



Third Session - Thirty-Seventh Legislature

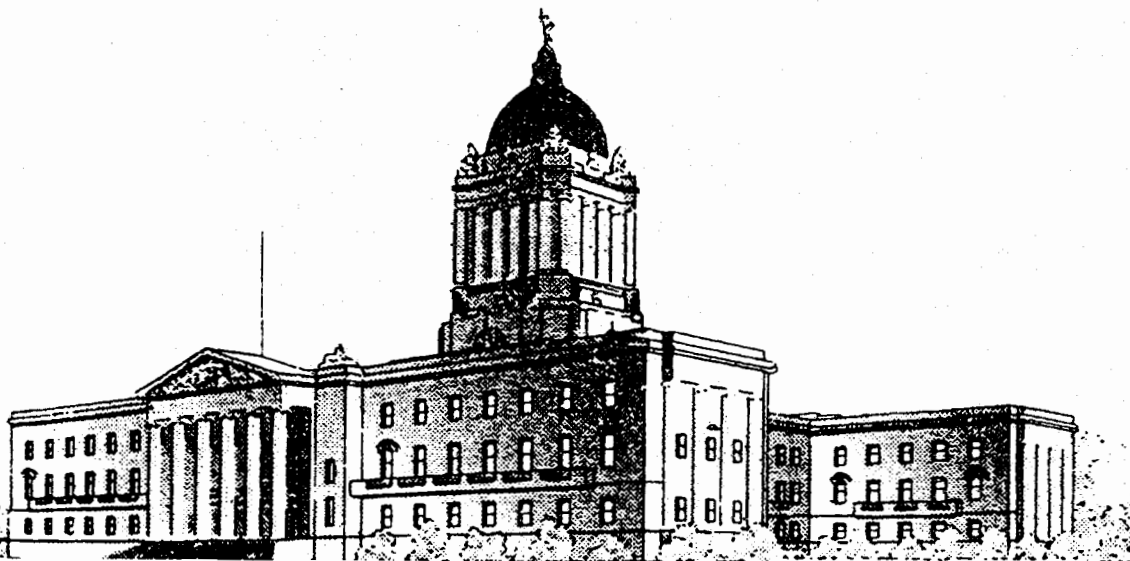
of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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The Honourable George Hickes
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, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FRIESEN, Jean, Hon.	Wolseley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
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.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott, Hon.	Brandon West	N.D.P.
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 14, 2002

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

**PRESENTING REPORTS BY
STANDING AND SPECIAL COMMITTEES**

**Standing Committee on Public Accounts
Second Report**

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

Madam Clerk (Patricia Chaychuk): Your Standing Committee on Public Accounts presents—

An Honourable Member: Dispense.

Mr. Speaker: Dispense.

Your Standing Committee on Public Accounts presents the following as its Second Report.

Meetings:

Your committee met on Monday, May 13, 2002, at 10 a.m. in Room 255 of the Legislative Building.

Matters Under Consideration:

*Provincial Auditor's Report on Value for Money Audits for the period ending Autumn 1997
Provincial Auditor's Report on Value for Money Audits for the period ending Spring 1998
Provincial Auditor's Report on Value for Money Audits for the period ending Summer 1999
Provincial Auditor's Report on Value for Money Audits for the period ending June 2000*

Committee Membership:

Substitutions received prior to commencement of meeting:

*Mr. Struthers for Hon. Mr. Mackintosh
Mr. Derkach for Mr. Laurendeau*

Officials Speaking on Record:

Mr. Jon Singleton, Auditor General of Manitoba

Reports Considered but not Adopted:

Your committee commenced consideration of the Provincial Auditor's Report on Value for Money Audits for the period ending June 2000, but did not adopt the report.

Reports Considered and Adopted:

Your committee considered:

*Provincial Auditor's Report on Value for Money Audits for the period ending Autumn 1997
Provincial Auditor's Report on Value for Money Audits for the period ending Spring 1998
Provincial Auditor's Report on Value for Money Audits for the period ending Summer 1999*

and has adopted the same as presented.

Mr. Helwer: Mr. Speaker, I move, seconded by the honourable Member for Steinbach (Mr. Jim Penner), that the report of the committee be received.

Motion agreed to.

**Standing Committee on Law Amendments
Fourth Report**

Mr. Doug Martindale (Chairperson):
Mr. Speaker, I beg to present the Fourth Report of the Committee on Law Amendments.

Madam Clerk (Patricia Chaychuk): Your Standing Committee on Law Amendments presents the following as its Fourth Report—

An Honourable Member: Dispense.

Mr. Speaker: Dispense.

Your Standing Committee on Law Amendments presents the following as its Fourth Report.

Meetings:

Your committee met on the following occasions:

Tuesday, May 7, 2002, at 10 a.m. in Room 255 of the Legislative Building

Monday, May 13, 2002, at 10 a.m. in Room 254 of the Legislative Building

Matters Under Consideration:

Bill 6—The Fortified Buildings Act/Loi sur les bâtiments fortifiés

Membership Resignations / Elections:

At the May 13, 2002 meeting, Mr. Martindale was elected as Chairperson.

At the May 13, 2002 meeting, Mr. Schellenberg was elected as Vice-Chairperson.

Substitutions received prior to commencement of meeting held on May 13, 2002:

Mrs. Smith (Fort Garry) for Mr. Cummings

Mr. Laurendeau for Mr. Hawranik

Mr. Schuler for Mr. Maguire

Mr. Martindale for Mr. Santos

Hon. Mr. Mackintosh for Hon. Mr. Chomiak

Mr. Schellenberg for Ms. Korzeniowski

Mr. Aglugub for Hon. Mr. Ashton

Mr. Nevakshonoff for Mr. Jennissen

Mr. Hawranik for Mr. Faurshou

Bills Considered and Reported:

Bill 6—The Fortified Buildings Act/Loi sur les bâtiments fortifiés

Your committee agreed to report this bill with the following amendment:

THAT clause 6(1)(a) be amended by adding "or the property on which the building is located" after "from the building".

Mr. Martindale: Mr. Speaker, I move, seconded by the honourable Member for

Assiniboia (Mr. Rondeau), that the report of the committee be received.

Motion agreed to.

* (13:35)

INTRODUCTION OF BILLS

Bill 16—The Class Proceedings Act

Hon. Gord Mackintosh (Minister of Justice and Attorney General): Mr. Speaker, I move, seconded by the Minister of Consumer and Corporate Affairs (Mr. Smith), that leave be given to introduce Bill 16, The Class Proceedings Act, and that the same be now received and read a first time.

Motion presented.

Mr. Mackintosh: A class proceeding is a court claim brought on behalf of a group of persons by one person. This bill establishes the rules and procedures for class action proceedings in Manitoba.

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 Speaker's Gallery where we have with us today the students who will be conducting tours of the Manitoba Legislative Building this summer. They are Jennifer Bloom, Jean-Daniel Boulet, Jane Conly, Jennifer Skerritt.

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

ORAL QUESTION PERIOD

Grade 3 Diagnostic Assessments Results

Mr. Stuart Murray (Leader of the Official Opposition): Mr. Speaker, can the Premier share with the House the results of the 2001 Grade 3 diagnostic assessments?

Hon. Gary Doer (Premier): Mr. Speaker, it has been a couple of years since my own daughter went through Grade 3 diagnostic assessments, but I do know, in discussing this just recently with the Grade 3 teachers at River East School Division, that the recommendations to proceed with the new testing system last year had some bumps. They informed me the testing system is going much better for parents, students and educators this year.

Mr. Murray: Mr. Speaker, I specifically was asking the Premier for the results of the Grade 3 diagnostic testing. I would like to share with the First Minister that the results range from a high of 68 percent in terms of Grade 3 students meeting expectations when it comes to reading and interpreting graphs. However, on the other hand, only 42 percent of Grade 3 students are meeting expectations when it comes to recalling addition and subtraction to 10. I would like to note that these figures and terms come directly from the minister's own document.

Has the Premier identified the cause of why only 42 percent of Grade 3 students are meeting the Doer government's expectations to add and subtract to 10?

Hon. Drew Caldwell (Minister of Education, Training and Youth): Indeed, we are now in the middle of our mandate. We changed policy from an end-of-year standards test imposed upon children who still believed in Santa Claus, which was the preferred policy by members opposite. We—[interjection] Mr. Speaker, the members opposite make my point in this.

* (13:40)

Mr. Speaker, the Grade 3 assessment, as the First Minister just stated, has been received very, very well by parents who are getting meaningful information on a wide range of competencies for their children. The report that the Leader of the Opposition refers to does point out that there is considerable work required to ensure that—

Mr. Speaker: The honourable Leader of the Official Opposition.

Mr. Murray: Mr. Speaker, I am shocked at that answer. This is about the children of Manitoba.

It is about their ability to have a sense of reading and writing and understanding the basic fundamentals of arithmetic. This First Minister ran in the last election on the Grade 3 guarantee.

What specific steps has the Premier taken to address the fact that only 42 percent of Grade 3 students are meeting expectations when it comes to adding and subtracting to 10?

Mr. Doer: Mr. Speaker, those Grade 3 students would have gone through a couple of years of underfunding in education. The members opposite read the report last week on the classroom size and composition and mentioned that 98 percent of the students in Manitoba from K to 6 are having classroom sizes under 30. It also identifies challenges for early childhood development in that report, based on composition and size.

In the last election campaign, the Manitoba Association of School Trustees in a resolution they passed, the Manitoba Teachers' Society, many teachers' advisory groups, recommended to replace the year-end test with a prior September period diagnostic test to be able to identify the areas that children had to learn during the Grade 3 year. The Tories were in one direction. The school trustees, the teachers, the parents groups, the Liberals and the NDP believed in having a test for purposes of teaching.

I think if the member opposite compares other national tests with kids in math, just recently our children did very well in some of the math tests. I think, obviously, we want to ensure that their quality of education increases every year, the basics increase every year when we continue to reinvest in education.

A previous government that was minus two, minus two, zero, minus two in funding to education reaped a lot, which unfortunately we are trying to deal with today

Manitoba Hydro Financial Statements

Mr. John Loewen (Fort Whyte): Mr. Speaker, on April 30, more than a week after his Budget, the Minister of Finance tabled the nine-month

interim financial report of Manitoba Hydro in this House, and nowhere in that report was there any mention that the Doer government was going to raid Hydro to cover last year's operating deficit to the tune of \$288 million.

Why does the Minister of Finance table a report in this House which is in clear contradiction of the Canadian Institute of Chartered Accountants' generally accepted accounting principles which clearly identify in section 17(51)? I quote: Interim financial statements should disclose events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, it is very clear that all announcements related to the Budget are made on Budget day in this Legislature. We do not make any announcements anywhere in the wider government entity outside of the Budget day. Tax decisions with respect to tobacco, transfer decisions with respect to Crown corporations, all tax-related matters or transfer-related matters or many of the new program initiatives are always announced on Budget day.

Mr. Loewen: Mr. Speaker, I would like to ask the Finance Minister the same question. Why is the Minister of Finance compromising the integrity of a Crown corporation and its management by introducing into this Legislature documents that do not meet CICA standards?

* (13:45)

Mr. Selinger: Once again, all decisions with respect to the Budget and revenues are made and announced on Budget day. It would be highly improper for anybody to tell a Crown corporation to change their third quarter financial statement based on information that they did not have available to them. That is a decision that is made by Cabinet and announced on Budget day.

Mr. Loewen: Mr. Speaker, is the Minister of Finance so desperate to hide the fact that he is short \$150 million to balance last year's budget that he would sign off on financial statements for Manitoba Hydro, that puts Hydro in the same category as Enron and Global Crossing?

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I would like to remind all honourable members when the Speaker rises that all members should be seated and the Speaker should be heard in silence, and also remind all honourable members when there are disruptions going on the clock is still running. You are losing time of Question Period.

Mr. Selinger: Once again, announcements with respect to the Budget are made on Budget day, no sooner, no later. I would just remind the member opposite the last time he made outlandish statements with respect to the Crocus Fund, it was in the middle of their RSP selling season.

Mr. Speaker, we are very close to coming to a Hydro Bond issue. I would hope the member opposite would not make any outlandish statements which cannot be substantiated, which would once again harm the interests of a very valuable Crown corporation which serves all the people of Manitoba.

You should get your facts straight before you make these kinds of accusations.

Mrs. Heather Stefanson (Tuxedo): Mr. Speaker, the Doer government in their recent Budget made the decision to raid Manitoba Hydro of \$288 million to support their spending problem. On May 7 in Estimates, the Minister responsible for Manitoba Hydro, also the Finance Minister, admitted that Manitoba Hydro currently has debt investments maturing, and I quote: In the order of \$280 million.

I ask the Minister of Hydro: Is it not coincidental that Manitoba Hydro happens to be going back to raise money from the Manitoba public right now for roughly the same amount of money that he had to raid in order to pay for the Doer government's spending problem?

Mr. Selinger: Mr. Speaker, I am surprised the member would try to connect together unrelated events. Hydro raises money in the marketplace on an annual basis to provide for their capital borrowing program. There are several issues of bonds coming due in the Manitoba marketplace this year. The Hydro Bond issue will provide

them a very good opportunity to roll that money over and invest it in a secure instrument that will provide them with a good rate of return, which is not yet announced.

It was the same program we had launched last year. We will be launching a similar program this year. I can tell all Manitobans that an investment in a Hydro Bond is a secure investment with a healthy rate of return which allows them to invest in the future prosperity of Manitoba.

Mrs. Stefanson: Mr. Speaker, I ask the Minister of Finance: Is there a financial statement that has been produced by Manitoba Hydro and been given to the Manitoba Securities Commission that accurately reflects the \$150 million the Government has committed to take out of Manitoba Hydro in order to balance last year's provincial Budget?

* (13:50)

Mr. Selinger: Mr. Speaker, the accountability of Manitoba Hydro is through the Crown Corps Council and to the Legislature through the minister. All the financial statements that are produced by Manitoba Hydro are tabled in this Legislature in a timely fashion, and the Standing Committee on Public Utilities, which is a standing committee of this Legislature, convenes every spring with a full opportunity to review all this information.

Mrs. Stefanson: Mr. Speaker, I ask the Minister responsible for Hydro, also the Finance Minister: Does he not feel it is imperative for Manitobans who are buying this new Hydro Bond issue right now to know the true financial position of Manitoba Hydro, or do they want to hide the fact that they had to take \$150 million from Manitoba Hydro last year in order to balance last year's provincial Budget?

Mr. Selinger: Mr. Speaker, I am extremely surprised by this line of questioning. One thing the members opposite I am sure know is the debt of Manitoba Hydro is fully guaranteed by the Crown, in other words, the Government of Manitoba, for which we charge a debt guarantee fee. The purchase of a Manitoba Hydro Bond is one of the most secure investments that any Manitoban can make.

Manitoba Hydro Export Sales

Mrs. Bonnie Mitchelson (River East): Manitoba Hydro is saying today they will take a financial hit due to low water levels which will result in reduced export sales. I would like to ask the Minister responsible for Hydro: Who is right? The experts at Manitoba Hydro who say sales will go down, or the minister who says otherwise and who politically has tied his excessive spending habits to the sale of Manitoba Hydro exports?

Hon. Greg Selinger (Minister of Finance): The president and CEO of Hydro has stated: It is premature to make changes in our integrated financial forecast. It is too early to tell what spring rains will bring. We are all aware that we had some significant precipitation in the last 10 days.

When it comes to spending, we have the third-lowest per capita spending in the country.

Rate Increase

Mrs. Bonnie Mitchelson (River East): My supplementary question to the Minister responsible for Hydro, who is also the Minister of Finance, the minister that has drained the Hydro kitty dry: Will he now admit to Manitobans that hydro rates will go up as a result of him draining and raiding Manitoba Hydro?

Hon. Greg Selinger (Minister of Finance): I have read this information into the record, but for greater certainty I should point out: Mr. Speaker, in 1997, the profit forecast was \$49 million, the actual was \$101 million; in '98, the profit forecast was again \$49 million, the actual was \$111 million; in 1999, the profit forecast was about \$52 million, the actual was \$100 million; in the year 2000, the profit forecast was \$97 million, the actual was \$152 million; and for the year 2001, the profit forecast was \$116 million, the actual was \$270 million.

We have seen surplus profits in excess of forecasts of \$371 million in the last five years. Of that, we are taking \$150 million from last year's excessive profits in order to make sure

that the services that Manitobans need and want are protected in this Budget.

Standing Committee Review

Mrs. Bonnie Mitchelson (River East): Since the revenues from export sales back in 1987 when we had a drought plummeted from \$113 million in 1987 to \$31 million in 1989, will the Minister of Hydro—he indicated that Public Utilities and Natural Resources Committee would be convened. Will he give us a date for that committee to tell Manitobans that hydro rates will not go up, that they will be frozen? That kind of information should be provided, if the Minister of Hydro, Minister of Finance can be trusted.

* (13:55)

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, the Minister of Finance is always ready to answer questions on financial matters in the Legislature as is the Minister of Hydro. I am currently in Estimates and available for questions every day. I am also currently in the Public Accounts Committee. We have been meeting for the last two weeks. As soon as we get on with the business of dealing with the Finance Estimates I will be ready to deal with the Public Utilities Committee of the Legislature. I show up at work every day to answer your questions. You have to go home to do your homework to dream up a new question to ask, which has already been answered.

Chiropractic Care Coverage Reduction

Mrs. Myrna Driedger (Charleswood): The Doer government's decision to totally eliminate chiropractic coverage for children under the age of 19 certainly seems to show a bias against children receiving chiropractic care. I would like to ask this Minister of Health on what he based his decision to totally eliminate coverage for children under 19. Where is the evidence to support that decision?

Hon. Dave Chomiak (Minister of Health): As I indicated on previous occasions in this House and publicly, there were a number of very difficult decisions we had to make during the

course of the Budget. As the Premier (Mr. Doer) indicated on several occasions, chiropractic services are not covered under the Canada Health Act. It is one of the things we do in Manitoba and cover. It is one of the many things we do to extend health care, and we are looking towards the federal government to help us out in this regard.

In regard to the specific issue, I note that in 1996 the previous government reduced coverage to all Manitobans from 15 to 12 visits including women and children, et cetera.

Mrs. Driedger: Mr. Speaker, I would like to ask this Minister of Health why he is refusing to listen to the thousands of parents that are currently faxing him and asking him to not drop chiropractic coverage for their children. He is running around saying they are listening to people. His consultations are nothing short of a sham.

Mr. Chomiak: Mr. Speaker, the member opposite talks about listening to the public. We listened to the public and not to members of the Opposition when we brought back the nurses diploma program. We listened to the public and expanded the medical college when members opposite cut the medical college. We listened to the—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Point of Order

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

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

Mr. Chomiak: The member, in her long preamble, mentioned the fact about consultations and talked about listening to the thousands and thousands of Manitobans who talk to us regularly and responding to their wishes and needs in terms of balancing. I was simply pointing out to

the member that she cannot continue, as she does, to pick single issues to be in contradiction over and over again and think they have any credibility.

Mr. Speaker: Order. On the point of order raised by the honourable Official Opposition House Leader, I would like to take this opportunity to remind all honourable ministers that when answering a question to not provoke debate.

* * *

Mr. Speaker: I ask the honourable Minister of Health to conclude his comments, please.

Mr. Chomiak: Mr. Speaker, when we go through the course of the Estimates, I would be happy to explain to the member all of the expanded enhanced programs that have improved in the last two and a half years as a result of listening to what the public has to say.

Mrs. Driedger: Mr. Speaker, would the Minister of Health be prepared today to reverse his wrong-headed decision and reinstate chiropractic coverage for children?

*(14:00)

Mr. Chomiak: Mr. Speaker, there are a number of budgetary decisions that were made during the course of the Budget that we are still debating, including expanded enhanced programs right across the field, which I note members opposite voted against. We continue to look at the best ways to utilize not only the health resources that are entrusted to us, but the tax dollars that go together with those. We will continue to make decisions based on the best needs and requirements of all Manitobans.

Winnipeg Casinos Minister's Comments

Hon. Jon Gerrard (River Heights): Mr. Speaker, last week the Minister responsible for Manitoba Lotteries told this House that the mechanical certification of the McPhillips Street Station and Club Regent casinos is being withheld related to litigation over a fee dispute, which is between two companies, and that the

Manitoba Lotteries Corporation has nothing whatsoever to do with it. However, legal documents make it very clear that the Manitoba Lotteries Corporation has been a party to this legal dispute since June of 2001, and that the Manitoba Lotteries Corporation is thus very intimately involved in this issue.

The minister was clearly in error in making her statements of May 6, and I would ask the minister to confess her error and to apologize to the Legislature for providing inaccurate information.

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): As I have repeatedly told the Legislature, both McPhillips Street Station and the Regent Street casinos are in full compliance with all the obligations they need to meet under the by-laws of the City of Winnipeg.

Mr. Gerrard: As the minister knows, we still do not have proper mechanical certification. I ask the minister to concede that it is not only wrong but somewhat preposterous to indicate that the Manitoba Lotteries Corporation, which owns and operates the McPhillips Street Station and Club Regent casinos, is not in any way involved in ensuring the proper certification and operation of the ventilation systems for these casinos.

Ms. McGifford: The only preposterous thing in the House is the line of questioning I am hearing from the member opposite, but I will take this opportunity, Mr. Speaker, to inform the House of some very good news from Lotteries. I know the member opposite was very concerned about the quality of air. I learned this morning that Lotteries has undertaken a comprehensive air quality investigation. This is despite the fact that I can assure you the air quality systems are operating effectively. However, to ensure the very best for our customers and employees, we have undertaken this task and I am pleased to inform the House of this.

Mr. Gerrard: At last a more reasonable answer from the minister. I thank the minister for clarifying that she is, in fact, making some progress in addressing and looking at these important issues which need to be attended to.

My supplementary to the minister then, who told me at the back of the Legislature one day that she thought my questions were silly. I would ask the minister to admit it is not the questions but rather the minister's answers which up to this last one were kind of silly.

Mr. Speaker: The honourable Minister of Advanced Education.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The honourable Minister of Advanced Education has the floor.

