue in the Morris-Macdonald School Division is an issue of considerable concern to taxpayers throughout the province. The Provincial Auditor identified that between \$2.5 million and \$4 million of taxpayers' dollars were mismanaged in that division. We on this side of the House, of course, are concerned about every taxpayer in the province of Manitoba and accountability for tax dollars that left this building. I will say—*[interjection]*

Mr. Speaker: Order.

Mr. Caldwell: I will say that I have had numerous meetings with elected officials in the Morris-Macdonald area, reeves, councillors, mayors—*[interjection]*

Mr. Speaker: Order.

Mr. Caldwell: As I said, I have had numerous meetings with elected officials in the area, as well as citizens who have expressed concerns. That will continue.

Mr. Gilleshammer: My question is quite clear, and I would like the minister to answer it. He stated: I am interested in facilitating some of their concerns around representation.

What are you going to do about the comment that you made? Are you going to follow through on that?

Mr. Caldwell: Mr. Speaker, our Government's record on following through on education issues is unparalleled. *[interjection]*

Mr. Speaker: Order.

Mr. Caldwell: Thank you, Mr. Speaker. The Doer government is an education government. We believe in promoting educational excellence in this province, in working with all stakeholders

in a collegial manner, in a collaborative manner to enhance student outcomes. We also believe in investing in the public school system, something that was sorely lacking through the '90s, when members opposite were in office.

So, Mr. Speaker, my door remains open to anybody concerned with educational excellence in this province.

Mr. Gilleshammer: Does the minister deny making that comment that you were interested in facilitating some of their concerns around representation? Did you make that statement? Are you going to follow through with it?

Mr. Caldwell: We have been interested in facilitating educational excellence in this province since September of 1999. Indeed, we have been investing in public education at historic levels. We have been undertaking initiatives that have been on the back burner in this province for decades.

We will continue to facilitate opportunities to enhance educational excellence in this province each and every day.

Adult Learning Centres Enrolment Figures—Prosecution

Mr. Leonard Derkach (Russell): The non-answers of this minister are just incredible. The ratepayers of Morris-Macdonald School Division have incurred a very cruel and harsh punishment for mistakes that were not made by the ratepayers, were not made by the ordinary taxpayers of that province, and the benefits of which flowed to individuals that are friends of the NDP party.

I want to ask the Minister of Education why he is refusing to take action against those individuals and adult learning providers who actually benefited from the money that was transferred through Morris-Macdonald School Division but providing false enrolment figures.

Hon. Drew Caldwell (Minister of Education, Training and Youth): Mr. Speaker, there are a number of questions that were asked. Of course, the RCMP are investigating this issue after this Government brought in the Provincial Auditor. I would like to remind my colleague, the Member

for Russell, who was the former Minister of Education, and I quote from page 92 of the Provincial Auditor's report: There is no evidence at all that ALCs developed as a result of considered policy development by the government of the day.

We know where this issue stands. We are concerned with the taxpayer of Manitoba on the issue. We are going to guarantee that the taxpayer of Manitoba has accountability, something that was sorely lacking under the guise of members opposite.

Mr. Derkach: On a new question.

Mr. Speaker: Order. The honourable Member for Russell, on a new question.

Mr. Derkach: We have asked repeatedly why the RCMP investigation did not extend to the providers of adult learning educators who in fact profited from the inflated enrolments. We have asked that repeatedly. This minister has indicated to the people of Morris-Macdonald School Division that individuals should be suing the education providers. Is this the kind of action that this Government is promoting in this province, that individual ratepayers should use their money to sue the education providers who profited from the money that was transferred to them?

Mr. Caldwell: If only members opposite had been so concerned before tens of millions of dollars went out the door without any legislation. Again, there is no evidence at all that adult learning centres developed as a result of considered policy development by the government of the day. Further, no policy was considered for local, community-driven, decentralized, flexible, province-wide array of centres designed to meet multiple adult learning centre needs.

This program as developed by members opposite was a chimera. There is no accountability in a program that was developed by members opposite.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The honourable Minister of Education, to conclude your comments.

Mr. Caldwell: Thank you, Mr. Speaker. While members opposite are scrambling for their dictionaries, I will place it in context. The system of adult learning centres established by members opposite, a house of cards had more stability.

Mr. Derkach: This is the same minister who illegally flowed a half-million dollars to Agassiz School Division, who sat on the information about Morris-Macdonald School Division for a full year without having his internal audit staff go out and do any work on it. He knew about it for a full year.

* (14:30)

I want to ask the minister why he is laying the blame and the responsibility on individual ratepayers and residents of Morris-Macdonald School Division and allowing his department to incur such hardship on this school division.

Mr. Caldwell: Mr. Speaker, obviously I am not. But just as obviously the provincial taxpayers, every Manitoban as represented by members opposite and as represented by members on this side of the House, are out between \$2.5 million and \$4 million, as identified by the Provincial Auditor. I am shocked that members opposite would not want to hold accountable those responsible for millions of dollars of Manitoba taxpayers' money being mismanaged in this way.

Mr. Speaker: The time for Oral Questions has expired.

MEMBERS' STATEMENTS

Winnipeg Falcons

Mr. Edward Helwer (Gimli): Mr. Speaker, I would like to rise today to recognize the accomplishments of the 1920 Winnipeg Falcons, the first Olympic gold medalists in hockey and one of the greatest teams in Canadian hockey history.

The road to the 1920 Olympic gold medal for the Falcons began with a victory over the Toronto Varsity in the Toronto Amphitheater. The win gave the team the title of Allan Cup Champions.

For their victory, Mr. Speaker, the Falcons were named to represent Canada at the Olympic

Games in Antwerp, Belgium, a series which was also to represent the world championship simultaneously. The Winnipeg Falcons were a dominant force in the 1920 Games and represented our Country with pride. The Falcons defeated the Czechoslovakian team 15 to nothing, the Swedish team 12 to 1, and defeated Team USA by a score of 2 to nothing en route to the Olympic gold medal as well as the 1920 World Hockey Championship.

A mural to honour the 1920 gold medalists which was previously on display in the rotunda in the Manitoba Legislature is now on display in its new, permanent home in Gimli. The mural by artist Luther Pokrant depicts the principal members of the Falcons, who were Icelandic immigrants from Winnipeg's west end.

For their contributions to the sport of hockey in this country, I would like to recognize the accomplishments of the Winnipeg Falcons. They proudly represented our country and also those of Icelandic heritage in Manitoba. The 1920 Winnipeg Falcons were the first on a long list of dominant Canadian hockey teams and were true Olympic heroes.

UNESCO'S Associated Schools Project Network

Mr. Harry Schellenberg (Rossmere): Mr. Speaker, I rise today to recognize a UNESCO pilot project that will be launched in Manitoba schools in 2003 which is known as the Associated Schools Project Network.

UNESCO's Associated Schools Project is a network of 6500 schools in 165 countries.

These schools commit themselves to fostering a "culture of peace" by focussing on four main themes of study: World Concerns and the UN's role in responding; Cross-Cultural Education, Environmental Concerns, Human Rights, Democracy and Tolerance.

Participating in this international school's network provides an opportunity to network locally, nationally and globally with other schools that are committed to a program of learning and preparing students to be engaged and responsible citizens.

This program of learning is integrated into curriculum areas across the academic disciplines as well as co-curricular programs initiatives.

This UNESCO program has been in existence in many countries since its beginning in 1953 but has not existed in Canada until now.

It was Gareth Neufeld, vice-principal at River East Collegiate, who worked hard to bring this program to Canada. He succeeded by convincing the River East School Board, the superintendent's department and the Minister of Education, Training and Youth (Mr. Caldwell) that this program had great educational merit.

As a result of the Minister of Education's interest in this project, he appointed Linda Mlodzinski as the provincial co-ordinator to assist in bringing this program to Canada.

UNESCO and the Minister of Education have officially launched the network in Manitoba, making it the first province in Canada invited to participate in this pilot project.

Carolyn Lintott, assistant superintendent in charge of curriculum in the River East School Division points out that it was Neufeld who saw the importance of this initiative and he persuaded everyone that it was worth doing.

As a result of Neufeld's efforts, River East Collegiate will be in the front line when schools will be considered for this UNESCO program in 2003.

Mr. Speaker, I think this UNESCO program will make a difference in our troubled world by placing education at the forefront to defend peace. Thank you.

Gillis School

Mr. Gerald Hawranik (Lac du Bonnet): I would like to extend my congratulations to the new Gillis School in Tyndall which celebrated its grand opening on April 18, 2002. The construction of Gillis School is made possible only by a great deal of hard work and dedicated service from many people. The community parent committee started the process more than 10 years ago by mobilizing the communities of

Tyndall and Garson to lobby the Agassiz School Division and the provincial government for the construction of a new school to serve both communities.

The Agassiz School Division trustees, especially trustee Lynn Champagne, also believed in the project and made it a priority. Jim McCrae, the then-Education Minister, made the announcement for the approval of construction of the school and, of course, our MLA of the day, Darren Praznik, ensured that the process continued.

All members of the current government and the Opposition are to be congratulated in ensuring that the funding for the construction of the school continued and that the construction of Gillis School became a reality. The construction of Gillis School is vitally important to the communities of Tyndall and Garson. Tyndall and Garson are in the process of amalgamating voluntarily into one community before the end of the year. A new sewer and water system is planned for both communities. The construction of Gillis School, the amalgamation of Tyndall and Garson and the new sewer and water system will help ensure the survival and the continued growth of Tyndall and Garson.

The Gillis School is a wonderful facility and the opening of Gillis School was a great day for Tyndall and Garson. The school has a dedicated and enthusiastic principal in Larry Schroeder and a dedicated and enthusiastic group of teachers and support staff who will ensure that their dedication and their enthusiasm for learning will be passed onto the children, and I thank them for that.

Job Re-Entry Program

Ms. Nancy Allan (St. Vital): It gives me great pleasure to rise today to recognize a very valuable program in my constituency, a career training program in St. Vital that helps people re-enter the workforce. It gives me great pleasure to see the Victor Mager Job Re-Entry program increasing its space for classrooms and computer lab spaces.

This program helps people who are struggling to find meaningful work and new

Canadians, it helps them develop the skills necessary for meaningful work. It has been doing this with success for the past 15 years. Through the program, the new abilities that the participants develop will allow them to finally have jobs that permit them to better provide for themselves and for their families.

The program centre is located at 942 St. Mary's Road. It serves 50 to 60 people from the St. Vital area each year and if space permits, it expands outside to the Winnipeg area.

This program is funded by Manitoba Education and Training, Manitoba Labour and Immigration, the National Child Benefit program and Human Resources Development Canada. The program director, Joan Embleton, says that over three-quarters of the program's participants find stable employment each year. This goes to prove how successful the program is and shows how meaningful it is for those who take part.

I am happy to say that I recently had the opportunity to visit the students and staff at the Victor Mager Job Re-Entry program. I toured the centre and got to see first-hand the great work that goes on there. I think it is wonderful to see that our Government provides these valuable opportunities for both families and new Canadians. It is my sincere hope that we continue to provide our citizens with the skills they need in order to contribute both to our society and to their families' well-being.

Finally, I would like to congratulate the Victor Mager Job Re-Entry program for their expansion, and I wish them much luck and continued success for the future.

* (14:40)

Westgrove Elementary School

Mrs. Myrna Driedger (Charleswood): I would like to congratulate Westgrove Elementary School's staff and students on the recent launch of their Healthful Happenings program. This project was initiated last fall by two students, Grade 4, Carolyn Shead and Grade 5, Cameron MacKinnon, after conducting a survey which showed that 60 percent of the students at their

school were not consuming enough milk. Following the lead of these students, principal Susan Schmidt and teacher Janice Wheeler started work on instituting a universal snack program at Westgrove School to meet the nutritional needs of the children. Many of the staff members see students who come to school without adequate nutrition.

The program is based on the same philosophy used by Sandra Dean, principal of South Simcoe Public School, a school in a low-income neighbourhood in Oshawa, Ontario. This philosophy follows very closely in my own belief that the community best strengthens itself from within.

In order to make this program successful, they have asked the community for assistance and have received funding from the Assiniboine South School Division, other schools in Assiniboine South, such as Beaumont, Dieppe, Westdale, Charleswood Junior High and Oak Park, from the Westgrove Parent Council, the Charleswood Legion, Canadian Tire, Charleswood Rotary, Knights of Columbus, Canadian Living, Cox Morris Insurance, Park West Mall Merchants Association, Peak of the Market and myself.

During the pilot program, the school will evaluate the program by collecting data and documenting changes in behaviour and learning. Mr. Speaker, this project is typical of the innovative nature of Charleswood residents and the strong volunteer spirit in our community. Congratulations to students and staff at Westgrove School and to everybody from the community who have put forward a great effort to strengthen our community and make things better for the children of Charleswood.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

House Business

Hon. Gord Mackintosh (Government House Leader): First I would like to announce that the Standing Committee on Law Amendments will meet on Monday, May 13, at 10 a.m., to

continue consideration of Bill 6, The Fortified Buildings Act.

Mr. Speaker, would you canvass the House to determine if there is leave to move a motion to change a title of a bill on the Order Paper, Consumer Protection Amendment Act?

Mr. Speaker: It has been announced that the Standing Committee on Law Amendments will meet on Monday, May 13, at 10 a.m., to continue consideration of Bill 6, The Fortified Buildings Act. Is there leave to modify the bill?
[Agreed]

Mr. Mackintosh: I move, seconded by the Minister of Labour (Ms. Barrett), that the title of Bill 12, as it appeared on the Notice Paper of December 6, 2001, and currently on the Order Paper under Introduction of Bills, be replaced with The Consumer Protection Amendment Act; Loi modifiant la Loi sur la protection du consommateur.

Motion agreed to.

Mr. Mackintosh: Mr. Speaker, would you canvas the House to see if there is leave to waive private members' hour today and to adjourn the House at 5 p.m.?

Mr. Speaker: Is it the will of the House to waive private members' hour and to adjourn the House at 5 p.m.? [Agreed]

Mr. Mackintosh: Mr. Speaker, I move, seconded by the Minister of Labour, that the House resolve into Committee of Supply.

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

CONSERVATION

* (14:50)

Mr. Chairperson (Harry Schellenberg): Order, please. Will the Committee of Supply please come to order this afternoon. This section of the Committee of Supply meeting in Room 254 will resume consideration of the Estimates of the Department of Conservation.

When the committee last sat, it had been considering item 3. Regional Operations (b) Northwest Region (1) Salaries and Employee Benefits on page 45 of the Estimates book. Shall the item pass?

Mr. Glen Cummings (Ste. Rose): Mr. Chairman, I would like the minister to bring a little bit more clarity to the issue of why he is running such an exclusionary process relative to the management of our sport fishery in the province. He has a number of sports groups that I mentioned who include money raised by Fish Futures. Without including the value of the labour and the value of the voluntary self-discipline that these groups put in place around sport fishing in this province, he is deliberately excluding them from the consultation process and how he intends to set up management agreements around the sport fishery in the province.

Now there are two lakes that have particularly drawn a lot of attention, but this issue is a heck of a lot bigger than just those two lakes. If he wants to argue that in many respects the West Region Tribal Council feel that they have been excluded from the regulatory process up till now, that would be not an unreasonable position for him to take.

It would also be fair to say that, other than by way of providing advice, in many respects the sport fishery community has not been included in the regulatory body's decision-making process either, but if we are about to embark in a new and, I would say, probably very exciting area of management of our resources, in this case our prairie lake resources and co-management agreements that might flow, I think the minister is making one mighty big mistake by not including the very people who put their own blood, sweat, tears and money into making this happen.

Mr. Chairperson, \$100,000, maybe that is at the upper end of the amount of money that is voluntarily raised, but if you want to stretch the amount of money that has been raised over the last 20 years by these fish enhancement groups, you are looking at one huge chunk of cash, and there is a bigger portion that is missing in this debate. The minister either sees it and does not

want to acknowledge it or just simply does not want to acknowledge the voluntary work for habitat enhancement, voluntary work for stocking lakes for sport fishery, voluntary self-control, if you will, by literally hundreds of people who are on the lake and enjoy the opportunity to fish, enjoy and in fact support the barbless fishing sport that we now have in this province.

This province is, in fact, leading in the country in terms of barbless hooks and the acceptance of barbless hooks, all the way from the northern Northwest Territories boundary, where this concept was first I believe put into practice by a private outfitter in order to protect the long-term viability of his business, to where my colleague the Member for Interlake (Mr. Nevakshonoff), I believe he was the one who implemented by regulation barbless fishing in this province.

If you look at the fishing publications across North America, Lake Dauphin and Lake of the Prairies are listed specifically as two of the best sport fishing lakes in this province.

I am asking the minister why he would exclude, specifically exclude these fish enhancement groups who have volunteered their labour, their time, their equipment, and they have provided a tremendous amount of education and leadership in the communities that they represented, the communities that they represent the fish enhancement concept in.

So not only am I asking him why he is excluding them, I will extend the question to beg him to include them, because up until now, despite what he has said in terms of his willingness to include them, there has been no concrete action to bring them to the table.

As I have said earlier today, even the Minister of Agriculture (Ms. Wowchuk), when specifically asked about this, said it ain't going to happen, or words to that effect.

Now either the two of you had better get together in Cabinet or in the hallways, or the Premier (Mr. Doer) better pull the two of you together and discuss where the government direction is on this.

I am not so much seeking retribution, Mr. Minister, as I am seeking some clear idea of where you want to take this. If you cannot give us any more of a clear idea in what we have been given up until now, then we will be seeking retribution, politically and otherwise.

Hon. Oscar Lathlin (Minister of Conservation): I am really glad that the member is raising this as the lead question, because I was listening very carefully to the Member for Lakeside yesterday when he was making his opening remarks. I was going to mention it yesterday as well, but I did not. There was no opportunity for me to do that, but I knew that I would probably have that opportunity today.

I clearly detected yesterday from the member's comments, the Member for Lakeside, and again the Member for Ste. Rose (Mr. Cummings) is saying exactly the same thing today, and that is, why are you dealing with only Indians, more or less what the Member for Lakeside was saying.

Point of Order

Mr. Cummings: I want it clearly understood that the minister is choosing his own words. Those are not my words.

Mr. Lathlin: If the member would have listened, if he had not interrupted he would have heard me say, and that is what I want to say now, the Member for Lakeside, he did not use in so many words, but that is the message that I got from him clearly yesterday. You know, he says, your—

Mr. Chairperson: Excuse me. We will first rule on this one. Honourable minister, are you finished? Okay, thank you. There is no point of order. There is a dispute over the facts.

Mr. Harry Enns (Lakeside): Mr. Speaker, on the point of order, I do not have the advantage of having the printed Hansard in front of me for past reference, but it was only yesterday, and I clearly understood what I was saying. I was commenting on the fact, the specific fact that the minister had in his opening statement several times referred to the fact that they were working diligently to arrive at mutually satisfactory resolutions to problems.

When he said that he was referring to his discussions with the western tribal group or with the Métis people or without them, I reminded him that to arrive at mutually agreeable solutions to the problems or challenges that it had to include all stakeholders. If the minister wants to put that kind of interpretation that he is now putting on it, it is grossly unfair and grossly incorrect. On top of that, I am well satisfied and senior department people are well aware that co-management, working with the Aboriginal communities was very much part of the department long before he became minister, long before I became minister.

We had a director solely responsible for that in the late '80s and '90s, working with various tribal groups and specific bands arriving at co-management agreements, worked successfully with a band that he was once chief of. We have worked out elk management agreements with native groups. I mean, the concept of governments or this Department of Conservation, or natural resources as it was then known, now only beginning to include, to talk to Aboriginal communities is absolutely utter nonsense, and I will not stand for the minister pulling that kind of a race card on me and this committee, period.

* (15:00)

Mr. Chairperson: The honourable minister, on the same point of order.

Mr. Lathlin: On the same point of order, Mr. Chairperson, what I am saying to the Member for Lakeside (Mr. Enns) is yesterday in his opening remarks he said: How come you are not referencing all stakeholders? He said: You are only referencing Aboriginal people, words to that effect, and that is the message that I got. *[interjection]*

Mr. Chairperson: Excuse me. Would you let the minister complete his statement, and then I will recognize you and you can make your statement. Thank you.

Mr. Lathlin: The statement I am making, Mr. Chairperson, is that the message that I got clearly from the Member for Lakeside yesterday was how come you are excluding—you are only dealing with Aboriginal people and not everybody else.

That is the message that I got, and what I wanted to come back with this afternoon is, as far as I can determine when I first became Conservation Minister—

Mr. Chairperson: Excuse me. Can you complete your remarks and we will get into the debate.

Mr. Lathlin: Okay, you can make your ruling.

Mr. Chairperson: There is no point of order. It is a dispute over the facts. Just a reminder, a point of order is to refer to a breach of the rules, not to debate an issue. I will recognize you and you can ask questions, and that is your time when you debate. Thank you.

Mr. Chairperson: The Member for Ste. Rose.

Mr. Lathlin: Mr. Chairperson, I believe I was supposed to answer the Member for Ste. Rose (Mr. Cummings), his opening question or his opening statement or his opening allegation.

Mr. Chairperson: Honourable Minister.

Mr. Lathlin: Mr. Chairperson, I wanted to say that when I first became Minister of Conservation—and the two members will know this because they have been in government before, and they have gone through a Cabinet shuffle and all that. They recognize and know full well that the first two weeks or maybe even more time, you spend a lot of time getting briefed and going through orientation, and departmental staff come in and different divisions come in and tell you what their activities are all about.

At the same time while that is happening, you are getting departmental briefing, you are also introduced to non-departmental groups, and most of these non-departmental groups are of the advisory type. Mr. Chairperson, some are Order-in-Council appointed advisory people. Some are not Order-in-Council advisory groups. But there are groups like the friends of the elm, Ducks Unlimited. I think I counted almost pretty well close to 40 groups that I had to meet with when I first became the Minister of Conservation.

All of these groups have access to the minister. They were, after all, advisors to the

minister and the Government and to government policy. As I said, I met close to 40 groups, and every time I sat down to meet with these advisors, good advisors, I am not saying they are unnecessary, but the one observation I made was there were no Aboriginal people amongst all of those many advisory groups.

I started to wonder whether it would be a good idea for Government, you know, if we have all these advisory groups and none of them have Aboriginal members, does it not make sense to appoint an Aboriginal advisory group? You know, one group amongst forty. I do not think that was too much to ask, I thought, in my opinion.

At the same time, when I became minister, the Burnt Church issue was just at its peak. I followed that issue quite closely through the media and through connections that I have with the Assembly of First Nations. What I was thinking at the time that it was happening in Burnt Church was: How can we avoid that in Manitoba where there is so much confrontation? How can we develop a harmonious relationship with First Nations people who, after all, by virtue of the treaty, section 35 of the Canadian Constitution, regardless of how much it galls some people, do have a special relationship with the federal government, with the Crown because they are signatories to treaties around the 1800s?

My First Nation, I am a member of the OCN, The Pas band, was signatory to the Treaty 5. I know what words are written in Treaty 5. As a chief you have to know these things, as a staff member of a First Nation, as an adviser to a First Nation, the first thing you have to know is what the treaties are all about. Then, from there, you branch out to other entities, organizations, governments that you have to work with. Of course, you start learning about First Ministers' conferences, dealing with the question of Aboriginal people, First Nations.

So that is where I got the idea that in order for this Government—and it did not matter whether I was of First Nations ancestry, I just saw from my own experience. I recognized and I understood that the only way that this Government could possibly work with First Nations with respect to treaty issues like fishing,

hunting, and so forth, was to work with them, not work against them. So I made a very deliberate decision that I would find a way that we could work with Aboriginal people. I looked at the history of Aboriginal relations with governments in Manitoba and also with the federal government, but in this case I looked at the relationship between Aboriginal people and provincial governments in Manitoba. I do not think anybody could argue with me today that, although things were progressing, things were improving somewhat, but it has not been all that harmonious, this relationship between Aboriginal, First Nations people with the provincial government when it comes to resources, natural resources.

When I was a chief, we fought a hunting case and we won the case, a migratory birds hunting case in The Pas, *Flett v. The Queen*. We won that case. You want to know how we won that case? We won that case based on the Canadian Constitution, the protection of treaty rights, section 35. That is how we won that case. I mention that example in order to make my point that relations between Aboriginal people and governments have never been that good, in my humble opinion.

My thinking was, while in order to work with First Nations on treaty issues, we have to make sure that we include them in the process. Whether it is consultation groups, advisory groups, we have to make sure that they are part of the process, because if we want them to support government initiatives, we have to make them feel that they are part of the circle.

* (15:10)

If we continue to place them on the periphery and being cheerleaders to all this development that is going on in Manitoba with respect to resources, natural resources, then that relationship, I am afraid, would continue to remain the same.