Ms. McGifford: I want to return the compliment and thank the member for recognizing the good work I am doing and that the Manitoba Lotteries Corporation is doing.

Stevenson Aviation Training Centre Opening

Ms. Bonnie Korzeniowski (St. James): Yesterday, Red River College opened the Stevenson Aviation and Aerospace Training Centre adjacent to Winnipeg International Airport. The \$7.4 million contributed by the provincial and federal governments was instrumental in developing this centre.

Could the Minister of Education, Training and Youth please comment on the importance of the Stevenson Aviation and Aerospace Training Centre?

Hon. Drew Caldwell (Minister of Education, Training and Youth): I am very pleased to respond to the question put by the Member for St. James. The aviation aerospace industry in Manitoba is the third-largest in Canada, and we have been very privileged to work with industry very closely over the last two and a half years to develop this industry which provides high-skilled, high-tech, high-paying jobs for young Manitobans.

The partnership has evolved between our education communities and Red River community college, as well as the universities and other programs, Mr. Speaker, but the partnership that has evolved between government, industry and our education communities in this province

over the last two and a half years has left us in very, very good stead for providing young Manitobans with opportunities for the future in high-skilled, high-tech, high-paying jobs, the kind of employment and the kind of economic development this Government wants to develop for Manitoba.

Hells Angels President Bail Conditions

Mrs. Joy Smith (Fort Garry): Yesterday in this House, Mr. Speaker, the Attorney General stated that the role of the Doer government was to set policies concerning gang activity.

Is it the Doer government policy to give the Hells Angels president the green light to fly to Spain for an organized crime conference?

Hon. Gord Mackintosh (Minister of Justice and Attorney General): Mr. Speaker, the member again is mistaken. Yesterday, she stood up and urged the Attorney General to get involved in a prosecution which could seriously risk a mistrial and is absolutely bewildering because, of course, the next day, if I interfered, they would be in here demanding my resignation.

The member should check the record. This Government, and the Attorney General in particular, does have responsibility for general policy direction in the area of prosecutions.

Mrs. Smith: Mr. Speaker, can the minister confirm whether his Crown attorney supported this bail exemption for the president of the Hells Angels?

Mr. Mackintosh: Mr. Speaker, I certainly have some concern about what I read in a media report on this matter. As a result of what I had read and my concern recognizing that organized crime must be and indeed is a significant priority for the justice system, I have asked of the department the full transcript which I am awaiting. I have asked for the judge's remarks and the order made. I have also asked for all of the background materials in terms of the conditions.

I think it is important, unlike the members opposite, to have full information on this matter

before I draw any conclusions, because I do notice the member opposite issued a press release which appears to be based solely on what is reported and is not accurate.

Mrs. Smith: Mr. Speaker, did the Crown attorney, who is under this minister's watch, abide by the Doer government policy, and would the Attorney General please be accurate on this matter?

Mr. Mackintosh: Well, Mr. Speaker, I think it is important that there be full information available in terms of what consultations took place, and that is further to my earlier remarks. That is why it is important there be the full information and we then proceed from there. My understanding is that this individual had been released at an earlier time, there was some change of the conditions of release, and there had been consultations that took place before that matter was dealt with in the court.

Mr. Speaker, if the members opposite indeed are concerned about Hells Angels and organized crime in this province, I think they would have sent a signal to Manitobans that it is a priority by dealing with legislation before Christmas in respect to fortified buildings.

Mr. Speaker: The honourable Member for Fort Garry, on a new question.

Mrs. Smith: On a new question. Can the Attorney General confirm that the conditions, the former bail conditions, of this individual were that he was not to consort in any way with other Hells Angels gang members?

* (14:10)

Mr. Mackintosh: Well, Mr. Speaker, that is part of the information that is important to consider in light of the full context of the matter. Those conditions, I understand, were arrived at as a result of the roles of police and a magistrate. I am not aware of an early involvement of our department in setting those conditions. I may be corrected, but I think it is important to have full information. I think that, quite frankly, contrary to the members opposite, it would not be responsible to jump to conclusions.

Mrs. Smith: After examining all the evidence, and if the evidence is clear that the Hells Angels president was refrained from consorting with gang members, will the Attorney General then do his duty and refuse to allow the Hells Angels president to fly to Spain?

Mr. Mackintosh: There is a well-known convention of the Legislature, the subjudice convention, which applies in particular with regard to current criminal proceedings that are ongoing. Again, we have the second question the second day in a row asking the Attorney General to become a prosecutor and get involved in an individual case. I think what is important is justice in this province, not mistrials.

Mr. Speaker: The honourable Member for Gimli.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The honourable Member for Gimli has the floor.

Workers Compensation Rate Increase

Mr. Edward Helwer (Gimli): The Workers Compensation Board has confirmed that they will be raising premiums in Manitoba by 11.4 percent over the next five years, starting July 1. This rate increase will be the first increase of the average rate in more than 10 years and follows reductions that took place under the former government in 1997, in 1998 and in 1999.

Mr. Speaker, can the Minister responsible for the Workers Compensation Board tell Manitoba businesses why administrative expenses at the Workers Compensation Board increased 5.1 percent in the year 2001 when the Workers Compensation Board had a \$2.4-million operating deficit last year?

Hon. Becky Barrett (Minister charged with the administration of The Workers Compensation Act): The workers compensation rates for employers who are covered by workers compensation are, if not the lowest, certainly the first- or second-lowest in the country, even taking into

account the increase that will take place starting in July of this year.

Mr. Helwer: Can the Minister responsible for the Workers Compensation Board explain to Manitoba business how an 11.4% increase in premiums, which may lead to possible layoffs, is making our businesses more competitive?

Ms. Barrett: The Workers Compensation five-year plan is exactly that. It is a projection over the next five years, and we will know year after year, year upon year, what actually does happen. Our workers compensation rates are the lowest in the country at this point. The investment return has been a problem for all workers compensation boards across North America as it has for virtually every sector of the economy as a result of the general downturn that we experienced last year, and it was exacerbated by the terrible events of September 11.

The Workers Compensation Board has an admirable record of keeping rates as low as they possibly can, and a very low administrative cost structure as well.

Mr. Helwer: Can the minister tell employers in Manitoba what other measures the Workers Compensation Board will take in addition to tagging them with an 11.4% rate increase, the first increase in more than a decade, to improve the Workers Compensation Board's financial situation?

Ms. Barrett: Mr. Speaker, the Workers Compensation Board has always and will continue to work as effectively as they possibly can to ensure the coverage is as clear as it can be, that it is as complete as it can be and that the administrative costs are as low as they can be to ensure that the employers of the province of Manitoba who are covered by the Workers Compensation Board pay as reasonable rates as they possibly can and continue to be very competitive, the best in the country, coverage for workers compensation.

Bill 14

Minister's Comments—Symmetry

Mr. Harold Gilleshammer (Minnedosa): Last week the Minister of Education indicated that

Bill 14 brought symmetry between the Public Utilities Board, the Municipal Board and the Public Schools Finance Board. Can the minister explain what he meant by that statement, as it was a term he used no less than 15 times out in the hallway?

Hon. Drew Caldwell (Minister of Education, Training and Youth): Mr. Speaker, our approach in limiting appeals to the courts is mirrored in other provincial legislation that already exists. This is not unprecedented in the least. We are in this province reducing the number of school divisions by 33 percent. We are reducing the number of trustees by over 100. Those resources are resources that are going into the classrooms of the province. We believe in the transference of resources from the boardroom to the classroom.

Mr. Gilleshammer: I would ask the minister to focus on the word "symmetry" and explain what the need is to find this symmetry between the Public Schools Finance Board and the Public Utilities Board.

Mr. Caldwell: Mr. Speaker, I would like to table for the House a letter to me from the Brandon Chamber of Commerce, if I might.

Mr. Speaker, I will read into the record on behalf of the Brandon Chamber of Commerce: Dear Mr. Caldwell: On behalf of the Brandon Chamber of Commerce, I would like to extend our congratulations on your Government's implementation of change to provincial school boards. The amalgamation of school boards from 57 to 37—

Mr. Speaker: Order.

Point of Order

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

The honourable minister has already tabled the letter. I do not believe it is necessary for him to read it on the record.

Mr. Speaker: The honourable Minister of Education, Training and Youth, on the same point of order.

Mr. Caldwell: Mr. Speaker, I am tabling a letter for the information of the House.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. On the point of order raised by the honourable Official Opposition House Leader, I would like to once more remind all honourable ministers, *Beauchesne 417*: Answers to questions should be brief as possible, deal with the matter raised, and to not provoke debate.

* * *

Mr. Speaker: I would ask the honourable minister to conclude his comments.

Mr. Caldwell: As I was saying, the amalgamation of school boards from 57 to 37 sends a clear message that the focus in the education sector should be on education and not administration. We on this side agree with the chamber of commerce.

Point of Order

Mr. Laurendeau: Mr. Speaker, *Beauchesne 417*, you have already read it to the member. How many times do we have to allow this member to abuse the rules of this House?

Mr. Speaker: The honourable Minister of Education, Training and Youth, on the same point of order.

Mr. Caldwell: I think we are in symmetry with the Chamber and the people of Manitoba on this issue.

* (14:20)

Mr. Speaker: Order. On the point of order raised by the honourable Official Opposition House Leader, he has a point of order. I would ask the honourable minister to please deal with the matter that was raised.

* * *

Mr. Speaker: The honourable Minister of Education has about eight seconds, if he wishes to continue.

Some Honourable Members: No.

Mr. Gilleshammer: We on this side are perplexed that the minister is rather shy about talking about symmetry here. I would like to ask him what is the relationship between the Public Schools Finance Board and the Public Utilities Board, and why there is a need for symmetry there.

Mr. Caldwell: I think broadly it is good public policy to have symmetry across bills, but more importantly on this issue—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Caldwell: I think that it makes perfect sense to have an environment where things are working in harmony. My comments about the industry partnerships that were made earlier in relation to the aerospace sector in Manitoba shows that this Government is very interested in working with, in harmony with and in symmetry with those in the public who are insisting in fact that we redirect resources from boardrooms to classrooms.

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

MEMBERS' STATEMENTS

Mr. Ed Van Humbeck

Mrs. Myrna Driedger (Charleswood): I would like to congratulate Ed Van Humbeck, president of Vansco Electronics, on receiving the first annual Canadian Manufacturers and Exporters Award for 2002.

Chosen for his contribution to the economic health and vibrancy of Manitoba's economy, Ed, along with his wife, Terry, began a small business in the basement of their Charleswood home in 1978. Vansco Electronics has now grown into an international success, employing over 700 employees worldwide, with sales in the

\$100-million range. Vansco's products, which include hundreds of electronic components used in agricultural, transportation and construction equipment, now serve end users on every continent except Antarctica.

Ed Van Humbeck serves as chairman of the board, president and visionary behind Vansco, which has grown by over 30 percent each year, exports more than 85 percent of its products to foreign markets and creates a solid job market for university and technical school graduates.

The first annual CME Excellence Award was presented to Mr. Van Humbeck at a gala dinner at the Radisson Suite Airport Hotel on April 11, 2002.

It is people like Mr. Van Humbeck who help to make Manitoba a better place to live. It is people like him who exemplify the entrepreneurial spirit that has played a pivotal role in developing Manitoba's economy. It is people like him who have contributed to the diversification of our economy.

On behalf of all the members of this House and the residents of Charleswood, I would like to congratulate Mr. Van Humbeck for a truly outstanding accomplishment, and wish him many more years of success.

Titanic: The Musical

Mr. Gerard Jennissen (Flin Flon): Mr. Speaker, my wife, Lisa, and I were privileged to attend the performance of a musical at the R.H. Channing Auditorium in Flin Flon last Saturday.

Titanic: The Musical was presented by the Flin Flon Community Choir in association with the Flin Flon Arts Council and Manitoba Culture, Heritage and Tourism. The musical was indeed a superior piece of artistic endeavour.

Putting on this musical took an enormous amount of dedication, perseverance and creativity. Remember, the Flin Flon Community Choir consists of approximately 120 members. The cast of the musical involved 66 people. I can only imagine how challenging it must be to organize and co-ordinate such a large group of people.

The musical gave us a glimpse of society in 1912. It was a beautiful blend of music, colour, pageantry, dance and artistic design. The costuming, lighting, set design and choreography were stunning. As well, there were some amazing solo performances. The plot involved several poignant stories of people of different classes caught in moments of crisis. Some of the stories reflected the obvious class differences of the pre-World War I era.

The re-enactment of the crash of the Titanic was so realistic the audience reacted as if they were on the ship.

The talented group of volunteers who put on such a dazzling performance for our enjoyment deserve a very special thank you. *Titanic: The Musical* was a great hit.

Mr. Speaker, although I cannot name all involved, I would particularly like to thank director Crystal Kolt, and assistant directors Karen O'Brien, Mark Kolt, and Brad McDougall.

Once again, I thank all participants and sponsors who made *Titanic: The Musical* such a splendid success. Thank you, Mr. Speaker.

Whitemouth Municipality

Mr. Gerald Hawranik (Lac du Bonnet): Mr. Speaker, I personally congratulate the Rural Municipality of Whitemouth, including the reeve, the councillors and all residents of that municipality, in their quest to help their community grow and prosper. Whitemouth is a particularly important community to me. I was born in Whitemouth; my wife, Pamela, was born in Whitemouth, and both of us graduated from Whitemouth School.

When we attended school in Whitemouth, the population of the rural municipality was significantly higher than it is today. There has been a significant loss of population due to a significant loss of jobs in the municipality. Atomic Energy of Canada Limited is in the process of withdrawing all of its operations in Pinawa and has eliminated more than 1000 jobs within the last few years. Many of the residents of the Rural Municipality of Whitemouth were employed with AECL.

The backbone of the economy of the Rural Municipality of Whitemouth is agriculture. More people are employed in the R.M. of Whitemouth in the agriculture industry than any other single industry there. Because of the economies of scale, the number of people employed in the agricultural industry has drastically decreased. These two factors significantly decreased the population in the R.M. of Whitemouth.

Once population decreases so do the services offered to its residents. A clear example of the decrease in services in the R.M. of Whitemouth is the conversion of the once healthy Whitemouth Hospital into a long-term care facility. The community is very concerned about this development. An acute care facility is required for the area to ensure that residents receive emergency room service and that acute care beds are available so that residents can stay in their community when receiving health care.

The entrepreneurs of the R.M. of Whitemouth are working hard to ensure that more employment is created to stop the loss of population.

The Dueck's Mechanical business is expanding with a huge building to store materials used to construct the variety of items manufactured by this growing business. LaVern Dueck and his wife, Marilee, began the business 12 years ago. The business manufactures many steel products that are shipped across North America. Dueck's Mechanical now employs 16 workers and plans to expand its operations, which will only increase employment in the area.

Another recent business in the area is Neva Farms, a business owned by Darren and Janice Barkman.

Mr. Speaker: Order. The honourable member's time has expired.

Mother's Day

Ms. Marianne Cerilli (Radisson): Mr. Speaker, two days ago most of us celebrated a special day. Mother's Day has become part of our culture, however, many people probably do not know the history of Mother's Day. It is actually a

day for peace. Mother's Day was originally celebrated as a rallying cry for mothers who lost husbands and sons in the U.S. Civil War. It was a renunciation of war and militarism and indeed even patriarchy. In 1870, the Mother's Day proclamation by Julia Ward said: Arise all women who have hearts. Say firmly: We women of one country will be too tender of those of another to allow our sons to be trained to injure theirs.

In this spirit that Mother's Day is a day for peace, I want to reflect on the impacts of the military actions and sanctions against mothers and children in Iraq. In that country, 70 percent of women now suffer from anemia and maternal mortality. There have been 320 tons of depleted uranium dropped since the Gulf War with an 18% increase in birth deformities. For children, since 1987, when there was a 20% illiteracy rate, in 1995 it is now 42 percent.

We know that one of the results of war is family breakup and now women are more likely to be single mothers raising their children alone. There has been a 124% increase amongst children and youth of mental disorders because of the trauma that they face in growing up in that war-torn country.

So I would encourage all members of the House, as we appreciate our own mothers and reflect on their values and our lives—

Mr. Speaker: Order. The honourable member's time has expired.

Ms. Cerilli: Thank you, Mr. Speaker.

* (14:30)

Winkler's Incubator Mall—Sod Turning Ceremony

Mr. Peter Dyck (Pembina): Mr. Speaker, on May 7, I had the opportunity of participating in a sod turning in Winkler. The sod turning was specific to the incubator mall which was erected in order to allow seven businesses to start. Involved in this sod turning were the town council with Mayor Neil Schmidt, the development corporation with the chair who is Don Friesen and the development officer is Walter Siemens.

This group of council members and board members through the past two years have received requests from about seven businesses within the town of Winkler to develop space which would be available for them to put their ideas that they have to a test. The definition of an incubator is to keep warm until it hatches, and that was the slogan that was used at this time.

So, Mr. Speaker, on behalf of all the members and constituency members of Pembina, I wish this group well as they get involved in this new incubator mall. Thank you very much.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

House Business

Hon. Gord Mackintosh (Government House Leader): I move, seconded by the Minister of Conservation (Mr. Lathlin), that the House resolve into Committee of Supply.

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

CONSERVATION

* (14:40)

Mr. Chairperson (Harry Schellenberg): Good afternoon. 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.

We are on line 4. Conservation Programs (a) Divisional Administration (1) Salaries and Employee Benefits \$134,400, on page 46 of the Main Estimates book—pass; (2) Other Expenditures \$90,500—pass.

4.(b) Water Management (1) Administration (a) Salaries and Employee Benefits \$310,500. Shall the line pass?

Mr. Harry Enns (Lakeside): When we last met, we left off with the finding out that, for

instance, in the Office of Drinking Water, line (j) of Appropriation 12.3, and quite frankly which led my colleague and me to voice our concern the only way we can, by calling for a formal vote, that was to some extent precipitated by the information given to us by the minister through you, Mr. Chairman, that in this division or in this section, out of a staff complement of 17, there were some 13 vacancies.

Mr. Chairman, we have become accustomed to the fact that this Government and this minister have an adeptness at making good-sounding public pronouncements and statements, but, as we are finding out as we examine these Estimates line by line, there is a very big question mark in our minds as to his capacity and his department's capacity to carry out some of the obligations and undertakings that are being very publicly made. There is no question in the overall background of concern that our citizens have for water generally, drinking water specifically, water management, and all the statements.

* (14:40)

I looked at the undertakings that your department talks about engaging in, a whole new strategic water plan for the province, specific use, targeting water quality to protect and enhance our aquatic ecosystems, conservation, to conserve, manage the lakes and rivers and wetlands of Manitoba, use and allocation objectives of policies to ensure long-term sustainability of the province to surface water and ground water for the benefit of all waters.

The list just goes on and on, not to talk about the principal kind of undertakings that face this Government and this department, particularly in getting on with the flood protection that has been loudly championed in such documents as throne speeches and budgets and, of course, the substantial increase in drainage work that this minister and this Government has committed themselves to, although we find out that in essence it is really more replacing old, worn-out bridges than any great expansion of the drainage system itself, a whole host of activity that this division of the department is undertaking, but we asked the simple question and we will ask that question.

We have determined that in one specific area, the Office of Drinking Water, there is upwards to—what is 13 out of 17, that is darn near a 70% vacancy rate. What is the situation, generally speaking, in terms of just the staffing question, the staffing question in what I would refer to it? I believe you are referencing the items that we are on, Mr. Chairman, to seven of this appropriation; in other words, the Water Quality Management group, the Groundwater Management group, the Surface Water Management group, the Water Planning and Development group, the Water Licensing group, Water Management administration that we are currently on.

Can the minister give me some indication, aside from the print that we have before us, do you have the horsepower to carry out these programs, Mr. Minister?

Mr. Chairperson: Excuse me. Order. The honourable member from Lakeside is, I think, talking more about drinking water which is in the previous section 3.(j) if I am right, but what you are saying might be applicable to what we are doing now.

Mr. Enns: For further clarification. It was the revelation in the discussion on the drinking water issue, which we have passed, but we determined when questioning the department about staffing levels in that office that 13 out of 17 were, in fact, vacant. That is history. Now we are into the actual conservation programs dealing from 12.4.(a)(b)(2) right down to 7, I am asking for what kind of horsepower the minister is providing his staff to provide some of the objectives that I just listed a little while ago. Is the staffing vacancy in this division or in these sections 7 percent, 8 percent, or higher?

Mr. Chairperson: I thank the Member for Lakeside for that clarification. I accept it. Thank you.

Hon. Oscar Lathlin (Minister of Conservation): Mr. Chairperson, I would like to respond to the member this way and that is I cannot let his comments about making announcements and then not following through, I think that is what he was suggesting at the start

of his question. I want to point out to him that when he was in government this was a regular practice for his government at the time.

I remember the capital budget one year, the Health capital budget, his colleague at the time, the former Member for Brandon East or West, Brandon West, was chasing me down the hallway. I think he was all excited about the budget that he was about to announce, and he said there is all this capital for Health. You know what? We are going to commit money for the senior citizens complex in The Pas. He said: Shake my hand. Congratulate me.

My response to him was I will believe it when I see it because I have known the previous government to announce projects three or four times. In fact, the announcement that the former Member for Brandon West made with respect to Health capital, right after the election they proceeded to just take it off the table and proceeded to blame the federal government for not having come through with funding. So I waited and I waited. I think I waited two years for the complex to be built in The Pas. So eventually two years later, the construction got started.

So I do not need to be lectured, with all due respect to the Member for Lakeside. I refuse to be lectured on those kinds of practices because his government was well known for doing that and more. Now let me get back to the drinking water office, because I want to put it on record. I think it is important to set the record straight.

We, at the time that we were going through that line, were talking about the number of positions that were available. Well, the member, because he was in Cabinet before and dealing with Treasury Board and the budgetary process, will be aware that you cannot fill positions that have not yet been approved in the Budget in the Estimates.

These 12 new positions that we created will be filled as soon as we go through this Estimates process—order the 12 positions. The other 5 positions that were filled in order for us to operationalize that unit that we announced when we did was staffed by resources from within. In other words, we just did not sit around and do

nothing after we made the announcement. In fact, we immediately operationalized that unit from resources from within, and then of course, as soon as we complete this Estimates process, those 12 new positions will be filled immediately.

* (14:50)

Now I think he also asked the question of what is the picture for total water resources. The information that I have tells me that there are 5.5 positions vacant out of a total of 77, and that is about 7 percent, so I want to assure the member that we are taking this very seriously. I might also add that the water quality testing that was privatized under his government in 1996 when the Ward Lab was purchased by Enviro-Test, we have since gone back to subsidizing some of them, not all of them but a good number of them, the water test.

So I think with respect to, say, drinking water, in the end our record will show that we have in fact taken steps to address, which I think I have in this process, in this forum here. I have said that the issue of water is very important because it affects everything that we do. Without water we would not be sitting here. It was also further exacerbated by events that happened in Ontario and Saskatchewan, and so now everybody, not just government people and not just government officials, everybody is now interested in water because they know that it is a very important commodity.

At one of the meetings that I attended not that long ago, I told the group that water has become very, very important for everybody, even myself, even in Manitoba or out of province, and when I go to drink that tap water I think about it, whereas before all this happened, I would not even give it a second thought, but now everybody has become aware and that is why we have taken the measures that we have.

Mr. Enns: Mr. Chairman, I gently remind the minister that reminding us or myself of my past sins of omission or commission is not really good enough. I mean, after all, that is why we got turfed out. We were the bad guys. You are the good guys on the block now. So the minister should not take solace from referring back to the bad old days when little Tory Harry Enns was in

charge of the shop. He made mistakes and I will accept them, but you are the good guys now, and so it is my job to make sure you are precisely that.

In your paper you talk a lot about the fact that in the past; particularly this has to do with overall conservation and water drainage and water management, the importance of looking at the landscape and recognizing the geography of the land and that planning should take place with respect to the overall watershed issues as they form on our Prairie landscape. I submit to you that a good deal of that is always taking place, not always, but certainly since the establishment of the conservation districts which we have in the province which were established part in my time by a predecessor of mine, the Honourable George Hutton. Back in the early sixties, the first conservation districts were formed in the province. It was always my hope and quite frankly the hope of every minister of natural resources that eventually the entire province would be covered by conservation districts that could in a more comprehensive way address the matters of drainage, address the matters of overall water management, the importance of wetlands and land planning and all that is associated with it.

I do acknowledge and I want to applaud this Government. I believe when we left office there were some seven or eight conservation districts in the province. I think since then two or three have been added to the system. As I roughly understand it we had it slightly different in the sense that we had under our jurisdiction a department of rural development and during the time of the previous administration the conservation districts were, in fact, under the umbrella of the Department of Rural Development. I suspect they are now all back here in the Conservation Department again, but maybe not, maybe it is Intergovernmental Affairs.

That is a question. But the bigger question is, you speak specifically here that it is recommended the province create watershed. Some of these notes have come from meetings that you have had with AMM, with KAP and other people that watershed districts be created, the province create watershed district boards for

each watershed district, which would include representation acknowledged from the municipalities, conservation boards, and other stakeholders.

Is there something working at cross purposes there? The concept of a conservation board, the ones that we have in place, involve a number of municipalities, three or four municipalities.

Generally, to my knowledge, they are dictated to some extent to in fact have authority over a watershed area and that then with a more co-operative way, instead of municipality pitting against municipality or ill-advised drainage, dumping water from one municipality to another municipality, the overall interests of that conservation district are first and foremost in mind, and the Government recognizes it by giving this conservation district a substantial portion of the drainage money that they would normally spend in that area, whether it is for maintenance, for new construction.

I can recall back when I had some responsibility in these matters that these conservation districts got upwards to \$600,000-\$700,000, money from the department of natural resources to carry out various conservation projects in the area covered by that particular district. Most of that related to drainage. Not all, but a lot of it related to drainage, some of it to small dam development, some of it to small water retention development, which, by the way, Mr. Minister, in my judgment we do not do enough of.

Can the minister explain, first of all, is there an interest on the part of this Government to create separate watershed district boards with, I assume, elected members? How will they work in an area where there is an existing conservation district board? Conservation district boards have elected or appointed members from the various municipalities. They get some staff support from your department, from government, and they get an annual allocation of dollars from government. In what way would a watershed district board be different or in fact is it even necessary? Am I misreading some of the information that has been coming out?

* (15:00)

Mr. Lathlin: I want to assure the member that I agree with him. We also strongly support the conservation district concept. He is right. There have been three new ones added in the past year, and, in fact, we would like to see the entire south half of the province to be covered by conservation districts. I kept asking that question when I first came along, like it is such a good process, a good approach, so how come we are not doing it more?

AMM has recommended the idea of water services districts. If I remember correctly, it did not really come from Conservation. We are not really pushing that ourselves because we think that this conservation district concept works better. It seems to work well. For example, in the Whitemud conservation district, we have partnered in drainage approvals, a pilot project that has worked very well in that area. I am also aware of the Kelsey conservation district. I am aware of when it got started, and because I am in Conservation now, I have an interest to follow it and see how they are doing.

So we support the conservation districts and, hopefully, more expansion will take place.

Mr. Enns: Well, Mr. Chairman, I am pleased to hear that, and if I understood the minister's last words, this is more a concept that was being pushed or promoted by AMM, from outside the department than from within.

I want to reinforce with the minister that I believe that all programs need refinement and improvements, and, certainly, all these programs could operate better if they had a bit more money in some instances.

But the concept of a conservation district, whether it is specifically getting an orderly pattern of drainage, a better prioritized use of those monies that are available for maintenance, that maintenance gets started on a ditch at the right end of the ditch, rather than simply in that municipality that maybe has the money or so forth, and, of course, the broader conservation aspects that always have been important, of impacting more directly on land use, land allocation, planning for wetlands maintenance,

wetlands development—I would strongly support this department, this minister's efforts to continue to try to expand the development of conservation districts throughout certainly southern agri-Manitoba but for the North as well. I believe this is one way that the provincial government can provide leadership, support and help and yet at the same time maintain a relatively high degree of local involvement and local support.

The fact that these conservation districts are made up of the very municipalities that people have to live and work in in the district and very often responsible people elected to local councils and so forth, supplemented by professional staff from your department, and dollars from your department when complemented with the municipal dollars or the local dollars make projects often far more possible than they would if either they were left to their own devices, either the provincial government or the municipalities.

This concept is one that I endorse, and, as I say, I would only encourage staff and the department to carry on in making this more effective throughout Manitoba.

Just for the record, can the minister indicate to me how many conservation districts are there today in existence?

Mr. Lathlin: I can indicate to the member that currently there are 13 conservation districts in existence. The Whitemud pilot project on drainage will be expanded to two new conservation districts this year, Cooks Creek being one of them, and then we have not decided what the other one will be, but it will be decided this year.

Mr. Chairperson: Page 46, Line 4. Conservation Programs (b) Water Management (1) Administration (a) Salaries and Employee Benefits \$310,500—pass; (b) Other Expenditures \$1,929,800—pass; (c) Grant Assistance \$25,000—pass.

4.(b)(2) Water Licensing (a) Salaries and Employee Benefits \$719,800. Shall the line pass?

Mr. Glen Cummings (Ste. Rose): Mr. Chairman, what is the vacancy in this area?

Mr. Lathlin: Mr. Chairperson, I can indicate to the member that, out of 16, there is one vacancy.

Mr. Cummings: Mr. Chairman, the licensing section, this would be the area where licensing for irrigation is managed? My interest would be whether the Assiniboine Delta aquifer is still being as tightly managed or if there is some surplus allocation that can be permitted in that area, or if there is any thought, real bottom line is if there is any thought of changing the current standard for licensing to the sustainable levels that have been in place for the last 10 years.

* (15:10)

Mr. Lathlin: Mr. Chairperson, I think the first part to the member's question was: Is this where the licensing area activity is carried out? *[interjection]* The answer to that is yes. There is an aquifer management plan in place, and there is significant surplus water that could be sustainably allocated from the aquifer, I believe about 24 000 acre-feet. This is one of the possible sources for the potato irrigation in the future.

Mr. Cummings: I just want to confirm, I do not need the precise numbers, but I am trying to confirm if the level of withdrawal that is permitted or could be permitted has changed from the original management standards, which was I believe no more than 50 percent of the sustainable recharge would be taken. I am choosing my words carefully. I do not think I have it quite right. It is 50 percent of the sustainable level of the aquifer, in other words a sleeve of twice as much water there as is actually being drawn out for industry or agriculture. Is that standard still being used?

Mr. Lathlin: Yes, I can indicate to the member that the 50% rule is still in effect and still yields about 24 000 acre-feet surplus.

Mr. Cummings: Is there any backlog in licensing other than would be normal for this time of year?

Mr. Lathlin: I want to advise the member that, yes, there is a backlog. But I want to also indicate to the member that the situation has improved significantly because we took some measures along the way to try to improve that situation. As far as the detailed information is concerned, I would offer the member that I can get that information later on and bring it back here maybe tomorrow.

Mr. Enns: Just to conclude what my colleague was working on with respect to the management of our water resources here for irrigation purposes, you, Mr. Minister, and certainly the Chair and all of us are aware that we currently dedicated a day about the potentially dramatic impact the U.S. farm legislation has on our landscape here. I just take this opportunity to serve the department and you yourself, Mr. Minister, notice that there is going to be a lot more attention paid to this area of this department's activity.

Your Premier (Mr. Doer), and rightly so, welcomes the addition of Manitoba's third potato processing plant, the Simplot plant, into the Portage area. That means an additional not just the 25 000-30 000 acres of potatoes, and the industry demands are now that they be irrigated but, in fact, the capacity of 60 000-70 000-80 000 acres as farmers rotate their field production, in other words, this department's contribution to the well-being of the economy of Manitoba, how we maximize the use of our water resources, certainly in a correct and a sustainable way. But I would suggest you are going to be under considerable pressure, not in a timid way. There is just too much at stake.

As some of our traditional forms of agriculture get kicked around in the international trade wars of massive American subsidy dollars, more and more diversification is going to take place. Not all of it, but some of it is going to demand greater access for agricultural purposes for water, and I appreciate that we had priority calls on water use in the province. They may have to do some re-examination as this situation carries on and certainly, as a former Minister of Agriculture, I well appreciate that along with that kind of agricultural diversification very often come good-paying jobs, good capital investment in the area. I think one of Manitoba's

best secrets are the 700 people that are working in the little community of Carberry in the potato plant there, processing plant there, that supplies the McDonald stores in Chicago.

We are positioned to grow the crop, we have the farmers' expertise to manage and grow the crop. There is some question, Mr. Minister, whether or not we have the appropriate water management to sustain the crop. So, the question whether it is the Assiniboine aquifer, whether it is taking a hard look at how we manage the other water supplies in the province.

I despair, quite frankly, sometimes, that we have seemed to be able to have, and this is not a political statement, untold millions of dollars to build a dam if we need it for Hydro purposes. We have, in this Budget that we are dealing with, committed very substantial dollars to deal with water works when it deals with flood purposes. But there is an inability, a reluctance on our part to look at water retention for agricultural purposes. It does not necessarily have to be the big ones, but there are on different rivers and streams in agro Manitoba, southern Manitoba, opportunity for relatively modest capital dollars to build attractive water retention ponds that can be used for agriculture. I know that the department is actively engaged in helping, for instance, what I just called the construction of super dugouts in the south-central part of the province, the Winkler project, again primarily for potato production.

These were dugouts of larger size than what the normal farm dugout would consist of, that were fed in the springtime with runoff water from some of our waterways. Quite frankly, that little bit of water did not flow into the Red to add to its problems and yet, very often, sustained a very nice family operation in diversified potato production. I am just citing that as an example. Your department is, in my humble opinion, going to be more and more involved with agriculture, and it is important, Mr. Minister, that that get through to some of your senior staff, that they work co-operatively with agriculture, particularly, if you want to believe some, that we could well be heading into a period of dryer years.

* (15:20)

Certainly our sister provinces of Alberta and Saskatchewan have experienced them despite the current heavy snowfalls that they have had, but they are still pretty dry. It is always my hope that we could do a better job. I acknowledge that we did not do it when we were around, in building some greater capacity for water retention. There is room in the southern part of the province on the Pembina River. There is room in some of the streams in the southwestern part of the province. Saskatchewan has done a pretty nice job just across the border on a few of their streams. They are putting up structures that have been a great help. They are often multipurpose. What very often develops is a very enjoyable recreational facility around these facilities, limited sports fishing or the likes of that, along with the dependable supply of water that services an agriculture district.

With those kindly, fatherly words of advice from this aging legislator, I will pass this section of yours.

Mr. Chairperson: 4. Conservation Programs (b) Water Management (2) Water Licensing (a) Salaries and Employee Benefits \$719,800–pass; (b) Other Expenditures \$37,100–pass.

4.(b) (3) Water Planning and Development (a) Salaries and Employee Benefits \$1,102,500–pass; (b) Other Expenditures \$71,100–pass.

4. (b)(4) Surface Water Management (a) Salaries and Employee Benefits \$840,400.

Mr. Cummings: The vacancy rate here?

Mr. Lathlin: Mr. Chairperson, the vacancy rate is one out of fourteen.

Mr. Chairperson: 4.(b)(4) Surface Water Management (a) Salaries and Employee Benefits \$840,400–pass; (b) Other Expenditures \$244,700–pass; (c) Canada-Manitoba Agreement for Water Quantity Surveys \$587,000.

Mr. Cummings: How old is this agreement? Is this a long-standing agreement that we are just keeping up an ongoing quantification of water or is this a new undertaking?

Mr. Lathlin: This hydrometric agreement the member refers to, I understand, dates back to 1964. It is the same agreement.

Mr. Chairperson: 4.(b)(4)(c) Canada-Manitoba Agreement for Water Quantity Surveys \$587,000–pass.

4.(b)(5) Groundwater Management (a) Salaries and Employee Benefits \$972,400.

Mr. Enns: Can the minister indicate whether or not there is any serious investigation that the department is currently engaged in with respect to ground water pollution anywhere in the province? Are there some sites that are currently under investigation for ground water pollution?

Mr. Lathlin: Mr. Chairperson, yes, to the member's question. We are doing baseline monitoring of actually several hundred wells around the province.

Mr. Enns: Okay, I appreciate, although that was not quite the question, you are monitoring wells. Are these specific wells that have been drawn to the department's attention, or is this part of an ongoing well monitoring program with respect to the health of our ground water?

Mr. Lathlin: Mr. Chairperson, the type of work that we are doing currently is more like random sampling of wells.

Mr. Enns: I recall, for instance, members of the department will recall, one of the last serious ground water pollution problems that we had occurred in my constituency at the Bristol Aerospace plant when a serious ground water pollution problem developed. Mr. Chairperson, I know the Government, the departments, the company, and everybody else was involved.

I was referring to that kind of a situation where we were actively involved in trying to clean up a mess or we had a mess on our hands and we did not know what to do with, but I gather that that is not the case.

Mr. Lathlin: Mr. Chairperson, I can indicate to the member that the work that we are doing currently is nowhere near the scale that the

member has just referenced. I think earlier I read off a list of boil water orders, and that comes about when wells runoff water may have been wells that were aging, deteriorating or maybe malfunctioning so that is the extent of the work that we are involved in.

* (15:30)

Mr. Enns: Well, Mr. Chairman, again I want to stress this is very important work that the minister and the Government is engaged in. I would encourage, if anything, that he find resources to expand this monitoring of our ground water throughout particularly agri-Manitoba.

I say that again specifically because of the concern that I have and the concern that segments of agriculture face, and they should face it, by the way. I mean we in agriculture should be the first to know if any activity that is being carried on in agriculture is in fact impacting on our ground water supplies, whether that is a vegetable grower on the Portage plains that is putting 300 pounds, 400 pounds of chemical fertilizer on his land on a yearly basis, or whether it is large a hog producer that is spreading manure in the prescribed manner on his land. The industry directly involved should be the first to know if there is a ground water problem, but we look to this department, we look to this division to provide us with factual, unbiased signs as to what the situation is.

Mr. Chairman, I cannot stress that enough with you. I made the point earlier in these Estimates, and I appreciate the fact. I just want, for the record, the minister to confirm that currently no mega hog barn is under investigation for having polluted the neighbouring town's or the neighbour's well water. Is that right?

Mr. Lathlin: I can indicate to the member, Mr. Chairperson, that the only serious contamination issues are those contaminated sites, you know, like gasoline contamination, but, again, very small scale, nowhere near the Bristol example that he has given.

I should also add that we also have 27 permanent ground water monitoring stations situated, well, primarily in the south.

Mr. Enns: Colleague, just to show you how you sometimes get hoisted on your own petard, I was rebuilding my own farm home that had recently been destroyed by farm fire and, after consulting with my colleague from Dauphin, agreed that we should be eco-friendly and environmentally correct, and we went to geothermal heat which required the digging of a couple of wells.

Being an old Minister of Agriculture, I knew that there were still some old programs that PFRA ran about supporting the water development on prairie farms. I made an application to the PFRA office in Beausejour for some support for at least one of the wells that I had to dig for my home. Oh, yes, I filled out the application form. It all looked tickety-boo, and still being modestly involved in agriculture, I qualified until they came out for the field inspection site. Then they found out that an old manure pile that I pushed out of my feedlot was too close to the site. We passed the regulation, damn it all, then. I disqualified myself from any support because of a 30-year-old cattle, beef-animal manure pile that is a wonderful source for topsoil as I landscape my yard and so forth, but it prevented me from getting into the crock, you might say, colleague, and getting some government support for my new home that I was building.

Mr. Chairperson: I would like to caution the member to not use unparliamentary language here. I would caution the member.

Mr. Enns: In any event, I conclude by simply saying that, with the ongoing future for an extremely important economic program in Manitoba agriculture, attention to our ground-water supplies is critical. I applaud the department's efforts in this instance. I would ask you, if anything, to accelerate.

Mr. Chairperson: The honourable minister.

Some Honourable Members: Oh, oh.

Mr. Chairperson: Order, please. Would we allow the minister to respond.

Mr. Lathlin: Mr. Chairperson, I think we are all very fortunate here, sitting around a table,

getting such wise counsel from the elder, so I take his advice and I thank him.

Mr. Chairperson: Line 4. Conservation Programs (b) Water Management (5) Groundwater Management (a) Salaries and Employee Benefits, \$972,400-pass; (b) Other Expenditures, \$352,800-pass.

Line 4.(b)(6) Water Quality Management (a) Salaries and Employee Benefits \$428,600-pass; (b) Other Expenditures \$219,800.

Mr. Cummings: How does the Groundwater Management section co-ordinate with the Water Quality Management section?

Mr. Lathlin: Those activities are now both in the Water Resources Branch. The member will be aware that, under the previous government, they used to be in separate departments. Currently, they co-ordinate directly on a day-to-day basis.

Mr. Cummings: Pass.

Mr. Chairperson: Line 4. Conservation Programs (b) Water Management (6) Water Quality Management (b) Other Expenditures \$219,800-pass.

4.(b)(7) Waterway Maintenance \$4,000,000. Shall the line pass?

Mr. Cummings: I would be remiss if I did not indicate that this is an area that causes considerable consternation across the province as it has done for the last number of years. If we go into a drier cycle, the opportunity to do some waterway maintenance would probably be improved. Is there any inclination, and this is a leading question, the minister can refuse to answer if he wants, but is there any inclination on the part of the Government or this ministry to perhaps redirect some resources if they can get into some of these waterways? It seems to me it would be an opportunity if we are into a drier cycle.

Mr. Lathlin: I can advise the member that a great portion of this Budget will be used for

actual maintenance work this year. Yes, we are looking at re-allocation if feasible as well.

* (15:40)

Mr. Chairperson: 4.(b)(7) Waterway Maintenance \$4,000,000-pass.

4.(c) Parks and Natural Areas (1) Administration (a) Salaries and Employee Benefits \$355,400-pass; (b) Other Expenditures \$305,800-pass; (c) Grant Assistance \$191,200.

Mr. Cummings: What is the nature of the granting that occurs under this heading?

Mr. Lathlin: There are really two areas, the International Peace Gardens \$182,000, as well as the Wildlife Foundation of Manitoba \$5,000.

Mr. Chairperson: Line 4.(c)(1)(c) Grant Assistance \$191,200-pass.

4.(c)(2) Planning and Development (a) Salaries and Employee Benefits \$916,200.

Mr. Cummings: Under Planning and Development, what activity is this section managing? Are they currently identifying some new parks for approval? I guess what I would like to have the minister address is whether or not there has been any change in process in terms of opportunity for public input in establishing new park areas or referencing any changes that could occur in park boundaries, park usage.

Mr. Stan Struthers, Acting Chairperson, in the Chair

Had the question raised, that seems to be somewhat of a less public process going on right now in terms of and if it does not quite fit under this section, I hope the minister and his staff will indulge me. In terms of listing information on the public registry, it seems to be running, I am told, behind some of the actual activities that are going on as opposed to being concurrent with public information being made available. In other words, where there is a process underway to change park boundaries and an opportunity for public feedback, that information does not get on to the public registry until after that process is long gone and on to the next phase.

I am wondering: Has there been change or is there perhaps a shortage of staff in this area, or am I being given information that is not quite complete?

Mr. Lathlin: Mr. Chairperson, I am not really sure. I think I heard at least three questions in the member's statement. I think, first of all, whether we are looking at new areas, I can advise him that yes, currently we are working with the federal government on new lowlands national park around east of the Grand Rapids area.

The public registry system that he refers to was set up, as I am sure he is aware, it is a legal requirement under The Environment Act. We have expanded its use for most of the departments' public processes. We are not aware at this time of a problem of timeliness, but we will definitely look into that and determine whether there is a problem or not. Some registries are public libraries, so we cannot always control what happens in those vehicles.

Mr. Cummings: I am certainly not attempting to malign any staff. What I have been asked is whether or not they were adequately staffed up because of questions that were raised about the timeliness during licensing process. The minister's response is fair game if they will review that, and I think that is important because that registry is being used for a lot more than it was previously. There are probably some additional demands on people to get information out there on regulations and everything else, changes that are occurring.