We made a deliberate decision to develop mechanisms that would facilitate Aboriginal people playing a key role in the management of natural resources in Manitoba. We established the Aboriginal Resource Council. I insisted, by the way, that at the time that we were

establishing this group that I did not want chiefs, I did not want councillors, I wanted technical people of Aboriginal ancestry to advise government on policies respecting natural resources mainly.

We also, Mr. Chairperson, along the same vein, established a division in government called Aboriginal relations. Why did we do that? Because we saw a real need for us to develop those relationships with First Nations people. There is currently in government right now a division called Aboriginal relations headed by a director who is of Aboriginal ancestry and staff people who are of Aboriginal ancestry. Their job is to liaise with Aboriginal people, establish the rapport, the relationship and give us further recommendations as to how we can work with First Nations people. That has been established.

Not long after that the issue of Lake Dauphin arose. We had not even been fully established yet. We were still developing the organizations. In any event, the fishery issue arose in Lake Dauphin. We tried to fast-track the development work that we were doing. We could not get it finished on time.

Nevertheless, we went about working with an individual First Nation, a tribal council, and the Manitoba Métis Federation to see if we could come to some sort of an agreement on the management of the environment, the natural resources of Manitoba. We were pretty successful in negotiating with the three groups.

In fact, an MOU was signed with OCN. An MOU was signed with the West Region Tribal Council. Work is continuing with the Manitoba Métis Federation. When we are finished with those agreements, what will happen in fact is there will be co-management of resources. It is not just the Aboriginal people, First Nations people with their treaty rights agreeing to stop using this resource because Government says so, because other user groups say so. The reason that they will be developing their own environment protection by-laws is to protect the environment that they are in and also around their traditional land use areas. They will develop conservation by-laws to help in the management of sustainable resources throughout Manitoba.

It is our intention to work with those First Nations who are going that way. We will be more than willing to work with them, co-manage the resources so that, in the end, hopefully, we will not run into the situations that we are running into right now at Lake of the Prairies and Lake Dauphin.

Had we done this sort of thing 15, 20 years ago, we would not be sitting here today talking about whether I am working too much with Aboriginal people and not enough with non-Aboriginal people or vice versa, because everybody, including Aboriginal people, would be in on the picture. There would not be anybody dissatisfied or feel left out of the process and, as a result, of making an income or whatever from fishing, logging and so on. So I am glad the member led off with that kind of question, because I wanted to explain exactly where we are coming from. I recognize what the two members are saying. They are getting a lot of representations from different groups, and so it is their job to bring up these issues in Question Period and in this forum here. Just like I get pressures from groups, when I was in opposition, to bring up issues in the House or during Estimates. So I thank the member for asking that question, and I, for one, do not subscribe to the idea that we exclude one from the other.

The problem here has been, even the groups that I have been working with in Lake Dauphin and Lake of the Prairies, it took some time to convince them. In fact, in Dauphin, one day I was meeting with them, and I said, look, you guys, you have to get used to facing each other and talking about these issues square on. You cannot continue to attack each other on the radio and on television and in the newspapers. You have to sit down and talk about these issues. I made the comment, but I know that it is difficult because you are not used to doing that. I made the comment to get together even if all you do is get together for coffee and chat about whatever, but get used to talking to each other so that, in the event an issue like the fishing issue that arose in Dauphin comes up, you will know how to talk to each other. You will not be scared to, you know, will I offend or have I said too much or will I be classified as whatever, because you will become friends. You will become used to talking to each other. I am telling you it was not easy

convincing. On the one side, the First Nations people are saying there is no way I am going to allow anybody other than the provincial government to become involved in a bilateral process. By that, they mean the treaty. The sport fishermen's groups did not sign the treaties is what the First Nations people were telling me. On the other hand, when I talk to the non-First Nations people, all they can talk about is how bad the First Nations people are for doing what they are doing.

I recall meeting with Harvey Nepinak and some of the chiefs in Dauphin, I would say about two months ago, and they gave us a presentation, the same kind of presentation that they gave to the sport fishermen's group, the Chamber of Commerce and, I think, even the town council in Dauphin. They gave the presentation to our office in Dauphin, and they went around to each reserve to give the same kind of presentation. I thought it was a useful piece of work, so I encouraged them to go to Lake of the Prairies and do the same kind of a presentation, and I encouraged them to meet with the Lake Dauphin sport fishermen's group and do the same thing. They were quite willing to do that. In fact, the letter I tabled earlier in the House was, again, an invitation to the Leader of the Opposition (Mr. Murray), inviting the leader to a meeting where the West Region Tribal Council would have the opportunity to go through the whole treaty process, the Constitution section 35, but I have yet to determine whether the Leader of the Opposition has even responded to that invitation or whether, in fact, they are willing to meet with the group. My suggestion is that they should because, if they do, then they begin to have a better understanding of the issue that we are talking about. For the longest time, while this issue was developing and emotions were high, in fact, some people were out there trying to inflame that emotion even higher. That process, of course—

* (15:20)

Point of Order

Mr. Cummings: I have listened patiently for about 20 minutes. I asked the minister; I probably took about five minutes, or if I took longer, fine, but I sure did not take 20 minutes to place

my question relative to why he is not including groups of public interest who put a lot of their own money and effort into maintaining and enhancing fisheries across this province, and particularly where it is very localized, like Lake of the Prairies, which is an artificial lake, and Lake Dauphin, which is a heavily used lake. I would ask the minister if his answer was in the last couple of minutes when he basically said that nobody besides the First Nations and the Government of Manitoba, and I suppose he included the Government of Canada, were going to have anything to say that would be useful regarding fishing. Is that what he was saying?

Mr. Chairperson: Honourable minister, on the same point of order.

Mr. Lathlin: That is not what I said. Again, I am disappointed in the member's line of questioning, again, because what I told the members, he is asking me to make sure that everybody is included, and that is what I am doing. I was merely conveying to him the feelings of the West Region Tribal Council chiefs when I met with them the last time. The first time that I suggested that they should get together with the Lake Dauphin sports fishing group, initially, that is how they felt, but they do not feel that way anymore. That is what I was trying. It is not me, as minister of the Crown, saying to him that it will only be a bilateral process. If only the member would listen, I have just been trying to explain to him that all this time I have been encouraging people to get together. So how can he say that?

Mr. Chairperson: I will rule on the point of order. There is no point of order. It is a dispute over the facts. Now, just so everyone is aware here, speeches in Supply, with exception of the minister's opening statement, are limited to 30 minutes, and he has not spoken 30 minutes yet. So I think we should allow him to finish his 30 minutes.

Point of Order

Mr. Cummings: On a point of order, are you telling this committee, Mr. Chairman, and I am challenging you, are you saying that is the rule you intend to impose on this committee, that

when we have the mike, we will be allowed to hold it for 30 minutes?

Mr. Chairperson: On the point of order the Member for Ste. Rose made, rule 75.(1) except as provided in Sub-rule (2), which is the address of ministers introducing the Estimates of the department may exceed 30 minutes but shall be restricted to 60 minutes.

I will read the rest of rule 75.(1): "Except as provided in Sub-rule (2), speeches in Committee of Supply, including those of Ministers, shall be restricted to 30 minutes."

Each member that has the floor can speak up to 30 minutes, but we do not want to use the points of order as debates. I think there is some discretion there. That is what I am trying to say. If you want to speak, we will recognize you, and you can put your statements forward.

* * *

Mr. Chairperson: The honourable minister has the floor.

Mr. Lathlin: As I was trying to explain to the member, Mr. Chairperson, the first thing that I had to do was to convince all those groups to work together. At the last meeting that I was at with Lake of the Prairies, and this is proof of the situation that exists there, at the every end of the meeting, one of the representatives got up and he asked me: Minister, are you going to arrange a meeting for us with the West Region Tribal Council? With the greatest of respect, I tried to point out to him, why can you not pick up the phone and phone Harvey Nepinak, the West Region Tribal Council? You know, you have got to start somewhere.

So that is what I mean by these groups did not want to work with each other when we first started the process, but they are now willing to work with each other. An example is the premise of the member's question, that we are not involving everyone. We are. We are trying to involve everyone. Talk to Lake of the Prairies, for example. They are working together. The chief of Valley River went to Grandview, Roblin, met with the mayor and council. So they are working together.

It is not perfect yet, but we are working very hard to get these people to work together because as a minister I would sooner have them working together, rather than fighting each other. I saw pictures on TV where there was almost violence, and it was troublesome.

So that is why I stayed away from making those comments when this issue was developing. I was more interested in getting all the sides together. I am telling you, when we first started, it was hard. I did not think it was possible, just the tone of the exchanges that went back and forth. So now we are there.

In fact, Mr. Chairperson, I will conclude by saying that even the Member for Russell (Mr. Derkach) came up to my office just before the Lake of the Prairies meeting, and he said: Oscar, what it is you are doing, I am with you; I want to support you. That is the Member for Russell. Today, just after Question Period, again he came up to me and he said: You are right, Oscar, that is what I said.

Mr. Enns: Mr. Chairman, through you to the minister, I am certainly pleased to hear the minister is working in this direction. I have a great deal of respect for a gentleman like Mr. Harvey Nepinak, with whom I was able to, with the help of the department and the Government of Canada, establish one of the first bison herds at the Waterhen back in '79 and 1980.

If I understood the minister correctly, he indicated in his brief reply, to which my colleague was taking umbrage, that this group, the western travel group, has worked out a memorandum of understanding with respect to co-management of Lake Dauphin. Is that correct, Mr. Chairperson?

Mr. Lathlin: What we have done, Mr. Chairperson, is a memorandum of understanding has been signed by the West Region Tribal Council and the Government and Conservation. That MOU will develop the framework for negotiations of an agreement.

While we were working on that MOU, by the way, Mr. Chairperson, the fishing issue in Lake Dauphin erupted, so, therefore, the West Region Tribal Council had to focus on that issue.

But, really, it did not have to do with fishing only. It had to do with other resources, but the fact that the fishing issue erupted in Dauphin, they ended up spending most of their time dealing with that issue and trying to resolve it. Since then, of course, it has come a long way to getting resolved.

* (15:30)

Mr. Enns: Mr. Chairman, I am just trying to follow this through. A memorandum of understanding has been signed with the Government and the western tribal group re the resources around Lake Dauphin or the fisheries of Lake Dauphin, I understand. The minister said that memorandum will now be used as a tool or as a means to further negotiate a management agreement, let us say, a fisheries management agreement for Lake Dauphin that includes all stakeholders and all fisheries. In other words, these other groups, the sports fishing people will now at some point in time have to come sit down with the western tribal group and work out a management program for Lake Dauphin. Is that the direction the minister is heading?

Mr. Lathlin: We signed the memorandum of understanding with the West Region Tribal Council that will result in a framework agreement, that will set out the parameters for negotiations. Now let us say that everything was completed. We have a co-management agreement. It would include Lake Dauphin. There would be a management plan for Lake Dauphin. Of course, and I know the member is aware of this, it is just like in Lake Winnipeg. There are several user groups in Lake Winnipeg, so they all have to work together.

So the West Region Tribal Council, because this will not only involve Lake Dauphin, it will also involve other rivers and lakes around the area, especially in their traditional land-use areas, but they will come up with their own conservation by-laws. For example, they will issue their own permits, their own licences. They will issue their own quotas but in conjunction with Conservation, because you have to determine the capacity of the lake with respect to fish populations. Everybody around the table, including the West Region Tribal Council,

knows that the whole idea behind this is sustainability.

So they will work with other groups. That is the aim of the work we have been doing so far, but the process is so new. That is why I am encouraging, I am suggesting to members opposite, they should take up the offer, the invitation extended by the West Region Tribal Council and go and have a meeting with them and get an education.

Mr. Enns: Mr. Chairman, I reject the proposition the minister gave. The process is not new at all. How did we manage to sign an elk management agreement with First Nations people and other outfitters and other non-Native individuals when that particular resource was a concern? How have the fisheries been managed on our major fisheries on Lake Winnipeg for the last 100 years, with full involvement of Aboriginal people and the Métis communities with respect to those fisheries?

The issue is precisely the point that my colleague points out. You have a management plan in place that you are going to present to people who I am assuming will see it for the first time since they have not been asked to be part of the development of the plan and will in fact be presented with a fait accompli.

I ask the minister: Do you honestly expect the same enthusiasm and the same sports people to hold fund-raising dinners, do volunteer works for spawning ground improvements, to help with the stocking of fish when they are now being so totally excluded from the process?

Mr. Lathlin: I am really glad that the member asked that question because, on the one hand, he talks about the sports fish enhancement groups. They have been applying for funding for their enhancement projects, but, on the other hand, there has virtually been no working with the Aboriginal community because they keep asking me or they keep telling me: How do we make application like the one Lake Dauphin sports fishermen groups are doing.

An Honourable Member: The same way we do.

Mr. Lathlin: Well, right. See, but this is the point I was making earlier. They have not really been part of the process, so how can they apply? Nobody even sends them the project description, application forms. So they are not aware. All they know is that these guys are getting it and we are not.

One of the things we are trying to do now is to make sure that all the groups in Manitoba get the application forms, no matter where they are, north, south, east, or west. We excluded a lot of communities that way by not doing that. So we are trying to encourage that.

Mr. Enns: I do not take issue with what the minister has indicated. I just want to point out that there is no question that in some of these programs that are run by the department, the Conservation Sustainable Development Fund, the non-native organizations, NGOs and groups and sport fishermen groups, whatever you want to call it, they were better versed in how to approach government and how to get the application going. They also had the determination to often raise the necessary monies on their own that many of these grant structures called for.

I want to assure the minister, and I applaud what the minister is doing, they were not excluded. There were not as many as I would have liked, but there certainly were some grants flowing to Aboriginal organizations when and if an application was received.

Mr. Stan Struthers, Acting Chairperson, in the Chair

Mr. Lathlin: I would just like to add further that when we finally get the groups working together, you know what, those Aboriginal organizations, band councils, community councils, they will be making application for their own sport fishing enhancement projects. The reason they have not been doing that so far is that there just has not been that opportunity.

Earlier I said I met with all these close to 40 groups who are all somehow involved in advising the minister on government policy. They became experts of grants and how to access them, and so on and so forth. But I know that is just the way it works. So the more Aboriginal

people become involved, the more aware they become of grant opportunities for activities such as fish enhancement projects. They want to do that. They have told me.

Mr. Cummings: Mr. Chairman, a couple of things I would like to react to what the minister just said. Number one, is he is ignoring or has he not been informed of a number of approaches including areas not too far from the centre of the controversy in the Parkland where we worked at considerable length to encourage spawn production, hatcheries to benefit the Lonely Lake being an example of getting people to be part of the fish enhancement process?

But I have a concern, and the minister may feel that he has answered the question, but he has not put on the record what I think he needs to. If he is this far down the pipe and is quite prepared to defend what he has done, then he still has not talked about what the next step might be and he has left it to supposition, which creates anger, animosity and unease out there among the groups that I am speaking on behalf of during these types of questions. They are clearly saying that they have not been involved in the process.

You are saying, well, they should sit down with the First Nations and discuss this. It is twofold, is their concern. They believe, and I would say that I support them, that they are going to be presented with a fait accompli on what the regulation and the management profile of the lakes in question are going to be.

If that is the way the minister operates, then I guess we will all have to live with it. After all, he represents the government of the day, but he is creating a turmoil out there for himself and for others that he could alleviate fairly quickly if he would be prepared to put something on the record today, for that matter.

These groups have raised about a hundred thousand dollars collectively, if you look at the Fish Futures money, and there is serious discussion among these groups about the money that they have raised. In some cases they are fairly blatant about it in their discussion. They are raising money in order to fight the minister on what he is doing.

Now, I could sit here and rub my hands in glee and say, okay, let us see how the minister handles this. The minister can save himself a lot of grief. I have been known to give NDP Cabinet ministers free advice before, and they did not necessarily take it. Let us take a look at what the minister is facing in relationship to these organizations. Dauphin and Swan River, particularly the people from Swan River, are fairly blatant about the fact that they are on the verge of committing a good chunk of money, and people in Fish Futures are on the verge of talking about converting a fair bit of the money that they have raised towards supporting efforts to making sure that they get heard.

Now, Mr. Minister, you are the minister and you can reach out to these groups as you have been talking clearly about how you want to reach out to your Aboriginal community that you feel has been neglected. The minister shakes his head. Why is it any different for him to reach out to these sport enhancement groups who put hundreds, thousands of hours worth of volunteer work? They are raising over a period of years several hundred thousand dollars which they then reinvest voluntarily to assist the department for which he is responsible to establish stocking in the lakes, to help establish slot limits, help control fishing that would be damaging to the growth of the stocks. Why would he ignore that opportunity?

* (15:40)

I am clearly on the record on Lake Dauphin and other places saying that any government, whether it is one that he is part of or one that I would be part of, has an obligation to engage all of these user groups, because if he does not he is going to have an inability to manage, an inability to enhance where necessary, because he does not have the resources in the department. That is not a political observation, that is a reality of where the Conservation and other resource departments have found themselves in the last decade, with tight government funding. So why would he ignore the opportunity to engage these groups?

If he is going to give them a *fait accompli*, for goodness sake communicate to them that that is what it is going to be and indicate the parameters that might be around it. First of all, and I

have to be very specific about Lake Dauphin, there are people who are quite knowledgeable who say that it is a known fact today that that lake will not be able to produce, that the seven-year class of spawners are decimated, and while the fishing might be there this year, it will not be there in the foreseeable future unless some efforts are made to retrieve it.

Now, that is a sad situation, Mr. Minister, and one where you have a group out there that is ready to put their oar in the water and continue to do the things that they were doing before to enhance and develop the fish opportunities in Lake Dauphin. Lake Dauphin was virtually a dead lake, what, 12-15 years ago. There are the efforts of the conservation districts, the Department of Conservation, or resources, as it used to be, Department of Environment, the Lake Dauphin Advisory Board. That is without even mentioning the Fish Enhancement Association that is actively involved in developing fish opportunities in the lake.

Everybody has accepted that there is an opportunity and a necessity to develop co-management agreements. I think the minister has got himself on the short end or maybe the long end of a teeter-totter on this. The people are being told they will have an input, and then it is not happening. That in and of itself is driving anger and frustration and concern about what is going to happen to the resource, especially with situations such as I just described where information is coming to them about some test netting that has already been done. That does not bode well for the future of the resource unless some aggressive action is taken.

We have a dry year unless something changes in the next short while. The lake is low. The tributaries are damn near dry. They are knee deep at the most in many places where they are flowing near the lake. It is cold, colder than normal, which is not going to bode well for the survival of the spawn. These are serious times for people who belong to the Fish Enhancement organizations. They want to be able to do something. They sincerely want to be given an opportunity to do something about the fish.

I suggest to the minister that if he is being genuine about his intention to bring everybody

together, telling them to go and sit down and have a coffee does not cut it. There is a mandate that rests with his office to pull these people together and clear the air and have them in a position where they can have an opportunity for input or tell them what their input is going to be. We have gone on now, starting since 1998, this issue has been in somewhat of a turmoil, particularly in the Parkland Region.

The minister points at me and correctly so. We were on a road to have all user groups at the table. Now, the minister references this letter that went out from the Minister of Conservation and West Region Tribal Council, February 13th letter. There is one part of that letter that, I think, helps shed a little light on this debate that we are having. It says First Nations positions are negotiable only with government, not with other groups or general stakeholders. That is signed by Harvey Nepinak. [*interjection*]

Exactly. Now, if that is the case, and I will not dispute that is the position that they hold very strongly, if I were in the minister's shoes, I would then say fine, but let us bring the other groups to the table. I am sitting here asking the minister to give a commitment that he will do that. We have had a little political pain inflicted over this issue, and unless the minister is prepared to take this step and put it on record, I can assure him that there is going to be a lot more political pain. So I hope that he will take my offer of honest advice and put something on the table that, if I cannot be the messenger, others will be the messenger back to these groups.

* (15:50)

They just finished having two very successful fundraising events in Dauphin and Swan River. If the minister wants that money to be spent benefiting the fish in those lakes, now is the time to put something on the record to give these people an opportunity to feel that they are going to be part of the process and that they can have a real impact on restoring particularly Lake Dauphin and Lake of the Prairies, but a number of other lakes that appear to be somewhat questionable in what the management may be imposed upon them. They will want some

assurance that they will be able to have real participation.

If the minister wants to argue that there has been too little participation by the West Region Tribal Council, then I simply have to ask him the same question. Does he then intend to visit upon the Fish Enhancement organizations a policy of exclusion because he feels that other people have been excluded for too long in the process? If that is the case, there is going to be a considerable amount of hardship that will flow both ways. I want to see that money spent on fish enhancement, Mr. Minister, and I would suspect that you do too.

So I am saying again consider carefully what you might say on the record here and now to give these fish enhancement groups a feeling that they will have some real opportunity for input. This statement gives me considerable cause for concern, but, you know, most people out there that I talked to say we know we are entering into a new era. We know that we are in an era where co-management is reality.

I guess what I have some considerable angst about is that co-management can work extremely well or it can be a system that nobody embraces, neither First Nations groups or other user groups, the general public, if you will, because I look at moose hunting area 8, I believe it is. It is in bad, bad shape. That is an example of a co-management that I believe the previous government signed. It is not working, Mr. Minister, and I do not know who to hang the blame on. I just know that the moose have been decimated in that area, and probably, if we check with the department, we will find that there is going to have to be reduced harvest in that area.

Mr. Chairperson in the Chair

So there is no perfect answer, but I would like to see, and I will abbreviate my comments and give the minister an opportunity to respond positively to what I am suggesting, that he is prepared to take the first step and exercise the mandate that he has as minister. It is not written in a handbook anywhere, and it is not written in any political dogma. It is written in the book of management that talks about being inclusive in

providing management of resources in today's world.

The minister talks about inclusivity. Certainly he feels that there are groups out there that should have more to say about the management of timber. They should have more opportunity about the management of fish. I do not believe that goes full circle to the exclusion of others who are willing to put up their time and sweat and interest in enhancement of that resource.

Believe me, if the minister talked off the record quietly with any of his resource managers in this province, he will find that the most successful resource management opportunities are generally where the people in the area are involved, supportive and are making things happen. I see a positive acknowledgement from the minister. I would invite him to respond in a way that would allow these people to feel they could be part of the process.

Mr. Lathlin: Mr. Chairperson, I nodded positively to the member because that is what I have been trying to tell him for the last little while. He keeps saying that I am excluding other people and I only want to work with Aboriginal people, and I think he is also suggesting that I may be punishing those other groups now because the previous government did not work with Aboriginal people the same way we are working with them now. I want to say something about that.

I remember the former Member for Arthur-Virden, and the member I am sure will remember, too, after one election we were defeated, of course, and they formed government, and almost the very next day in Question Period in the House the former Member for Arthur-Virden got up and said: Well, it is too bad the North did not know how to vote. Remember that?

An Honourable Member: It was not the Minister for Arthur-Virden.

Mr. Lathlin: He was Minister of Northern Affairs at the time. I want to assure the member today that I do not have that attitude. I know that as a Conservation Minister I have to work with

everybody. Even though some have suggested that because I am a First Nations person, because I am treaty, because I am a former chief, some people have even suggested that I could be in a conflict-of-interest situation. I would like to think that I am smart enough to be able to figure that out, and I have been around. I am probably the same age as the Member for Ste. Rose (Mr. Cummings), you know. So I do have a little bit of experience.

Now he says I exclude others. Well, again, I take exception, because just last week we signed off a \$25,000 fish enhancement project at Swan River, just last week.

Point of Order

Mr. Cummings: I imagine that was rushed through so that the Member for Swan River (Ms. Wowchuk) could present the cheque at the fish enhancement banquet.

Mr. Chairperson: There is no point of order. It is just a dispute of the facts.

* * *

Mr. Lathlin: Thank you, Mr. Chair. I want to talk a little bit about the volunteers the member refers to. I recognize that. People in government recognize that. But, as far as excluding not working with the sports fish enhancement group, let me tell him that, and he knows this, you know, Conservation, for example, spends about \$900,000 on fish culture every year, \$350,000 on the Fisheries Enhancement Initiative and the Fisheries Enhancement Initiative, and again, as he probably knows, almost always works in a partnership way with local groups.

An Honourable Member: So you double your money.

* (16:00)

Mr. Lathlin: Of course. These are the same people who are involved in the Lake of the Prairies consolidated advisory committee, for example. I would also like to advise the member that, contrary to what he says, everybody is fighting you, you know. Actually, I can show

him copies of letters that have been forwarded to our office by the mayor of Dauphin, for example. I have seen letters to the editor written by Doug Ault and I am sure he read that himself, who is heading up the sport fish enhancement group in Dauphin, I believe. At least that is the guy I meet with every time I go and meet with sport fish enhancement people. I have established a good working relationship with Mr. Ault and I have high respect for him.