I guess, my other questions perhaps would be more appropriately asked further down in the lines, but in terms of planning and development, are we close to putting the Caribou River park in place?

Mr. Lathlin: Mr. Chairperson, the answer to that is yes.

Mr. Cummings: Does the minister anticipate, under protected areas, meeting his deadlines? There are a number of areas that are going to be leaving the interim protection classification. Is it anticipated that they will receive or will there be

further public information made available if they are going to be receiving permanent protection?

Mr. Lathlin: Mr. Chairperson, I can indicate to the member that we are told yes, that the interim protected areas will have management plans when the five-year protection period runs out, at which time of course they become permanent.

* (15:50)

Mr. Enns: Mr. Chairman, I have raised this matter with the minister in the House and in his Estimates earlier. I am addressing an issue close to the minister's heart—Clearwater Lake Park. He has indicated and put on the record, on several occasions, that it is his Government's intentions to abide by the treaty entitlement agreements that he likes to point out were, in fact, developed and signed by a previous administration.

I will ask him again for the record, and I ask this specifically because spokespersons for the OCN group at The Pas have equally specifically stated that they do not intend to abide by the tribal Treaty Land Entitlement Agreement that the minister refers to. I simply ask: What is the case going to be? The Treaty Land Entitlement Agreement very specifically indicates, yes, parks' boundaries can be changed, can be reallocated, but in the event that that happens, they come under a co-management agreement. That is, in my understanding, more acceptable, let me put it that way, to interested parties around Clearwater Lake Provincial Park, but they have continued to be concerned by the position being put forward by OCN that they do not intend to live by this agreement.

Can the minister indicate to me where his Government and his department stands on this issue?

Mr. Chairperson in the Chair

Mr. Lathlin: Mr. Chairperson, I am glad the member raised that question again because it gives me an opportunity to put it in some context, and that is I do not know how many people are aware that, in fact, the Stony Point Reserve which belongs to OCN was established way back in 1894. That was when it was established.

Subsequently, of course, in 1963, the provincial park was established, and it set up right around the Stony Point Indian Reserve. I do not know if there was any consultation carried out at that time. I rather suspect that there was none. It probably would have been an agreement just between the provincial government and the federal government, the federal government, of course, acting in a fiduciary way on behalf of the treaty Indians in that area at the time, seeing as they had set aside Stony Point as a reserve, and, of course, reserve meaning under the Indian Act lands that had been set aside for the use and benefit of Indians.

The park was established in '63, as I said, and then around 1973 or '74, there was an Order-in-Council that was passed by government taking land from the provincial park. I believe there was some 25 acres that was taken from the provincial park and added on to Stony Point. So the other day one of the members was asking me if I was setting a precedent, and, of course, my response was, no, it had been done, in fact, before.

So we come back to the present, and that is that in 1997 a Treaty Land Entitlement Framework Agreement was negotiated and signed off by all parties, in 1997. Of course, that framework agreement set out the parameters for negotiation, as the member well knows. In fact, I believe it was August of 1999, the band went into the land selection process.

In November, I took over the file, and there had clearly been a process identified under the framework agreement. So we completed that process, or that process was completed by the end of the March. Since that time I have met and I have received letters from everybody. I say that because I am getting letters from little children as well from there.

I believe it was in March there had been open house meetings held in The Pas and Winnipeg. They came to an end at the end of March. All the letters that I have been receiving from the people, I have told them that their comments would be given to the staff who are charged with the responsibility of putting together a report that would describe the meetings

that had gone on, the input from the public that had gone on up to the end of March.

I have also met with Jim Atkins, who is the president of the Cottage Owners Association. I indicated to him that I would allow the process to be completed and that I would probably be getting a report from the department around mid-May, end of May, I told him, at which time I would make a decision as to whether I would grant the request that they gave me at the meeting that I had with them to extend the public process.

I am now currently waiting for the report. Once I get it I will review it. As I have told the member and his colleagues in the House, I will make a decision as to whether the process will be extended. So that is where it is right now.

Mr. Enns: Mr. Chairman, I thank the minister for those comments. I am for the moment prepared to leave it at that. I want to make it very clear that my understanding is from the contacts that I have had with interested parties, interested, that is, with respect to the future of Clearwater Park, are not taking issue with the OCN people with respect to their right. I am saying at least the representation made to me. Undoubtedly the minister has heard from other sources as well.

The issue is the future of that unique and beautiful lake that is part of our provincial park system and what the future development around that lake may mean to its ongoing sustainability. I referred earlier in my comments, I believe, in the House that there have been occasions when the Clean Environment Commission, for instance, has had a look at development requests that had been proposed earlier for Clearwater Lake. The then-Clean Environment Commission is on record for having expressed concern about the sensitivity of that lake.

It is, as the minister full well knows, one of Manitoba's most unique and beautiful bodies of water. They are concerned and I am concerned, and that is the manner and way in which I am presenting it, not with OCN's entitlement to land in and about or around that park, although that is a major move, to de-park some of our provincial lands.

The minister likes to remind me that that is not precedent setting, and I accept that. I simply remind him that it was also an NDP government that set that precedent back in 1973 or '74, when those 25 acres were then taken out of the park and provided to the Stony Point Reserve, the Order-in-Council that the minister referred to, 1973-74.

* (16:00)

Mr. Lathlin: I did not say it was a Conservative government.

Mr. Enns: Okay. We are not arguing that point. I am satisfied that the minister is on record that pending further advice from staff and when the process has moved along there will be or at least he holds out the opportunity for considerably more discussion to take place as to the future of Clearwater Lake Park.

One further issue, Mr. Chairperson. Now more than a decade has passed that I had the privilege to be in the minister's office and entertained the then-federal Minister responsible for Parks, one Lucien Bouchard, who later went on to create other waves in the political field in this country, most notably in Québec. We signed what we would call a memorandum of understanding creating what was to become Manitoba's second national park, a major park in the Cape Churchill area.

There were then and I am sure now always additional considerations, particularly considerations involving First Nations people. The land envisioned by Parks Canada and the provincial government at that time is a very significant piece of land. It would be by far the largest national park that Manitoba would have. It was my hope certainly and the hope of the department at that time that that would move on to fruition and we could celebrate the development, the establishment of a major national park at Churchill, Cape Churchill, I believe they call it, a large body of land that comes down from that point where the Churchill River enters the bay.

Can the minister, can the department give me any indication as to whether there has been any progress on that file, whether Manitobans

can indeed look forward to a second national park up in that area, just a status report as to what is happening with respect to that initiative that was commenced on or about 1990?

Mr. Lathlin: I can indicate to the member that there is a management board in place for the Churchill park, including the local communities.

Mr. Enns: But there has been no forward movement in terms of finalizing or actually designating—I am not fully aware of the process. I freely acknowledge it was not much more than an idea and a commitment on the part of Parks Canada, the federal government and the provincial government that this national park ought to be established. I guess my question is: Are we any closer to it today?

Mr. Lathlin: If the member is referring to the Wapusk National Park, that, as the member knows, the very last piece of work that happens when we are establishing a park after what I call a long time of research and classifying information and so on and so forth, consultations, the last thing that gets done is a management plan is developed. In this case the plan is in place. It was established in 1997-98 and there is a board that is in charge of managing that park today. Yes, the park has been established. It has been in existence for about three or four years.

Mr. Enns: Operation of national parks in our country is, of course, a federal matter. I am assuming then that the federales are putting some dollars into play in terms of the management and the development of this northern park.

Mr. Lathlin: Yes.

Mr. Chairperson: 4.(c) Parks and Natural Areas (2) Planning and Development (a) Salaries and Employee Benefits, \$916,200—pass; (b) Other Expenditures, \$163,600—pass.

4.(c)(3) Park Districts (a) Salaries and Employee Benefits, \$373,100—pass; (b) Other Expenditures, \$48,800—pass.

4.(c)(4) Park Operations and Maintenance (a) Salaries and Employee Benefits, \$10,824,400.

Mr. Enns: For want of a place to make these comments as we are moving along, allow me to put on the record and acknowledge the services to the department, to the people of Manitoba, of one Gordon Prouse who for many years served the people of Manitoba as Parks Director. I understand that Mr. Prouse has left the public service, but certainly I appreciated his contribution and working with him during the period of time that I had that opportunity.

I think it ought to be noted that substantial progress was made in the overall park management scheme of things under his directorship. An entirely new parks act was passed in '92 or '93, a vigorous perusal of ensuring that parks, because of their unique nature in Manitoba. People often forget the fact that before parks were established, we had what we called forest reserves in the province. What the Roblin administration did, I think wisely so, is they encompassed many of these forest reserves and made them into provincial parks in different parts, eastern parts, northern parts, northwestern parts of the province.

* (16:10)

What that meant, however, was that in this day and age there is some limited commercial activity that carries on in some of our parks that drives our tree huggers and environmentalists around the bend who do not want to see any kind of commercial activity in our parkland. I have always taken the position that we would be the poorer for it if had we not combined the two and protected more natural areas, provided more natural areas for the enjoyment of the people of Manitoba and at the same time allowed under fairly severe management some activity, logging activities specifically to take place in some of our parks.

That has always earned us a lower grade in the grading of such organizations like the Sierra Club or other park lovers who felt that that kind of commercial activity just should not take place in our parks. Part of the development of the parks act of '92 or '93 was to more clearly separate out the activities within that provincial park, that could be set aside forever and a day in their natural state with no commercial activity at all. Certainly areas within a park where activity

was encouraged by the department, the building of campgrounds and cottaging facilities in other areas but more clearly specified where under certain circumstances commercial logging opportunities could continue to exist within our Parks branch.

A lot of that work was done under the direction and supervision of Mr. Gordon Prouse, and I am pleased to let the record note that those services did not go unnoticed and were certainly appreciated by myself when I had the opportunity of serving with him.

Mr. Lathlin: I would also like to echo the words of the Member for Lakeside by acknowledging the dedication and the commitment for many years by Mr. Prouse to the Government of Manitoba. In fact, the member will be pleased to know, if he does not already know, that there is a retirement function for Mr. Prouse today at the Breezy Bend Country Club, and I understand that it will be well attended.

An Honourable Member: Do you have a date for it?

Mr. Lathlin: Today, 5:30.

Mr. Enns: Mr. Chairman, this division deals with not only parks and natural areas. Among the natural areas is the program that we embraced, when I say we, the Government of Manitoba, on or about the 1990s, called the Endangered Spaces Program.

The program sets out as a goal to set aside percentages of our land mass representing of the different types of land that we have, geography that we have, across the province that would be set aside from any or all future commercial development for the benefit of future generations to ensure that they enjoy certain parts of our province in a totally undeveloped way. There was, again, a substantial program underway in terms of selecting areas throughout the province that would qualify for this designation. I am asking where is the Province at with respect to fulfilling that commitment made some time ago to the Endangered Spaces Program. Are we setting aside, are we any more or have we regressed? Any information the minister can

provide me, the committee, with respect to the Endangered Spaces Program.

Mr. Lathlin: Mr. Chairperson, I can indicate to the member that approximately 8 percent of the representative ecosystems in Manitoba is now in protected areas. I want to assure the member that the protected areas initiative continues to be a high priority in our Government, and we are currently working with communities in Manitoba to ensure that we can increase that percentage in the years ahead.

Mr. Enns: I thank the minister for that information. Now, Mr. Chairman, you know that my style is such that I am not above from seeking some personal advice from time to time while I am attending these committee hearings. I know that the honourable minister is not a lawyer. In checking his staff, I do not see, well, maybe there is a lawyer there, but I know we have the Minister of Justice sitting with us in the committee today, so perhaps he can be helpful to me.

I had the foresight, Mr. Chairman, of passing in another several decades ago The Ecological Reserve Act that enabled you, Mr. Minister, to set aside certain pieces of land that had an ecological value. Then, 10 years later, I again had the privilege of passing The Endangered Species Act for Manitoba.

So now I have, on my modest office door, a sign that says this area has been set aside as an ecological reserve for endangered species, endangered species being one that is still addicted to nicotine, and I want to get a legal decision from you as to whether or not I am abiding by the law even in fact, in this instance, I helped write the law. Is that a fair question, Mr. Minister?

Mr. Lathlin: I can indicate to the member that there is a new federal endangered species act on the way that he may have trouble with, but provincially he is okay yet.

Mr. Chairperson: Item 4.(c) Parks and Natural Areas (4) Park Operations and Maintenance (a) Salaries and Employee Benefits \$10,824,400—pass; (b) Other Expenditures \$4,397,400—pass;

(5) Support Services (a) Salaries and Employee Benefits \$291,800—pass; (b) Other Expenditures \$245,100—pass.

On page 48, item 4.(d) (1).

Mr. Enns: One final question with respect to parks. What is the estimated visitation to our provincial park systems this year? Are you anticipating what you had last year, or what are you anticipating this year? I know it is quite a remarkable figure really.

Mr. Lathlin: I do not have the exact numbers. I will endeavour to get those numbers together, but last year—I have just been handed some paper here. Apparently it is estimated that five million park visitors came to the parks last year.

Mr. Chairperson, what I was going to say in addition to that was we can tell that the numbers are increasing every year because about this time of the year, or I think earlier in the year, when it comes to making draws for seasonal lots for camping, there is really far more people wanting to get lots and a lot of disappointed people because we only have so many seasonal lots, even though we continue to increase those numbers as well. So we are really noticing a big increase in the number of people visiting our parks.

* (16:20)

Mr. Chairperson: Item 4.(d) Climate Change (1) Salaries and Employee Benefits \$641,100.

Mr. Enns: Mr. Chairman, we hear a lot about the commitment that Canada is hoping to make to international treaty obligations like Kyoto and the whole subject matter of climate change. What specifically would your department be involved with? What specifically, with respect to climate change, do you hope to effect, Mr. Minister, with the expenditure of some \$875,000? Do we have staff people working on esoteric papers trying to refute Ralph Klein, telling him he is bunko when he has trouble with this treaty?

An Honourable Member: That would not take \$875,000.

Mr. Enns: Well, that is what I am asking for because I would sooner that money maybe go to

parks or monitoring of ground water or letting Steve Topping dig another 10 or 15 miles of drainage ditch somewhere in the province. What precisely are the people of Manitoba getting with respect to climate change for better than three-quarters of a million dollars?

Mr. Lathlin: I want to indicate to the member that we are responsible for developing the provincial action plan to deal with climate change. As the member knows, Canada was part of the international negotiations that ended up with the calling for countries to come up with a plan on how to reduce greenhouse gas emissions. There have been several federal-provincial meetings that have been going on now.

I believe the argument used by some jurisdictions who thought that we should not sign on to the Kyoto Protocol, the excuse at that time was that they did not feel that the federal government representatives had the authority to make commitments on behalf of the provincial government. So there was a big dispute over that, and then it evolved into, you know, the cost of Kyoto Protocol. There is a concern amongst the provincial governments in Canada, and including the federal government, primarily those jurisdictions who were into oil and gas, coal, they are concerned if we sign on to this Kyoto Protocol that it is going to cost them a lot of money.

As well, industry in Canada is concerned that they too will have to incur high expenses, you know, converting to whatever mechanisms are found in order to reduce greenhouse gas. In Manitoba, we came back from one of the meetings, federal-provincial meetings, and made a decision that we should start our own work here in Manitoba even though the discussions are still going on between the federal government and the provincial governments. We felt that we could not wait for that process to be completed because at the time, the way I saw it, anyway, it was going nowhere fast, and it has gotten worse since then.

* (16:30)

Now we have provincial governments threatening to not having anything to do with the Kyoto Protocol, and even the federal govern-

ment is starting to run into some problems. So in Manitoba we are responsible for, like I said, preparing the provincial action plan to deal with climate change, things like energy conservation, ethanol production increase, and also looking at ways of improving transportation. This area also does all the economic metric modelling for the effects on our economy of climate change and efforts to combat climate change.

For 2002-2003, what we are planning is, in the Climate Change section, to deliver community-based programs through the Manitoba climate change public education and outreach hub that we are setting up. We will continue to represent Manitoba at the national discussions regarding the formulation of greenhouse gas, mitigation policies and regulation, including the Kyoto Protocol. We will publish the 2002 Province of Manitoba Climate Change Action Plan and will implement a greenhouse gas emission reduction plan for government operations. We are also promoting and administering the Climate Change Action Fund that was set up. We organize and promote a network of climate change researchers and stakeholders that will be eventually integrated with the Prairie Adaptation Research Collaborative, PARC. We will lead the interdepartmental private sector municipal outreach and co-ordination of climate change activities. I will also continue to liaise with national and provincial departments to conduct seminars on carbon sequestration, and participate in the analysis and modelling of economic impacts of climate change, as I said earlier. We are also going to co-ordinate a review of the SO₂ emissions regulation policies. Those are some of the things that we are doing with respect to the climate change.

We made a decision that it would be better for us to do something in our backyard, at home, partly because, as I said, we cannot continue to go to federal-provincial meetings for two or three days and return to Manitoba with no agreement. In fact, the discussion is getting worse and worse. So, in Manitoba, we have decided that we are going to go on our own. If, in the event that there is an agreement amongst the provincial jurisdictions to ratify the protocol, well, we will just, at that time, join in, because we have already said publicly that we endorse

the ratification of the Kyoto Protocol. So that is where we are at.

Mr. Enns: Does Manitoba get credits for the fact that we are fortunate in generating 96, 98 percent of our energy requirements through the use of our water, our hydro-electric resources. I can recall that initially at some of the Kyoto talks, and quite frankly that is what makes me less than an active supporter for it, there was a time when the international negotiators around Kyoto considered hydro power environmentally not friendly, not green.

This is where they leave me. If we cannot acknowledge that we manage, in this province, to produce the cleanest, in my opinion, most environmentally friendly energy as compared to you want to take a trip to Beijing in China or many places in Alberta or other parts of northeastern United States, where coal and petroleum and other sources generate the steam for the steam turbines. Can the minister comment on that? Do we get credits for the fact that we generate a principal portion of our energy hydro-electrically?

Mr. Lathlin: Mr. Chair, I can indicate to the member that, yes, we are seeking those credits. We have always argued for credits for clean energy. We are being supported now by the federal government, who initially were not supportive, and they will not endorse the Kyoto unless we get those credits, but as we are seeking to get those credits we are being opposed by the European countries. They do not feel that that should be part of the deal, but the discussions have not been completed. Negotiations are ongoing. In fact, next week I will be in Prince Edward Island attending a federal-provincial meeting, joint ministers, to discuss this very subject.

Mr. Enns: Well, Mr. Chairman, I am still troubled with the fact that \$875,000 is a lot of money to be spending on seminars and meetings and researchers and travelling. I mean, how often can you send your senior staff on these junkets to discuss climate change? I mean the boys in Parks could do with refurbishing some of the furniture that is aging there. There are lots

of areas in your shop that could use this \$0.75 million.

I am going to come back and revisit this a year from now, Mr. Chairman, through you to the minister, because I want to know what it is that Manitoba is spending \$0.75 million on this item. I will be more specific a year from now.

Manitoba, let us be modest about ourselves, we are, yes, a nice-sized province, with a very modest population. We do not have a heavy coal-burning industry belching out in the skies. A relatively small portion of our land is agricultural, compared to even Saskatchewan and Alberta. Most of it is covered in boreal forest and lakes and granite rock. We contribute modestly to David Suzuki's problem, Mr. Minister, and why should we be calling upon our taxpayers? I admire your cutting, leading-edge position that you are taking, Mr. Minister, in this fight against climate warming. Although this spring has been a test of resolve, I would suggest, as temperatures hovered around 25, 26 below at the end of March and into May, nonetheless I will not criticize you for that. I am just saying that you are spending a whopping \$875,000 on this matter.

Mr. Chair, I am assuming, even though when you talk about the action plan, that if the Government should proceed with an ethanol plant, it will be a calling of the Minister of Industry (Ms. Mihychuk), that will be coming up with a half million dollars for development dollars. If you are doing something else in transportation, it will be your colleague Mr. Ashton, or something like that in Transportation that will come up with the dollars unless you can point out that you have, out of this \$875,000, several specific capital investments that you are going to make.

I and the Member for Dauphin (Mr. Struthers) are going to suggest one for you, and I am going to co-opt his support. We are both fans of geothermal heat, having had the wisdom of installing that in our home. It would be a tremendous idea, a tremendous contribution in terms of reducing greenhouse gases if you as the minister and your Government took the lead. Although this technology has been around for a number of years it is still surprising how few

people have twigged onto it. I mean a program that, for instance, would call for, let us say in the beginning with public buildings, public facilities using geothermal heat. You could even slip in a little program for residences that would make any benefit, say a \$2,500 grant retroactively to apply to the Member for Dauphin and myself for the wisdom that we had. I would get some of that money that I did not get out of PFRA for digging my well.

* (16:40)

What I am seriously suggesting—I mean, that to me is a proactive program. If you come to me next year and say you want to spend a million dollars for climate warning things, for more conferences, I am going to be asking you what specifically you are doing about it. I would want to see some projects in place. I am going to work with the Member for Dauphin, and we will subversively undermine your position in this regard. We will put the heat on you, Mr. Minister.

Mr. Lathlin: I would like to indicate to the member that the section we are on right now, in fact, includes our air quality people. We actually monitor air quality out of this area, setting objectives and standards and so forth. Three-quarters of that budget is actually for air quality work.

Mr. Chairperson: I will read line 4.(d)(1) Climate Change (1) Salary and Employee Benefits \$641,100—pass; (2) Other Expenditures \$216,900—pass; (3) Grant Assistance \$17,100—pass.

4.(e) Forestry (1) Administration (a) Salary and Employee Benefits \$359,100.

Mr. Enns: Can the minister indicate the vacancy standing in this division?

Mr. Lathlin: Mr. Chairperson, there are 3.5 positions vacant out of 57 in total.

Mr. Chairperson: Line 4.(e) Forestry (1) Administration (a) Salaries and Employee Benefits \$359,100—pass; (b) Other Expenditures \$370,800—pass; (c) Grant Assistance \$153,400—pass.

4.(e)(2) Forest Inventory and Resource Analysis (a) Salaries and Employee Benefits \$835,700—pass; (b) Other Expenditures \$824,800—pass.

4.(e)(3) Forest Health and Renewal (a) Salaries and Employee Benefits \$1,753,600—pass; (b) Other Expenditures \$3,663,300. Shall the line pass?

Mr. Enns: What is this \$3 million expended on, the major portion of it?

Mr. Lathlin: Mr. Chairperson, the two major items in that area is the Dutch elm disease program and also the spruce budworm. Those are the two big items.

Mr. Enns: Can the minister break out for me the expenditures with respect to Dutch elm disease, urban and rural or other parts of Manitoba? I know it is a big-ticket item in the City of Winnipeg, but there are pockets of the disease in other Manitoba urban centres, as well as in certain rural areas. Is that information available? If it is not readily available, it would be appreciated if it could be made available.

Mr. Lathlin: Mr. Chairperson, yes, we can get that information for the member tomorrow.

Mr. Chairperson: 4.(e)(3)(b) Other Expenditures \$3,663,300—pass.

I will just read in the record 4.(e)(3)(c) Less: Recoverable from Rural Economic Development Initiatives (\$1,292,000).

4.(e)(4) Forest Management and Development (a) Salaries and Employee Benefits \$506,800. Shall the line pass?

Mr. Enns: A general question to the minister: What is the health of our forests? Are we developing, are we harvesting it sustainably? We have the two major operations in the province that harvest substantial amounts of commercial timber out of our forests. Is the minister satisfied that the current forestry management plans that he has with these two major companies, as well as a host of smaller independent foresters and

loggers; are we harvesting our forests on a sustainable basis?

Mr. Lathlin: Mr. Chairperson, in fact, I can indicate to the member that probably this week I will be tabling the five-year report. The general prognosis is that the health of the forestry is okay. However, we have a long way to go on the inventory work to make sure we are harvesting at a single level. We have made some inroads. We are currently working with three main big players of Manitoba, I guess: Tembec and Tolko and Louisiana-Pacific, in partnership with them to determine the inventory.

Mr. Enns: Mr. Chairman, I recall there was pressure on the previous administration, particularly the time when the Louisiana-Pacific people came to the Swan River Valley, to have those sections of forest land dedicated to northern—the Tolko operation removed from the Swan River Valley.

Is that still an ongoing matter of negotiation or a problem? What is the situation there? There was a request essentially from the Swan River people and the company, I believe, to move the designated forest lands that Tolko had claimed out of that Swan River region. Has that happened?

Mr. Lathlin: Mr. Chairperson, the area that the member refers to is called the southern area. That southern area is divided into two main parts, the mountain district and the Interlake. By the end of June, we will have completed the process of reviewing the southern area with a view to come up with a new agreement with Tolko. Meetings are currently being held with our people and Tolko, and, hopefully, by the end of June we will have an agreement in place.

* (16:50)

Mr. Enns: Mr. Chairman, through you to the minister, can we switch over to the eastern part of the province, the other major forestry operation? I do not know its name.

Mr. Lathlin: Tembec.

Mr. Enns: Tembec. They, too, have had claims in the western part of the province, and it has

always been a bit of a problem juggling, ensuring that they have adequate supplies and at the same time whether the forest inventory in any given place can provide it on a sustainable basis.

There has been or there was some indication that your Forestry people were going to allocate more lands to them on what I would call the east shore, east of Lake Winnipeg, further north from there, for their operations. Is that the case? Has there been any further expansion of commercial logging into that East Lake area that has some environmentalists concerned from time to time?

Mr. Lathlin: Mr. Chairperson, perhaps I can answer the member this way. When we came along some two and a half years ago, one of the difficulties I had as the minister whenever I was meeting with the industry is that I always felt that I was negotiating from not a strong position. By that I mean I did not have the inventory numbers, fibre, and the industry really did not have confidence in our system. They would question whatever numbers we gave them.

So finally we started to work with the industry, and I think we are at a point now where we believe each other's numbers and we have been able to have a good working relationship with Tembec. In fact, after we had determined the fibre for their needs, we discovered that they did not really need all that extra fibre. In fact, it was there already to meet their needs.

There is a partnership between Tembec and I believe some 11 or 13 First Nations. They formed a limited partnership. We gave them a letter not that long ago detailing the wood supply available for the first phase of their development.

Again, they said this is not new land. It was already part of their operations. It was just that we were able to finally determine some solid numbers with respect to fibre.

Mr. Enns: Mr. Minister, are you planting as many trees as you are cutting down?

Mr. Lathlin: The answer to the member's question is, yes, we are planting trees. I understand for the fiscal year 2002-2003, we are

planning to plant 3.64 million trees on approximately 1820 hectares of cut overs by regional operations.

Mr. Enns: Well I am pleased to hear that. I think it is important that Manitobans have confidence in their governments that we are managing our resources responsibly. One final question that I will put on the record, maybe staff can have it when we next meet. What is the impact of the softwood lumber dispute on Manitoba?

I know we are not as principal players as British Columbia or Ontario are, but nonetheless it must have some impact on us. Has there been an evaluation done as to what kind of dollar loss that our companies are facing with respect to that 27% surcharge?

Mr. Lathlin: Mr. Chairperson, yes. That is a very good question. I will endeavour to get that information for the member by the time we get going again tomorrow.

Mr. Chairperson: Order, please. The hour being five o'clock, committee rise.

FINANCE

* (14:40)

Madam Chairperson (Bonnie Korzeniowski): Good afternoon. Will the Committee of Supply please come to order. This afternoon, this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates for the Department of Finance. Consideration of these Estimates left off on page 86 of the Estimates Book, Resolution 7.4. Taxation. The floor is now open for questions.

Mr. Jim Penner (Steinbach): Madam Chairperson, I think we had just gotten onto a very touchy subject—everybody was blushing—and that was feminine hygiene products. One of my questions was whether that included the adult products. I am not sure that that is being exempted or it was exempted.

Hon. Greg Selinger (Minister of Finance): Yes, that product was already previously exempted.

Mr. Jim Penner: Pardon me because I was in the grocery business, but are baby diapers and protection exempted, as well?

Mr. Selinger: Disposable diapers are not exempt; cloth diapers are, because they are considered an item of children's clothing, which as you know is exempt up to the age of 14. I guess there would be a small recycling incentive there for those people willing to recycle cloth diapers, which some do, but it is quite labour intensive.

Mr. Jim Penner: The rationale behind the exemptions was what?

Mr. Selinger: You are referring to the feminine hygiene products?

Mr. Jim Penner: Yes.

Mr. Selinger: The rationale, quite simply, is that these products are a necessity and therefore should not be subject to the tax, the sales tax. *[interjection]* Yes, I mean, the Minister responsible for the Status of Women (Ms. McGifford) in Manitoba indicates as well in her press release: I am pleased to announce the removal of the sales tax on feminine hygiene products which amounted to gender-based taxation. Taxing essential and necessary products used exclusively by women was unfair and discriminatory.

Mr. Jim Penner: We on our side of the House were hoping to present a bill of this nature, because we agree with your statement wholeheartedly. However, I did want to know what the rationale was and that makes it all the more interesting, because now we can look at a whole lot of products that are gender-based and necessities and that makes me wonder whether the rationale is appropriate or suitable. I would like to spend more time studying that and come back to that when I have had a chance to look at what products may be affected by that rationale.

Madam Chairperson, some of the questions seem to be politically motivated; sometimes, they are burning the clock or sometimes they are genuine. I am trying to stick to questions that would be informative for me and my colleagues and questions that I have received from my

colleagues. I am not trying to just entertain or burn the clock.

I would like to go back to the PST on labour. Just before we got into the feminine hygiene products on Thursday, we were talking about PST on labour. I am just wondering if there has been any change in the direction that this ruling is going.

Mr. Selinger: Just before I do that, once again, I want to state the rationale for sanitary napkins and tampons. We see them as a product only required by women as a necessary health and hygiene item as I stated earlier.

The member may wish to turn his mind to other products which fall in this category; however, I think we have to remember that when we are doing any kinds of tax exemptions it is not a question of necessarily looking for everything that falls within that category but products which are predominately used and may be quite expensive on an ongoing basis.

So there may well be other products that the member can identify that fall into this category, but we have to ask ourselves the secondary question after that: Is it a product which is essential, which is a hygiene product and which is used on an ongoing basis? So there is an order of magnitude question here or degree of importance question which also has to be weighed in the balance.

On the issue of the PST applying to the labour portion of the electrical and mechanical products and services that are provided, my officials are in consultation with the members of the industry, including the working group that first of all came forward and asked for this issue to be simplified and made more transparent in the way we apply the tax. They may come forward after those consultations with recommendations as to the best way to implement that tax. The tax itself will remain, but we are still open to suggestions on how we might best implement that to cause the least amount of disruption.

Mr. Jim Penner: Madam Chairperson, I would like to have a split question just like we have a split answer here. I would like to make one more

comment on the gender-specific necessities being exempt.

The truth of the matter is that I faced customers for 36 years who refused to understand why certain things were taxed and why other things were not taxed. When we got into deli products, you know, if we cooked the rice it was taxed, if it was raw it was not taxed. It was complex because we had about 27 000 items in a supermarket and we had to add CRUs to identify the taxable rice and the non-taxable rice and on and on. One soft drink was taxable and six were not. I could talk for two days on the issue of sales tax and the issues. Customers just do not understand or do not want to understand or they want an explanation.

We will not bring that all to the table this year, but when I asked about the feminine hygiene products, it certainly is something that customers I know will appreciate. I agree with the rationale. I always had to explain the rules. When I was in the grocery business, I had to explain the rules, and they want to know what the rationale, what the rules, what is the reason. Why do I have to pay tax on this and why do not I have to pay tax on that? So that is the background to my question. It actually was quite sincere, even though it may have sounded like I was being a little light.

Now, the question in regards to PST on labour. I think I should shed a little bit more light on what information has come in over the weekend. This happens to be from an electrical contractor in southern Manitoba, in the middle of southern Manitoba: PST on labour by plumbing, heating and electrical contractors is a disturbing tax. Right now, as you know the PST on labour is charged for any labour for anything other than work done on real property.

Basically, for us, PST is charged on labour to connect production equipment. This requires extra time to separate taxable and non-taxable labour for billing, so the only good thing about this new tax is that it simplifies the billing process. I think we have already established that. But for our little company of five electricians, this new tax means an additional tax grab of at least \$50,000 which, of course, will be paid by our customers. Does this mean all the one-man

shows will have to get a sales tax number to charge and remit sales tax, or are there exemptions which create an uneven playing field?

* (14:50)

Mr. Selinger: There are sort of two comments I have to make to that. I am assuming that member has the option or is a member of his industry association, which brought this request forward. Secondly, on the way we are applying the taxes, I explained to the member from Fort Garry last time, by getting the sales tax number from Finance, Taxation Division, they are allowed to purchase their supplies for the business that they conduct, tax out. So they can carry their inventory free of tax, which frees up working capital for running their business. They only have to apply the tax on the total end product, labour and goods that they provide to the customer.

So, in fact, it does not cost the business more, it costs the business less in carrying costs and is applied on the final product. The increased amount of tax that is applied will depend on the proportionate mix of labour and materials that are used in the specific project.

We gave an example earlier of a person installing a furnace, or was it a hot water tank? If the hot water tank cost four or five hundred dollars and the labour to install it costs a hundred dollars, the additional tax is only on the labour component. So it is a small part of the total cost of the service, but it will be evenly applied.

All contractors will be on a level playing field, be able to bid on jobs with a consistent set of rules, which we think will make everybody more competitive in their ability to do the job.

I just want to emphasize again, for this small contractor, if the member is talking back to them, they now can purchase their supplies tax-out so they can carry their inventory tax-free until they actually provide the service to the customer, at which point they levy the tax on the final bill. I think there is an advantage to small businesses here.

Madam Chairperson: I would like to just take a moment to remind all members that it is acceptable to carry on conversations at the com-

mittee table as long as it does not disrupt the proceedings. Although it may appear you are at a distance, some voices do carry up here, and it is distracting. Thank you.

Mr. Jim Penner: Thank you, Madam Chairperson. I am deaf on the right side.

Using your example, the example that was given on the hot water tank at \$400 and labour at \$100, although I have some other examples here, but using that one, the typical small contractor does not pick up a hot water tank from a distributor until it is time to install it. He is buying that hot water tank wholesale at \$300, tax in. Then he brings it to my house and he will sell it to me for \$400, tax out. But under the new system, he will have to charge me tax on \$400, not on his original \$300. I will pay not just the \$7 additional on the labour, I will pay another \$7 additional because I am now being taxed at the retail instead of at the wholesale. Using your example there was a \$7 increase. It is actually a \$14 increase.

This multiplies dramatically. The Bergthaler Church in Winkler put out a contract which was just around a hundred thousand dollars. Contracts are usually about 40% labour and 60% material. In this case the additional PST on the material alone is \$300 and on the labour \$4,200. Small jobs have 50% markup, which will generate a 50% increase in PST.

Mr. Selinger: I think that is inaccurate. Before we changed the tax rules, a member had to apply the tax to the materials. If the company or the service provider, the small-business man in your case, provided a heater or a water heater or whatever to a customer, they had to apply the sales tax in that right before we changed the rules. What was unclear is whether they applied the tax to the labour component. If they provided that heater without putting the tax on it, they were breaking the law. They were participating in the underground economy.

As I indicated earlier, the measures we will take will now allow us to have an audit trail on those companies that buy goods tax out under the PST number and then apply it, as we are recommending, on total materials and labour at the end. There will be now an ability of our

auditors to distinguish between those individuals who buy tax out and those who buy tax in and then try not to pass on the tax to the customer in order to get a competitive advantage but, in doing so, participate in the underground economy and undermine legitimate businesspeople. That was the line of questioning I was getting from the member from Fort Garry, and I thought we did a reasonable job in explaining to her the advantage to the small-business person now.

So I think, if there are goods being provided without tax being levied on them to the customer, we have an obligation as legislators to inform them that they are not following the provincial law.

Mr. Jim Penner: I am still not sure that I can answer this person, because they feel that they were paying the PST on materials at wholesale before and that now the PST will be going on at retail.

Mr. Selinger: The PST is properly applied on the purchase price that the customer has to pay for the good, not on the wholesale price that the supplier pays to the wholesaler.

Mr. Jim Penner: So how does he work this now? He goes to a wholesale and buys the tank for \$300; that is wholesale. He charges me \$400; that is retail. Is he supposed to add 7 percent in the passed-on \$100? *[interjection]* So there is PST twice.

Mr. Selinger: Madam Chairperson, under the pre-budget regime, so we will talk pre- and post-, a supplier, as I understand it, of, say, a water heater to a retail customer would have bought, might have bought the water heater at, say, \$300 and paid \$21 tax on it to the wholesaler and then would have sold it to the customer at \$400, the retail price, and charged the customer \$28, an additional \$7 of PST, and may or may not have charged the sales tax on the labour component.

Under the new system, the supplier will buy the water heater from the wholesaler at \$300, pay no tax, carried in as inventory which might be one or two days as you suggest. It might be longer in the case of somebody that provides emergency services and has a certain amount of

product in stock to be able to get that market and then, when he provides the installation to the customer, will charge the sales tax on the \$400 plus the sales tax on the labour component for the installation of the water heater, and that will be a common regime across all businesses that provide those types of services.

Mr. Jim Penner: The Government takes a hit on that. You lose the \$21 from the wholesale end. Oh, no. Yes, you had \$21 and \$28, for a total of \$49 on equipment, and now you only have \$28. This is Arithmetic 101.

* (15:00)

Mr. Selinger: Just for clarification, under the old regime the supplier would buy the water heater from the wholesaler at \$321 and then pass that cost on to the customer plus his labour costs. He would not charge it twice. He would just pass on the wholesale cost to the customer and then build his profit margin on top of that, his or her profit margin on top of that, but would have to carry that cost for as long as he had that product in his inventory or her inventory.

Under the new regime, they do not pay the tax at the wholesale level. They just levy the tax when they have completed the service and provided the product to the customer. So there is no double taxation that is being eliminated, and we do not take a hit on that.

Mr. Jim Penner: Thanks for that answer. I guess there is another concern that has come to us. Probably some of these people are more prone to approach the Opposition for answers than they are the Government at times, although I know that you have received some letters.

What concerns us about tax on labour is that it increases the likelihood of some of our regular customers, and in this case I will name them, like Triple E and Load King, and other manufacturers, to hire in-house electricians and maintenance workers. Madam Chairperson, a former regular customer, Acrylon, which is a plastics company that is also in Winnipeg, has done this already by hiring a European immigrant to do the wiring in-house.

Adding the PST to wages for contractors gives the advantage to companies in having their

electricians in-house. I know I always had an electrician that was on full time, and this is apparently a fear, that the small contractors will not be able to serve their larger customers.

Mr. Selinger: To the Member for Steinbach, these kinds of on-the-margin calculations about the most effective way to deliver a service, if a company decided—we will stay with the hot water heater company—to hire somebody internal to do installations, they would have to make that decision not just based on whether that would be an advantage in saving the PST on labour because it was an employee, but they would also have to calculate whether they wanted to absorb the cost of workers compensation, Employment Insurance, payroll taxes, all the other obligations that an employer has to an employee.

So most companies who are supplying a manufactured product are unlikely to get into the servicing of it and installation of it. There is already an existing system of installers and retailers out there, plumbing companies or electrical companies that do this work.

But, I mean, in the case that you have mentioned here, there are companies that from time to time will see an advantage in going directly to the customer. We see this on TV all the time, even with computers. They do not go through retailers, like Dell computers. They market directly to their customers and those direct marketing and service provision techniques are always available to any company, but they always have to find a way they are going to be able to service that product. The farther away that product gets from their location, the more difficult it is to service it through their own in-house staff. They have to either provide that in-house staff in the communities where they are providing their product, or they have to get local providers to service those products. So in the case of the computer company, they will provide that computer to you directly, but they subcontract to local companies in Winnipeg the services that are attached to that product.

These are decisions, I do not think, will be affected by the change we have made here. Madam Chairperson, they are decisions, companies make strategic decisions about how they

can get their market share for their product and the most cost-effective way to do that.

In the company you have mentioned, I do not know who their main market is. If their main market is readily available to them in a geographic area and they could service it from inside their company, there might be a cost advantage to doing that with having a staff person doing it.

Just as a matter of interest, these are decisions government has to make, too, on whether they make or buy services. We contract out certain kinds of services; other services we provide inside, and we have to do a case-by-case analysis as we go through some of these budgets to decide the best way to provide that service. Sometimes it makes sense to go out; sometimes it makes sense to go in.

Ideology aside, there is sort of a specific cost benefit that goes to that. It depends on I think the characteristics of your customer base and where they are located and the kinds of services they are expecting.

These things are changing, as you know. When I was a kid and worked in grocery stores, delivery was just an expected part of it. Then for a long time you did not deliver. Now there is Internet shopping where they will deliver right to your house. The trends change depending on the market you are aiming your product at. There are no deliveries from the Safeways and IGAs in my area, but there was a time when the smaller retail stores used to provide delivery and hire kids in the neighbourhood to do it. That was a good source of local employment. Then it shifted and now you can go back—I do not think they are working out that well. You probably know better than me. I do not think these Internet shopping things are necessarily proving to be wildly successful, even though they are out there and they will deliver the product right to your door.

I think to link that decision to this tax would be a bit of a stretch. I think this tax is something that leveled the playing field, and it was asked of us to come up with a solution for that by the people in the industry.

* (15:10)

Mr. Jim Penner: Thanks for that answer. My suggestion to these people also was if you

become an employee of Load King, which makes truck boxes, and do their electrical and plumbing the tax is not applicable. So there are different things that people could do to contract themselves out.

Madam Chairperson, last Friday morning at 7 a.m. a truckers' association in the Steinbach area nailed me for a meeting. They said we have stock-hauling trucks. This one man, Steve's hauling, has 51 trucks. They provide services to two major hog operations. If the hog farmer hauls the pigs with his own trucks, he can use purple gas and farm plates. You know where I am coming from. I do not know how to answer that except that I said: I guess the obvious thing to me is you will have to sell your trucks to the farmer and contract for driving and let the farmer own the trucks, then you get farm plates and you get purple gas, or is there some other answer that I could have given this man?

Mr. Selinger: I will get specific advice on that in a second, but I think you and I have agreed actually that when it comes to deciding whether you want to have an electrician inside or outside of a company to provide a service on a product they produce, there are specific business decisions made vis-à-vis that company and their customers and the best way to do it. It might make sense to have an electrician inside a company if they need the electrician for other purposes besides actually installing the product. A lot of these companies, they do. They have big plants, they have big operations. I think even in your own case, when you had a big chain of stores, there was always enough work.

You probably said to yourself: I have enough work here to keep somebody busy doing this as opposed to constantly going outside to do it. So I think it is a more complex decision than an owner or manager makes based on the needs of his total operation and whether that will get him a competitive advantage to provide that service.

On the question, do you have any thoughts on the hauler for hogs, my officials inform me that there is an exemption on the gas for farm-use vehicles, and they enforce that through seeing what kinds of plates they have on those

vehicles, if they are F plates or not. I do not want to, even at this stage, speculate as to whether hauling hogs is a farm-related use or not. If they get the F plates, presumably it has been deemed by the issuer of the plates, the agency that issues those plates, it is a farm-related use. I do not know if they are hauling those things to Texas or something.

Without getting into specific advice for your particular individual, I would encourage you, maybe, to discuss this with our officials, perhaps, on a specific basis. I do not know if you want to put that on the record here. But, if the hauler, who is also a hog producer, is getting into commercial activity, not farm-related activity, then he could be breaching the purposes for which the F plates are issued. It could be something that could put him at risk if it was investigated.

Now on the specifics of that, my officials are always available to be consulted on these specific cases for any MLA in the Legislature, regardless of whether they are in government or not. If you want to get some specific feedback, I think my officials would be available to discuss with you the specifics of it. I am just not sure you want to put all the details of this business on the record here. I mean, there could be some confidentiality issues, and we might not give advice that is completely tailored to the specific circumstances. I do not want to hold out anything I have said here as being applicable to one individual company at this stage of the game, but my officials will give you specific advice off the record if you wish.