Now, the issue about First Nations negotiating with the provincial government only, it is a fact, not a position, that First Nations negotiate legally with government, notwithstanding that we will include all other stakeholders and they will be informed about our discussions with West Region, as I have been doing all along. More importantly they will be involved in a management planning for Lake Dauphin.

Let me say finally that a member, once more, and I would ask him to pay close attention and listen carefully, because I am only going to say it one more time. I am sorry, I did not mean to say that. I want to assure the member, though, that I want all the groups to work together. I have advised the West Region Tribal Council that that is the way to go. Our people are trying to work out a mechanism so that can happen. I spoke with Mr. Ault the last time I was in Dauphin. He was quite satisfied with the progress that we were making towards that end.

I want to assure the member that I want to work with all the people. Then I want to close off by saying that I told the member a while ago that I have been around, and I recognize that no matter what you do, no matter what you say to people, there are people there who are not going to agree with you. But the majority of the people that I have worked with so far on this issue are in agreement with us and are willing to support us.

Mr. Cummings: I thank the minister for his comments, but when he refers to fisheries and the amount of money that he is spending, I think he would acknowledge that he is none too flush with cash right now. Is he prepared to intervene and provide enough money so that the hatcheries will be able to pay for the delivery of the fingerlings, or is the budget cut to the point where he now expects the Fish Enhancement

organizations to cover the cost of that freight? It would be a shame if that now becomes the criteria for their being able to provide any stock assistance if they also come up with enough money to cover the freight from Grand Rapids.

Mr. Lathlin: Mr. Chairperson, I think that question was placed or put to me in another way yesterday, and that is when we were going through Regional Operations. My response to the Member for Lakeside (Mr. Enns), I believe, who asked me the question was we are mindful of what exists out in the regions. We are going to be watching very closely that we are able to carry out our mandate, and in the event that more resources have to be allocated from other sections, other divisions, that is what we will do. But for the time being, the resources that have been allocated, it would seem to me, will be adequate. I make a commitment to the member that there can be changes made as changes are warranted.

I should also tell him that we are not cutting the fish-stocking services that were applied last year.

Mr. Cummings: Well, this is moving down the road a little bit, but is the minister prepared to review the cost of operation at the Falcon Lake hatchery? It seems to me they do not have enough budget to keep the heat on.

Mr. Lathlin: I will just say to the member again, Mr. Chairperson, the fiscal year is only started. We are not even finished with the first quarter yet. So, therefore, I think I will wait and see how the operation is doing at Falcon Lake and deal with it when the need arises.

Mr. Gerald Hawranik (Lac du Bonnet): Mr. Minister, you may or may not be aware, but drainage is a very, very important issue for the Lac du Bonnet constituency, the reason being that a lot of the water that flows from western Manitoba, southern Manitoba, including the United States, and from eastern Canada comes either directly through the constituency or it comes within very close proximity to that constituency.

Compounded with that fact is the fact that we have five power dams on the Winnipeg River

system. Because of the water being backed up behind those power dams, a lot of the land along the Winnipeg River system has had to have been—

Mr. Chairperson: Order, please. Excuse me. I cannot hear the speaker too well, so let us keep our conversations down or go into the hall and carry on your conversation. Thank you.

Mr. Hawranik: Just getting on with the Winnipeg River system where all the Hydro dams are located, because of the Hydro dams and the backup of water along that system, much of the land has been diked to prevent the spread of water across a lot of the land near the Winnipeg River.

That, in itself, has compounded that problem. It has created a greater drainage problem than might normally exist. In fact, in the R.M. of Lac du Bonnet, most of the land along the Winnipeg River that is in the R.M. of Lac du Bonnet, in fact, has been diked. This stopped the natural flow of water into the river and created a greater problem. Looking at the Estimates, I can not tell what money was allocated toward drainage maintenance of provincial drains. I know that, in the last 15 to 20 years, every year the provincial drains have been maintained to the extent of about \$4 million annually, and I am wondering if you can tell me how much is allocated toward drainage maintenance of provincial drains across the province and how much is allocated toward drainage maintenance specifically within Lac du Bonnet constituency.

* (16:10)

Mr. Lathlin: I thank the member for the question. Water is indeed a precious resource, sometimes have too much and sometimes have too little, and you use it for so many ways. In fact, without water we would not be here today. With respect to drainage, I really understand what the member is talking about. In order for me to get a good grasp of how serious the issue of drainage is, I made every effort to visit some communities. In fact, I think I have been in Lac du Bonnet three or four times. I have been to Brokenhead, the R.M. office there. The civic leaders there were good enough to take me on a tour of some of the waterways there, provincial

and municipal, and I agree with the member that there is a very serious deficit in the manner in which the drainage issue has been managed.

I do not want to be negative, but let me tell the member for his own awareness, and perhaps he knows this, for the past 10, 12 years, there had been very little or in fact there was no increase. In fact, it went down, the budget that was allocated for drainage. I remember sitting here last year or the year before that and again this year, and the Member for Lakeside telling me that natural resources took some pretty heavy budget cuts when he was on the Government side. That is true.

As a result of that, provincial waterways, ditches, I have seen provincial waterways where there is actually trees growing right in the middle and a lot of vegetation. The ditches and the waterways were just not working. So finally, last year, we were able to put in an additional \$1.25 million to the Budget for drainage. It was not enough. It was just a small step. Nevertheless, it was a step. There was nothing there before, and so many municipalities were appreciative of whatever little additional money we were able to put in. I agree it is a deficit situation that I think no matter who is in government will not be able to bring it up to where it should be, because the deficit is too wide. But I can tell the member as well, before I break down the numbers, one of the reasons why we embarked on this water strategy initiative was to address some of those issues, allocation, drainage, so on and so forth.

The member was also asking me how much money we are allocating to capital and maintenance. Those numbers, I can go through here, for 2002-2003 the total provincial funding for drainage it says here: construction, new major upgrading, minor capital, it is \$1.7 million. That is capital construction, I guess. Secondly, maintenance, drainage, waterway maintenance, we have allocated \$3.4 million to that activity. There have been additional funds allocated to drainage, money that came from the REDI program through the Intergovernmental Affairs Department, an additional \$250,000 for 2002-2003. So that gives us a total number of \$5.38 million. That represents about \$850,000 more than last year.

Mr. Hawranik: Thank you for your comments, Mr. Minister, but of concern to me more so than the provincial maintenance budget is probably the maintenance budget for the eastern region, because, as I mentioned before, the fact of all that water flowing through the constituency certainly creates a drainage problem in and of itself. I can tell you that the Rural Municipality of Lac du Bonnet, when I was campaigning in the by-election, was particularly concerned about maintenance because they in fact had mentioned that there was no maintenance to their provincial drain for the last 40 years.

I do not mean to point fingers, and I am not pointing fingers here as to which government is responsible or which government is not responsible. My main concern is that a drainage problem that exists in the Rural Municipality of Lac du Bonnet be corrected. Over the last few years the Manitoba Crop Insurance program paid out more money to farmers for insurance claims to crops that were flooded than in fact was spent on drainage maintenance for provincial drains in the constituency. That, to me, does not make a lot of sense. I think farmers need some answers, and they need some answers quickly.

Farmers are under a lot of pressure. They do not have any controls over their input costs, nor do they have any controls over the price of the product that they sell, and they are being squeezed from both ends. I think that the Government has to take some responsibility and has to increase that drainage budget more than just a million dollars, but has to probably increase the provincial maintenance drainage budget by double what it is today and allocate a significant portion of that to the eastern region, because the eastern region is probably the one that is hardest hit.

I would like to have your comments in that respect as to what you plan to do for the eastern region of the province, whether you intend to increase the budget substantially and to assure our municipalities that you are going to take some action.

* (16:20)

Mr. Lathlin: Mr. Chairperson, well, I can certainly appreciate the member's concern. When

you are in government, of course you have to look at the total province and you have to allocate your budget in a very strategic way, and I believe that we have done that. The fact that there had been nothing done for 10, 12 years, I agree with the member. You know, I do not want to go into who did not do what and so on and so forth. But I want the member to understand though that, you know, increase the Budget, increase the Budget. When you only have a certain amount of money in your budget, then the next thing you have to do is look at the priorities and spend your money in a very strategic way. That is what we are trying to do.

As far as the breakdown of the Budget, I am sorry to tell the member that I do not have that breakdown with me right away. I think we are talking about the district office, because there is a district office in Lac du Bonnet. It is not broken down, but we have the numbers for a district except I do not have them here. I will endeavour to get the numbers for you for the district office in Lac du Bonnet.

Mr. Enns: The minister indicated roughly, I believe a million-plus for capital projects in the overall \$5-million water or drainage budget.

Can the minister give the committee some idea of what specific projects, capital projects, this million dollars is going to be dedicated to?

Mr. Lathlin: Mr. Chairperson, yes, I can indicate to the member that for 2002-2003 the projects that we have targeted, one area is the waterway crossing program and that is not one waterway crossing. There are about 120 bridges that require replacement, and so this waterway crossing program is an ongoing program of bridge reconstruction and replacement with culverts. There is one. Then there is the south Buffalo channel drain, Netley Creek. It is in the R.M. of Rhineland and involves reconstruction of about 16 miles of the creek. That is two. Then there is the third one, various other drainage projects, it says—[interjection] I am sorry, Mr. Chairperson, let me go back and clarify.

South Buffalo channel drain is separate from Netley Creek. Netley Creek is another project, so that will be the third one. Then there are various other drainage projects, No. 4. We are budgeting

about \$500,000 there. Then the last one that I have on my list here is [*interjection*] Oh, there are culverts that we have to replace at Plum Creek, and those are the five projects. They total \$1.73 million.

Mr. Enns: If the minister can just remind me, he indicated that this year's budget for the drainage problem was some several hundred thousand dollars in excess of last year's. Can he confirm that?

Mr. Lathlin: Mr. Chair, the number I mentioned, total number that I mentioned was \$5.38 million. That represents about \$850,000 more than last year.

Mr. Enns: Well, Mr. Chairman, I now really duly have to congratulate the minister and his Government and his department. You know, partly because I am modest by nature and Christian by belief, I have acknowledged my past sins and omissions with respect to not allowing the necessary monies to be gone here. The truth of the matter is that, even in those years that the minister likes to allude to in the House and publicly about, and honorable members opposite, the member from the Interlake, nothing was done with respect to drainage for the last 12 years, in truth, we always had a \$3-million budget, a \$3-million budget plus. You are spending roughly a million, this year \$850,000 more, and you have got the province convinced, you have got the municipalities convinced, you have got my new friend here from Lac du Bonnet convinced that this Government is charging out there and regressing 12 years of neglect. You are going to clean up all of those bulrushes, all that vegetation out of those ditches, and you pulled it off, Mr. Minister. You pulled it off. You just about had me convinced up until a little while ago.

I had the privilege of presiding over this department when this division had a budget of \$25 million. When all the major drains were built, the Sturgeon, the Grassmere, the Long Lake and the Interlake country, up at Riverton, the Shannon, the Tobacco, the Buffalo, the Grand Marais, these were \$4-million, \$5-million projects, that stretch 420 that you cross. Now I agree they were built, in some cases, 20, 25 years ago, and they have fallen into neglect. We were helped, quite frankly, by the late '80s and

early '90s with about an eight-, nine-year-old drought. In drought, Mr. Minister, you will find out that the pressure on you and your department for drainage will lessen considerably if there is no water around. It heightens considerably, as it has for the last three years, where we have had a lot of water.

What a bill of goods you sold us all, Mr. Minister, about this new revitalization of the provincial drainage system under your stewardship. Congratulations, Mr. Minister. You have done a fine job.

Mr. Lathlin: Mr. Chairperson, of course, I want to accept the member's congratulations and thank you and so forth, but I also want to tell him that I wonder if he was out of the room when I said things like, when I was responding to the Member for Lac du Bonnet (Mr. Hawranik), I told him that, hey, this is only a small step, but, you know what, it is better than zero. I told the member that. I did not tell him that we doubled the budget or anything like that because I, for one, recognize that, because of the huge deficit, even if you spend \$10 million, you are not going to catch up.

Mr. Enns: I certainly want to encourage the minister and his department to have perseverance in the steps that he is taking. Even at a million dollars plus annually over the next few years is, as the minister says, a lot better than not taking these steps. Pressure, the value, the importance of the agricultural community, the farmers, who have all kinds of things to fight with as they try to make a living with the world out there and the kind of continued, depressed commodity prices in the major crops, oil seed crops and cereal crops, makes it even more important for them to be able to maximize the output from their hard labour and their agricultural enterprises.

They will accept, as farmers always have, the dictates of weather, whether it is too dry or too wet, but when it can be clearly pointed out that unacceptable flooding occurs because of poorly maintained drainage or a plugged culvert or all the things the minister is aware of, that makes it doubly difficult for the farm community to accept. The minister will gain himself only credits if he aggressively moves in this direction.

Again, a drainage ditch, I like to call it a highway. I have had the privilege of being both the minister of highways and minister responsible for drainage. One of the problems about drainage matters, Mr. Minister, is that a highway everybody sees, everybody travels on. The minister of highways put a new coat of blacktop on a highway and he is an instant hero, and the community appreciates that everyday as they drive on it.

Drainage ditches, they snake diagonally across sections and fields, out of sight, out of vision and not really called upon, very often not used in dry years, but necessary in the short periods of spring or when a heavy rainfall occurs, to save a crop—out of sight, out of mind—all too often too easily pushed on the backburner.

It is an important division, an important section of your shop, and I think you do acknowledge that. Thank you, Mr. Chairman.

* (16:30)

Mr. Chairperson: I will read line 3.(b) Northwest Region (1) Salaries and Employee Benefits \$2,282,100—pass; (2) Other Expenditures \$776,400—pass.

3.(c) Northeast Region (1) Salaries and Employee Benefits \$2,530,500—pass; (2) Other Expenditures \$969,300.

Mr. Cummings: Mr. Chairman, what are the vacancy numbers in this region?

Mr. Lathlin: I can advise the member that there are seven positions vacant in the Northeast, seven positions.

Mr. Cummings: Out of a total, how many?

Mr. Lathlin: Fifty-one.

Mr. Cummings: That translates into a 10% vacancy rate or more. Can the minister tell us what positions are not currently being filled and what positions they are advertising for?

Mr. Lathlin: I can advise the member that there are two positions currently in the system being filled. So that will leave us five, and those ones will be started shortly.

Mr. Cummings: I noticed that there is a small amount of saving routinely referred to in all of the regions where there is a saving to the department in terms of salary turnover. Is the department intending to maintain a 6% vacancy rate throughout the year?

Mr. Lathlin: I can advise the member that our goal is 3 percent in the regions.

Mr. Cummings: How does that square with the Premier's brag that we are maintaining a 6% vacancy rate?

Mr. Lathlin: I wonder, before I answer this question, Mr. Chairperson, if I can ask for—

An Honourable Member: A smoke break?

Mr. Lathlin: Yes.

Mr. Chairperson: Is there agreement that we will have a short recess? [*Agreed*]

The committee recessed at 4:37 p.m.

The committee resumed at 4:44 p.m.

Mr. Chairperson: Will the meeting again come to order. I will give the floor to the honourable minister.

Mr. Lathlin: As I indicated earlier, our goal is 3 percent in the regions, but in head office and other places in the head office area, the vacancy rate will be a little higher than what it is in the regions.

Mr. Cummings: I distinctly heard the Premier (Mr. Doer) say that he was proud of us maintaining a 6% vacancy rate in government. Was he referring to year-end figures or coming year figures? If the department's goal is three in the regions and somewhat higher in administration, what would the overall target number likely be, five?

Mr. Lathlin: Mr. Chairperson, I apologize to the member. I did not hear the last part. Could I ask him to—

Mr. Cummings: Well, if the regions are targeted around three and the administration central

offices may be somewhat higher, can the department indicate, or can the minister indicate what he expects the overall vacancy rate to be in the department? Will it be an average of five?

Mr. Lathlin: Mr. Chairperson, I can advise the member that in the regions, where we make the first contact with the public, in the field—that is where most of the front-line people are working—my goal has always been to try to have as low a vacancy rate as possible. If I have a higher rate of vacancy in the head office, I mean it still has an impact, but not as much as the impact would be if there is a high vacancy rate in the region.

I think overall in Conservation the vacancy rate would be higher than 3 percent, but right now what we are targeting is 3 percent out in the regions. The rate could be higher in head office. It could bring the overall Conservation vacancy rate up to 5 or 6 percent, but for me it is hard to predict right now because my goal is to have as many people working in the region.

Mr. Cummings: Why would there be an opening vacancy of 12 percent or so in the northeast region, Mr. Chairperson? Are there not qualified people available to fill these positions, or is the department being expected to turn back some of the money that is shown here as allocated and end up with a multi-million-dollar lapse fund at the end of the year?

* (16:50)

Mr. Lathlin: I think the member should be aware of this, that in organizations there are term positions. Sometimes a term position will last for longer than six months. So there is always turnover happening. Sometimes the vacancy rate will be high and other times it will be low, but it all depends when people left their jobs. For example there are a lot of retirements this year, and then there are some transfer of the natural resources officers. There are a whole host of factors that come into play, but our goal is to fill as many positions we can. Our target is 3 percent. If I am higher in the head office, well, we can live with that. At the same time, normal staffing activity goes on.

Mr. Cummings: Well, then let me ask about the Interlake region. What is the number of positions vacant there?

Mr. Lathlin: For the Interlake region there are five positions vacant out of seventy-one.

Mr. Cummings: Can the minister share the same figures, the vacancy in the eastern region?

Mr. Lathlin: Mr. Chairperson, four positions out of seventy-two.

Mr. Cummings: And western?

Mr. Lathlin: Mr. Chairperson, five out of one hundred and eight.

Mr. Cummings: If the minister would not mind, we have passed the northwestern, but could he tell me how many are vacant out of forty-six in the northwest region?

Mr. Lathlin: Seven out of forty-six.

Mr. Cummings: Is the department actively recruiting to fill these positions?

Mr. Lathlin: I think in my earlier response I indicated two positions were currently in the system being filled. Staffing action had been initiated and the five will be started very shortly. Our goal is to, as I said earlier, again, I will repeat it, in the region, I insist that the regions be staffed up as much as possible, because the field staff are there. I think we can manage the head office turnover perhaps with a higher vacancy rate. I do not really like to have that high a vacancy rate in the regions. I used to work for the federal bureaucracy and I know how it works there.

One of the things that I noticed had not been developed as fully as I thought it should have been was succession planning. We are doing that right now. We know when people are going to retire, so I even asked the staff to see if they can run competitions just so we can establish a list of people that we can go to a little bit faster than if we wait for that position to become vacant, start staffing action, and then some people tell me it takes sometimes three months from start to finish to staff.

Mr. Enns: Mr. Chairman, I am assuming that the committee will rise at five.

As a courtesy to staff and to the minister, I just want to give an indication that when next the

committee meets, I will be following up on some of the comments made during the minister's opening statement.

He made a number of references to different taskforces and groups working within the department, the land stewardship group, Aboriginal council, these different taskforces. I would be interested in knowing the staffing complements of these review groups within the department that are doing different things for the ministry and the associated costs of those special taskforces, for want of a better name I will call them.

I will be asking that question when next the committee sits, and perhaps forewarned, the staff can have those kinds of figures for you, Mr. Minister.

Mr. Cummings: The target vacancy rate would generate over \$3 million in saved benefits. Does the minister intend to spend that money somewhere else, or will that be a lapse factor for the department?

Mr. Lathlin: I thank the member for that question because we are proposing to Treasury Board that we reallocate any surplus that becomes available. We do not have approval but a proposal will be going in.

Mr. Chairperson: Order. The hour being 5 p.m., committee rise.

FINANCE

* (14:50)

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 Main Estimates book, Resolution 7.2 Treasury.

At our last sitting, it was agreed by the committee to consider all the lines under this resolution at once, and then to pass them all together once questioning for this section concludes. Seeing as there has been a willingness to skip around these Estimates, is it the will of the committee to continue in this fashion? We could

agree to continue in a mainly chronological manner, but grant a general leave now to deviate from that pattern when the minister and critic request it. What is the will of the committee?

Mr. Jim Penner (Steinbach): I would like a little bit of leeway.

Hon. Greg Selinger (Minister of Finance): Yes, we will make it work.

I would just like to table some of the information the member asked me to provide yesterday. Is that all right? *[interjection]* So the first question was who are the staff members of my office, and I have provided three copies here.

The second item I wanted to provide was the total departmental full-time equivalents, regular, temporary and casual.

Thirdly, there was a request as to what our vacancy rate was, and I wanted to table that, as well.

Finally, today the Member for Steinbach (Mr. Jim Penner) asked what the contracts were that we had entered into as a department, and what I would like to do is provide Volume 2 Supplementary Information of all the contracts that Manitoba Finance enters into. They would have a large variety of them for different suppliers of services, often financial services, et cetera. So I am going to table Volume 2 Supplementary Information as to the contracts that we entered into as of 2001. It involves all the procurement activity for goods and services undertaken by the department, including all requisitions and the like. I hope that suffices for now.

Madam Chairperson: The floor is now open for questions.

Mr. Jim Penner: Thanks for that information, Mr. Minister. I guess we were at a point yesterday where I was concerned, or wondering, about how the assumptions were handled in the quarterly reports, and my last question, which we did not have time to answer, was in regard to whether the assumptions on the Budget, as far as exchange rates and interest rates, were reviewed in every quarter.

Mr. Selinger: It is actually a question that requires a little bit of detailed explanation. When the public debt estimate is calculated for budget purposes, the assumptions at the time, with respect to the amortization costs, are made based on the best information available at the time that we do the Budget. Then the challenge of the Treasury is to live within those assumptions, and to do the best they can, in terms of transactions, to ensure that we meet those targets that we set out in the Budget. When the quarterly reports come up, public debt is evaluated based on the market rates or the exchange rates in effect at the time. So there is an adjustment made there. In the second quarterly report, we do a year-end projection based on the best information available at that time as to the exchange rate trends.

So it is a three-part answer: You do a budgetary estimate based on the information at the time the Budget is struck. You have quarterly reports that value the debt based on the information available when the quarterly report is being prepared. In the second-quarter report, there is a trend or a forecast made as to what the year-end debt costs will be based on the best information available at that time. That is why you see some changes off of Budget in that second quarterly report.

Mr. Jim Penner: Thank you for that answer.

Madam Chairlady, it has been my experience that these numbers we are dealing with, just as a sidelight, are not necessarily a true picture of what is happening. If, in fact, we would evaluate the U.S. dollar compared to the Canadian dollar, based on what it buys and how many hours of work it takes to earn one dollar, we find the difference is not 63.7 to the dollar. It is about 80 cents to the dollar. A Canadian dollar actually buys a whole lot more than we understand. So the numbers alone should not be too depressing to our people here. I base that on the fact that it takes so many hours on average to buy a man's suit, or so many hours to buy a certain model of car, or so many hours to buy a sofa, and so on. So based, on average, on the number of hours it takes to work, this figure is a bookkeeper's figure. It is not material in some respects.

Having said that, I also understand that the Canadian dollar was strong against European

and the Swiss franc and the Japanese yen. Did we have an exposure to those exchange rates?

Mr. Selinger: We have no exposure to any foreign currency other than the American foreign currency. Any transactions we do in a currency such as Japanese yen we bring back to Canada, through a swap procedure, to stabilize in Canadian dollars at the time we do it.

Mr. Jim Penner: So there was no benefit to us for the strong showing of the Canadian dollar.

Mr. Selinger: Other than at the time we do the transaction. We take advantage of the benefit right at that moment and bring it back.

* (15:00)

Mr. Jim Penner: With regard to 10-year bonds, can the minister indicate what the current rates are?

Mr. Selinger: The most current information we have available is for May 6, which would be Monday, and at that time a 10-year bond, our all-in cost would be 6 percent.

Mr. Jim Penner: Mr. Minister, what is the difference between the Ontario bond, and what is the spread between the Ontario and Manitoba bond?

Mr. Selinger: The difference between us and Ontario, my officials inform me, is about five basis points between an Ontario bond and a Manitoba bond for 10 years.

Mr. Jim Penner: So theirs would be 5.95.

Mr. Selinger: Yes, it would be 5.95 when ours is 6.

Mr. Jim Penner: What would the difference be? Do we have the numbers for Alberta and B.C.?

Mr. Selinger: For British Columbia, this is real time decision making going on here. These people are in the market every day and monitoring it. B.C., we think, would be about 6.02, 2 points higher, 2 basis points higher. If the Alberta market were in to issuing bonds, we think the spread would be about 12 basis points

lower. But they have not done one for quite awhile.