Mr. Jim Penner: I will just give a general case and not expect a clear answer at this time. The people who are approaching me, there are quite a few stock-hauling companies that have just blossomed up because of the way the hog business has come along. One of these fellows has 80 000 hogs and the reason they have to haul these things around is, that they have one barn where they do genetics and only genetics, and that is a barn where they have no medicine. It is completely clear. That is for breeding stock. That happens to be in Darlingford. The next one is in La Broquerie and that is where they just sell weanlings, and then the next one is actually in Minnesota and they just do feeding hogs. From

there they go to Brandon. So some of these hogs get quite a few miles on them before they become ham and bacon.

An industry has just evolved around this hauling business, but these people have said to me, last Friday morning, that they are required to buy PSV plates. Now, I am sure that if you ever go one step further the people who haul the feed, they also have CT plates and PSV plates and they would like to have F plates and they would like to have purple gas. Did I understand correctly that if you have a farm plate you can use purple gas as long as you are driving it for a farm purpose?

Mr. Selinger: If it is strictly for agricultural purposes that you are using the vehicle, you can have a farm plate, but if you are using the vehicle for a commercial activity, you are supposed to have the proper vehicle plates, non-farm plates, commercial plates. I can see how there might be some thinking here, what is agricultural and which is commercial. There is potentially some grey area in here. I am just doing this without having consulted either the issuers of the licence plates who make these decisions, highways, which is in another department, but I think some common sense would suggest that, when you are hauling pigs or weanlings or hogs from one place to another and there is a transaction occurring, as opposed to hauling it around your farm or your feedlots for finishing, et cetera, but there is actual commercial activity occurring through that transportation activity, that it is likely not farm use. It is likely commercial use.

I am just giving a sort of off-the-top-of-my-head judgment, but I would advise that you consult highways and the licensing. I suspect that, once there are commercial transactions occurring, it no longer is farm use. They might have an even tighter definition of that, something that they have defined in either legislation or regulations or they have legal advice on, but as soon as money starts changing hands and papers and commercial transactions start occurring, it is likely not farm use anymore.

Mr. Jim Penner: I have a little bit of an idea how that works. I had trucks that went to California every week, and there were some

complications, because permits were hard to come by and so on. But, yes, I think it is a commercial transaction, because what you are doing is you are selling a service. You are selling transportation. That is a business that goes beyond agriculture, in a sense, or it is not necessarily agriculture. The problem is the competitiveness. If the farmer owns a truck, and in this one case, with just over 50 trucks, the fuel cost would be \$1 million different if he could drive purple gas, in one year. So these guys now, their businesses are being threatened because the industry has gotten so big that, if you could save a million dollars by owning your trucks instead of by contracting, and now all of a sudden these contractors, the people who sell transportation are at risk, it just seems to me that we should come out with a win-win situation somehow on taxing people on their licences and on their fuel.

Mr. Selinger: My officials, if you have a specific case you want advice on, will deal with you on that. On the highways licensing requirements, I am not going to try and speak for the minister of highways nor his officials on that, but I think you and I, using our common sense, can sort of discern the difference between a farm use and a commercial use.

I take your point on competitiveness. Two comments on that, one, competitiveness, we hear from the industry itself, the trucking industry and the heavy construction industry, the competitiveness also requires good infrastructure, and the taxes we collect on fuel tax in Manitoba go back to providing infrastructure, which makes for better roads, more efficient roads, safer roads so that they can do this hauling more effectively. We are putting more resources into that.

So I think I understand how an individual business will look for its competitive advantage, but, as a government, our job is to have a fair, even application of our tax rules and to show how those taxes are benefiting Manitobans and specific industries. In this case, the minister of highways can make a very strong case that the fuel taxes we collect in Manitoba go back into the infrastructure that we provide Manitobans who use those routes. The bigger and heavier the truck, the heavier the axle weight, the more stress it puts on the road infrastructure, so there

is an argument that they get value for their money by the investments we make in that infrastructure, through the fuel taxes they pay and the licence fees they pay.

Our fuel taxes, if you look at the tax book, are among the lowest in Canada. I believe they are the third lowest, if not the second lowest, Alberta being the only one that has a lower rate than we do. So there is a competitive advantage even for those that pay the full taxes. Our diesel fuel taxes are 10.9 cents a litre, and the only ones that are lower anywhere in the country are Alberta. Our gasoline taxes are 11.5 cents a litre, and, again, the only one that is lower than us is Alberta. So we are very competitive on our fuel taxes. You want the page number on that?

An Honourable Member: What was it?

Mr. Selinger: That is page D12.

Mr. Jim Penner: Thank you. I do not think most of the people are objecting to paying the taxes. There are two things I wanted to happen when I paid taxes. I wanted an equal playing field and I wanted bang for my buck. These people are concerned about an equal playing field and now they have built up their businesses through this thriving industry. They feel challenged because the people who own the barns could do it for less if they bought their own trucks.

Mr. Selinger: If the people who own the barns think that in purchasing trucks they can use purple fuel for commercial activity, I would advise them to get very clear consultation from the highways department and the Taxation department before they do that, because I would not want them to be putting themselves at risk of breaking the law and having a lot of capital investment.

My official informs me they can only haul their own livestock to get the exemption. I would advise consultation on the specifics before they make big capital decisions on acquiring fleets. I would not want them to think they are guaranteed to get the purple gas if they are going to be entering into commercial activity which taxation officials might deem non-agricultural in nature.

It is probably better to be forewarned and forearmed than to be caught after the fact and then say: We talked about this in Estimates and I was assured by the minister that this—I do not want to get into that. I think you have to get specific advice. I would advise extreme caution on taking anything back from this discussion that would give them permission to go ahead and pursue that kind of an initiative.

Mr. Jim Penner: I welcome the former Minister of Finance. I would like to give him an opportunity to ask a few questions.

Mr. Harold Gilleshammer (Minnedosa): Just some questions I think are pertinent. You were talking about fuel tax. What is the rate the feds are putting on fuel at this time?

Mr. Selinger: We will get that for you.

The excise tax on fuel, gasoline unleaded, is 10 cents a litre plus the GST; diesel and aviation fuel, 4 cents a litre plus the GST.

Mr. Gilleshammer: In terms of real dollars then, we used to say they are taking about \$150 million through the taxation on fuel used for roads. Is that in the ballpark?

* (15:20)

Mr. Selinger: Yes, that would be in the ballpark.

Mr. Gilleshammer: Have the feds come back in to the table now to make a contribution to highways in Manitoba?

Mr. Selinger: They have not indicated at any time in any of their budgets that they are rededicating taxes collected on fuel back to infrastructure. There have been some modest announcements with respect to prairie grain roads in the minister of highways' budget, but they are in no way connected to the taxes they collect. It is a grant for a specific period of time, three, five years. I do not have the details. The minister will, but there has been no commitment to recycling the revenues they get off the fuel taxes back into infrastructure, no linkage.

Mr. Gilleshammer: I am sure that is an argument that all ministers of finance and ministers of transportation make. It seems like such a direct connection. It was always curious to me how in some provinces you would see, particularly in the Maritimes, a considerable contribution to road infrastructure in such an ad hoc way.

It just seemed like another way of doing transfer payments that were under the radar screen of the regular transfer payments. Is there any indication at all, and I gather that the answer is no, that the feds want to have any tie-in to fuel taxes and road infrastructure?

It seems like such a no-brainer in terms of the need, the fact that they are running a surplus. You look at the road infrastructure, and there are times people say it is better in one province than another, but in terms of my travel I have not seen a lot of difference. You can find the poor infrastructure almost anywhere. It seems to me that the feds have to continue to be urged to come to the table with some sort of a national transportation strategy. Even if you designated certain roads they were in at one time in the nineties, where I think No. 1 and No. 75 and No. 16 were designated for a certain amount of money, I gather there is no breakthrough in this area.

Mr. Selinger: No. The minister of highways and transportation has, in particular, pursued this. My perception is that the federal Minister of Finance does not like tying revenue streams to specific types of activity. He likes to retain his flexibility, although he certainly is aware of this pressure on infrastructure to the point of irritation it seems sometimes on his part.

I think from a provincial perspective, given that the provinces for the most part dedicate their fuel taxes to infrastructure and in the Maritimes, where the taxes are higher, they made a big point, in some cases they have set up some special arrangements to cycle the taxes right into infrastructure and use that as a justification for a couple cents a litre increase.

The feds are not pursuing that, but they do not pursue that with respect to the employment

insurance surplus as well. They use that to balance their books and do not dedicate it back to labour market related or unemployment related activities, which has always been a fairly contentious point for particularly labour groups in the country.

So the feds, the only tax they seem to have dedicated to a specific purpose is the new tax they are levering on airports for security purposes. That was a new tax they brought in this December budget. They indicated that would be used to provide higher levels of security in our airports.

But we are aware of some of our airports in Manitoba that are paying the tax but not getting a security service. Our Minister of Transportation is taking that up with his federal counterparts, and ministers of finance have made that point.

I have made that point to the Minister of Finance in Corner Brook, that we know of northern communities that are paying this tax but do not seem to have any visible increase in security. Why, therefore, are they paying the tax? What is the payoff to them? The Minister of Finance indicated to me that it may be that the security is lagging the collection of the tax.

So I have communicated to the Minister of Transportation, and he will take that up again with them, as he flies in and out of the North regularly. He will be monitoring on a regular basis whether there is any security provision. So far he has seen nothing. We will be continuing to press the federal government about why they are collecting taxes in airports in locations where there is no security service provided.

Mr. Gilleshammer: I suppose they can contend it is working. Is it the view of the officials in the Department of Finance that the tax has the potential to far exceed the expenditures and, again, have a certain amount of revenue go to general revenue and the expenditure is far less than that.

Mr. Selinger: The member is referring to the airport security tax? There was a concern expressed by all the Finance ministers that that might be the case, that they might get a surplus

over and above the security provisions. We asked for accountability on that. We also pointed out that this tax could have an impact on tourism in some of the more remote communities where people like to fly in, fishing camps, et cetera, tourist camps. What we got back was that there will be a review done this fall on the implementation of this tax and what the problems are and what the impacts are. Provinces will be allowed to have input into that review as to how this new tax regime is working in these transportation centres, airports.

Mr. Gilleshammer: It would appear that the revenue stream will precede the expenditure side and could very well provide a source of revenue there that may or may not be used. I think Finance ministers would be wise to get some sort of accountability in there because you can see some of the examples on short flights where the ticket is so many dollars and then you start piling on these fees and charges and taxes. It almost doubles the cost of the flight. Particularly here in Manitoba there are examples where flights into Thompson and Churchill are far more expensive than flying to Europe. It does have an impact on the Manitoba taxpayers.

Mr. Selinger: That was essentially the nature of the points we made at the Finance ministers meeting. I have discussed this with the Minister of Transportation since that meeting, and he will be following up on his end as well. We are making that point, and we are asking for a specific review of the benefits we receive in Manitoba. If we see any negative impacts over and above what we have already got because of the high cost of those services into the North, we will certainly pass those on to the federal government in that review process.

Mr. Gilleshammer: You were talking earlier, just to move to something else, about the application of PST and collection and so forth. Do officials have any way of judging the underground economy that exists in Manitoba and quantifying that in any way?

Mr. Selinger: Just in terms of the underground economy as a national issue, our officials work hand in hand with the federal officials through the CCRA to identify the magnitude of that and specific strategies to deal with it. Much of the

potential for underground economic activity in Manitoba which may be occurring in other jurisdictions is only relevant to the application of the GST. We do not apply the PST on many of these services. It is, in the case of Manitoba, a federal concern. We work with them on it, but it is their responsibility to collect their taxes on that activity. Because of the way we levy our PST in Manitoba, a lot of that activity is not directly our purview.

Mr. Gilleshammer: Do you have staff dedicated to compliance in this area?

* (15:30)

Mr. Selinger: There is a working group on a national level on the underground economy which members of our Finance staff participate in. We do, as a matter of course, have ongoing audit capacity within the Department of Finance. We have investigation capacity, and at an earlier point in the Estimates, I do not think you were in attendance at the time, we indicated that there is quite a bit of work done on data analysis of information coming into the Finance Department. Where trends are noticed, there will be specific investigative follow-up to see if there is something untoward occurring in that area where we see a bump in revenues or a decline in revenues or some untoward pattern that does not fit our normal expected data from that sector. So we do initiate investigations where we see anomalous behaviour going on or aberrant behaviour that does not seem to fit the historical patterns of collections.

In addition, there is the ability and there is information exchanged with the CCRA to better monitor this type of activity. Certainly, we investigate field tax collections, tobacco tax collections, as you would probably know, including border activity, particularly the Ontario border.

Mr. Gilleshammer: I notice the reduction in the Audit line there. Has there been a reduction in staff in that area or just retirements and changes that allow for a smaller expenditure?

Mr. Selinger: In the Audit section, in the orange book, page 77. I do not know if you have a copy here. The FTEs have remained the same. There is turnover. New employees entering the system

usually are paid less than employees retiring. There is a vacancy rate policy in place in this Budget, but where departments feel that there is a case to be made to have staff to ensure that enforcement and compliance is done, they are always able to do that where they think they need staff, but there is a turnover going on here of staff. So there is no encumbrance to fully enforcing our laws in this area where we think there are any gaps that need to be plugged.

Mr. Gilleshammer: What is the current vacancy rate in the Department of Finance?

Mr. Selinger: We tabled that earlier on. The oral information I have says it is about 6.1 percent. I hope that conforms to the document that we tabled earlier in the Estimates.

Mr. Gilleshammer: What is your target? Is it 6 percent, and that is right across government?

Mr. Selinger: Yes, generally, the target of 6 percent across government. There are some exceptions to that.

Mr. Gilleshammer: Often, government has some delinquents in paying PST. Has there been any upward or downward movement in that area, or is it still pretty steady, that you have a certain number of delinquents on an annual basis?

Mr. Selinger: Roughly, the arrears have remained steady over the last few years. Over the last four years they have ranged between \$16 million and \$18 million of arrears on the retail sales tax.

Mr. Gilleshammer: What is the policy in terms of writing those off, or when do they come off your books?

Mr. Selinger: The policy of the department is not to write something off until they have exhausted every avenue of collection, including director liability provisions in legislation. That can range on an account anywhere from three to eight years, depending on the magnitude of the uncollected or RST. Even after we write it off, to clean up the books the ability of Finance to still pursue that uncollected tax remains a live issue.

They can still go after it, even after they write it off.

We do, on an ongoing basis, write off a certain amount of these uncollected taxes to ensure we have proper provisions in our public accounts for that, but that does not preclude us from continuing to pursue that where we think there is a real possibility of pursuing some company which may be dormant now, could reactivate later on, or transact some business for which we think there is a revenue that could be allocated to paying the tax off. We have done that. I have seen examples, in my term in office, where we have gone after things at a much later date because of some activity which would allow for that to be done in a reasonable fashion.

Mr. Gilleshammer: Does the department make that information public through Public Accounts on a regular basis?

Mr. Selinger: Write-offs are available on the Legislative Building Information System on an annual basis.

Mr. Gilleshammer: The tobacco interdiction is under this section as well. Have you covered that earlier? I just wondered, again, there is a reduction in the salary and employee benefit line there. Is this just staff turnover with people at a lower level coming on staff or have there been any staff changes there?

Mr. Selinger: It is really the same situation as the last question in Audit. The FT account remains the same. There is an allowance for turnover which accommodates the rotation of the workforce.

Mr. Gilleshammer: With the level of taxation in that area, sometimes there is greater or lesser activity. Are you anticipating more enforcement issues in that area, given the fairly dramatic increase in the taxation side, and has that manifested itself at this time?

* (15:40)

Mr. Selinger: To date, we have seen no increases in smuggling activity, detected smuggling activity.

I think it is important to put the increase in tax in context. All the western provinces had

increases of a similar magnitude. In some respects, our exposure going west is reduced, because Alberta really is about the same level as us now, whereas they used to be lower before this year's Budget. B.C. was higher and Saskatchewan has come up as well. So to the west it is a fairly level playing field.

In the United States, they have been increasing tobacco taxes as well, and many of the jurisdictions which abut our borders or are close to us, in fact, have higher taxes. Our exposure is still on the Ontario side. They have not brought down a spring budget yet, but I anticipate they will make some move in this direction, as well. They are experiencing quite a bit of financial pressure, and in my informal discussions with other Finance ministers to the east of me, they are all seriously reviewing what they will do on tobacco taxes. We may see some further movement in Québec as well.

Mr. Gilleshammer: Are there contributions made by the western provinces to assist Manitoba in being the front line of defence, so to speak, on this issue?

Mr. Selinger: There is no direct dollar contribution to the staffing of our interdiction efforts, but they do have their own interdiction staff in each jurisdiction, and there is a sharing of information among jurisdictions to track activity which seems to be systematic or carrying on across interprovincial borders. Once again, just for the record, our taxes will be about \$64.80 on a carton, or the cost of a carton of cigarettes will be \$64.80. Is that the right number? Yes. In Saskatchewan, it will be \$67.64; Alberta, it will be \$64.04, and B.C. about \$62. In Minnesota, it is about \$60, North Dakota about \$59, so you can see that we are all pretty well in the same ballpark. Ontario is low right now. It is about \$42, but they have not done their budget for this year yet.

Mr. Gilleshammer: Was there, in previous years, not an arrangement where there was a financial contribution? If the answer is yes, when did that discontinue?

Mr. Selinger: The member might recall that the decrease in taxes in the east occurred in 1994 and put us in a vulnerable position, because we

maintained our taxation regime in Manitoba. Saskatchewan made a contribution to our interdiction efforts for about a year and a half subsequent to that decision, to about the middle of '95. Other provinces to the west of us made a modest contribution for a few months. So really, since the midpoint of 1995, there has been no contribution from other governments directly to our interdiction efforts.

Mr. Gilleshammer: Has there been any early review of the amount of tobacco that is being sold in Manitoba, based on new taxation? I think all of us would like to see particularly young people not take up the habit or to be able to kick the habit. I recognize that this is the very early stages of that, but I just wondered if there was any early sign that the higher taxes had some positive effects on the health side.

Mr. Jim Rondeau, Acting Chairperson, in the Chair

Mr. Selinger: There is only anecdotal evidence and declarations of intent to quit on the part of many members of the public, but we have not actually seen any evidence. The assumption, the revenue assumption on the change in tax assumed a lower use rate by Manitobans. We did not keep the use rate the same as it was before the tax was increased. We reduced our revenue take on sales based on some assumptions about lower use of the product by Manitobans, but we are just a month into it.

Mr. Gilleshammer: Can you share what those assumptions were in terms of the decreased use?

Mr. Selinger: The increase in rate on tobacco tax, we expect to generate about an additional \$38 million of revenue, and we cannot give you a specific use pattern there, but that was assuming a reduced amount of consumption of that product by the public.

That revenue was not based on sort of an arithmetical increase in use. It was based on a reduced curve of consumption. So my officials are reluctant to get into the specific details of that, but they assured me they have made prudent assumptions about use patterns based on higher costs.

Mr. Gilleshammer: So there is not a scientific formula that is used for something like this. It is a best guess at what might occur?

Mr. Selinger: As often the case in good public policy, it is an informed judgment or estimate of what the use patterns will be. It is certainly not scientific, but it is based on certain information. I am looking for the quote I used in my budget speech to give you, where we had some information from the World Health Organization about certain increases reducing consumption by a certain amount. We will get that for you right away, but no, there is not a hard and fast formula here, but you know, it is a classic micro-economic situation where if there is an increase in price there is a reduction in demand, and that evidence seems to be fairly consistent across jurisdictions. The higher the price for the product, particularly among young people, there is a reduced demand and a reduced interest in starting to use the product.

I quoted in the budget speech, on page 6 on the bottom of the right-hand side, a World Bank report states that in the U.S. a 10% increase in price yields a 6% decrease in consumption for those in the 18-to-24 age group. A new U.S. Centre for Disease Control study shows that each pack of cigarettes sold costs the economy more than \$11 Canadian in health costs and lost productivity. So those are the kinds of background policy assumptions that were made. We are not assuming that they directly translate into our jurisdiction, but they inform the revenue estimates that we are projecting and the use patterns that we are seeing here.

* (15:50)

Mr. Gilleshammer: Has the minister had any representation from the business community about the additional costs to small businesses to conform to some of the Budget decisions that have been made?

Mr. Selinger: The tax officials have given a month for businesses to pass on the increased taxes on products that they sell. So that was done to allow a grace period for them to actually sell the product before they had to remit the taxes, their difference on taxes between the new regime and the old regime on existing product. In

addition, they still get a commission in most cases for collecting the PST. The smaller businesses in particular get the commission.

Mr. Gilleshammer: Were there other impacts based on government policy in terms of availability of the product? Does it have to be out of sight and does it have some impact on those employees in small businesses? Has there been any calculation of what this is causing in terms of additional costs?

Mr. Selinger: The tax measure is not expected to have any impact on employee requirements, but the Minister of Health is considering a measure about the display of tobacco products in stores under health legislation which will require those products to be not as freely available or readily accessible. I think they have to have them behind glass and the actual physical height of where they are located, et cetera. There will be some regulatory requirements and perhaps legislative requirements the Minister of Health is bringing forward as to the visibility of these products in retail outlets, particularly the visibility to children. For the specifics of that, I would have to refer you to that minister who is bringing forward that legislation.

Mr. Gilleshammer: So is the increased revenue dedicated to anything in particular, or it just goes into the general revenue pool?

Mr. Selinger: Increased revenue comes into the general revenue pool, but as the member will know, we gave the most significant increase in spending this year to health care.

Mr. Jim Penner: The method of changing the price structure of tobacco at the close of business on April 22 has been a concern of some of the smaller retailers. I have a letter here from a small grocery store in western Manitoba, and the owner/operator debates the method of the tax change. Can I get an explanation on how the inventories were assessed, based on the close of business on April 22?

Mr. Selinger: Just to put it in its proper legislative context, The Tobacco Tax Act, under section 10.5, has specific requirements for a change in the rate of tobacco tax. I will read it into the record just so we have it on the record

and available for the public if they want to know this: Where at the time of a change in the rate of tax imposed under this act a dealer has tobacco in his possession, he or she shall prepare such reports as may be required under the regulations and shall remit to the minister any tax collected on the sale of that tobacco to purchasers in a manner and at times prescribed in the regulations.

So that is the legislative authority under which our officials acted. What they did was, effective midnight, the day we delivered the Budget in the Legislature, midnight of the 22nd of April, a notice to tobacco tax retailers was sent to all 3100 people registered to sell tobacco in Manitoba. I can provide a copy of this to the member. That was the first official piece of information that they all received informing them of the changes in rates and their requirement to count their inventory at the close of business on April 22, to calculate the additional tax payable on their inventory based on the new rates as shown on the attached tobacco inventory declaration and remittance form.

So they had a form to fill out that required them to list their inventory and calculate the additional tax and total that up and remit that a month later. They had a month to remit that to the Finance Department. I can provide a package for the record and one to the member, of the legislation, the form, and the notice that was sent out to all the people selling tobacco tax products.

Mr. Jim Penner: Thank you for the answer. The prescribed method of changeover at midnight when the taxes change, some of that was somewhat familiar to me, but the inspectors who did the inventories, did they follow the process?

Mr. Selinger: Yes. The information and the forms were sent out to the retailers of tobacco products. Finance officials, inspectors did not appear in any of the retailers' locations until the 23rd. So they followed the proper procedures.

Mr. Jim Penner: My reason for questioning is a letter from an independent grocer to the Taxation Division, 101-401 York Avenue. Is that you?

Mr. Selinger: That is us.

Mr. Jim Penner: The Canadian Federation of Independent Business and a couple of MLAs indicated that the inspector went back to the 20th or 21st of April when they should have had the price change on the 23rd of April. The inspector came through on the 24th of April and used the wrong information. So I guess that is a debate that is between you and the merchant. I was just concerned. They felt that the inspector was not correct in the way he managed things because the grocer went to other retailers and found out that the same rules did not apply elsewhere.

Now, the impacts on the economy in Manitoba, if minors are not allowed to see tobacco in a store, I understand there is at least 20 or 30 new Mac's Convenience Stores that have been planned for construction in Manitoba over the next couple of years, that this construction will be cancelled because of the cost of complying to this new legislation. I understand that may be under the Department of Health.

* (16:00)

Mr. Selinger: Yes, the changes proposed for displaying tobacco products are a health measure brought in through Health legislation, and the minister can respond to your concerns there.

On the specific letter you have there, if there is a concern about how the inspector treated the customer and if there is any differential treatment that may seem unfair or improper vis-à-vis how other customers were treated, once again our officials will be happy to review that for you.

We have a person in charge of the Tobacco Interdiction program, a former RCMP officer. He will interview the inspectors and the people enforcing this legislation and see if everything was done properly and get the perspective of the official in the department.

So, if you would like a specific case reviewed as to how people were treated, we would be happy to undertake that and get back to the customer with our views on it.

Madam Chairperson in the Chair

Mr. Jim Penner: You will have a copy of the letter, and the only way I would think it would

be correct for me to release it is if I checked with the author of the letter.

In regard to tobacco interdiction, first of all as far as revenue flows, I have conflicting figures here. In one report, it says that the tobacco tax will yield an increase of \$88 million, but when I look in the Estimates, the tobacco tax will yield an increase of \$38 million. Is the \$38 million correct?

Mr. Selinger: Yes, that is the estimate of our officials. If there was an \$88-million increase, that would mean tobacco consumption has gone up, which would defy the logic of this exercise.

Mr. Jim Penner: One of the activities of Tobacco Interdiction is, of course, to make sure that The Tobacco Tax Act is enforced, and to do that, I believe you have a need for dedicated staff to the enforcement of The Tobacco Tax Act.

Mr. Selinger: Yes.

Mr. Jim Penner: How many people would be in that staff?

Mr. Selinger: In the Detailed Estimates book, the orange book, on page 79 it indicates how many people are dedicated to the full-time interdiction of tobacco illegally crossing our borders or being used by people who are not authorized to smoke by the law. That is 10 full-time equivalents here.

If there is a particular need, backup staff can be provided from other places within Finance, in the Taxation Division, to provide additional support if required, if a particularly heavy period of demand is out there for enforcing the law. Those people could come from the broader audit function where there are 93 full-time equivalents. Some of them can be used as backup when there is a specific tobacco interdiction or tobacco tax initiative being taken.

Mr. Jim Penner: I see on page 79 that that is the same number of people employed previously in Tobacco Interdiction?

Mr. Selinger: Yes.

Mr. Jim Penner: That would be 10 FTEs on both occasions, but I do notice that there is a \$50,000 reduction in cost. Is that due to new staff?

Mr. Selinger: That is an amount for turnover of staff and the savings that occur as the staff turns over. The jobs are not filled right away and the salary costs of maybe less experienced people replacing more experienced people. No, there has not been any change in the full-time FTEs, but as I indicated earlier, when you look at the pattern in the west there has actually been some leveling out of taxes across the west which creates somewhat less pressure on that flank of the province.

The major exposure we have is on the Ontario border. We will see what they do in their budget, but I am expecting some increase in their tobacco taxes before July 1 of this year.

Mr. Jim Penner: I found this particularly interesting because in 1998 Mr. Len Evans considered the interdiction process violation of free trade. I will quote Mr. Evans as having said that all these great ideas of free trade just go out the window. There was a concern about the interdiction process in 1998 by the then-Opposition, and some of the members are still here today.

The Member for Elmwood (Mr. Maloway) said in 1998, in regard to interdiction: I wonder if the minister then would endeavour to provide us with a list of all of the taxes and the amount of arrears in a letter form in the next period of time. I would also like him to provide us a list of the companies that were forgiven taxes, that are usually forgiven taxes.

Then the change he is referring to is that any remissions or write-offs now reflected through the Legislative Building system which is accessible to all of us, and he had a concern for the way that the government of the day was handling it, interdiction and taxes.

I just found this somewhat unusual, that arrears and forgiveness were an issue then. Are there to this day considerable arrears in the collection of tobacco taxes?

* (16:10)

Mr. Selinger: We will take that as a bipartisan question and try to give a bipartisan response. Just on the point raised by the former Member for Brandon West, there was litigation on that matter, and the courts ruled that in a free trade regime governments still have the right to enforce their tax laws and, certainly, people can bring products in and out of the province, but they have to pay the taxes levied in the jurisdiction in which they are selling the product. So the courts essentially ruled, which seems common-sensical to me, that a government cannot be prevented from enforcing its tax laws even under a free trade regime, so I think that fully answered the member's concern there.

On the other question of write-offs, there are no write-offs essentially in the tobacco tax area. There is very little non-compliance.

Mr. Jim Penner: It was just an issue that I guess came up. If you want to have a quote from Mr. Evans: If you want to have freer trade with the United States, you reduce the taxes involved going across the border. So you have a tax regime that is acting like a tariff, inhibiting trade.

I agree with what you are doing and that it should be done. I would like to ask about the effectiveness of the interdiction program.

Mr. Selinger: Could you just repeat the last part?

Mr. Jim Penner: I would like to ask how effective is the present interdiction program?

Mr. Selinger: Generally, the interdiction program is quite effective in Manitoba. Our people do a good job.

Just on that free trade argument again, the taxes I indicated earlier are in American dollars, roughly competitive to Manitoba taxes, maybe even a little higher. There is not really an issue there. Just about all jurisdictions in North America are raising tobacco taxes in one way, shape or form.

For example, in Minnesota the cost of a carton of cigarettes in Canadian dollar equiva-

lence is \$60.28, in North Dakota, \$58.60, in Michigan \$63.00. Actually, it gets quite a bit higher. When you hit New York it is \$71.00. Yike. But that is New York.

Is it working effectively? The program has resulted in the seizure of over 70 740 cartons of smuggled cigarettes since its inception in '94; 456 infractions related to tobacco smuggling have been brought to court; 291 of these have been successfully completed resulting in \$1,230,000 in tax penalties and \$159,000, \$160,000 in fines and costs; 114 cases have resulted in a stay of proceeding, and there are 28 still before the courts.

As the interdiction regime continues to be consistently applied and enforced we are seeing a reduction in the amount of infractions. I think people are getting the message that the law is enforced and there is no huge percentage in trying to break it. My officials indicate to me the amount of prosecutions they are having to act upon in terms of infractions is actually going down. People seem to be respecting the law for the most part, for now.

Mr. Jim Penner: Thank you for that answer. By the way, I have a cottage that is just on the Manitoba side of the Ontario boundary and I do see people at work. I was interested in the interdiction process. I do like to think we should be able to protect our taxation policies.

I have always been curious. What happens to the product that is seized?

Mr. Selinger: Well, first of all, none of my senior officials smoke. Larger quantities are sold back to the manufacturer where it can be reblended into new product, recycled I guess would be the one term, and smaller quantities are burnt, without having passed through human hands or nasal passages or throats before it is burnt.

Mr. Jim Penner: So I take it they are sold and the provincial government recovers their similar costs of interdiction?

Mr. Selinger: We basically sell the product back at cost because it is older, stale product.

They use it in re-blending their products. There is not a significant revenue that comes off of that. The greater revenue that we protect is in the interdiction program itself, where we protect our sales tax revenue.

So it is not a significant revenue recovery. It is just a way of making sure the product is not sitting around and having to be disposed of in other ways.

Mr. Jim Penner: When the Taxation department has involvement in revenue streams in so many areas and a lot of things have changed, let us say, since '99, we wonder sometimes two things about the changes. One is how much revenue did it bring in and is that cost-effective for administration. The other change I often wonder about is did it damage or decrease the enterprise in Manitoba.

I am thinking of a company that buys truck licence plates for hauling around Canada but no longer buys their plates in Manitoba because they are cheaper in other jurisdictions. So raising the rates and the cost of a truck licence plate may actually be costing us money instead of making us money. This is something that I think should be of interest to all members of the House when we review the Budget for Revenue Estimates.

So I would like to ask questions along that line. The licensing of manufacturers of products such as stuffed articles, a new fee was put on at \$300. Why was this \$300 fee applied to the licensing of manufacturers of products such as stuffed articles?

Mr. Selinger: That is a fee under the jurisdiction of the Minister of Consumer and Corporate Affairs (Mr. Smith), and I am going to have to let him answer the specifics on that. Just on the point you made about vehicle licences, this is something that is under the minister of highways.

On the fuel tax component which is something that we are responsible for, it is prorated on a North American basis, so it is a level playing field across North America. We have brought this change in since we have been in Government to make sure our trucking industry stays competitive. Even though it is not

under Finance, the licensing of trucking companies and their rigs is also done on a standard North American basis as well, as is the sales tax.

So we have kept our trucking industry probably more competitive by having a regime that applies equally throughout North America. I believe most provinces have agreed to enter that regime, as have most states in the United States of America. So there were some investments in software and infrastructure to allow that licensing regime to dovetail together with other jurisdictions, but we have moved ahead on that. We have therefore kept that interprovincial and international, I guess, intercountry trucking industry very competitive on their sales tax, licensing tax and fuel taxes.

That is a new innovation that I can give you more information on, if you wish.

Mr. Jim Penner: I was thinking that you would be monitoring revenue streams both at the Treasury Board level and in the Finance Department, so you would be concerned if there was a revenue stream that was decreasing, even though it was highways or another department that was involved. The increase of dealer plate fees to an increase of \$77, is that something you can tell us whether that has brought in how much extra revenue? Did it scare off dealer plate fees, people wanting to have dealer plates?

* (16:20)

Mr. Selinger: I just want to clarify the member's question. Are you referring to the administration fee in the department of transportation and highways for dealer plates? Is that what you are driving at?

Mr. Jim Penner: Dealer plate fee: A person buys a dealer plate and he pays a certain amount of money. That apparently went up last year by \$77 or 160 percent.

Mr. Selinger: That was a fee increase brought in, in the department of highways and transportation under the vehicle licensing branch. I do remember the minister answering questions about that in the Legislature last spring.

Mr. Jim Penner: Now with the experience of being able to look back, was that something that

brought in more revenue or did it just reduce the number of plates sold?

Mr. Selinger: We will have to take that as notice. We do not have a specific revenue number in our information here, but we can track that. We do think it has had no impact on the amount of dealer plates out there, but we will have to check the specifics on that.

Mr. Jim Penner: If it is taken as notice, could we also have the number of dealer plates in the province?

Mr. Selinger: I am going to have to be somewhat careful here not to be answering questions from other ministries. That is properly addressed to the minister of highways and transportation, so I think that is where the information has to be obtained.

Mr. Jim Penner: Is the dealer permit, which went up by 167 percent; is that also highways administration, or is that revenue that you see in Treasury?

Mr. Selinger: That is highways. That is under the department of highways and transportation.

Mr. Jim Penner: What happens to the money that comes in from dealer plates and dealer permits?

Mr. Selinger: The money goes into general revenue, but the member will be aware that we have announced a \$600 million five-year program on infrastructure improvements, highways and roads throughout Manitoba. That revenue will help finance that program.

Mr. Jim Penner: Is the minister aware of whether that is \$120 million a year for five years, or is that an uneven amount each year?

Mr. Selinger: The specifics of that will unfold on an annual basis, but that is the commitment, \$600 million over five years.

Mr. Jim Penner: Madam Chairperson, what was the commitment last year for highways?

Mr. Selinger: It is in the Budget book. We will just grab that for you. It was about 110, but I will get the specifics on that. I am looking at page 144 in the Expenditure Estimates. At the very top of that page, there is the Construction and Upgrading of Provincial Trunk Highways, Provincial Roads and Related Projects. Last year, it was \$103.9 million. This year, it is at \$120 million. *[interjection]* Page 144, top of the page.

Mr. Jim Penner: Was that number usually around \$110 million in the last five years?

Mr. Selinger: Again, I am kind of wandering a little far afield here. These are the Estimates of Transportation and Government Services. I am going to have to ask that that question be pursued there.

Mr. Jim Penner: I have noticed that the registration fees for farm trucks went up 29 percent and vehicle registrations 20 percent and so on and so forth. So I just thought that, in Estimates, we would get some idea as to what amount of revenue these things produced and whether or not they scared people off. I know, in the dealer plate permits, dealer plate fees were advanced by 160 percent. Car dealers were very, very concerned, especially the smaller dealers. Used car dealers sometimes do not have the revenue to put the number of cars out as demos that they would like to because of the annual cost. I noticed the Hydro water rental rate increased in—is that in the last Budget, money that was going into the year just ended, or is that the year that we are into now?

Mr. Selinger: The water power rental rate fee was pegged at \$103 million last year. It is pegged at \$98.7 million this year. It is a fee or rate that is brought through the Department of Conservation. We are going to just check on what the Budget says on the actuals. These are estimates, year over year estimates. That water power rental fee, for information, was increased last April, but also we have to remember there was a water power rental agreement that the previous government had, where they were having Hydro pay for certain government responsibilities in terms of infrastructure, in lieu of not raising the fee. We decided to end that water power rental rate agreement and just

reflect the cost of those infrastructure projects in the future through our normal Estimates and have the revenue come in through the normal revenue collection procedure.

Mr. Jim Penner: There was a note handed to me that there was a \$48-million increase, which was 86 percent. So I guess that was prior to the year that we took in \$103 million. Would that be correct?

Mr. Selinger: That was the year it occurred.

Mr. Jim Penner: There was also an increase, it says, of \$17 million or 29 percent in the Hydro debt guarantee fee. Is that, I cannot do my math that easily, \$17-million increase? What would the total then be of the Hydro debt guarantee fee?

* (16:30)

Mr. Selinger: On that, the guarantee fee did go up, but I will have to get the information from my Treasury officials on that, who administer that for us, the debt guarantee fee.

Mr. Jim Penner: The former federal minister is here to put his concerns on the record.

Hon. Jon Gerrard (River Heights): One of the areas of taxation which I think is important, but often neglected, is where there are tax breaks given to individuals, corporations, various circumstances in the federal level when Paul Martin brings down a pre-budget statement and things like that. He would classify these as tax expenditures. In other words, they are equivalent to money which is forgiven but spent through the tax system instead of being spent in normal kinds of ways.

There was an article, in about February, which talked about business subsidies, and I gather that most of those turned out to be tax expenditures of one sort or another. The figure that was quoted was about \$500 million. I think that maybe \$100 million of that was agricultural support and something like probably \$30 million or so is direct payments to businesses. That would leave probably about \$370 million which are, in one way or another, tax expenditures. I wonder if the minister would provide some

comments on his approach to tax expenditures and provide us some details on the tax expenditures which are incorporated within his Budget?

Mr. Selinger: First of all, any tax measures we take are summarized in the Budget papers on page D1. If you would like to take a look at it, D1 in the Budget book. That indicates all the measures that we have taken in 2002 and 2003 Budget. Some of those, the member from River Heights might deem to be tax expenditures, but there are tax reduction measures or tax increase measures across a range of areas: Personal Tax Measures, Business Tax Measures, Health and Green Measures, Technical and Administrative issues, Ongoing Tax Reductions, et cetera. Those are all listed every year in a similar fashion, in the Budget papers. There are explanations of them given in the text that follows that page, that summary page, with an index on the page just to the left of it. There is information rolled out on what each measure is and the specifics of that measure in terms of how it works and the applicability of it.

Mr. Gerrard: What this page provides is changes, where there are specific changes in tax measures from one year to the next. Now, for example, the Film and Video Production Tax Credit, in fact it indicates minimal. Now, that indicates a minimal change from last year, but it is my understanding that, in fact, because of the nature of that tax credit there is, in fact, a subsidy—right?—to the film and video production industry, but that subsidy then is listed, not as a direct contribution of government, but as tax which is forgiven by government and, therefore, is what I have referred to as a tax expenditure, because it is an amount of dollars that would have been generated in tax but is forgiven to the industry.

Could the minister provide an amount of what that tax expenditure is or the amount of forgiven tax in film and video production because of the measures?

Mr. Selinger: Yes, you are right. This page does show the changes we have made. For example, on the film and video production tax credit, we estimate the value of that on an annual basis, give or take, is in the order of \$4.5 million.

Mr. Gerrard: I wonder if the Minister of Finance could provide the list of the amounts of forgiven taxes, major forgiven taxes that the province has that would fall into the same category, that they are tax expenditures.

Mr. Selinger: We could take that under advisement and see what we can pull together there.

Mr. Gerrard: I think that this is quite important, that this information be available, because in fact what it allows is an understanding of how the tax system is being used to subsidize business and industries in the province of Manitoba and a better understanding of one form, as it were, of business subsidy and a better understanding of when one looks at the tax system how it provides differential treatment and where there are taxes which are forgiven here and there and the contribution they make.

Mr. Selinger: No. I am not disagreeing in principle with what the member is saying. We will take it under advisement and see what information can be pulled together in this regard.

Mr. Gerrard: I thank the minister. The next issue that I would like to raise in terms of taxes, there are a variety of different forms of tax subsidies that the Government has. Some of those, as I understand it, the Government has designed so that the tax is raised and spent in a particular purpose. Many, most, I believe, of the taxes end up in general revenue. I wonder if the minister could provide a summary of the taxes which are directed in terms of the way that the expenses would go so that we would have that information.

Mr. Selinger: Once again, we will take that under advisement. The vast majority of taxes come into general revenue and then they are put into departmental priorities. For example we often talk about the the fuel taxes being roughly equivalent to what we spend on infrastructure in the province, although it is not necessarily a dedicated-by-legislation stream of revenue. It works out to being about equivalent to what we commit to that level of infrastructure. If there are any specific ones that are dedicated we will take that and take a look at which ones they are.

Mr. Gerrard: I think in looking at the government revenues and the tax system that it is important to have an understanding of what is directed and what is not. My understanding of the fuel tax situation is exactly as the minister has described it, that it in fact goes into general revenue even though it is not uncommon for the Government to make a claim that about the same amount is spent as is brought in right now.

I think that there are examples, and probably quite a few examples, and we might not always call them all taxes; but user fees, for example, are quite commonly allocated for specific purpose expenditures. When we are looking at the Manitoba Estimates of Revenue, in a broad sense there are, I suspect, quite a significant number, most of them, perhaps, not amounting to all that high a proportion of the total Budget; but a significant number where fees or items which are revenue, in fact, are targeted, directed in terms of where they come from and where they go to.

* (16:40)

Mr. Selinger: There are some fees that are directed in that way and the member is right. They are usually a very small proportion of the amount of the total revenues collected in the province.

Mr. Gerrard: Just to be clear then in the request, and I hope you can produce that. What I am looking for is a list of those items of revenue which in fact are directed and do not, as it were, end up in general revenue but clearly are raised for a particular purpose and spent on that particular purpose.

Mr. Selinger: We will take a look at that. There are certain fees that are collected that are used for the purposes intended under that appropriation line or in that agency that collects them, or even related to that agency. We will take a look at what is there.

Mr. Gerrard: It is my understanding that items that go into general revenue, then, basically contribute to expenditures in overall proportion to what those expenditures contribute to the Budget of the province. Is that—

Mr. Selinger: No. Not necessarily. In the case of, for example, the fuel taxes, we do not have a dedicated fund, but we do allocate roughly the amount we collect in taxes to infrastructure. So you can make a connection there that those license fees and/or fuel taxes are going back into the support of public infrastructure related to transportation.

Mr. Gerrard: I suppose in the same context that, for example, the Canada Health and Social Transfer has components of it which are targeted to some extent, much less that they used to be historically, but to health and social spending as opposed to broadly, to highways for example.

Mr. Selinger: The federal transfer, they call it the Canadian Health and Social Transfer, depending on the minister at the federal level, speaking, and the context. Sometimes they say it is that the CHST is for health. Then some other minister will come along and say: No, that is for post-secondary education. Then another minister will come along and say: That is, in part, intended for social services.

There is a bit of unclarity there as to what they think that money is for and the money seems to get counted several times. The reality is that the amount of money we get from the federal government under the CHST is increasingly proportionately less than what is spent on those envelopes of health, education and social programs, social services. If you directly connect it to the commitments provinces are making for those types of services, it is proportionately less and becoming more so.

It had a slight bump with the last agreement there, just before the last federal election up to about 14 percent, but the charts show that it is going to start declining again down to around 13 percent of the total cost of providing those services by the provinces.