Mr. Jim Penner: Going back a little bit to the exchange rate. You suggested last year that a one-cent difference between the U.S. and Canadian dollar would amount to a fluctuation of \$10.1 million. Now, given the reduced exposure, what is the fluctuation percent with today's U.S. exposure?

Mr. Selinger: We talked a bit about this yesterday. If we go from what an American dollar will purchase in Canadian dollars, in other words an American dollar being our assumption was \$1.62, if that \$1.62 changed by a penny, the sensitivity would be about \$2.6 million on the debt. If we go the other way, where we value a Canadian dollar in American dollar terms at about 61.7 cents, and there is a penny change there, that would have a sensitivity impact of about \$6.6 million.

Most of us think about what our dollar will purchase in American dollars, but these guys tend to operate in the opposite direction. They think more about what an American dollar will purchase on the Canadian scene, so it is a constant point of reference that we have to get consistent to understand each other.

Mr. Jim Penner: Thank you. So our 10-year bond rate is running around 6 percent. Does that stay fairly stable from month to month right now?

Mr. Selinger: There has actually been a good deal of variability from 4.8 on a Canada bond to 5.9, a swing of about 110 basis points in variation in the last six months, since, say, September and the events of September, and then, our spread usually over a Canada bond is about 31 basis points. So there is a potential variance there of about 110 basis points in the last six months.

Mr. Jim Penner: Do we know why the bond is drawing a higher interest rate to date?

Mr. Selinger: I think the short answer would be the rate has gone up because of what economic forecasters are predicting will happen in the economy. They are predicting a strengthening of the economy, which usually leads to somewhat

higher rates for interest rates. Those are showing up in some reflection in what our costs are to issue those bonds.

I think the Fed in the States is just weeks away from having a meeting. Is it June that they are anticipating? Is it today they are meeting? When I read the papers this morning, we did not anticipate any change, did we?

An Honourable Member: No.

Mr. Selinger: Do we know? Was there any change? No?

Yes, the Fed in the States. The Fed meets every six weeks or so, and I do not believe there was any change today.*[interjection]* There was no change today in their interest rates but, as you know, Canada usually does not exactly parallel but often follows the direction of the Fed in the United States—the Federal Reserve Board.

The member might recall that just three weeks ago Canada increased their rate by about 25 basis points.

Mr. Jim Penner: Sometimes the markets just have to think about that and they react, the volatility is so sensitive. Mr. Minister, so last year the Canadian bond was running at about 5.58 on this day and today it is at 5.67. Did I read that right?

Mr. Selinger: Yes. Yesterday the Canada bond was running at about 5.61.

Mr. Jim Penner: Really. Our Manitoba bond rate has changed by 110 basis points and the Canada bond rate has changed by 3. Is there something that we should read into that? Is there a concern about the spending practices of the Province, that our bond rates are going up?

Mr. Selinger: There has been no increase in the spread between the Manitoba bonds and the Canada bonds. The spread has retained relatively constant and our bond has moved up as the federal bond rate has moved up, but there has been no increase in the gap between our bond and their bond. There is no premium on our bonds.

I can tell you I visited one bond rating agency last week, and they were well satisfied with the stability that we had provided over the last three years. I also visited one of our more significant investors who does their own internal analysis of our credit ratings, and they were well satisfied as well with the work we have done.

They were particularly happy with the fact that we have a plan in place to deal with the pension liability. They have been looking for that for many years. I think they were quite pleased with how we had been managing the Province's resources.

* (15:10)

Mr. Jim Penner: I am really interested in knowing: Is our borrowing rate vis-à-vis other provinces changing? Where do we stand in Manitoba in relation to the other provinces, particularly western Canada?

Mr. Selinger: As I indicated earlier, B.C. is about two basis points behind us on the spread. Saskatchewan is about one basis point behind B.C. So it would be about a spread of three over us—one to three over us. Saskatchewan is just slightly behind B.C. Madam Chair, B.C. is about two basis points behind us. Alberta, what can I say, they have 60 percent of their revenue coming off resources. They have a heritage fund. They have the highest credit rating of any province in the country right now. Ontario is about five basis points better than us on their borrowing rate. Of course, they are a dominant player in the marketplace.

Mr. Jim Penner: Do you have available for us the percent of our borrowing that is bonds and the percent that is bank notes?

Mr. Selinger: We will just take a moment to let our people who work on this every day give me an accurate portrayal. One thing I can say is that a certain portion of the debt is CPP, Canada Pension Plan. That is about \$1.2 billion.

An Honourable Member: There are Hydro Bonds; there are Grow Bonds.

Mr. Selinger: Yes, there are Hydro Bonds; there are Grow Bonds. About 80 percent of our debt is

held in market issue bonds that are available to the dealers and to any institutional or retail purchaser, and about 20 percent are in special instruments like CPP, Builder Bonds, Hydro Bonds, et cetera. About \$300 million of that total amount is in a Treasury bill program. It is an auction program, a short-term program, Treasury bills, very low rates of interest.

Mr. Jim Penner: Over nights.

Mr. Selinger: Yes, 90 days.

Mr. Jim Penner: That is 80 percent and 20 percent is 100 percent, but yesterday we had 20 percent that was floating. Where does that arrive from?

Mr. Selinger: When they indicate floating, some of our market bonds and our Treasury bills are considered floating. They are able to be liquidated in a fairly tight time horizon, if necessary. So there is a good amount of that in short-term market bonds and in T-bills.

Mr. Jim Penner: So that floating section would be your lowest cost to the Government.

Mr. Selinger: Yes.

Mr. Jim Penner: Well, how much money do we need to borrow this year?

Mr. Selinger: We are projecting a program of about \$2.2 billion including Crowns. That is in the Budget book. We will just give you a specific page on that because you might even have it. B24, it is.

Mr. Jim Penner: Okay, you have 2.3?

Mr. Selinger: 2.26.

Mr. Jim Penner: 2.26.

Mr. Selinger: Yes.

Mr. Jim Penner: So the breakdown of that is also in B24. I am just wondering how much has that changed from the items that were included in for borrowing a year ago. Hydro, a year ago, was 1.2 billion. You brought health care in from outside authority for 260 million. There was Ag

Credit Corporation for \$23 million; student assistance 27. Where is the list here? I cannot find it.

Mr. Selinger: We will endeavour to get last year's numbers for you. Last year's Budget, has anybody got a copy handy?

Mr. Jim Penner: I have the notes from last year's quotes that the minister gave, but I do not have last year's Budget handy.

Mr. Selinger: We are going to go get one. One of my officials will dig one up.

Mr. Jim Penner: Well, one of the questions asked to me from outside of the House in regard to expenditures—maybe this is the wrong place to ask that—was do you have a record of the amount of funds invested by the Province in ministerial autos over the last few years?

Mr. Selinger: All the automobiles that ministers take from the Government would be through the Fleet Vehicles Agency. Ministers get a monthly allowance for vehicles, and if they take a vehicle from the Fleet Vehicles Agency, they usually turn over that entire monthly allowance, which is a taxable benefit. The agency makes that vehicle essentially available to a minister, on a lease basis, in exchange for that allowance being turned over. Ministers do not own the vehicles. They are leasing them from the Fleet Vehicles Agency, and they hold them as long as they are serving that function and are prepared to use their vehicle allowance to pay for it. That Fleet Vehicles Agency is a special operating agency in the Department of Government Services.

* (15:20)

Mr. Jim Penner: I understand that it is a special operating agency, Madam Chairperson, but I guess the reason some businesspeople ask these questions is that we are capped at a certain limit for depreciation purposes, and we were just wondering if that applied to people in executive positions in government.

Mr. Selinger: Every year, there is a cap that is identified every year for what a purchase of a vehicle can be, and I believe the amount this year, as I recall discussing at a Treasury Board, was about \$32,000 for what a ministerial vehicle

could cost, topside for acquisition purposes. It was in that range, \$32,000 and change. There are no BMWs or large SUVs with chrome all over them that I am aware of out there.

Mr. Jim Penner: Each MLA, I am sure, in the House represents a broad variety of people, and they have different interests and different concerns. I sometimes struggle with that personally because I do think that the ministers of the Crown work for their keep. On the other hand, questions would come even to me like: Jim, how much do you make? This kind of stuff, and in some cases, it is hard to answer, so I probably will not use that information.

Can I go back to the question about what we were going to borrow \$2.26 billion for in 2002-2003?

Mr. Selinger: Just before we go to that, I do have last year's amounts. If you want to have a comparison, I can provide a look at it.

An Honourable Member: I have last year's book.

Mr. Selinger: Okay. This year's borrowing requirements are general. Well, it is all listed on page B24. I do not know if you have any clarification questions. I will not read it out, but I think it pretty well speaks for itself: \$1.3 billion for General Government Program Debt that is mostly rolling over. Refunding is \$1.374 billion.

Mr. Jim Penner: Hydro was \$1.2 billion last year and it is shown here as \$771 million this year with \$309 million being Cash Requirements and \$282 million is Refunding. Why the difference from \$1.2 billion to \$771 million?

Mr. Selinger: The biggest difference is in the refunding requirement. Last year the refunding requirement was \$1.29 billion, and this year the refunding requirement is \$283 million and the Estimated Unfunded another \$180 million, which is a kind of refunding requirement as well. So it is about \$282 million plus \$180 million; \$462 million, let us say, versus over 1.3 billion last year. That would be the biggest difference. That reflects the amount of bonds coming due and have to be rolled over and put back into the marketplace.

Mr. Jim Penner: I notice that there is no amount listed, I think, for Red River Floodway, or there is \$20 million. Last year we talked about \$40 million. Was any of the \$40 million last year spent, or did that stay in suspense?

Mr. Selinger: The \$40 million last year was cash inside the Budget. It was not any borrowing authority for last year's commitment in the Budget. We did do some floodway improvements, mostly the floodway entrance, the notch requirements. That was funded through the infrastructure agreement, so we did not have to access the \$40 million. The \$40 million was a placeholder to get the federal government to come to the table on cost sharing, and we did not flow it because they did not come to the table with an agreement.

Mr. Jim Penner: Since I do not understand government accounting very well, what happens to that \$40 million? Does it stay in suspense? Is it still available, or is it gone?

Mr. Selinger: It was a cash amount that we had lapsed in our year-end financial statement.

Mr. Jim Penner: How much of this \$2.26 billion in borrowing do you expect to be picked up on the bond market?

Mr. Selinger: Essentially, we think all of the \$2.26 billion will go into the bond market. We will have a Hydro savings bond program this May, and you have seen some of the early advertisements on that now. We do not officially set a target on that, well, we just do not officially set a target on it, so we do not get caught in artificial comparisons, but \$200 million to \$300 million in the Hydro Bond market, depending on how much is available and how much is rolling over in the Manitoba public. That program is restricted to Manitobans only, so it has a lot to do with how much money they want to roll over at that time of the year into these kinds of instruments.

Mr. Jim Penner: Some years ago, the government of the day initiated a program called Grow Bonds. Now that was a method of helping rural people finance, because it is very difficult to finance commercial properties and industrial activities outside of the Capital Region. The

rates are higher for interest and the security is stiffer, so the Grow Bonds were developed. This was a way in which, I believe, the government underwrote, guaranteed the investment of citizens in a project so that funds would be available to offset the shortage of funds available from financial institutions.

How much activity has there been in the Grow Bonds—which is a government guarantee—activity in the last 12 months?

Mr. Selinger: I do not have the specifics of that available in my Estimates, because that program is lodged within Intergovernmental Affairs. It is still an ongoing program. You are right, it is a 100% guarantee of the investor's principal that they put into that. The program, I think, has had some success in generating investments in rural economic diversification, but I would have to get the information out of those departmental Estimates. We have reviewed it, but I do not have it in front of me right now. I can take it as notice if you want to discuss it here.

Mr. Jim Penner: I really am interested, because I have at some points offered to invest under the Grow Bonds programs myself, but then a year or so ago, it was undertaken by the current government to include the Capital Region in the Grow Bonds activity. So my purpose for asking this question, Madam Chairperson, is to see what happened to the Grow Bonds activity the year before the Capital Region was included and the year after.

Mr. Selinger: Without getting too deeply into it because I do not want to pre-empt what the minister responsible for that program would like to say on it. I think there has been very little, if no, expansion of the Grow Bonds program in the Capital Region in terms of de facto loans. That program is now available in the Capital Region but I think there has been very little activity there.

* (15:30)

I think the Minister of Intergovernmental Affairs is the proper person to put those questions to. If you want me to bring information here, I do not know about the protocol of me starting an answer for another minister. I

think it is a bit tricky, particularly if we are saying something different. So I would really prefer her to answer the question.

Generally speaking, it is a program that has changed, really, very little, other than to allow more of the geographic parts of Manitoba to be eligible for it in the Capital Region, and I think the guarantee that we have got in the Budget is about \$8.8 million. That what is outstanding in Grow Bonds commitments at this stage of the game right now.

Mr. Jim Penner: Madam Chairperson, I am okay with asking the Minister of Intergovernmental Affairs (Ms. Friesen), but I know that the buck stops here. Sometimes the Premier (Mr. Doer) says the buck stops with him, but we know that in Cabinet you kind of have an understanding. We are not asking for exact figures here, but we would like to know the trend.

If at some point that is available, I, having had half of my business—usually half of my business or more has been in Winnipeg and half in the country, in rural areas. I have experienced a tremendous difference in the treatment I got from financial institutions. I realize the importance of these Grow Bonds to some people who cannot raise capital but they have the energy, they have the knowledge, they have the skill, and we want this province to grow.

We also know that 80 percent of the employees in the province are in small business, businesses with what—under 50 or under 20? I forget the number, but it is a section of our economy that we feel is undervalued, and particularly since the dissolution of the department of rural affairs, or whatever it was before.

The rural economy is struggling as it is, and I was disappointed that Grow Bonds were diluted by including the Capital Region, because it is really two different circumstances. When you are building a shopping centre, for example, in Winkler, or you are building a shopping centre in Altona, or you are building a shopping centre in St. Vital, there is no comparison. I feel for the rural people, even though I was fortunate enough to be able to finance it, most times. The opportunities are so limited to acquire capital for

investment, and risk-taking is frowned upon by the trust companies, by some of the banks. We are getting a little better co-operation from some of the credit unions. I would like to see even this Grow Bonds program emphasized in rural areas and expanded if possible so that those opportunities to grow this province would be there.

We know that employment is—people are hard to come by in Altona, in Winkler, in Niverville, in Steinbach. If we could find more people to live in those communities, we could expand our businesses more easily. There are some businesses that have always advertised on a weekly basis, year round, for additional staff. If additional money were available, it is a good place to invest because this Province would not lose considerable amounts of money by carefully investing through the Grow Bonds program. I know that there are some losses, and I accept that we all knew that before we did this.

Mr. Selinger: If I could, I would just like to say I do not think the Grow program has been diluted. I think it has been expanded. I do not think any good opportunity to expand the rural economy, through the Grow Bonds program, would be rejected if a group of investors came together and wanted to support that. I think the Grow Bonds criteria would still be there and if they met the criteria, they would be eligible for that Grow Bonds guarantee that we make. I know there are applications coming forward as good opportunities come available.

There are some other programs that the Minister of Intergovernmental Affairs (Ms. Friesen) has as well to aid in the expansion of micro enterprise in the rural areas. There are two that I can think of: the Community Works Loans program and the REA program, the Rural—I cannot quite think of the acronym, but it is an assistance to an individual entrepreneur to get a bit of a guarantee when they go to a financial institution to get something started up. I think the Minister of Intergovernmental Affairs has been paying a fair amount of attention to this. She has an interest in this, and I think she could expand on the details of that for you.

But I take your point. I think we do need to make capital available in the rural areas and in the northern areas to allow people to develop

economic opportunities. Sometimes the financial institutions are not there to support these activities without some sort of third-party support, such as investors in the community and some guarantees from government. I think that is a problem.

We are seeing some of the financial institutions actually exiting rural communities entirely, and we have seen the credit union movement move into some of those areas this year, and buy out some of those branches and set them up as credit union operations. I think we can be thankful that the credit union movement of Manitoba has been willing to do that, and move in and fill the void where the banks have pulled out. I think the credit union movement now is becoming the major supporter of the rural agricultural economy of Manitoba.

Mr. Jim Penner: I might boast a little bit there, the Steinbach Credit Union being the largest free-standing credit union in Canada.

Mr. Selinger: And has recently entered the city market, I have noticed, and still has among the lowest mortgage rates I have noticed as well.

Mr. Jim Penner: The honourable Minister of Culture and Heritage (Mr. Lemieux) and I were able to turn the sod last week on this building at Kenaston and Waverley, so, yes, we were very pleased that the credit union movement has taken up some of the slack. That still does not reduce the need for some department of rural development and for the need for things like Grow Bonds because the opportunities for growth are really quite numerous and need to be addressed.

I have a couple of colleagues here. If in fact they would like to ask questions in the area of Treasury 7.2, the people are here.

Mr. Selinger: Just before the Member for Minnedosa, the REA program is the Rural Entrepreneur Assistance program. It is a guarantee program that we have with the financial institutions in the rural areas. Just to put it on the record.

Mr. Harold Gilleshammer (Minnedosa): Just a couple of unrelated questions. The minister

indicated that the funding of \$40 million that was in last year's Budget was all lapsed, but there was an expenditure I believe on gates. Where was that expenditure assigned to?

Mr. Selinger: That expenditure, I believe, was done under the federal-provincial infrastructure program. We had a commitment from the federal government to cost-share the notch in gate improvements for the floodway.

Mr. Gilleshammer: So \$40 million has been put back into this year's Budget in anticipation of federal support to move ahead with this?

Mr. Selinger: Yes. There is \$20 million in the general appropriation cash and \$20 million in loan authority.

Mr. Gilleshammer: Where are the discussions with the federal government as we move away from 1997, when we were all concerned about the floodway and whether it would hold and the capacity and so forth? Has the federal government shown any interest in proceeding with an expansion of the floodway?

Mr. Selinger: I would like to answer that in two parts. First of all, as you know, there was a program put in place after '97 to do ring dikes and other improvements to protect communities. We believe the federal government has not funded that adequately to handle all those works that need to be done outside of Winnipeg. So we have not quite come to the end of our cost-share component of that. But when it does come, the Province will be under pressure to fund 100 percent of the remaining improvements required unless the federal government comes back to the table under that program.

With respect to the floodway expansion, the federal finance minister in his pre-Christmas Budget indicated that if there was any surplus, and at the time he was predicting none, that there would be some infrastructure projects that would be funded on a national basis. The last information we had from the federal government was that they were looking at a \$15 billion surplus—through these difficult economic times—at the federal level. Some of that money, we suspect, will be made available for infrastructure works across the country. The details of that have not

been announced or sorted out yet, but we think there is a possibility that some of that money might be available for a program like the floodway expansion.

* (15:40)

Mr. Gilleshammer: The whole issue of infrastructure—there always is more demand than there are resources for that. It almost seems to me that governments, both provincial and federal, would have to agree, outside of other priorities for highways and water and sewer and so forth because of the dollars involved, to make this a priority. Do you get any signals from the federal government that this is a priority for them?

Mr. Selinger: I could not say for certain how they are doing it, but I understand they are looking at an infrastructure program enhancement that would have a strategic element to it. In other words, key strategic projects in different regions of the country which might allow for the kind of consideration that you have suggested for some major projects, outside of the normal demands for highways and sewer and water, all those projects that are still important.

Once again, I cannot speak for the federal government. I am just giving you some insight as to some of the thinking that I have heard. It is all conjecture at this point. There is nothing in writing. There is nothing that has been officially announced by the federal government. They have not even confirmed that they will have a year-end surplus at this stage of the game, but the quarterly reports show a pretty healthy surplus developing. As you know, the federal minister always has a way of allocating some of that surplus before he books it off at year-end to things that sometimes the Auditor complains about, like Millennium Scholarship funds, et cetera. We will have to see how he handles that anticipated surplus and how much of that might find its way into a strategic infrastructure program, if I can use that terminology.

Mr. Gilleshammer: What was the total amount lapsed in the last budget year? What was the total lapsed amount for the last Budget?

Mr. Selinger: We budget for \$60 million at the start of the year and we have not closed off the

books for this year yet. I am looking down the way to my Treasury Board officials and I am not getting any number signs popping up, at this stage, on what the lapse might be. If you wish, we can revisit that when we hit the Treasury Board section of the Estimates. We can pull them up here and grill them further. They do not want to give me any number right now. Is Mr. Potter moving to the front to offer me any information? He is moving out the door at the moment. I would have to take that as notice and see if I can get your information reported under the Treasury Board section.

Mr. Gilleshammer: When you craft the Budget, at some point you pegged the value of the Canadian dollar. What value did you attribute to it this year?

Mr. Selinger: We have pegged it at \$1.62 or 61.7 cents, going the other way. Right now we are beating those targets, and we hope to beat them by year-end as well, but once again, who knows what is going to happen on the world stage, in terms of events that drive the economy.

Mr. Gilleshammer: I think you have probably received good advice on that issue.

Mr. Selinger: I think the assumptions are prudent as well.

Mr. Gilleshammer: In this 7.2, I was just looking at the salaries for—Salaries and Employee Benefits. Most of these lines here would indicate normal salary increases that are negotiated, so that line, most often, is printed up but I do notice under Other Expenditures, which tend to be the operating side of those units, you have printed down. What is the strategy to achieve lower operating expenditures within the department?

Mr. Selinger: Essentially, we are requiring all the operating units of the department to look at their discretionary expenditures and manage them within the allocation that they have received this year.

Mr. Gilleshammer: What are the savings year over year within the Department of Finance that you are showing by lower operating expenditures?

Mr. Selinger: Do you have the orange book? On page 6 of the orange book, we are showing a reduction year over year of total expenditures in the Department of Finance of 13.2 percent. That includes the public debt costs.

On the total operating appropriations, we are showing a reduction of 1.7 percent. About 2 percent was the number I had in my head, but it says 1.7 here. That is as much detail as I have on that.

Mr. Gilleshammer: I notice in perusing the Budget document that throughout all departments you have printed down in that area. What would be the total savings in dollar figures across government by showing lower Other Expenditures?

Mr. Selinger: Once again, that is a Treasury Board item for consideration. I will get the number for you. I do not have that specific number right in front of me, but we did make a reduction of Other Expenditures across government as part of our management process this year. In most departments, I think it was in the order of 1.7 to 2 percent across the board that they were supposed to save in Other Expenditures. I would have to get you a specific number on that. We would have to calculate that for you and get that to you.

Mr. Gilleshammer: Right across government under the Other Expenditures or operating lines in the area of a 2% reduction. So the message has been sent through all departments then to do more with less.

Mr. Selinger: Yes.

Mr. Gilleshammer: Thank you.

Mrs. Heather Stefanson (Tuxedo): Each year around this time or in June there is usually a Manitoba Hydro Bonds or Builder Bonds issue, and I think you had mentioned earlier that there be a Hydro Bonds issue this year.

Mr. Selinger: Yes. You are starting to see ads in the paper now. The rates have not been set, but there is public notice going out that that is coming.

Mrs. Stefanson: I am just wondering if you could estimate the size of the issue at this point in time.

Mr. Selinger: I indicated earlier that we do not actually do that, so that we do not set up unrealistic expectations on either the brokers or the Government in terms of what they have to achieve, but I think a range of say \$200 million to \$300 million would not be unrealistic.

Mrs. Stefanson: Can you tell us how much will be maturing this year?

Mr. Selinger: We think there is a total bond maturation of both government bonds and Hydro Bonds of about in the order of \$280 million this year, roughly, Builder Bonds.

Mrs. Stefanson: Would it be a fair assumption, given what rates have done internationally, nationally, and probably locally, that the rates will be less this year than they have been in the past couple of years?

Mr. Selinger: Technically that is a hypothetical. We have not set the rate yet, but I think we can all see the trend. It is going to be tough to be at last year's levels, given current trends, unless something jumps in the next few weeks.

* (15:50)

Mrs. Stefanson: I sort of am aware that some of them are redeemable every six months, so presumably some of those bondholders would hang onto those because they have last year's or other years' rates that perhaps would be a little bit higher.

Having said that, if Hydro is to raise more than the roughly \$280 million that might be coming due this year, where would those proceeds go? In other words, they would not be going just to refinance existing debt, but where would the proceeds over and above the \$280 million go?

Mr. Selinger: Anything over and above what the rollover would be would be available for other capital programs that they have.

I just want to say back on the rates, the floater rate will probably be lower because of the obvious difference this year, but the medium-to-long-term ones might be in the same ballpark as last year.

Mrs. Stefanson: The \$2.26 billion that you talked about in terms of debt financing this year, does that include these Hydro Bonds?

Mr. Selinger: Yes, it does. I can say that this has been a fairly long tradition in Manitoba, that a certain portion of our annual borrowing requirements we like to encourage Manitobans to hold through their Builder Bonds or Hydro Bonds.

For Manitobans, it is a way to invest in their province. It gives them a reliable instrument at usually a market rate of return, but I believe it is quite a popular program. We do it at basically market rates. We do not give any undue bonuses. We set it based on sort of advice from the private sector and our own people. We sort of take very strong advice right at the point we are going to set it, and we try to keep it a cost-effective, efficient program. That I think will ensure that it sticks around for awhile because it is a program that is well liked by Manitobans, particularly senior citizens and people who like their income to be protected from volatility.

Mrs. Stefanson: No, I agree. I think it was an excellent program that was set up a number of years ago, and I am happy that it is continuing this year with a Hydro Bond and in other years with Builder Bonds. So I am pleased to see that.

You had mentioned earlier that there is some advertising that is taking place now. What do you estimate the expenditures of that advertising to be?

Mr. Selinger: The advertising for these bond issues is about the same, roughly the same year by year. It is about \$170,000. That is the estimate that has been given to me.

I should just mention also about the continuity of the program. I think the way we have designed the program with market parameters around it has increased its sustainability. It has been cancelled in B.C. this year. I do not believe they are doing one in Ontario anymore, are they? *[interjection]* They are still doing one in Ontario, but in provinces where they have maybe made it a more expensive program, it has not survived. Alberta has cancelled theirs as well.

Mrs. Stefanson: The \$170,000 expenditures in advertising, where does the money come from to pay for that?

Mr. Selinger: It is one of the expenses that is expensed against the proceeds of the program.

Mrs. Stefanson: Are there any other expenditures that can be expected that would be paid for out of the proceeds?

Mr. Selinger: And there is always pressure to increase those.

Mrs. Stefanson: Just away from the Hydro Bond issue, just on another sort of general investment activity line of questioning which I believe falls under this as well, I am just wondering if you might be able to give us an indication as to what percentage of current government investments are managed locally by Manitoba companies?

Mr. Selinger: Just for a point of clarification, you were talking about the investments of debt instruments?

Mrs. Stefanson: Yes, I guess it would be debt.

Mr. Selinger: On the debt instruments, virtually all of it is managed by the Treasury officials, that small shop in the basement of the Legislature. They look after it all.

Mrs. Stefanson: You mentioned in the debt area. What about in the equity area?

Mr. Selinger: The only equity investments that our Treasury official handles are on behalf of Manitoba Public Insurance Corporation. There would be about \$130 million there, of which 60 would be handled locally and 70 by companies that do not necessarily have their locus of control inside Manitoba.

* (16:00)

Mrs. Stefanson: What about pension funds? Is there equity in there as well?

Mr. Selinger: These guys cannot help me with the answer on that, but as the Minister responsible for the Superannuation Fund, they have

their own investment managers inside the organization, the Superannuation Fund, and they do contract with some external companies to invest parts of that as well.

Mr. Jim Penner: Madam Chairperson, in looking at the outline in the Supplementary Information for Legislative Review, on page 41 it talks about: to effectively manage trust money deposited with the Minister of Finance by Crown corporation agencies and departments. Probably two questions there. One is, where does the trust money actually come from? I understand it could average at \$1.4 billion. How has it managed to earn money for the Province?

Mr. Selinger: The Treasury Division does act to invest the trust money from the Crowns and special operating agencies. They do that because they can, by pooling all that money together, get a better deal in the marketplace on the investments they make. It is about \$1.7 billion. The biggest chunk of that would be the Manitoba Crop Insurance Corporation at about \$200 million. The rest of it is money that is surplus to the immediate requirements of those organizations that they place in trust with our Treasury Division, which acts as kind of a bank to invest that on a daily basis in the best rates and returns they can get in the marketplace.

Mr. Jim Penner: Are there investment rules?

Mr. Selinger: What might they be? The process is that there is a credit committee that manages all these resources, composed of the directors in the Treasury Division and the Department of Finance. The basic rule is for anything long term it has to be at least a AA credit-rated investment, and for short-term money it has to be an R1 Mid, which is also a high rating for short-term investments as well. *[interjection]* Low-risk investments in both cases, yes.

Mr. Jim Penner: So are there any other guidelines that govern the investment of this \$1.4 billion that are put forward by the people who own the money or who brought in the money?

Mr. Selinger: Basically the decision as to what investments are made does not reside in the owner of the money, the Crown corporation; it is made by these people here in the Treasury as to what kinds of AA investments they can put their money into. The corporation, or the Crown,

could suggest that they wanted two years or they could suggest what kind of terms would best suit their organizational objectives, but they cannot impose upon our Treasury officials the specific type of investments that ought to be made or should be made, for example, a high-risk investment that they would favour. Our Treasury officials are under no obligation to take instructions in that regard, but they will take instructions for time and duration, those types of criteria.

The bottom line is that it is the Treasury officials that control the risk of how this money is deployed.

Mr. Jim Penner: I have worked with funds that are held by, let us say the university, that are endowment funds. There are always a lot of rules and regulations in handling these things and guidelines. One of the issues is always the size of the capitalization. Do we restrict ourselves to large cap when we work with trust money?

Mr. Selinger: Really the answer would be that it is the credit rating that drives the investment focus. To get the high credit ratings it is often the case or usually the case that they have to be fairly large cap organizations that they are putting the money into, but there is also a high degree of liquidity within the resources that are invested, so that puts them into things like Canada Savings Bonds and other safe instruments like that.

Mr. Jim Penner: So the small cap and medium cap businesses that are trading in Manitoba would not qualify?

Mr. Selinger: Pardon me.

Mr. Jim Penner: The small cap and medium cap businesses trading in Manitoba, would they qualify for investment?

Mr. Selinger: Not through the use of these resources, because they do not have credit ratings. That is where the other programs that we have talked about earlier play a role.

Mr. Jim Penner: They do not have strong credit ratings.

Mr. Selinger: They are not officially rated by these credit rating organizations.

Mr. Jim Penner: The other thing I was wondering about is the use of outside professionals. In investment very often we hire one person to select the person who can choose fund managers and the person who knows how to choose the fund manager hires the fund manager.

Mr. Jim Rondeau, Acting Chairperson, in the Chair

So it is a three-stage process. If you have a large amount of money to invest you go through those three stages. That involves three stages of professionals in fund management, one choosing the person who knows how to choose and one choosing the fund manager, three stages. Is that a consideration when we are working with trust money?

* (16:10)

Mr. Selinger: Yes. In terms of the trust monies, it is all handled internally according to those credit standards. But in the case of equity money, it is exactly done the way you suggested, where there is a three-step process, first picking the right person to give you advice and then having them give you advice as to where those investments should go.

Mr. Jim Penner: Last question on those: Who gets the earnings?

Mr. Selinger: The benefits of the investment activities fully accrue to the clients.

Mr. Jim Penner: And your expense for managing?

Mr. Selinger: The Treasury officials cover their costs.

Mr. Jim Penner: Mr. Chairperson, this was very informative for me. I often wonder about these things. When you are supposed to be the critic you want to know whether or not to criticize and whether or not to find something where maybe we could be of assistance or maybe we could improve the operations.

This next question I have is in regard to what appears to be a slush fund. I guess the

money in the bank account varies day by day. I notice on the second last paragraph on page 41 of the orange book, it talks about interest earned on short-term investments is expected to amount to \$44.4 million. I expect that that interest may be bankers' acceptance notes or overnight money at maybe 1.25 percent or something.

Mr. Selinger: To the Member for Steinbach, in that second last paragraph, it is \$44.4 million. That is the pooled amount earned through managing all these resources. Then on the last line in the last paragraph of that page is the amount that is returned to the clients, \$41.9 million, or \$42 million. The difference is retained for investments that we actually own ourselves, money that is being handled on our own behalf.

Mr. Jim Penner: In the Money Management and Banking section at the end of 7.2.(c) it says that the branch will continue to partner with specific project areas of government as they become involved in electronic commerce to enable individuals and companies to interact and conduct business with various government departments using new technology. Are we using new technology?

Mr. Selinger: Yes, the short answer is that the Treasury Division does work with the banks and other credit institutions to implement technology which allows for electronic transfer and payment of funds, as opposed to the cheque-writing process which has been around for so long. That is actually part of the utility that we are extracting from the Better Systems Initiative and the SAP implementation. The Treasury officials act as kind of advisors to those projects on how we can get the most efficient use of that technology to effect the transactions that are taken throughout government, many of which are effected through the Treasury Division itself. There is quite a bit of work going on there. It is not completely automated yet, but it is moving in that direction.

Mr. Jim Penner: I know that there should be real savings after investing substantial money in SAP and other systems, but then we get to the next page, and we find that the cost of banking went up 35 percent. It talks about a six-year agreement that we talked about last year, and the

costs of banking went up 35 percent. Are we not getting savings or any improvements or any efficiencies out of the new technology and the electronic transfers?

I know that, before I left the business world, we paid 800 employees their wages using one and a half person-days every two weeks because everything was electronic and computerized. It seems to me that, if those efficiencies had come into government, somewhere in our Budget it would show that we were saving money.

Mr. Selinger: I have an answer coming for you, but was there a specific line you were referring to here? In terms of banking costs, were you pointing to something specific?

Mr. Jim Penner: I was quoting something that the minister said last year. He said they had a six-year renewal agreement, but the cost went up 35 percent. Then later on, it seems to me, it was a 30-day agreement. I just want to clarify that in my own mind. In the meantime, the cost went up supposedly, and I would think that, with new technology, the province has not grown that much, if at all, and the Budget has grown by almost \$1 billion, it seems like writing larger cheques does not cost more money, so I am missing something. There should be savings somewhere.

Mr. Selinger: Well, first of all, the comments that you are reporting showed an increase in banking costs of 35 percent, and this is in the context of banking costs increasing for most organizations on average 200 percent and up to 300 percent. The banks have been extracting greater fees and revenues from the services they provide to organizations. Our increase of 35 percent builds in efficiency gains and increased use of technology and good negotiating on the part of the Treasury division to get the best rates possible from the best suppliers possible. So I think on a comparative basis you will find that we have done quite well.

* (16:20)

The other thing I just want to say is you mentioned the billion dollars which compels me to direct you to a certain page in the Budget, B10, on our Program Expenditure, and you will see that in terms of our last three budgets, our

spending has gone up a half a billion, whereas if you go from '96-97 to '99-2000, the last Budget of the former government, Program Expenditure went up a billion there.

So just to set the record straight, as indicated in the Financial Statistics, Ten-Year Summary, we have not increased our spending on programs by a billion dollars. That was something that was done by the former government over their last four years.

So banking costs are a concern and I remember this coming to me, that on the renewal of the agreement, we were not happy with what people were asking. I know my officials went out and negotiated vigorously to get better rates, and I think we wanted to avoid--did we lock in for six years? *[interjection]* Yeah, that is what I thought. We avoided getting locked into a long-term agreement on this.

So that we could achieve efficiency gains with the rapid acceleration of technology in this business, we avoided a long-term agreement so every year we can negotiate the best rates possible or change technologies or suppliers of the services if necessary. So we have kept ourselves flexible, not to get trapped into costs that do not bear any relationship to the real cost of providing these services.

Mr. Jim Penner: I was just reading from last year's Hansard and the honourable minister said: The contract was renewed with Royal Bank, the renewal of a six-year agreement, and the cost went up 35 percent.

That is just what it says in Hansard, so that is why I said that. I did not want to be accusing you of something.

Mr. Selinger: Just to set the record straight, there had been a six-year agreement, but it was decided not to renew it for all the reasons I have just discussed. We did not want to get locked into a six-year agreement again. We are going on a year-by-year basis to get the best deals possible. We wanted to avoid that six-year agreement. It just seemed like too long a time horizon, given the rapid evolution of electronic technology with respect to these kinds of on-going transactions.

So I just want to make sure that Hansard gets it right this year. I misspoke myself last year.

Mr. Jim Penner: Thank you and in regard to that often-kicked-around billion-dollar figure, if on B10 I look at 1998-99 which was the last Budget of the previous government and which the present Government voted in favour of, then I go to 2002-2003 and I see 6.9 billion, so it is roughly a billion-dollar increase from '98-99 to 2002-2003. Am I not understanding something?

Madam Chairperson in the Chair

Mr. Selinger: The line I am referring to is the Expenditure line called Program Expenditure, and I am going from the '99-2000 Actual, which is the last Budget of the last government, 5.971 billion, to our first Budget. Our first Budget was 2000-2001 where we brought in a Budget of 6.1 billion, and this year's Budget is 6.56 billion, and that is why I am arguing that our increase is over that period.

Now, that last Budget that we both voted on in '99-2000, we only took stewardship of that Budget on October 4 of '99. It was halfway done before we came in, and there was significant over-expenditure which had not been budgeted there, including nursing contracts and other contracts and expenditures in the medical field for which they have not been budgeting. I do not know if you want to enter into this debate again, but we are using different reference points here on what the expenditure is.

An Honourable Member: They were spending like crazy in '99; we had to vote with you.

An Honourable Member: We were trying to win the election.

Mr. Jim Penner: Yes, I would accept your comment that you were trying to win the election and you went significantly over budget and we had to deal with it. I guess nothing has changed over the years. When it is election time it is election time.

One of the concerns, you know, about the 30 days notice, is that it has been our experience that if you are willing to tie in for a longer period of time, the assuredness of the business, if you use a fixed time frame and you put the business

out for tender, it is believed in the business world that you can realize a substantial saving.

Mr. Selinger: I take it, from that, you are asking why we have not used that tack, why we have not used that approach to try and control our costs better in this area? I think it is because of the intensity and the rapid change in technology with respect to financial affairs.

I have had previous experience with this. Sometimes a vendor will come to you, and they will offer you a 20 percent reduction in the cost of the services they provide you over, say, a five- or six- year time horizon. But productivity improvements because of rapid improvements in technology will be in excess of the 20% reduction; they will be 30 percent to 40 percent. So you might get a deal for the first year, but by years 2, 3, 4, 5 you start losing money, vis-à-vis the productivity improvements, because you are locked into that price.

What our officials want to do is, they want to be able to capture those productivity improvements because of technological innovations in their ability to negotiate contracts on a year-by-year basis, and I think it was a strategic judgment on the part of Treasury officials that a six-year contract would not allow them to capture those productivity improvements in a timely fashion. We would be losing money in the back end of that deal rather than being able to go out every year and look at different suppliers on how we can get the best rates possible for these services, plus we have always the option of being able to deploy our own technologies inside government to get improvements, if we wish, as well.

The other point my officials are pointing out to me is that even the vendors are avoiding long-term contracts now because they do not want to get locked in either. As Crowns and some government agencies go out to try and lock in long-term contracts, they are just not being offered by these organizations that provide these services. So both the buyers and the sellers of these services are going short right now because of the dynamic nature of the technology in this field.

Mr. Jim Penner: Even if it was not a six-year commitment, if it was a two- or three-year

commitment, or if the commitment was to give three to six months notice, could you realize a saving in the cost of services because the financial institution would feel more secure with your volume of business?

Mr. Selinger: My officials do not believe they would be able to get those advantages. That is their professional judgment. I have no reason to challenge it at the moment; they have delivered every year on our requirements.

Mr. Jim Penner: Was the Builder Bond issue approached this year?

Mr. Selinger: Approached in which regard?

* (16:30)

Mr. Jim Penner: By the Government. Are you considering it?

Mr. Selinger: Yes, we will be doing a Builder Bond issue—sorry, not Builder Bonds, Hydro Bonds. This is a Hydro year. We are going to be doing a Hydro Bond issue this year, and there are starting to be some trailers in the newspapers advertising that it is coming. It will be about the third week of May that we set rates on that. Another couple of weeks and we will be going out, but it is a Hydro Bond issue this year, as it was last year.

Mr. Jim Penner: We noticed on TV, for example, and in mailers that this Government is advertising their Budget as a fine document.

I am just wondering what that cost of advertising—do we know what that advertising is costing the Province?

Mr. Selinger: I do have a number on that. I would recommend that we come back to that under the ministerial salary line because it is not really a Treasury Division decision to do that advertising campaign. They are hoping not to be in any way related to that. I can see them fading into the woodwork over here. They do not want to have any connection to that advertising campaign.

But I can tell you that the amount that is spent is substantially lower than the Government's expenditures before the changeover. The

Government in the year before we took office spent substantially more. I think the difference is about \$50,000. Without having the official numbers right in front of me, I think we are spending in the order of \$117,000 this year versus about \$170,000 in the last year of the previous government. But I will confirm those numbers when we get to the ministerial salary line.

Mr. Jim Penner: Thanks for that answer. I was not in the previous government, so I am allowed to be a little bit naive. I also wonder what the purpose of this advertising is.

Mr. Selinger: Well, simply to explain to people what the Budget has set out to accomplish and what it has done for Manitobans.

Madam Chairperson: I would just like to take a moment to remind all members to please provide the courtesy of your attention to the member who has the floor.

Mr. Jim Penner: I suppose the question that I asked before, I either did not understand the answer or I did not hear it or there was no answer. It seems to me that substantial funds have been spent in the area of electronic communications equipment, so that we can do paperless banking, so that we can do funds transfers and so on in a much more efficient manner.

I am just wondering if that did not create an efficiency and if that does not show up somewhere in the Budget.

Mr. Selinger: There is a two-part answer to that. One, if we were still doing paper transactions, my officials believe that the cost would be 10 times higher, as opposed to the electronic approach, and, yes, the rates have continued to go up at the banks, 35 percent. I will avoid the populous tendency to bash the banks right now, but we know their profit levels remain quite high, particularly the Royal Bank. My officials believe that the 35% increase in banking fees is far less than what they expected and what had been the average increase in banking fees across the wider organizational community out there, where other organizations are paying an average of up to 200 percent more in banking fees. So

even though it is still going up, it is not going up as dramatically as it is in other organizations and not as dramatically as what our officials had expected it to go up.

The other point about the implementation of the SAP system in Government was that the banking fees is just one small component of the total efficiency gains the Government hoped to achieve with SAP. They do a gigantic number of transactions on a daily basis with respect to accounts and budgetary allocations all across government, which are now entirely handled electronically. So there is an efficiency gain there.

Just very recently, they have added an HR component to the SAP system. My comptroller sent me information on that just this week, where he indicated that it will save us about \$60,000 a year on staff processing costs. We used to take about 15 minutes to do an HR type of transaction. He has it down to minutes now for the same transaction with the addition of this feature.

So this SAP system is a system that allows for enhancements on a go-forward basis, where they can see how it will create further efficiencies in the HR area, in the financial transactions area. As the system gets fully rolled out, it is fairly new still; it has only been really implemented in the first year of our Government that it started to roll out, and there are still a number of kinks to be worked out there. Its full effectiveness and efficiencies have not been fully captured yet.

There were a fair amount of training requirements, as well, to bring staff up to speed on this, including a comptrollership function in the various departments where they had to do their financial controls in a different fashion to account for the change in technology. All of those things are just starting to crystalize and solidify within government.

Quite frankly, it is hard to go back. There would really be no going back now to the legacy systems, which were 20 to 30 years old. We realized very quickly upon taking government even if we wanted to end the SAP system, we could not; we really had to make it work. There is too much of a sunk investment in it, and we

had to make it work. We have committed ourselves to doing that and getting its full functionality, but it is not 100 percent there yet.

Mr. Jim Penner: I know about the pains of training, and the kinks in the system and the length of time it can take to bring a complicated system up and running, and then finding out that you have not bought the right software.

I will quote something that was said last year by the honourable minister, and I quote: "We are looking at a common business identifier and a Web-based taxation system. We are just on the verge of getting into transforming the taxation system here."

I am wondering if that transformation has taken place.

Mr. Selinger: Yes, we are actively pursuing that. The new common business identifier system is being put into place. This is under Taxation. My ADM, we can pull him up here as soon as you would like, and we can get into the details of that. Just a short answer right now until we get to the Taxation line in the Budget is that implementation has gone forward, and they are starting to get some early functionality out of that right now.

Mr. Jim Penner: Do you have a completion date?

Mr. Selinger: I will ask the ADM of Taxation to come up and give me an update on that. In terms of the common business identifier, the payroll tax system is up and running. The sales tax, they expect it to be operational this July, and the corporate capital tax, they hope to have completed by the end of this fiscal year. If you want more details, I would recommend that we wait until we get that other ADM of Taxation in front of us, and we can grill him as much as you want.

Mr. Jim Penner: The personal property register was initiated last January. That is now a year and a half ago, but it is not yet completed. That was the line last year. Is it running?

Mr. Selinger: It is fully operational now, and it is under the Minister of Consumer and Corporate

Affairs (Mr. Smith), that service. I think it has about over 90 percent of the transactions are now done through that Web-enabled system. I think it has been very well received by the professional community, the real estate brokers, the lawyers and all the people that use that system. It has received a very high degree of use, very rapidly. I think it has been a great success.

Mr. Jim Penner: In the issue of Canada Pension Plan debentures, can the minister tell us how much is outstanding with regard to the Canada Pension Plan and what the interest rate is?

Mr. Selinger: The Canada Pension Plan debt obligations are about \$1.26 billion, and the interest rate range on that is from 8.21 percent to as high as 17.51 percent.

Mr. Jim Penner: I am sorry. How many billion dollars, 1.6?

Mr. Selinger: 1.26.

Mr. Jim Penner: So that is down from 1.39 last year?

Mr. Selinger: We believe so. We will just check the facts on that, but, yes, I think it is down. Yes, last year's maturities were about \$135 million on the CPP amount.

Mr. Jim Penner: \$1.39 billion?

Mr. Selinger: \$1.39 billion down to \$1.26 billion. That is about \$135 million of maturities.

Mr. Jim Penner: In regard to the paying down of debt each year, the \$96 million, and that has continued, I understand that there was a change in plans from three to two years ago to put \$75 million into long-term debt and \$21 million into the pension fund. This year, I believe, the figures were reversed so that it was \$21 million into long-term debt and \$75 million into the pension fund, with the reasoning that this would more effectively reduce the total amount of debt in a 33-year period. I do not know why that would make a difference if you reduced one fund or the other. Can the minister explain that to me?

Mr. Selinger: The debt retirement committee chaired by the Deputy Minister of Finance reviews the allocation of the \$96 million every year with advice from members on the committee from the private sector, as well as some officials from the Treasury Department. They look at what the expected returns will be from a long-term investment in the pension fund versus the savings that would be achieved by paying down the debt. The judgment was that the returns on putting more money into the pension fund would be greater than the savings on paying down the debt and, on that basis, decided to make a more efficient use of the money and allocate the 75 to the pension liability and 21 to the debt liability so that they could make that money earn more results for the Government of Manitoba.

The projections showed that we would reduce the pension liability earlier. In addition to that, we decided, as of October 1, every new employee hired by the Government of Manitoba, the employing department or agency would have to fund the employer's portion of the pension fund, and that is a new feature that we brought in to attack the pension liability this year. We believe that measure will reduce the pension liability by the year 2029 as opposed to the year 2026.

On the allocation of the \$75 million, I think the projected savings over the life of the retirement schedule will be about \$50 million.

Mr. Jim Penner: Thank you for that answer. I am sure there is a logic or a reason why it is better to put \$75 million against the pension fund. I know the pension fund, I think, is still rising, but why does the \$75 million drain down our provincial debt quicker when it goes into the pension fund than into the long-term debt? Is there two different ways of handling this money, the two debts?

Mr. Selinger: Yes. The general purpose debt is shown on a separate line in the Budget, and the savings achieved there are the savings by managing that exchange rate exposure by bringing it back from 19 to 6 percent. We have talked about that and, as the money rolls over, swapping it back into Canadian dollars to

stabilize it. Those are the savings we are showing in the Budget for the debt side.

On the pension liability side, we have gone into quite a bit of detail on that on pages B18 and B19 in the Budget papers, where we have a curve for you. The debt retirement committee chaired by the deputy minister, they took advice on actuarial assumptions. The actuarial assumptions were that a pension investment or a transfer of money to address the pension liability would get greater results over the long-term horizon. The investment of that money in that area would get better results overall than the avoided cost of paying down the debt. We want to continue to make progress on both fronts and reduce both liabilities to zero as soon as possible and not have this use of resources.

On the pension liability, the pension liability continues to accelerate every year, and with the new proposals we put in this year's Budget, we start to see it decline in the year 2013. That has brought that number forward. When you look at that chart on B19, the 1999 status quo showed that pension liability continuing to escalate to close to \$9-billion-plus by the year 2035. That was going to be a real problem for government to let that continue to grow at that rate and create that kind of an exposure. So it had to be addressed. It was something the bond rating agencies wanted a plan for. We brought in a plan in our first Budget and we have accelerated that plan in this Budget.

* (16:50)

Mr. Jim Penner: Did the Government actually invest \$96 million this year completely into reducing the pension fund?

Mr. Selinger: For the 2001-02 year it was \$75 million to the pension liability, \$21 million to the debt.

Mr. Jim Penner: Is the budget for \$96 million for pension next year?

Mr. Selinger: No. Next year we have allocated \$96 million in the Budget, and the debt retirement committee chaired by the deputy next spring will make a decision as to the best split on how that money should be spent. They will

inform me of their decision in that regard. They have the final decision on it under the balanced budget legislation.

Mr. Jim Penner: I understand you have a new arrangement for new employees starting on October 1, 2002, and that is supposed to also help reduce the growth of the pension liability. I do not understand the new arrangement. Could I be privy to that?

Mr. Selinger: It simply means that an employing department, let us say the Department of Finance, if they hire any new people from October 1, 2002 forward, they have to pay in cash to the Superannuation Fund the employer's pension contribution. They have never done that, for 40 years. Now every new employee who is hired, that employer's pension contribution has to be paid out of the operating budget for that department.

That will stop the bleeding where you constantly have these employees that were building up this pension liability and, as the boomer generation was moving towards retirement, it was going to explode. So by doing it on that incremental basis, eventually the entire Civil Service will turn over in the next 20 to 30 years, and every employee in the Government of Manitoba will have their employer's portion paid as part of the departmental operating expenditures. I think we will be in a heck of a lot better position when we do that without this thing lurking over us.

When I looked at this when I first came into government, I checked what other governments were doing across the country on pension liabilities. Most governments had moved on the pension liability more quickly than they had moved on the debt issue because they saw greater returns and an ability to fund it more quickly. So that was one of the reasons why we decided to go with a comprehensive treatment of debt and pension liabilities in the balanced budget legislation and then have an expert committee make a recommendation on an annual basis as to how the money should be split between those two responsibilities.

Mr. Jim Penner: So the pension funds, the money put into the pension funds when you are

funding the pension, that money is not managed by the Province?

Mr. Selinger: It is managed by the Superannuation Fund which is a provincially legislated organization under provincial control.

Mr. Jim Penner: Does the Manitoba Teachers' Society, for example, not have its own fund managers?

Mr. Selinger: Yes. There is the Superannuation Fund for all the civil servants, and then there is the TRAF fund, the Teachers' Retirement Fund, which has its own management but still requires legislation to make any changes in the pension benefits that the members receive.

Mr. Jim Penner: Is the Superannuation Fund and the TRAF fund invested in a similar fashion?

Mr. Selinger: Both funds make independent decisions about how they invest their resources, using their own investment committees. They are completely independent operations.

Mr. Jim Penner: They would fall within similar guidelines. In other words, they could invest in the marketplace?

Mr. Selinger: Yes. Both can make their own choices as to how they invest pension money in equities, in debt instruments, in fixed income instruments in order to maximize benefits for their members.

Mr. Jim Penner: So if you took the \$75 million in the pension fund and put it all in Royal Bank stocks, on a 10-year average you would have about a 14 percent per annum return. That is why you are saying it is better to fund the pension fund?

Mr. Selinger: Yes.

Mr. Jim Penner: Well, why did you not tell me that?

Mr. Selinger: That is essentially right. Each pension fund has a mix of investments. Some are fixed income, some are equity investments. The average return is about, what 5 to 7 percent? The actuaries credit about a 7 to 7.5% return on those

pension funds, which is a better return than the avoided cost of paying down the debt. So your example I think illustrates the point, but I do not think anybody is expecting 14 percent overall.

Mr. Jim Penner: The comment that the minister made last year was that they would not even pretend to time the market from inside Treasury, but when you change the mix from 21-75 and you turn it around, would that not be timing?

Mr. Selinger: No, it is not timing the market. There is no expectation that the fund managers in this superannuation or the TRAF fund are operating on a timing methodology, but over the long term the actuarial assumptions are those pension investments will return 7 to 7.5 percent on the mix of investments they make.

Mr. Jim Penner: There has been reference made to the fact that the bond ratings or the credit ratings of the Province would improve if we approach the pension fund more strongly and addressed it more directly. Can the minister tell me how the credit rating agencies have treated us in the last two years?

Mr. Selinger: They have been very happy that we have addressed the pension liability. They have maintained our rating. We already have a very strong rating for a province of our size. They see no reason to change that. They have given us a stable outlook, in spite of the challenges we have had with the economic slow-down and some of the other challenges that have occurred in the last three or four years with some of the drought conditions in southwest Manitoba.

Generally, we are seen as a province with stable finances and a good credit risk, a stable credit risk going forward. We anticipate maintaining that this year. I have only made my first foray into Toronto but I will be going to New York at the end of the month to deal with the bond rating agencies there as well as some of the investors.

One of the things I noticed this time was some of the investors do their own internal analysis of your credit worthiness. They do not necessarily wait for the bond rating agencies to give an opinion. They have a very strong internal capacity now.

The one we visited this time, which has a half billion dollars of our paper, I think we can say they were quite satisfied with the way we are managing the resources in this province.

Mr. Jim Penner: Does Moody's rate the province?

Mr. Selinger: Yes.

Mr. Jim Penner: Do we have an AA rating?

Mr. Selinger: Yes, AA3.

Mr. Jim Penner: What are the other provinces? Do you have that handy?

Mr. Selinger: Yes, Alberta is AAA; British Columbia is AA2; New Brunswick is A1; Newfoundland is BBB1; Nova Scotia is A3; Ontario is AA3; and Prince Edward Island is A3; Québec is A1; and Saskatchewan is A1.

The more A's you have in there the better off you are on the ratings.

Mr. Jim Penner: I believe that the minister stated last year that the Civil Service Superannuation Fund performed in the top 25 percent of all funds. Do we have an idea how it performed in the last 12 months?

Mr. Selinger: I believe it has maintained its rating in the top 25 percent. When I attended the annual meeting of the superannuation fund this year, they had, I think, an annual rate of return of about 5 percent, which in the volatile market we had was much better than many other funds who had negative numbers. I think they have done very well. As a matter of fact, I would have to say I was impressed with how well they managed the situation economically this year and how prudently and wisely they invested the pension resources of the Province of Manitoba. They avoided the high-tech stocks, so they did not get some of the upside in the late '90s, but they did not get the downside in the last couple of years. They avoided that whole sector. They did not see enough solidity there to take the risk in that sector.

Mr. Jim Penner: One of the things that sort of triggered a red light or an alarm in my mind was TRAF had to come to the Department of Education and then through them to Treasury Board to fund their COLA clause. I am wondering if the pension money was so poorly invested

that it did not produce enough dividends to fund the COLA clause and that the taxpayers of Manitoba had to fund it. Is that a fact?

Mr. Selinger: No, that is incorrect. Once again, I am not responsible for that fund. That is the Minister of Education who is looking after that, but the Member for Minnedosa (Mr. Gilleshammer) might know that the COLA account is segregated from the larger accounts in the Teachers' Pension Fund. The resources for that were running short even though the general fund was doing quite well. They required some legislative changes in order to allow that COLA to be handled. The teachers fund is stronger than the civil service fund in that it gives a full cost-of-living increase to its pensioners, whereas the civil service fund only I think provides up to two-thirds cost-of-living increase. So they require some legislative changes there, but there was no taxpayer money on the hook. It was funded from within the resources of that fund. I think the Minister of Education will be able to verify that.

Madam Chairperson: As was previously agreed in the House by this committee, the hour being 5 p.m., committee rise.

EXECUTIVE COUNCIL

* (14:50)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply come to order please. This section of the Committee of Supply has been dealing with the Estimates of Executive Council.

Would the minister's staff please enter the Chamber.

Will the Premier please introduce the staff of the Executive Council.

Hon. Gary Doer (Premier): There is a little misunderstanding of the status of the Estimates. Jim Eldridge, of course, you know; Diane Gray, you know; and Karen Hill, you know from previous estimates, and they are joining us here at the table and in this august Chamber.

Mr. Chairperson: We are on page 21 of the Estimates book, Resolution 2.1. General Admin-

istration (b) Management and Administration (1) Salaries and Employee Benefits.

Mr. Stuart Murray (Leader of the Official Opposition): I have not been given that, unless it is somewhere that I have not seen it.

Mr. Chairperson: The Estimates book, page 21.

Mr. Doer: Mr. Chair, to help the members opposite, normally the practice has been, with concurrence of the House, that we discuss any item under the Premier's Estimates. The staff are here after the statements are made; the staff leave here under the Minister's Salary section. All items would be considered relevant, notwithstanding the various delineations of financial support under this appropriation number. That has been a past practice with former Premier Filmon, and I think it has been the practice the last couple of years. I think I did my Estimates with the member from River East a couple of years ago, and then the Member for Kirkfield Park or the Leader of the Opposition (Mr. Murray) last year. So I would suggest that is the way we proceed.

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

So we will be proceeding in a global way. Questions can be directed to any item.

Mr. Murray: I just wonder if the committee would agree to have general questions concerning Estimates of Executive Council. That is something that we, I believe, have agreed in the past, and I just want to make sure that that is the understanding of the First Minister.

Mr. Chair, could the Premier, as has been practised in previous years, table a list of those individuals who are working within Executive Council?

Mr. Chairperson: Yes, we have agreed yesterday as to that point. The global questions will be used rather than specific discrete points in the items.

Mr. Murray: Mr. Chair, could the Premier table the individuals working within Executive Council together with their salaries, please?

Could the Premier indicate how many committees of Cabinet currently are in place and whether a list of these committees could be tabled for the information of the House?

Mr. Doer: Mr. Chair, I will take the question as notice and pursuant to the existing rules and regulations.

Mr. Murray: I would like to ask the Premier if he could give me a date when he could table that, please.

Mr. Doer: I will do my research on the exact committees and the procedures of Cabinet confidentiality and what is available for the public.

Mr. Murray: I would suspect that the Premier would know the numbers of committees of Cabinet currently in place, and I would again ask him if he would give me a date when he would table that, please.

Mr. Doer: Committee members under Orders-in-Council I will table tomorrow.

Mr. Murray: Could the Premier indicate, outside of Treasury Board and the committee which Mr. Kostyra staffs, what staff support do these committees currently have in order to fulfill their mandates?

Mr. Doer: Yes, the staffing is a comparable level to the staffing that was contained in the Industry, Trade Department under the previous government. Those will be under the Estimates of the Industry, Trade and Mines Ministry so the member opposite can ask those questions under Industry, Trade and Mines, but they are comparable to the past practice.

* (15:00)

Mr. Murray: I wonder if the Premier could indicate whether the staff for these committees are housed within Executive Council, or whether other departments provide support services.

Mr. Doer: I just answered that question.

Mr. Murray: Perhaps you could repeat it for me, please.

Mr. Doer: As I said, it is a comparable back-up system to our economic activity that was in the

former Industry, Trade Department. The positions were made under the transition that took place in 1999, October 5.

Mr. Murray: So that complement did not increase when you took over in 1999?

Mr. Doer: The answer to the question is the issues of staffing are not in the Executive Council. They are in the Industry, Trade and Mines Department Estimates.

Mr. Murray: So you did not increase the number of positions when you took over in 1999?

Mr. Doer: We have decreased the number of positions overall in government services at the executive level since we were elected, overall in government. The specifics are under the Industry, Trade and Mines Department. I recall asking Mr. Filmon questions about Mr. Bessey in my past life. I was not able to do it in the Treasury Board Estimates. It was in the Finance Department and the Industry Department, in past life. Now, of course, he is successful in Crocus Fund, but those were in different departments. *[interjection]* What is that?

An Honourable Member: You are buddies.

Mr. Doer: He is a smart man.

Mr. Murray: I hope the comment, smart man, made it into the record. Could the Premier provide to the committee the cost associated with staffing each Cabinet committee and the name of the individual or individuals who provide this support?

Mr. Doer: Well, the major committee of Cabinet is Treasury Board, and in fact the Estimates of the Department of Finance are proceeding as we speak. I am assuming that those questions will be asked by your critic in those Estimates. They are not staffed by the Executive Council office. They are staffed by Treasury Board, for example, which is the major committee of government, is staffage in a set of Estimates that is before the Legislature as we speak.

Mr. Murray: I wonder if the Premier could indicate whether there have been any staffing changes to the department since we last considered his Estimates and what those changes might be.

Mr. Doer: I will compare the staffing handed out here with the staffing that was handed out last year. I will delineate those that have changed. The member opposite will have the staff from last year. There are a couple of changes.

Mr. Murray: Just for clarification, the First Minister will provide that information?

Mr. Doer: Yes, I will.

Mr. Murray: Could the Premier indicate the role which the Policy Management Secretariat plays within the Department of Executive Council?

Mr. Doer: A comparable role to the past policy groups that were in government. I believe Mr. Eva was the head of that policy group and others subsequent to Mr. Eva in the past. Obviously, they are political appointees in the sense they are Order-in-Council that are usually hired with the change of government and fired when the Government changes as well and replaced with individuals of a policy compatibility and merit with the government of the day. It is comparable, although there would be different personalities and values.

Mr. Murray: Could the Premier please provide the committee with a list of those members of the Department of Executive Council who are currently seconded from any other departments who are currently within the department on a staff year from another department?

Mr. Doer: Yes, I will provide that to the leader. It is comparable numbers to the past previous government, Mr. Filmon's numbers. As I say, our staffing is 48, comparable to what we had when we came into office. The secondments, I will provide the specific information. You will note though that the overall level of support of the Estimates is reduced.

Mr. Murray: Would the First Minister be able to table that tomorrow?

Mr. Doer: I will endeavour to do that, yes.

Mr. Murray: Turning to the senior staff in the Premier's Office, could the Premier indicate to the committee what the salary was for the Clerk of the Executive Council when he assumed his duties in 1999, whether he has received any merit increases since his appointment, and how this compared to the former Clerk of the Executive Council?

Mr. Doer: I believe and I will let the record state that it is comparable to Mr. Leitch's salary upon his departure.

Mr. Murray: That is fine, Mr. Chairperson. Thank you.

Mr. Marcel Laurendeau (St. Norbert): Mr. Chair, I think I have asked this question three years in a row. I guess we are getting closer to a resolution, but I am hoping that the Premier can assist the people of St. Norbert and the people of south Winnipeg with the concern that we have.

Back in '97, as the Premier is aware, we had a thing called the flood of the century. We had a lot of claims that were put out and a lot of people were held back 20 percent until such time as floodproofing was put in place or until such time as floodproofing was approved for those locations. It was held up in the department under Minister Lathlin, I do believe, for a number of years. We finally moved it to a minister who seems to be moving it ahead a little quicker with Minister Ashton.

I am wondering if the First Minister would be looking a little closer at the policy that says that now they cannot forward the money until the construction of the floodproofing is in place. The City of Winnipeg has dragged its feet on it. But I do believe now that we know that the structure will be there, the funding is in place. These people have been waiting since 1997 and in some cases they have taken out second and third mortgages on their homes for the money that is owed to them. It is 20 percent of their total claim, and it amounts to thousands of dollars.

Could the First Minister look into the situation and see if we could proceed in a little bit more rapid manner so that these people could

pay off some of these second mortgages that they are paying interest on today? They are not trying to get ahead from the flood, but they would sure like to break even, or not lose as much. We even have some members in the House that have some money outstanding. I know they are not on my side of the House. They are not going to complain about it, Mr. Minister, but in some cases, this money is already spent, and it would sure be nice to have some of it back in their pockets. It is federal money, Mr. Minister. It is federal money from the claims, and I think it is about time the Province gives it back to these people. It is rightfully theirs. I think they suffered enough during the '97 flood, and I am asking you to take personal charge and take this one on, as you did in 1997. Let us satisfy the needs of the Manitobans who put up with the '97 flood.

* (15:10)

Mr. Doer: There are about three areas that still concern me from '97 and a lot of people who still concern me from '99. I asked that this be expedited because it was one of these situations if you do this, that will happen, you know, this catch-22. We are trying to move this along on the basis of the human need. So I will inquire on the status of that. I was informed that it was moving but having an inertia and having a result are two things. I respect the fact the member opposite has asked the question.

There is another situation where there is a court case in Grande Pointe which we would like to finally find a way to resolve, and I think there are four other claims that have not been arbitrated in the Red River Valley from '97. Of course, there is still the grievance of the '99 flooding and its lack of treatment in southwest Manitoba. Finally, I think some of the flooding in eastern Manitoba last year we were able to resolve just recently.

So, in some ways, you push and you push and you push, and some results are long overdue, and I respect the fact the member has asked it. He has asked it before, and we have tried to bring attention to it before, as well, but we have not had results.

Mr. Leonard Derkach (Russell): Mr. Chair, first of all, I want to indicate to the Premier that I

am going to ask some questions on the basis that the leader of our party is having some difficulty with his voice today and has asked me to pose some questions of the Premier this afternoon. So, although I may not be as up to speed on some of the issues, I ask for the Premier's indulgence in perhaps some of the questions that I ask and have some patience with me.

I would like to spend a little bit of time on the issue of staff in the Premier's Office. I am somewhat familiar with Executive Council from my past life and the work that they do, but what strikes me I guess is some of the numbers that I see before me. I fully realize that we have not been in office now for two and a half years and things do change as time goes on, so therefore I ask the questions only for information at this point in time.

I look at one position here, and that is the Chief of Staff to the Premier. I know that this is an important position for the Premier, but I am a little bit aghast at the salary level of this individual. I would like to ask the Premier if he could explain why this position warrants in excess of \$111,000 per year.

Mr. Doer: Mr. Chair, the salary level was exactly the same as Mr. McFadyen's when we took office, and Mr. McFadyen, I believe, was exactly the same as Mr. Sokolyk when he took Mr. Sokolyk's job, save the evidence that was in the Monnin inquiry on extra stipends that were produced for Mr. Sokolyk outside of the regular salary. The salary, obviously, two and a half years ago was comparable and exactly the same, if I recall, as Mr. McFadyen, because I wanted to make sure that two or three years down the road when I got asked the question, it would be comparable.

Mr. Derkach: Mr. Chair, so is the Premier saying that the salary has remained frozen for the last two and a half years? Is that what he is saying?

Mr. Doer: No, the same practice that was in place for Jonathan Scarth, and Mr. Sokolyk and Mr. McFadyen were no more or less than the regular public sector senior staff, not public sector increases because it was a separate Order-in-Council, but the regular increases are

produced for that position comparable to the past.

Mr. Derkach: Well, Mr. Chair, I do not have an issue with the individuals who receive these salaries, but I do have an issue with how the salaries have increased in two and a half years. I remind the Premier that, as an example, the Clerk of Executive Council, one Don Leitch, had been Clerk of Executive Council for almost 12 years. In that period of time, his salary did over time increase to the level that it was based on his experience at the Executive Council level and based on the number of years of experience he had in total.

So, therefore, I ask the question quite genuinely: Are we seeing the salaries of individuals like the chief of staff to the Premier increase exponentially in a very short period of time, and where are we going to be five or six years down the road if in fact the salary increases for people who are coming into these positions quite new are at a level that we see today?

Mr. Doer: Well, Mr. Chair, I mean I think Mr. McFadyen was on leave of absence from Thompson Dorfman Sweatman, and only worked one year when he replaced Mr. Sokolyk. He worked for the Government, left the Government, came back into the Government and was on secondment from a law firm and the person who took the position received the same salary as the former incumbent. Of course, there has been modest wage increases since then, 2.3 I think and 2.3, so that is where it comes to. The Clerk of Cabinet, which is a different position, whether it is Mr. Eldridge or Mr. Leitch, receives salaries based on the level of—they supervise technically. The Clerk of Cabinet is the senior deputy minister in government and is remunerated accordingly.

I have to say that where we are going to be four or five years from now is an interesting question because the member opposite will know that we lose people all the time to the City of Winnipeg or, dare I say, a rural regional health authority or other health authorities out of the direct public service. We have, I just noted last week where another senior employee of government was offered at least \$30,000 more a year to go to a comparable job at the City, and it

would be an individual the member opposite would know. It is not appropriate for these Estimates, but there is a bit of a problem there, but they all make more than us. We do not do it for the money; we do it for the love of the job.

Mr. Derkach: Mr. Chair, this is a point that is appropriate I think for a discussion at the Premier's Estimates because if you compare what the Province pays to other government entities, the government agencies, I guess, whether they are regional health authorities or whether they are City of Winnipeg, all of these dollars that flow to these entities come from the taxpayer in one shape or other, whether it is the health authorities or whether it is to the City of Winnipeg or any other municipal jurisdiction or whether it is to the Government of Manitoba. It is the taxpayer who has to be able to foot the bill. I know there is somewhat of a fierce competition for people who are high level individuals like the Clerk of Executive Council, and there is no question about the competition that is out there, but I guess I speak on behalf of the taxpayer of the province when I ask the Premier quite genuinely whether or not he sees a day that a cap will have to be imposed on salaries of high executive members of either level of government to ensure that Manitobans can afford those kinds of individuals within our ranks. I include in that, of course, what has been happening with regional health authorities and chief executive officers of regional health authorities. I cannot believe the salary levels that we are seeing being given to some of these individuals who a mere few years ago were earning about half of what they are earning today.

I would like the Premier's comments with respect to this and his views with respect to where we are going in this area.

Mr. Doer: Mr. Chair, I think that I am not familiar totally with the staff of the Executive Council, but I do know they are in demand from other jurisdictions. Hopefully, money will not be the factor that motivates them, even including people perhaps at this table from time to time, although they are too shy to say anything.

I am just aware of another ADM that is now offered \$30,000 more for a less responsible job with the federal government. I mention the City

of Winnipeg, which pays higher salaries at the executive level than the Province. I do not think it is right that you get paid half as much money as your federal MP. Believe me, I think that is very questionable. But, dare I say, and I have expressed that to my own MP, who gets paid more than me. He is bigger than me and I have expressed that to him.

The members opposite may be more aware of this than I am, but the transitional challenges when the regional health authorities were established, we had a situation, and the members opposite must have looked at this when they were managing this, because I know what happened in some places. You would have a regional director directing social services and health care services, say, in Dauphin, and then you set up a regional health authority and that same executive director becomes a regional director and has less responsibility because they do not have social services, but the boards appointed by the previous government were allocating salaries that were higher and taking people away. I am not saying we have the solution to that.

I am aware that the City of Winnipeg in some positions pays more than the Province. I am aware that the federal government pays more than the Province. I am aware that planning positions and research positions are lost every day in government. I am sure members opposite, when they were in the public service, had some of these same challenges.

I think Manitobans are lucky to have so many competent people working on the basis of the love of their job, not necessarily at some levels. At the senior levels I think our deputy ministers are second or third lowest paid in Canada. We are not going to change it, but it is a problem when you have ADMs being offered \$30,000 more from another jurisdiction. It is a problem. On the other side, I agree with the member opposite about some of the regional health positions generally, but specifically we are not supposed to interfere in those decisions. Those boards have been set up to manage within a certain set of parameters. It is something that I think we have to continue to monitor.

* (15:20)

Mr. Derkach: The Premier makes an interesting comment about the fact that regional health authorities are autonomous and really make their own decisions. Yet it was his minister, Mr. Chair, who directed one regional health authority that happens to be mine to cease and desist from hiring a CEO pending the Budget. This was done well in advance of the Budget. So the Government, when it chooses, does interfere and does impose its will on health authorities. I think whether it is this Government or a government of a different stripe, it would not matter, but I want to ask the Premier whether or not his administration is looking seriously at the levels of senior administrators at regional health authorities who taxpayers out there today are being concerned about the level of wages they are being paid vis-à-vis the ordinary health providers. There almost seems to be a competition between what the CEO gets and what the physician gets and what the head of the nursing unit gets in a hospital.

It is the lowly taxpayer who has to pay each and every one of these salaries. At some point in time, Mr. Chair, there is going to have to be a review of whether or not we are proceeding in the right direction or whether in fact the administration is going to keep gobbling up massive amounts of dollars that should be spent on other services that Manitobans receive.

Mr. Doer: I think the member raises a very excellent point. We have reduced the number of regional health authorities by two since we came into office. That, hopefully, will reduce the numbers of administrative positions. Ever since regional health authorities have been established, there is a bit of a resentment from line-level people on what is perceived to be, in some health authorities—not all, because I think there are some really good ones too.

I think there are some really good health authorities and some really good people. Hopefully, we can make them work. We are trying to make them work. The one thing that has happened in the last three years is the regional health authorities, I think their deficits were over \$75 million a few years ago.

Now I am really straying into the Department of Health's Estimates here and I swore to

myself I would keep discipline, but why should this be the first time.

So the regional health authorities are really now getting closer to managing within their budgets, which was really a big issue I am sure for members opposite. I do not believe they did not have equal frustrations about staying within a budget. We still have other problems in health care called medical billings and pharmaceutical costs that are the cost drivers in health care.

Mr. Derkach: Mr. Chair, I did not mean to stray into the Department of Health's Estimates. I simply use that as an example, because there are others that we could use. It is probably the most glaring example that we have before us, and it is the most visible out in at least rural areas. It may be not so visible in the city of Winnipeg, but indeed in rural areas, including Brandon, which is our second largest city, this issue is quite visible and one that is on the minds of a lot of people who are trying desperately to access varieties of health care services.

I want to come back specifically to members of the Executive Council but also political staff that are within this Government's hire. When I look at the levels of salaries of executive assistants within this Government and I compare them to what we were paying, and I was a member of Executive Council in the last year of our administration, and I know what I was paying for an executive assistant, when I look at the Estimate books and look at the salary levels of executive assistants to ministers and to the Premier, I see some very significant increases in salaries.

I want to ask the Premier on what basis these political staff were given such lucrative salaries, staff who basically are at an entry level of occupation in many instances. If they went out into the real world—I call the real world anything outside of government—could not ever expect to receive a salary of that nature, at least in their first years of work, because many of these people are fairly youthful. This is a learning and a stepping stone for them. I am wondering whether the Premier has any concerns or any worries about how quickly these salary levels are escalating.

Mr. Doer: I think, as I understand it, Mr. Modha is at the same level as Mr. Keith Stewart when he worked for the Premier. I will double-check it, but, again, speaking to my own estimates, I was trying to make sure that everybody was hired at comparable levels. We have less special assistants than executive assistants now, because we have less ministries now.

Mr. Derkach: I guess I have to take issue with the Premier on this point. I remember this very vividly. I can tell the Premier that when we hired staff at the first step—they were usually hired at the first step, the entry level or below—their salaries would increase, through time, with experience gained in their field.

When you compare Mr. Modha's salary to Mr. Stewart's salary—of course, I have nothing against these two individuals, they are both very fine people—I think Mr. Stewart had been with government for approximately nine or ten years at that point in time. I know very well that many of the executive assistants who were hired, were not hired at the entry level by this Government. So I want to ask the Premier whether or not the policy had changed, and why these people were not hired at the entry level when they first took government?

Mr. Doer: I will double-check, but I think that Mr. Modha was, and secondly, I think the only thing that has changed is that we have eliminated the 12% employer portion of pension payment that was paid out to three individuals in government—a kind of an enhanced pension plan for three or four senior staff. We have eliminated that.

* (15:30)

Mr. Derkach: I do not have any argument with the Premier eliminating, whether it is 10 percent or 12 percent contribution to an RRSP in lieu of a pension. I think this Government has the same latitude to negotiate with an individual that they wanted to hire for both salary and for benefits.

I would have to say that the Premier knows fully well that the Deputy Minister of Health, who was hired from Ontario for a period of time, certainly exceeded fringe benefits in excess of what the normal deputy would receive. I would not criticize the Premier for doing that because when you look at a department like Health, and

you cannot hire from within or you cannot find an individual to undertake that responsibility, you sometimes, for a short period of time, have to make allowances for those kinds of considerations. I am not going to criticize the Premier for doing that, because I think, from time to time, any administration finds itself in that position.

So, for senior levels of salary, and the ones that the Premier references were very senior members of salary who had, for years, gained their experience in the private sector, if I am not mistaken, and I was not privy to that. So, I cannot take any responsibility for that, Mr. Premier, but I do want to ask for areas that we have responsibility for, and those are the low-level salaries, the political staff whom we have direct responsibility for. When I looked at the salary levels that were being paid by this Government when they took office, none of them, that I can recall, were at the entry level. They were all at the mid-range level.

My question is: Why did the Government choose to start these people at a mid-range salary level rather than at the bottom, where usually staff start when they first enter the workforce?

Mr. Doer: Well, I will check and see, but there were some people working in the private sector that we certainly wanted to recruit. The member opposite says he had no problem with the pension payment. I can assure the member opposite it was used by lawyers to justify a higher pension for judges, so these things do come back to haunt you. What you give out one door sometimes comes back to haunt you in another door, if one is to look at the evidence.

This is on one issue we actually agreed with the members opposite and got sued on three counts on judges' remuneration. We agreed with Mr. Toews. We supported the decision. They took us to court after they took you to court in the Supreme Court. Some of the evidence used was Mr. Benson's pension plan, so fair enough. That is just the way. In some ways it is harder to pass a law to override it because you go back to court and lose.

So there are some impacts on these things. I will check and see. I mention Mr. Modha, one of

the questions you specifically asked. I think they are pretty specific. I will check the entry-level situation, but I think that the staff overall, some people you have to try to attract from the private sector, and some people we are losing to the private sector.

I am sure that Mr. McFadyen was convinced to come back for a period of time. I am sure that he was doing fairly well in his law practice, even though it would look like \$111,000 today is a lot of money, but for a person, Thompson Dorfman and Sweatman, it might not be. To you and me and to the public, of course, it is a lot of money. I could buy a bigger house, just kidding, just kidding. I have gone from a river to a creek. I am going downhill.

Mr. Derkach: Mr. Chair, I do not want to go into the private dealings of the Premier, and neither do I want him to go into what I choose to do in terms of my accommodation. I congratulate him, by the way, on that. I think that is a good thing.

Mr. Chair, I still want to stay with the issue of staff and of salary of Executive Council. It is not just the Executive Council, because I think it extends to other ministries as well. I know that the Premier has to defend the positions the Government has taken, otherwise he would not be worth his salt, but we do have to have that debate here.

I want to ask the Premier whether or not the staff component at Executive Council is the same as it was under the previous administration in terms of positions and whether or not there are any vacancies at the Executive Council right now.

Mr. Doer: The staff level is comparable. That includes, and I mentioned yesterday, we deleted a second secretarial position to Mr. Lyle that had been in the books but not deleted, but the staff level is comparable to former Premier Filmon's staff level in government with both secondments and FTEs.

Mr. Derkach: Mr. Chair, I want to ask the Premier whether or not there are individuals working in Executive Council—and he may have answered this but I am just maybe asking this for

clarity—who are actually being paid by other departments but are working at the Executive Council level.

Mr. Doer: We have had the same practice and the FTEs plus the secondments are equal to the FTEs and secondments to the previous government. I explained that, I think, yesterday.

Mr. Derkach: Mr. Chair, outside of Executive Council, the Premier is also responsible, I believe, for the Economic Development Board of Cabinet. This is a committee of Cabinet, and I would assume that the Premier takes responsibility for the positions in that division of Executive Council. Is that correct?

Mr. Doer: The situation is similar to the staffing, again with the previous government. The only difference is it is located in the Industry, Trade and Mines Department now, as opposed to the Industry, Trade and Tourism Department and the staffing resources are in the Industry Department. They are comparable. I think there were direct appointments into that department previously by the previous government for their economic priorities. They are working to support the Premier's Advisory Council. I met with them this morning in fact, but the volunteers that are working as co-chairs.

Mr. Derkach: Mr. Chair, all of the staff salaries then, for the Economic Development Board would be found under the Department of Industry, Trade and Mines or would they be found in various departments? How could we determine how many staff actually are assigned to the Economic Development Board and who they might be?

Mr. Doer: They are in the Industry, Trade and Mines Department, and you could ask those questions there and they were vacated positions with the transition. They were direct appointments from the previous government. The direct appointments with us, but those are available in the Industry, Trade and Mines Department, the same place as Mr. Filmon's.

Mr. Derkach: Mr. Chair, is the secretary to the Economic Development Board, Mr. Kostyra—I am not sure whether that is his correct title, but that is why I have named him because that is

whose position I am interested in. Is Mr. Kostyra's position and salary, then, in Industry, Trade and Mines?

Mr. Doer: Yes.

Mr. Derkach: So, Mr. Chair, it would be inappropriate for us to ask questions of the Premier with respect to Mr. Kostyra's position and salary at this time?

Mr. Doer: They are contained within the Industry, Trade and Mines Department as it was again when Mr. Bessey was secretary to not the Treasury Board, which was in Finance, but secretary to the economic group at one point. I think, after that, Roberta Ellis was secretary to that committee, and that staff here resides where it was before.

* (15:40)

Mr. Derkach: I thank the Premier for that because, in essence, what he is telling us is that the structure has basically remained status in terms of where staffing positions are housed from the Department of Economic Development or the secretariat or the board. Is that correct?

Mr. Doer: Yes. For example, when we are dealing with Flyer Industries, there is a considerable amount of work going on in the Department of Industry and Trade with all the people right up to the deputy minister and including Mr. Kostyra on some of these issues of renegotiations. I mention the Flyer because it was less controversial, restructuring the contract, the collective agreement and other things that were necessary to do to get the new owners.

So there is a team of people who are assigned to working at the issues, and the people in that office have to work, obviously, together very closely with the Industry and Trade people, with the files, to make sure we can try to get some conclusion to some of the challenges we have.

Mr. Derkach: Mr. Chair, I am going to get a little more specific now, and I know that the Government may be a little bit sensitive to this. I could go back in Hansard and probably read back comments made by the now Premier (Mr. Doer) with respect to this issue.

It relates to the hiring of family members and relatives into government. I go back to a time when we decentralized areas of the Department of Education to regions within the province, and it happened that the certification branch was located in my home town, the community of Russell, and there was an allegation made that some relative of mine had been hired by the department in Russell. Well, in checking, Mr. Chair, I quickly found out that there was no relative that was associated to me hired in the Russell branch.

But that became an issue, Mr. Chair, and, as a matter of fact, the allegation was made by—I believe it was then the Member for Swan River first who had something leaked to her, I believe, and it went from there to become an issue. Nevertheless, we bear those things when we are in government and we carry on.

I found it very curious that when this Government took office, that issue became a non-issue and that, indeed, family members were being hired directly by government, and we were not complaining about it either, Mr. Chair, because I do believe that people have a right to work. They have a right to choose the profession that they want to work in, and I personally do not have a big concern about the fact that somebody's spouse is, in fact, working for the government of the day, and that might be the spouse of a minister, a spouse of an MLA, a significant other, a sister, a brother and that sort of thing.

I do want to ask the Premier (Mr. Doer) whether or not his position and that of his Government has changed in terms of hiring family members, significant others and relatives into government whose members may be MLAs or ministers.

Mr. Doer: Well, I believe there is civil service regulations on hirings and families, and I believe there are also other requirements. The member opposite talks about a situation he went through. I have been accused of fishing with almost everybody in government that we have dealt with, none of whom I fished with before. *[interjection]* I have met with people on Lake of the Prairies. I know the situation there. So I do not think the member opposite would have found

me making—I was always very careful about families, and I think that we all should be.

There are rules in the Civil Service Commission, I believe, and there are rules that require people to exempt themselves from any decisions that are made that put them in a pecuniary interest, if you are sharing a household with anyone and have a pecuniary interest directly in the situation. It is a touchy subject. As I say, I have only been accused of fishing with friends that allegedly were going to be made millionaires when I have never fished with them in my life, but the member who made that allegation is off selling blood in Ottawa as opposed to obtaining my blood in the House.

Mr. Derkach: I am conscious that I am asking questions of the head of government, the Premier, the most respected minister. He is called the First Minister for a reason. As a member of the Opposition, I have a great deal of respect for the position and for the individual. But I want to say to the Premier that any time we get into this kind of criticism of each other he must know that we only lower the level of esteem of this House and of members of this House in the eyes of the general public. So I am not going to cast stones at anyone who may be employed by the Government, but I do want to specifically ask the question with regard to policy.

I know that The Civil Service Act is quite clear. Believe me, I have had some dealings with it. But I do want to ask the Premier whether or not the general policy in government has changed because I can tell you that in the days when we were in government it would have been very difficult for a spouse of an individual to gain direct employment by government. It was just an accepted practice that we did not go down that road. I am wondering whether the Premier has any views on that or whether in fact his Government has changed policy and that it is okay to do that today.

Mr. Doer: I think it is very important that employing authorities are clearly following the rules on hiring, and proven merit is the criterion for hiring. We certainly try to do that in government.

Mr. Derkach: I sense that the Premier is having a little difficulty in answering the question. I know that he needs to be careful about the way he answers this, but to me it is a very important issue. I have to tell the Premier that this is one that probably caused me more anguish and probably caused my family more distress than any other issue that I have had to deal with in the sixteen and a half years, or whatever it is, that I have been here.

An Honourable Member: We were elected at the same time.

Mr. Derkach: Yes, so what is it, sixteen and a half or something?

An Honourable Member: It was 16 years on March 18.

Mr. Derkach: Right, so it is 16 years. But I say quite honestly that is probably the only one issue which brought into question my integrity in terms of how I dealt with hiring people into the department. The opposition of the day made great hay with this, if I can use that quote, unquote, on this issue and attacked me not only as a minister, but personally because of it. So, when I realized that there were spouses and significant others and sisters and brothers being hired by this Government directly into departments and appointed very closely to ministers, it brought back that whole issue about integrity and about trying to do what is right for Manitobans. If there is any one issue that I would have wanted to have investigated completely, that would have been it.

So I ask the Premier, very genuinely, whether or not the policy and the attitude of his Government is one where it is acceptable practice to hire spouses and relatives and siblings by government where their MLAs and ministers work. This is not a trick question. It is simply a straight-out question that says, if that indeed today is accepted practice, I have no difficulty with it, but I think we need to be up front about that so that in the future no minister has to undergo the kind of attack that was launched back in the late 1980s.

* (15:50)

Mr. Doer: I do recall only one occasion where there was some questions of the former minister's hiring and then in reference to the Civil Service Commission. I will take his notice as to specific policy issues that are raised. Generally, I think the rule is that an MLA cannot hire a relative into their own—there is a definition under the legislative rules about hiring relatives for your constituency and your legislative office. There is another set of rules under the Civil Service Commission for the employing authority and hiring of individuals and what you can and cannot do. I will pull those procedures and policies out. Generally, we have tried to hire on the basis of merit and tried to be very aware of the requirements under both The Civil Service Act and under the Legislative Assembly rules that govern all of us.

I do not know the actual incident he was talking about. I only recall the one incident and I do not recall the other one. I know that it is more concerning to an individual when they are on the hot seat than it might have been to some of the rest of us when we were in the House. I know I did not ask the question.

Mr. Derkach: I am not making any accusation of the Premier or of the approach that was taken by the opposition of the day. I am more interested in a change in attitude and policy as it relates to the hire of close acquaintances, relatives, siblings, spouses, et cetera. I want to know from the Premier whether or not his Government, under his leadership, is satisfied that it is okay, for example, an MLA's wife to work either in the Economic Development Board policy, Executive Council, et cetera, and whether or not today the Government is prepared to say that provided that the conditions are met under The Civil Service Act that is an accepted practice by any government.

Mr. Doer: Well, I will take the specific Civil Service Act regulations and rules under notice and come back to the member opposite. It think it is important that people not be an employing authority and be in a situation where they are hiring somebody where they have a pecuniary interest. The second issue here is whether individuals have proven merit, are not just hired on the basis if the individuals have a proven set of qualifications that are exemplary, and from

another organization that is doing comparable work. Then I will have to take the more pointed question as notice, but certainly I respect the fact that employing authorities have to be very careful and political MLAs have to be very careful with a certain set of rules. I will have to go back and deal with the detail that the member opposite has in his question.

Mr. Derkach: I guess my question is two-pronged, because that is one aspect of it, the civil service hiring process that one has to go through. There are positions that are exempt from that process, and those positions are policy management, I believe, some Executive Council positions, positions within the Premier's office, positions within ministers' offices. That is where my specific question is aimed because I know that, at one point in time in the history of this province, it was not an accepted practice to hire the spouse of an MLA or a minister into those positions. That always became an issue for the House here. I am saying to the Premier: I do not have difficulty with that. I think that if you base it on merit and you base it on worthiness, then therefore I do not have a problem with that. All I want to know from the Premier is, if in fact the attitude of this Government is such, and his own personal attitude about this is such, that provided that the person excludes him- or herself from matters of conflict or where there is a pecuniary interest in an issue, or if in fact they are worthy, then it is okay for those individuals to apply for and to gain employment in areas such as Executive Council policy or others where those positions are exempt from the civil service hiring procedures or protocol.

Mr. Doer: I think it would be inappropriate for me to, quote, hire my own spouse into my own office. Besides that, she would take full control of my life. Just joking, Ginny. If you are reading the record, I apologize.

Let me see, the member is talking about what was implied, or understood to be a practice before and what is understood to be a practice now. I would have to look at the subtlety in that. He is more aware of it than I am, so let me take it as notice.

Mr. Derkach: I do want to ask the Premier to come back with an answer to us. It is not that I

want to pursue this issue any further than this, but it is a point of reference. It does speak volumes to what future administrations do. You know, the media seemed to like to take issue with these kinds of things back when we were in government. Today, perhaps it is not an issue, and maybe it is quite appropriate for it not to be an issue. I would probably vote on that side of the issue, but I think government has to spell out its attitude about those things. I do not know if you would call it a policy so much as it is a practice with respect to those kinds of issues.

I want to put on the record, very clearly, that I am not attacking any individual who has hired, or who has been hired in these positions, because that is not the intent of this. It is simply to get a broader view on what the practice or the policy of the administration is, because I daresay that future administrations will use this as a precedent in terms of how we conduct ourselves. All of us on either side of the House should understand and should have an appreciation for that as well.

* (16:00)

Mr. Doer: It is a little more complicated, as well, because there are issues—there are people, for example, who may be a minister and may meet somebody and then they become a person who is totally hired on the basis of merit. There have been other examples.

I am not sure how to handle all of this because then a person on the basis of merit who then has a relationship that develops into something more formal under The Marital Property Act of Manitoba, and therefore under the guidelines of The Conflict of Interest Act—should they then lose their job or their career based on something else that has happened? So I do not pretend for a moment to have the answers to some of these ethical questions.

I know that the Law Reform Commission dealt with some of this stuff, but they only dealt with it on the basis of lawyers. You know, they talk about lawyers. I looked at Tony Blair's spouse in England and her responsibility to be an advocate without disclosure to the Prime Minister of England, and that it would be contrary to the law. This is the Law Reform

Commission of Manitoba that looked at this issue. So anyway I will take it. But in the sphere of human relations most situations are pretty straightforward, but there are some that are a little more meritorious and the question is valid. Let me look at it.

There are sections of The Civil Service Act that I am aware of that do deal with this: even if a person is, quote, hired directly, are they subject then to the same rules of an employing authority under The Civil Service Act? Even if they are not hired under the Civil Service Commission, they are still hired under a separate section of The Civil Service Act, even as a direct appointee and there are laws dealing with that. Let me take the specific question.

Mr. Derkach: Mr. Chair, I do not want to badger this to death, but I am not getting the answer that I am looking for from the Premier, I guess. I want to pursue it in a bit of a different angle. Quite often, the Premier just mentioned the fact that a spouse or a close relative or sibling of an individual may be working for government. That individual then finds himself being elected. Does that mean that that person who has a close relationship to the individual who is elected needs to step aside and should, in fact, then not be able to pursue her or his goals in life? I would think that is wrong, from my perspective, but I want to know—sometimes we get on our high horses and we start throwing barbs at individuals whose spouses or significant others or close relationship members have gained employment or a position on a board, a position on an agency of government. We do not do any favours to ourselves in doing that unless there is a legitimate reason for bringing that forward, unless that person has involved him- or herself in a conflict of interest or in a matter which has profited that individual because his or her spouse has had a position in government. I think then it becomes very legitimate to go after an issue like that and to have public disclosure of what really went on.

That is why we are elected. We were elected to make sure that we protect the interests of the public and the public purse. Given that all of these things can be aboveboard and meet the requirements of The Civil Service Act, whether it is the Civil Service Commission or other areas

of The Civil Service Act, I need to know from the Premier whether or not he finds it acceptable practice to do that, to in fact carry on in that way. I am telling him that I have no problem with it, but there seems to be, from the Government's practice, a change in this, in that there are individuals who have close relatives or acquaintances as ministers and MLAs, who are now hired by departments and by the Government. At one point in time, that was not accepted practice. Today it is.

I want to ask the Premier whether or not he, as Premier, finds that acceptable and whether or not that is a practice we should not frown on in the future and should carry on with it based on the merits of the individuals, regardless of their relationship to the MLA or the minister.

Mr. Doer: I would have a great deal of difficulty if a person who was an MLA hired the best constituency person around, and they happened to be their son or daughter, to work in their constituency office. I just said before you cannot do that.

The issue under The Civil Service Act, I will check it. I think the issue has always been, in the civil service situation, the employing authority, but I want to double check the implied detail of the question.

Mr. Derkach: The Premier will not give me the answer as to what his accepted practice for his Government is. I am not interested in having quoted back to me what The Civil Service Act is. I think we understand the limitations in hiring under that and also under our constituency offices. I am asking the Premier about his general approach to hiring individuals who are either spouses, and I will not repeat the rest of the relationships, but who have close relationships to MLAs or ministers.

Mr. Doer: You asked me whether the attitude in government has changed, and I want to go back and find out what the attitude was on the basis of the policy and then come back and answer the specifics. I am aware of specifics from the previous government as well, so I am not sure whether there has. The member has asked me whether it has changed. I have always been aware of the issues of the employing authority, right back from my days of being deputy

superintendent of Vaughan Street, so there were always rules in place under The Civil Service Act that I am aware of. When you ask about spouses, siblings and close friends and associates, those are four distinct legal categories. When you ask the question whether the attitude has changed, I want to go back and find out what the "implied" policy was in the so-called attitude before.

Mr. Derkach: I will try a different angle here. It will be a little more specific, though. I want to ask the Premier whether or not there are spouses, siblings, significant others of MLAs and ministers working for government today.

An Honourable Member: Partners.

Mr. Derkach: Partners.

Mr. Doer: Yes.

Mr. Derkach: Does the Premier have any difficulties about that situation in government?

* (16:10)

Mr. Doer: The issue is whether any of hirings took place on the basis of (a) the proper employing authority rules and (b) the issue of merit under The Civil Service Act, because I am aware in the previous government where "relatives and significant others" were working. I do not want to get into that, but I just want to check. I want to come back on the existing rules.

The answer to the question is yes. Well, there were people in the public service when some people were elected, hired a long time ago.

Mr. Derkach: Well, I think I got the answer from the Premier that I was looking for in a roundabout way. I think he said that, yes, I find it acceptable that these individuals are working for government, because, if he did not find it acceptable, he would not have them working there. So, in a general sense, he said yes. As I said before, I do not fault the Premier for saying yes or for having an attitude in that way. I think it is an enlightened attitude, to be honest with you, Mr. Chair, in making sure that we do not discriminate against individuals on the basis of their relationship to an MLA or to a minister.

Now, there are limitations, and I will accept that wholeheartedly. I will not argue with anyone about the limitations that have been put there for good reason, and I will accept that, but the reason for the questioning comes out of a bad history that we have had in this House of going at each other because we are in opposition or in government, about how we treat each other and those who are either related or close acquaintances of us. We sometimes lower the respect, if you like, of all of us collectively here in the eyes of the public. That is something that we should work very hard at getting away from because I believe that, although politics is a noble calling, sometimes we, as politicians, do ourselves more harm when we go at issues like that for no real reason except to embarrass each other or somehow cast a shadow of doubt as to what our intentions were with respect to what we do.

Mr. Chair, I want to leave this now and go on to another area, but, before I do, I would like to have from the Premier a commitment that he will in fact come back to the committee here or in writing give us some of the indications that he was going to in his previous answers to us.

Mr. Doer: Yes.

Mr. Derkach: Mr. Chair, there is one question I have with respect to an individual that is hired in Executive Council, and that is Mr. Paul Vogt, is it? [*interjection*] Vogt, okay. Can I ask the Premier what his specific responsibilities are with respect to Executive Council?

Mr. Doer: He is the chief of research and policy. He is an individual, I think, that is born and raised in Manitoba, received a number of degrees in different universities around the world and provides a policy framework for a number of our initiatives. I believe I answered all these questions fully last year and the year before.

Mr. Derkach: Mr. Chair, I guess I could go back and read Hansard and find out what the Premier's answers were to those questions. But I want to come back to this particular position, not Mr. Vogt but to the position. The Premier tells me that it is the director of policy within Executive Council and for the Government.

Mr. Chair, I want to ask the Premier whether or not this individual receives any other stipends

or any other benefits other than what is stated here, which is \$107,000.

Mr. Doer: I am not aware of any. I will double check that. I will take the question as notice, because I will have to find out.

Mr. Derkach: Mr. Chair, I want to move to an area that is maybe not specifically related to the responsibilities of the Premier, but it certainly has to do with the direction that government goes as it relates to general policy within the province of Manitoba. The Premier did directly throw himself into the negotiations on MCI when there was a threat of jobs being lost to the province of Manitoba and the bus maker leaving this province to another jurisdiction. There were some questions about that, because in this instance the Premier did not include himself in the negotiations until the 11th hour, so to speak, but he made a specific recommendation. It was not just simply to save jobs in Manitoba, but I think directed through his comments that in fact the workers should have another vote.

At the end of the day the jobs were saved, and the Premier took some credit for that, and should. Those are important jobs to the province of Manitoba and to the industry. But, at the same time, Mr. Chair, we have a rural industry in this province that is struggling but employs in the neighbourhood of 500 people. Now, when you look at the thousands of people employed in the city of Winnipeg and then you compare that to those employed in rural Manitoba, that may not be significant to the Premier or to his Government. But every one of those jobs in rural Manitoba has a spin-off to another job, and there is a contribution made from that job to a rural family who are usually employed in the field of agriculture, and Lord knows have had enough stress put on their lives, enough financial hardships placed in front of them in the course of the last number of years.

I specifically refer to the harness-racing endeavours and the project. Yes, there are not thousands and thousands of people flocking to the racetrack in rural Manitoba on a daily basis, and some may say that it is wasted money. But what happened with that money that was going to this industry actually allowed the industry to develop and to breed some very high-quality

animals that are not used in racing just in Manitoba but have found their way into the race circuits of the United States and have earned a significant reputation across North America and even beyond. The money that we invested as a province was going to an industry that was recognized throughout North America for the quality of product that was being put on the market but also to the racing circuit, which provided in many of our smaller communities some entertainment.

When you consider that in rural Manitoba we still cling to the land and we still cling to the ways of making a living and also of entertainment that have a tradition to them, the removal of this money from that industry not only took away 500 jobs, but what it did immediately—the Minister of Labour (Ms. Barrett) says it was not 500 jobs. These are not my numbers. These are numbers that come to us from the industry. Now, whether they were 500 full-time jobs, 500 part-time jobs, 500 partial jobs, there are 500 people who are employed in this industry who have been affected.

You are not going to wipe out the entire industry, but I was talking to a couple of the breeders who told me that as a result of the cancellation of this money, they all of a sudden find themselves in a problem situation, because they have to commit to a breeding program a year ahead of time. I think this was probably all explained to the minister who is responsible.

What is more devastating is the fact that this was done without warning. This was done without any real meaningful consultation with the industry. The Premier has said on many occasions he is not a Premier for just specific groups in the province of Manitoba, but he is a Premier for all of Manitoba. That would mean that he is the Premier for those people who are involved in this industry and who should have the courtesy of having the minister responsible at least sit down with them and say to them, I am sorry, but the finances of the Province are such that we can no longer support you.

What is more practical probably would be to say that over the course of the next five years we will reduce the money that we spend or we invest in your industry and at the end of five years or four years you will no longer be

receiving any benefits from government. I am sure the industry would then try to adjust to that in some way. It may not find that friendly, but over time they would try to adjust and make the necessary accommodations to ensure that either the industry survives or that it goes elsewhere for its existence.

* (16:20)

As it is today, that industry finds itself in a very precarious situation. It affects families. It affects people. Yes, they are not in the city of Winnipeg. They are not next door to the Premier. But they are next door to some of us who live in rural Manitoba and they are important contributors to society, to our communities and to the families.

Now, the member from Brandon West keeps chirping from his seat as though he has the knowledge about all of this. Well, I can tell the member that, yes, I know there are people who are involved in the horse racing industry in Winnipeg and in Brandon and in many of our other communities about Manitoba, but the industry itself is rural based. This is a rural-based industry. That is what I am trying to tell the Premier and also his minister in the back row.

So, Mr. Chair, I am not attacking the Premier (Mr. Doer) for this. I am simply asking the Premier why this unprecedented action was taken against this industry and whether or not he would even consider—because \$491,000 in the Budget that the Premier's Cabinet undertakes is not massive amounts of money. If we can afford to spend a million dollars fighting mosquitoes, and I am not saying we should not, can we not then through Lotteries or through other sources find \$490,000 to sustain an industry that, in fact, has contributed significantly to the heritage, the culture of our province? It is no more different than some of the cultural industries that we have in the province of Manitoba that we protect. They may not make any money. They may not contribute a lot of money to the economy of our province, but we protect them because they are important cultural issues and projects and programs and industries that make up Manitoba.

So I ask the Premier whether or not there is any consideration on his part, as the chief of

Executive Council, to recognize the importance of this industry and perhaps reconsider this callous approach that was taken in cutting this industry off at the knees?

Mr. Doer: Well, the member opposite knows that there are tough decisions that they have made in the past that do have an effect on families. They do have an effect on people. They do have an effect on communities, and you try to make them in the best way you can.

Yes, half a million dollars is an amount of money in a \$6.9-billion budget, but if there is 20 or 30 or 50 of these decisions or 100 of them, it eventually adds up to the kind of savings you need to get in a budget. The numbers of days have been reduced from 70 days to 21 days. I believe most of that money is going to purses for those 21 days.

Members opposite cut money from the Keystone Centre. They cut money from the Morris Stampede. They cut money from all kinds of things that we are aware of, some of which now we think we have to backfill and reinvest some money because there is more longer-term economic support and return.

But there are lots of decisions. In a perfect world with unlimited revenue and if this industry was more self-sustaining, this is a decision perhaps that would not have to be made.

The minister did meet with the group. I think it was the day after the Budget, April 23 or 24. The group did commit themselves to bringing back a plan. I am not saying that anybody in government likes to make decisions that have a negative impact on people and communities, and I am not saying that members opposite liked making some of the decisions they had to make, but some of those decisions have to be made. Every budget year, as the member knows, you have to try to make decisions that you have to make, and they all add up.

When we came into office, we did not want to cut the Millennium Fund, but we were worried when we first came into office that we were in pretty rough shape. *[interjection]* Well, we were. KPMG has identified the structural deficit. *[interjection]* It is modest compared to the 420 for the Manitoba Telephone System, but that is a different debate for a different time.

We are just following the advice of the Business Council of Manitoba. So we do not, I do not, none of our members, including the minister, enjoy meeting with people that are adversely affected by any budget decisions, but some decisions have to be made, and their totality, their total adds up to a fair amount of money. That is what we have to look at as well. We have to work on the trees, but we also have to look at the forest, and every year the forest needs pruning.

The minister has met with the group, and she has received, apparently, they are coming back with a plan. I am not sure whether she has received it or not. I can take that as notice, or not take it as notice on behalf of the minister, but I will inquire about it.

Mr. Derkach: Mr. Chair, every government has to set its priorities and live by them. What was blatant in this particular issue was that it was the only group that received funding from government that was cut 100 percent. I did not find another group that was supported by government that received a 100% cut.

At the same time, Mr. Chair, if I go through the Estimates, over the grants that are offered to different organizations, I find there are increases to various groups, significant increases. If I want to get parochial, I go into the constituency of Wolseley, and I can tell you that in that constituency alone, in the last year, there was more money that went into grants than there was to rural Manitoba. Now, that is one constituency.

If the Premier wants to, he can go and check the facts, and he will find that I am not stretching the truth here. Mr. Chair, we have seen a government that has received more than a billion dollars or almost a billion dollars of increased revenue since they took office. I remember the days, when we were in the campaign, and we said that over a five-year period of time the revenues of Manitoba will grow by a billion dollars, the now-government used to ask for the evidence.

Today, they experienced that lottery. Mr. Chair, the Premier also references the fact that we had to make some very difficult decisions and cut some programs and cut some support,

whether it was the Morris Stampede or the Keystone Centre. Yes, we were going through some very difficult times in the '90s. We had an unprecedented recession in this province. We had a federal government that through their transfer payments cut hundreds of millions of dollars from this province, which today is not the case.

Now, I know the Premier can tell me that there is a debt that is owed to the federal government right now that we have to find a way to pay for. At the end of the day, we are not really sure whether we will have to repay, but, if we do, we do. It is not something we have to repay overnight, but, nevertheless, I recognize that.

Yes, tough decisions have to be made, but why do those tough decisions have to come at probably the most vulnerable and the smallest organization that probably exists in the province today? Yes, their race days have decreased. I am not going to say that they have not. Are they struggling as an industry? Probably. But that is 500 jobs, Mr. Chair, either full-time, part-time or whatever it might be, but there are 500 individuals who are affected by this. I can appreciate the fact that the Premier says: Well, the minister has met, she is committed to meet with them again, and they are going to come back with a plan. I guess the question is, why was that not done before? Why was that not done prior to setting the Budget, or as part of setting the Budget? Why was that group not met with and told that you will be losing your grant or you will be losing a part of your grant, so you have to make some changes in the way you are going to operate?

* (16:30)

When we cut money out of the Keystone Centre, and I think the Premier will probably support us doing that, it was on the basis that there was an agreement that the Keystone Centre would become self-sufficient at some point in time in the future. Is that realistic? We all hope it could be. We know how important it is to support the Keystone Centre, but on the other hand, we also know that they have to take some responsibility for being as viable as they possibly can. So it was not easy to cut, but we

met with them before, and we signaled to them that the money that was flowing to them, at some point in time, would have to cease and would have to probably change in how they were supported.

We did the same with the Morris Stampede. It was not the matter of them finding out on Budget day that all of a sudden they were without money. So that is what I am asking the Premier to do, is to reconsider the approach that was taken and perhaps, if he needs that money, that can be found over the course of two years or three years rather than cutting them off at the knees this year and finding out that, at this time of the year, when the circuits have already been planned for the year that in fact they will not be able to go ahead with them. Signal to them a year ahead that they are going to lose this money or lose part of it so that they can make alternative plans. It is pretty difficult to do that at this point in time.

Mr. Doer: Let me just deal with this billion dollar myth because I know the members opposite can read financial statements, and the revenue increase in our first three budgets is \$604 million, which, by the way, includes Hydro that the members opposite are condemning. The revenue increase for your last three budgets was \$574 million. The expenditure increase in your last three years in office was \$1.29 billion. That required a Fiscal Stabilization Fund draw of \$471 million. So this billion dollar myth, our expenditures at 492, a 7.6% increase in three years. You can continue to say it, but any media or any independent person that has checked it out knows that our first three budgets, which include this Budget, the revenue increase is \$604 million. Your last three years was 574. Mr. Chair, you can add up the doctors' settlement and everything else that was hidden in your '99 budget, but the bottom line is that if you look at your so-called 50-50 plan, which talked about a billion dollars revenue from 2000-2001 to 2004-2005, the fact of the matter is, it is a \$604-million revenue increase.

You subtract the Hydro money, you are down even lower than that, so you have not got the billion dollars and you never had the billion dollars. You have to go back to the '99-00 year, which was not part of your "50-50 plan," you

never built in—and you and I both know this was done on the back of an envelope. I have got enough sources to tell me that. We all know what happened. The public, quite frankly, have moved on, and so have I. The Greg Lyle proposal of 50-50 money will not come true. The irony of course is that some of that includes the Hydro money, which you are condemning as this and that and everything else as well. The federal errors contributed to this as well. It is not just the slowdown in the economy. The federal error is built into the 2002 tax revenue items.

On the horse racing issue, there has been a steady decline of 50 percent in the activity, over 70 percent in the numbers of days. It has been declining every year. I do not like this decision and nobody in Cabinet does, but there are a lot of decisions you have got to make that you do not like, because you cannot defend going from 70 days to 20 days and having the same amount of money when the public is voting virtually with their own activity. I would say the same for other activities in government. You can point to other activities in government where there is a demonstrative decline in support, then let us know, because all of us should be analyzing every year every dollar that we spend. We take it as seriously as you took it. It does not make it any easier.

Mr. Derkach: Mr. Chair, I can sense the sensitivity of the Premier when he begins to bring individual's names into the discussion. I do not do that with him and I am not going to start. I am not asking the Premier to retract anything. I am simply telling him that his creative accounting simply does not work and is simply an indication of the government of the present day trying to put the money where their support is. When he says he is a Premier for all Manitobans, I then ask him to practise what he preaches because he is not practising what he preaches.

If you look at the increases that there are to other groups that government supports through grants, there is a huge disparity. If you look at the amount of money in total that goes from government to rural Manitoba as compared to the largest city in our province, there is a huge disparity. If you look at the rural economic development programs that were started in our days, I am not going to brag about them, but I am going to say that they were designed to help

people. You look at the amount of money that is invested in those programs today. If I were government, I would be embarrassed at the tip of the scales in favour, of course, of the city, but to the detriment of the area that struggles most in our province.

I have always maintained that you have to have a strong city, but also a strong rural environment if you are going to have a strong province. One cannot be done at the expense of the other. I love this city. This is part of Manitoba. This is part of the place where I live, the place where my family lives, but so is the rest of Manitoba. Some people accuse me, and I know the Opposition has, of being too rural in my views. *[interjection]* Oh, yes, the government of today, when they were in opposition, accused me of being too rural.

* (16:40)

Mr. Chair, I want to bring to the Premier's attention the fact that, when we put water into Headingley, water and sewer, because children were playing in their backyards in sewage, the entire opposition of the day accused our Government of wanting to expand housing outside the Perimeter. It was called urban sprawl. Well, that project was done three and a half years ago, and Headingley still is not the size of Winnipeg and never will be, but at least children are not playing in sewage in their backyards.

When setting their priorities, this Government needs to take a look, a real careful look, and this Premier has to take a careful look, at whom he governs for, whether it is for the entire province or whether it is a certain segment of the province and interest groups. I will support him any day of the year, any time of the day when in fact he makes decisions that are for the good of all people in this province and so that small groups like the harness racing group are not singled out because they appear to be in decline and are cut off automatically in one fell swoop. If you want to do that because it is a dying industry, and if it is, I do not know whether it is or not, but in fact, if it is a dying industry, signal to them that in three years we will have to discontinue support to you because you do not have the support from the public that you should have.

You know, any time we do a survey, Mr. Chair, if we do a survey in the city of Winnipeg, I know what the outcome of a survey is going to be, depending on how you ask the questions. If you want to conduct a survey on whom you should be supporting and then base your decisions on that survey, I mean, you can very easily slant the approach that you take and the attitude that you take with regard to the support and where it goes. I think, once an election is over, a government has a responsibility to treat all its citizens fairly and equitably. I do not think the kind of treatment that we have witnessed with regard to the people who are involved in this industry has been fair and equitable.

Unfortunately, I say to the Premier that there are other areas that are the same. He is the Premier, and so I bring these other areas in not to cast any kind of aspersions at the Premier but, more importantly, to point out that outside the Perimeter of Winnipeg and outside of the North of this province is an area that is being neglected right now by this Premier and by his ministers. Yes, many of the MLAs from those areas are Conservatives, but that should not matter, Mr. Chair.

I can go back to the time when I was still Minister of Rural Development. I would travel to the North, and I would make sure that even those constituencies that did not have a sitting Conservative member were treated as fairly as could be from my department and from what I did. *[interjection]*

Yes, and I want to reference the highways budget because the Minister of Labour (Ms. Barrett) references it. The Minister of Labour should know that only 4 percent of the population of Manitoba lives in northern Manitoba, and we spent far more than 4 percent of the budget on northern roads. Yes, they are not where they should be, and I will be the first one to admit that. There is an infrastructure deficit there but look at what is happening in agri-Manitoba today with highways.

If the Premier (Mr. Doer) says that he is a premier for all Manitobans, then I ask him to travel some of the roads that are right now in desperate straits. Now, this is not just me saying this to him. He can check with the construction

industry of our province. He can check with the municipalities of our province, who will tell him the same thing: Mr. Premier, you have to do something about this.

When we see the kinds of revenues—and we can argue about the fact that it is \$600 million as opposed to \$800 million that revenues have increased for the Province of Manitoba. The bottom line is there has been significant increases in revenues to the Province of Manitoba, thanks to the economy of this province, and it continues to grow. Probably over the next year or so we will see somewhat of a slowdown, and I think that has been signaled. Nevertheless, I think, relatively speaking, the economy of our province is still strong. I am saying to the Premier invest some of that strength to ensure that the rest of this province can continue to grow and be strong.

So the horse racing industry is only one little signal that is given to rural Manitoba about what the general attitude of this Government is to the rest of agri-Manitoba.

So, in concluding this section, Mr. Chair—and I do not want to prolong it any further—I simply want to press the issue that these kinds of initiatives in Manitoba outside the city are important to us. They are important to all Manitobans. If we want a strong province, we have to make sure that not only the city is strong, but indeed all of Manitoba is strong. I ask the Premier to really consider that in the decisions that he makes as chief of Executive Council.

Mr. Doer: I thank the member for that. He and I will agree to disagree on his decision on Headingley and not because any of us wanted any child to be involved in raw sewage. I initiated the study on the Headingley services with Mr. Ernst years ago, as the member may recall.

I thought it was a fair study, and improving the situation in Headingley was always an objective. You know, for any individual family, it begs the question why any raw sewage would ever be allowed in any housing project anywhere in that region, and, Mr. Chair, that is a big issue. I thought that the investment into some parts of the Capital Region with public money to the

detriment of a very flat growth for the city of Winnipeg was not a good investment of public money, and the member opposite felt it was. That is just where we are going to agree to disagree, and I would point out that under Freedom of Information, many of his own planners had the same advice to the member opposite.

Mr. Chairman, the issue of a small symbol in rural Manitoba, there are many other large symbols in rural Manitoba and in this Government. The highways budget that the member opposite references, we have put in place a \$600-million capital program, a five-year program. We are working with the Heavy Construction Association on early tendering. There is a considerable amount of support for that type of predictability in our highways' budget.

The fact that we raised and increased the amount of money for drainage by \$1.7 million in our last two years of budgets, last year and this year, the fact that we believe that investing in the Keystone Centre that may have five or six events per day on a 365-day basis may be more cost-effective than a 20-day harness race—these are judgments you have to make. Your judgment was to cut off the money from Keystone. Our judgment was—

* (16:50)

An Honourable Member: No, we did not cut it off.

Mr. Doer: Well, I have got the documents. It was cut off over three years and this year was year three. *[interjection]* Well, I will give you the documents. Anyway, the bottom line is you were cutting it off, and you acknowledged that and that is a decision you made.

So we will agree to disagree about a priority. That is the way it should be. We are putting in more of our support for infrastructure into the Simplot potato plant, a potato plant, I might add, that we competed with many jurisdictions for in the United States and in Canada. *[interjection]*

No, that is a totally different plant. It is a totally new plant, and it was not underway when

you left government. We were dealing with Alberta that had put in more public subsidies for that plant. We were dealing with North Dakota. We did not resolve it until about nine months or ten months, maybe even longer, after we were in government. We had to get an agreement from the federal government on some of the agricultural diversification. The Member for Lakeside (Mr. Enns) said that plant will never be built under an NDP government. Not only was it built here, but we competed against Alberta, and we are now going from third in potato production under the former government to second. We will pass New Brunswick this year and we are going to be in first place shortly. *[interjection]*

Well, your vision is sitting in the lamb plant in Alberta. Our vision is sitting in Portage la Prairie. You competed against Alberta and lost, and I will name the plants. Now, I am not saying you tried to lose. I am not saying you wanted to lose. I am just saying that you did lose some of those plants. We did the Carnation plant, the initial one. You did the restructuring of it. I remember in Cabinet being involved with the Carnation plant in '87 in the Carberry area. You did the expansion of the Carberry plant. There is the Maple Leaf potato plant in Portage.

Those are very strong symbols I think for all of us, and there are some areas that we are carrying on. The livestock diversification, we think we have improved the technical improvements, the scientific decision making, and we think that there is more science being used in the protection of water. Members opposite said, oh, with those new planning districts, the livestock industry is dead. It grew by 17 percent last year—17 percent.

An Honourable Member: Thanks to us, not to you.

Mr. Doer: Oh, so you are able to say it is going to die under the NDP, and when it grows by 17 percent you are able to take credit.

I imagine the member opposite when he heads off to that great dinner tonight from the old expanded casino or the Convention Centre, now to the smaller quarters in the Fort Garry Hotel, not that I am going to be political about

that. It is much more intimate at the Fort Garry Hotel and it is a beautiful historic building. I would imagine the member opposite has a two-sided coin. Heads, we predict it is not going to grow and tails, when it does, we take political credit for it.

Same thing with the Simplot plant. Heads, it will never grow under the NDP. It will never happen. Never happen under your watch. Hog manure will smell like raspberry jam. Simplot will never grow and Limestone is called a millstone because it will be 3 cents a kilowatt hour. And when all these predictions come tumbling down, the predictions in history that are wrong, wrong, wrong. You say: Oh, this was our idea. Limestone, hydro, you know, air, water—Tories invented it. Tories invented water; we invented air. We take credit for—well, I like your bravado. It served you well.

I think that the city of Winnipeg does have to grow. I do agree it is not an either/or for us. I think that sometimes we are trying to now free up some land banks in the city of Winnipeg. We think that is a positive way to go. We should not just develop and invest in infrastructure outside of the Capital Region with zero percent growth. We are going to grow some constituents around the member from Fort Whyte from White Ridge, which we zoned, by the way. The member opposite is living in areas that were zoned by the NDP in previous years. *[interjection]*

Well, we are changing that. It was zero percent growth. It has been and it is growing. It is changing. The last development in southwest Winnipeg was Whyte Ridge and Linden Woods. I do not have to tell you who was in government then, 11 years there in office after we bequeathed them all this housing development, all this economic development in there—11 years. I remembered they promised, you know—your underpass is sitting in a fountain behind the Legislative Building. Mr. Axworthy, Mr. Filmon built the little palace of Versailles fountain behind the Legislative Building. That is where your underpass went. There is no provincial money in that bridge.

I know members opposite are opposed to the downtown arena, and you wonder why—I know you are in favour of pipes in Headingley

and fountains behind the Legislative Building instead of building up downtown Winnipeg. *[interjection]* No, I am not, and we are going to have to clean up some other places, by the way, that were zoned and housing permits were developed and there was no appropriate infrastructure. We are going to clean up other messes that are out there. *[interjection]*

Mr. Chairperson: Order, please. The Premier has the floor.

Mr. Doer: As regards rural Manitoba, when we go out to rural Manitoba and, you know what, when I go to the Assessippi Ski Hill and sit there having a beer in the Russell Inn listening to people. What do they want? They want new R & D; they want fish in Lake of the Prairies. They want R & D for food development, and they are getting it with a new food development centre in Portage and the new nutraceutical centre at the University of Manitoba, two very forward-working, thinking projects. They want drainage, and you know what, they know that their own home team, allegedly home team, the former home team, because I do not think there is a home team anymore, cut the drainage budget.

How did you let your Cabinet colleagues cut the drainage budget for rural Manitoba? How did you do it? How did you let that happen? Why did you not stand up and say there is more of us in rural Manitoba in this Tory caucus than there are in the city of Winnipeg and we are not going to let you, member from River East, take away our drainage budget and allow our fields to be drowned out with this water, allow the trees to be overgrowing the drainage culverts all across Manitoba.

We have got to go in there and clean up the trees and weeds and debris that have been left behind by a Cabinet that forgot where they came from, a Cabinet that got too comfortable in their plush velvet seats and their big Cabinet offices and forgot about who sent them to the Legislature. That is what happened in the past.

An Honourable Member: So who has the leather sofa in his office?

Mr. Doer: Well, I took that from Jim Downey's office.

An Honourable Member: You were the one who criticized him.

Mr. Doer: There was no new purchase of a leather sofa. A Palliser couch was sitting in the Minister of Industry and Trade's office, and I knew I was closing down three Cabinet offices.

No individual in government owns any of the furniture. It is all owned by the people of this province, and there has not been one dollar spent after the former premier left that office on a new car or new furniture. The existing furniture in this Legislative Building was put in place, and I still could not find that beautiful ball hockey painting that Gerry Ducharme had. I cannot find that, which is a classic in my view.

The last issue that rural Manitoba cares about is highways. I mentioned the \$120 million six times. Members opposite will know that the new team in place, the Minister of Agriculture (Ms. Wowchuk) is a person who goes into the office every day, rolls up her sleeves and works for the people of Manitoba. She does not get

comfortable in that plush velvet seat and forget where she came from. Her roots are deep in rural Manitoba, and I am proud of our rural team. We will put it against that former tired-out, tired team that sold off the phone system and let the rates go up 78 percent. That old tired team that succumbed to the downtown brokers of Winnipeg had lost their compass. We have replaced it with a good compass, with a new energetic team.

Thank you very much. I enjoyed your questions.

Mr. Chairperson: There being agreement between the House leaders to waive private members' hour and to rise at 5 p.m. Call in the Speaker.

IN SESSION

Mr. Speaker: Order. As previously agreed, the hour being 5 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 7, 2002

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