So, yes, everybody says it is dedicated for these purposes. There is no specific legislation requiring them to go to those purposes, but clearly provinces are spending more than they are actually getting from that fund in terms of increases on an annual basis to pay for those programs.

Mr. Gerrard: I think what I was trying to indicate is that just like you have an approach with highways, that although there is not a specific allocation, there is a general understanding that those funds from the fuel tax are going to flow to highways construction.

So, in this area, there is a general understanding that whether it is health or social services or education, that those are the areas where those funds are, in general, flowing. Is that a fair statement?

Mr. Selinger: Yes, I would think it is, and I think there is a way of tracking that. You could compare the expenditures to the revenues in both cases. In the highways case in terms of fuel taxes, you could compare the expenditures and revenues and see whether they are keeping pace with each other.

If you have a situation where all of a sudden the amount spent on infrastructure reduced itself below the revenues that were collected on fuel taxes, an opposition critic could then say that the money is being diverted to other purposes.

But in the case of the CHST where the amount being spent on health, education and social services is actually growing more rapidly than the transfer, I think you could also logically make the argument that the provinces are carrying a heavier proportion of those costs off their own source revenues on a go-forward basis, which is exactly the critique the provinces do make vis-à-vis that transfer to the federal government.

Mr. Gerrard: Just back to the targeted expenditures, it is my understanding, and you can sort of help clarify this for me, that there are, on occasion—I recall for example in health care that there were some dollars for health equipment which were slated to be used for a much more specific purpose, and I would presume that that would be an example of revenue which comes in for a specific purpose and is spent on a specific purpose. Is that a fair statement?

Mr. Selinger: Yes, I would say, in general, that is a specific statement. The only qualifier I would put on that is the timing of that expenditure. The money could come in before it

is actually fully allocated, but it is held in a trust fund, as I understand it, and will eventually be used for that purpose when the specific needs are identified and properly costed out and decisions will flow.

In the case of that money, it will not be diverted to other purposes. It will be held until it is fully expended on the purpose for which it was intended.

Mr. Gerrard: It is my understanding that those funds, though they are targeted for health equipment, for example, would be recorded in the overall revenue or income of the province, so that they would flow through the province. Is that correct?

Mr. Selinger: Yes, the explanation of that revenue source is in the Estimates of Revenue on page 10. There is a footnote. When you see the Medical Equipment Fund, fourth line from the top, item 3, there is also a footnote, footnote 3, which directs you to the bottom of the page. It says: "Represents an amount equivalent to the authority included in the 2002/03 Estimates of Expenditure for new/replacement medical equipment. The actual level of 2002/03 expenditure will determine the actual amount of revenue transferred from the Medical Equipment Fund which was established with federal funds in 2000/01."

In other words, if the amount is not fully used, it will remain in the fund and then be used in the future. I think it is fully transparent in the way it is shown here with a proper footnote reference to it.

Mr. Gerrard: Thank you. I note that above, on the same page is the Equalization dollars which were about \$1.3 billion this last fiscal year. I would make the presumption that such equalization dollars are coming into general revenue and that their effect, then, is spread out roughly in proportion to the way that dollars are allocated generally.

Mr. Selinger: It is not a dedicated revenue. It is the only one enshrined in the Constitution under section 36 as allowing governments to offer comparable levels of service across the board at comparable levels of taxation. Is it propor-

tionately spent in every department? You could use that as a rule of thumb, but in the case of health care, I do not know that you could substitute that amount for what the original 50-50 commitment was originally on medicare.

We get into this game sometimes where the federal government will say we have given you money for the CHST which is all for health care when, in fact, it was for health care, post-secondary education and social services. Then they will say they will give you tax points. They do not mention that the tax points were originally tax points that the provinces gave to the federal government vis-à-vis on mounting the Second World War effort. Then they will say that equalization is also available for health care. A portion of it is legitimately available for health care, but it is a general transfer allowed to keep competitive taxes roughly and competitive services across the gamut of responsibilities of a provincial government.

* (16:50)

Mr. Gerrard: That is quite helpful. One of the areas of expenditure would be payment of the provincial debt. I do not know whether that is or is not a legitimate use of equalization funds, and maybe the Minister of Finance would comment.

Mr. Selinger: Once again, we do not earmark equalization funds for the pay down of provincial debt. We have a dedicated amount we put in the Budget every year of \$96 million, and we expend that money under a legislative authority for covering off our debt liability.

Mr. Gerrard: So it is not an excluded use or an included use. It is just that you have funds coming from equalization for general revenue, and it is legitimate to use those funds for helping one deal with the debt as well as provision of services, would be my reading of what you are saying.

Mr. Selinger: I think it is properly seen as a general transfer to provinces as indicated in the Constitution to allow them to offer competitive levels of service at competitive levels of taxation. I think it is a mistake to then go and say that where equalization is paying down your debt or equalization is paying for health care,

because it would exaggerate the fact that it is used for a broad range of purposes, not for a dedicated purpose.

Mr. Gerrard: Just one of the issues which has arisen in the Legislature in the last few days deals with the provision through Manitoba Health of payments that go to provide chiropractic services. It has been said, at least as my understanding of the responses that have been made, there is no federal money going to contribute to chiropractic services. My interpretation of that or one interpretation is that there are no dollars from equalization which would go to provide such services. Maybe you would comment.

Mr. Selinger: I think the statement has been different. I think the statement that has been made is that the Canada Health Act does not require chiropractic services to be covered. So any decision to pay for chiropractic services is entirely a decision by a provincial government, and they pay for it out of whatever revenues they have available to pay for it, but it is not a program or a service that is covered under the Canada Health Act.

There are only five provinces that are providing this service or supporting that service in any way, shape or form. It is usually in the form of some kind of co-payment because, in the case of chiropractic services, the customer usually pays a portion of it as well.

Mr. Gerrard: My interpretation, and you can help me because there are clearly health expenditures under the Canada Health Act, and those which are not of the Canada Health and Social Transfer might be that those funds, to the extent that they were used for health care, would be generally directed to those things which are covered under the Canada Health Act. I do not even know that that is the correct interpretation, but I would at least ask your comment.

Mr. Selinger: Well, as I indicated earlier, the amount that is spent on health care exceeds by double what equalization is transferred to Manitoba, and so it is how you want to slice the pie. Clearly the transfers provide for services provided under the Canada Health Act, but not in any way fully the services that are provided.

Most of the services are provided through sole source revenues inside the province.

Mr. Gerrard: We talked a little bit about targeted taxation. We have talked a little bit about highways and a general sort of understanding perhaps that there is an allocation even if it is not targeted. I wonder if the minister would talk about his intentions in the future in future budgets, whether he sees the approach and the use of targeted taxation measures as something that should be used to a greater or to a lesser extent than present.

Mr. Selinger: I am not sure as a general rule here. I think you have to look at the specific cases and see whether it makes sense or not. I do not know that I could say more than that at this stage of the game. I am not sure there is a general rule of applicability here. Historically, governments have wanted to retain some ability to set priorities through the legislative process on an annual basis and allocate budget revenues accordingly to those priorities which often change based on circumstances.

We have seen for example this year some pressure in the security envelope. We see pressure every year on the health care spending, Pharmacare costs of service providers, costs for new services and/or drugs to be added to the requirements that we cover. So the use of dedicated funds, I think it tends to work best when there is sort of a clear relationship between the user of the service and the fee that is generated by the user of the service, but for example in public education I think there is an understanding that public education and public health care to a certain degree are considered public goods that have a wider benefit beyond the specific people that benefit from them.

In other words, education is more than just education. That individual student that has a broader social or societal benefit because educated students generate usually more income through their earning capacity. They bring other skills that benefit the community in terms of participation in the community. They have greater appreciation of broader questions in terms of the political and social responsibilities that we provide and hopefully that Manitobans or

Canadians play in terms of their citizenship roles.

So I think that you have to take a look, and there is quite a bit of good academic literature on this, on the type of good provided and the linkage to the revenue source and whether it is a public good, a private good or what type of good is along that continuum, public to private good. Some are blended and provide varying amounts of benefits, and then you go from there.

Back to the highways one, I mentioned earlier that the larger vehicles, the trucks, et cetera, often put the most stress on the infrastructure and one could construct an argument that they might bear some of the costs of that infrastructure if they are the major beneficiaries of it.

Mr. Gerrard: Just to sort of explore that area a little bit further, I know that the minister and other members of government have been quite critical of the federal approach to this new airport tax and feel that it should be dedicated in the way it is expended, and I had taken that as an indication that perhaps the Government was moving more toward using a specific dedicated tax and might be exploring at a provincial level areas where in fact there was some application of a specific dedicated tax for specific purposes.

Mr. Selinger: I do not think we have a specific agenda in that regard. I think we take a look at where the needs are and how best to resource those needs, and I think it comes back to that argument. I do not want to get too theoretical about it, but it depends on the type of goods and services provided. I am just going sort of think through as I talk to you.

The security one. Clearly, a tax on providing security in airports has a specific benefit to the passengers. It might be argued that that is the only beneficiary, but you could also probably mount an argument that has a broader societal benefit even to those not using the airport services and to the non-passengers, to the people that work there, to the adjoining communities, et cetera, in terms of maybe even real estate values when you start thinking it through. So depending on how you construct who the beneficiaries are

of a specific service and how widely you see the benefits flowing, you can then think through what the proper source or mix of revenues to support that could be.

I am just giving you an example of some of the policy considerations or concepts that could be applied to how you look at a service and the revenue to support it, but in government, generally, I think the theory of public finance would generally be that where government is providing public goods where the community as a whole is a beneficiary, those should come out of general revenues that are paid through some form of taxation, and then people would argue what they think is a fair system of taxation, how progressive it should be, and what the fairness.

There is the whole debate about the philosophical underpinnings of fairness in taxation, and there are lots of different schools of thought there. There is no pure school on that, but generally you want the citizens to provide tax contributions to government to provide for public goods that benefit the whole community. There is a great range of goods that we provide through government from goods that are quite specific and benefit only certain groups in society narrowly to goods that have a broader benefit to society.

Now most governments do not proceed at that high theoretical level. They would sort of take it on a case-by-case basis.

Madam Chairperson: The hour being 5 p.m., it is time for Private Members' Business.

Committee rise.

EXECUTIVE COUNCIL

* (14:40)

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 for Executive Council. Would the Premier's staff please enter the Chamber. We are on page 21 of the Estimates book. It has been agreed to proceed on a global rather than on a line-by-line basis.

Hon. Gary Doer (Premier): I am just bringing in a list of the deputy ministers. There was just a comment previous administration versus current. That is not necessary. We had 23 deputy ministers on September 1, 1999. We have 18 now. I will provide a list of the individual names. I will provide and table those with the current and previous delineations out, because September 1, 1999, is obvious.

Hon. Jon Gerrard (River Heights): The Premier, who has overall responsibility for intergovernmental affairs and dealings with the federal government, is, of course, very involved and concerned about programs like Equalization Program, and I think that this equalization transfer from the federal government, which I think last year was about \$1.3 billion, is, as I understand it, to be used to make sure that provinces like Manitoba have services and provision of services which are similar to the wealthier provinces. I would just like to have that understanding confirmed, first of all, before I ask further questions from the Premier.

Mr. Doer: The Constitution of Canada is pretty self-evident. The member would know that. It does not, by the way, contain a cap.

Mr. Gerrard: My follow-up question in this regard has to do with just how and where those dollars which are part of equalization are used in terms of Manitoba expenditures. It would be my guess that the Premier would consider that they are to be used for services and not, for example, in paying down of debt which has accumulated, for instance, from the last administration in the late eighties and early nineties.

Mr. Doer: That is not a presumption that is in the Constitution. Secondly, the payment of debt ultimately will lead to lower interest costs in our Budget. The member will probably know that lower interest costs in the Budget will result in more discretionary spending for the services that equalization speaks to. Provinces in Canada, I mean, in the first actual province in Canada the '88-89 budget was \$55-million surplus identified by Fred Jackson in those accounts which was ultimately changed by the Manness budget. Then again in '94-95 Saskatchewan and '95-96 Manitoba, primarily with utilization in '95-96 it was a lottery fund that was moved over. Then in

'96-97 it was the telephone fund. But in later years it was revenues somewhat generated from the Fiscal Stabilization Fund.

We think that paying down the debt—and let us look at the other side of that—for 40 years there was no payment of civil servants' pension. But we do not think that is the opposite to the direction of providing more finances for services for people. In fact, Manitoba is shortly within the striking distance of having the second-lowest debt costs on an operating budget per capita basis. In the end, provinces like British Columbia, maybe Ontario, that run large debts and have deeper tax cuts, I think are having short-term gain for long-term pain. Again, the Constitution is general on this issue and not specific.

Mr. Gerrard: It is my understanding and my interpretation of some of the comments that are made in the Legislature by members of the Government that there are certain areas which clearly the equalization expenditures are not being used for, at least by interpretation of the comments. I would provide as an example, there has been very clear indication in the last few days that there is no federal funding whatsoever going into the provision of chiropractic services in this province. My interpretation would be that none of the equalization transfers would be used for this purpose. Is that correct?

Mr. Doer: The member opposite will know that this is not covered under the Canada Health Act. So, if it is not covered under the Canada Health Act here or in Alberta, the comparable services, the comparable taxation rates—the only way to deal with that service is to put it under the Canada Health Act. Otherwise you would have a totally opposite result to what the principle of equalization is. You would have one province under a Canada Health Act and then another province, you know, one province paying for chiropractic services that does not get equalization and another province paying for it that does. That is not the whole intent or the constitutional language of equalization. To try to project that this is under the Canada Health Act is wrong.

Secondly, it is an area that the Romanow Commission is looking at, the whole area of what is under the act. The member opposite

would know that, in 1997, the former minister campaigned on covering, under the Canada Health Act, the national Pharmacare plan and a home care plan. They did not campaign on chiropractic services. So they are not covered under the Canada Health Act, plain and simple.

Mr. Gerrard: My question was not whether or not it is covered under The Health Act, but whether or not there are funds from equalization which contribute to the payments to chiropractors and chiropractic services in this province.

Mr. Doer: Well, again, consistent with the constitutional language, there are provinces that receive equalization that put no money in chiropractic services, and there are provinces that receive equalization payments that do put money into the chiropractic services, and it is to be considered comparable services at comparable taxation rates, and it is not covered under the Canada Health Act.

I do not want the member to say now that it is because that would be wrong. We are putting money into chiropractic co-payments, but it is not covered under the Canada Health Act. The Romanow Commission was created to look at what services are sustainable in one of the terms of reference. So, presumably, he is going to come back, and this is a commission of the federal government, and tell us or recommend to Canada, to the Prime Minister, what services are going to be covered under our renewed Canada Health Act or what ones will not, but, right now, chiropractic services are not covered.

Mr. Gerrard: Irrespective of whether they are covered or not, in spite of the fact that they are not covered under the Canada Health Act, the question which I asked was: Are some of the equalization funds being used to provide chiropractic services in Manitoba?

Mr. Doer: The equalization money has to be booked as general revenue under the rules of the auditor. It cannot be put into little dedicated funds. It cannot be divided up like a little piece of pizza into specific categories. The Canada Health Act and the CHST are specific federal-provincial programs that have specific amounts

of money that are delineated in a budget in a very specific way.

Mr. Gerrard: So what I interpret you to say is that the funds received under equalization are distributed equitably throughout all the programs and services, including debt servicing that the provincial government provides for in its Budget.

Mr. Doer: Well, if the member opposite will note that \$288 million is the proposed budgetary draw from Hydro. That equals three years of debt payment.

Mr. Gerrard: I am not entirely sure how the last comment is relevant to the question which I asked, which is just to get an understanding of the equalization dollars which are provided through the equalization program. My interpretation and understanding based on the Premier's comments are that the equalization dollars which are received essentially come into general revenue, then, as our general revenue expenditures are portioned out after, in an equitable fashion, into all programs that are being funded by the provincial government, with the exception of those programs which do have some specific targeted dollars.

Mr. Doer: We cannot break it down like that. The bottom line is, you know, I am not going to contradict the Constitution of Canada, and there are some provinces, quite a few provinces that receive equalization and do not have any co-payment to chiropractic services.

Mr. Gerrard: So my interpretation is that the equalization funding would contribute to the provision of health and education services among other services in the province of Manitoba. Is that correct?

Mr. Doer: Your interpretation should be consistent with the Canadian Constitution.

Mr. Gerrard: It is my understanding that that interpretation is consistent with the Constitution, and that is that the equalization funding is to be used to make sure there are equitable levels in provisions of services across the country. Those would include the provision of health and education services, building of highways, or

various other services which are provided by the provincial government. Is that not correct?

Mr. Doer: Well, I would suggest the member read the Constitution because he has missed 50 percent of the clause.

Mr. Gerrard: Let me return to the specific issue of health care allocation and provision of services. It is my interpretation of the Constitution and the way that equalization funds are received is that they go into general revenue, that those funds in general revenue are apportioned after allocation of, for instance, dollars from the Canada Health and Social Transfer to health care to provide support in a way that would be somewhat similar to the distribution of funds from general revenue.

* (14:50)

Mr. Doer: Well, Mr. Chair, if one wants to look at the creation of the first equalization program that goes back to the Bracken years and the days of the fight between Ontario and, at that point, Alberta in the Dirty Thirties and then take it forward to the creation of medicare, we had equalization outside of the medicare payments when medicare was created, and equalization was a program of a national vision and medicare was a program of federal-provincial co-operation. At one point, the national distribution system under equalization existed at a 50-50 funding formula under medicare existence. We now have a situation where equalization exists with a cap, which was never a part of the Constitution. So there is a cap, and, secondly, health care has gone down to 14 percent of our funding.

Mr. Gerrard: The Premier mentions a figure which I believe was also mentioned in the budget documents that the federal government provides 14 percent of the funding for health care in Manitoba. It is my calculation that if one looked at solely provincial spending, which may or may not be appropriate in the circumstances, that 14% calculation would suggest that none of the federal equalization payments will go to health care. If the federal equalization payments were included, then, in fact, the federal contribution to health care in Manitoba would be significantly more than 14 percent.

Mr. Doer: That is a Stephane Dion position which of course will allow you to get a better health care system in Alberta. So I reject that totally, and I think that kind of argument is not in the best interests to Manitoba. It might be in the best interests of the federal Liberal Cabinet but not of this Government or the previous government or any other person looking to be government of Manitoba.

Mr. Gerrard: I am seeking clarity in understanding the fiscal arrangements that the Premier has and historically the Government of Manitoba has had with the federal government. I think that it is important. I am not here to defend, on this occasion, either the federal or provincial government but to understand the circumstances. It seems to me that we get ahead better if we have a clearer and a fairer understanding of where funds come from and where they are spent. I am just trying to understand the accuracy or lack of it of the figure which was in the Budget at 14 percent.

It is my interpretation from what the Premier said and the budget documents have said that the sole allocation that the Province considers from the federal government to health care in Manitoba is that which comes as part of that 14% calculation and that none of the equalization spending would therefore be contributing any way to health care in this province.

Mr. Doer: Again, to look at that system, the federal government receives net revenues from different provinces from income tax and redistributes them to other provinces for purposes of the constitutional requirements. If we want to spend the time on this, our people for example put all kinds of money into the unemployment insurance plan, the EI plan, the Employment Insurance plan now they call it. So Manitoba is a net contributor here in equalization. You know, it is our income tax going to Ottawa. This is a formula based on revenue generated across this country and revenue returned in an equitable way. It is not like the federal government has a hot dog stand in Britain and generating all this revenue that it distributes back here.

So if we look at EI and something else, this is another program. The purpose of equalization

is those provinces that send more money to Ottawa, some of that is redistributed. And it varies. Alberta was one of the initial recipients of equalization. Now it is a net contributor to equalization. You know, B.C. has switched around. There could be another situation down the road if hydrogen is developed and oil and energy is no longer a requirement for cars, then Manitoba could be paying in and Alberta could be receiving out. We would hope that would not be deducted from Alberta's health care treatment.

Mr. Gerrard: I would pick up on the last comment by the Premier talking about hydrogen. I looked through the budget speech, and I did not see a reference to hydrogen. I would know that the Premier has been a champion of energy, of hydrogen production and of a hydrogen economy, so I would ask the Premier if he could provide some more details of his strategic plan for the development of, as it were, a hydrogen economy or whatever it is that his goal is and what steps are being taken to move us in that direction.

Mr. Doer: We have an office of energy development that is working and going to be working on ethanol. It is going to be working on alternative fuels, wind power. It has been working on hydrogen opportunities, is working on ideas for attracting businesses to Manitoba with lower energy costs. It is looking at making sure that we implement some of the components of the Climate Change Task Force. You will find some of that in the Climate Change Task Force. You will see some of that in the Speech from the Throne.

It is an evolutionary issue, but we believe that with power and water Manitoba down the road has to be interested and involved in this capacity. We are obviously working with Manitoba Hydro as well. We even explored recently opportunities at Pinawa. The member would be aware of that, having been on the old ministerial task force on Pinawa. Are there opportunities there at that site? We are looking for any opportunity here. We have discussions that I cannot go any further with right now because they are still not announceable, but we are working on a number of ideas.

Mr. Gerrard: I would thank the Premier for his comments, development and positioning of

Manitoba in an advantageous position to use hydrogen to capture the benefits for Manitoba of what may evolve in the short or perhaps more probably over the long run into an economy which uses increasing amounts of hydrogen.

I would ask the Premier for a little more detail in some of the particular steps the Premier sees as important in positioning Manitoba in this area so that Manitoba can be a lead province.

Mr. Doer: One of the steps was to have a public consultation called the Climate Change Task Force. The second step is to publicly state it is an opportunity and be out there speaking about it. The third step is to work with the Hydro people who initially were working on a much longer time frame and much more skepticism on the idea. The fourth step is to refer some ideas to the chair of the Hydro board, and fifthly to establish an energy capacity here to attract businesses to Manitoba on the basis of lower energy. For example, the same kind of office that we had previously on call centres we want to use on energy opportunities.

* (15:00)

We finally have some people. We have hired some people who have some expertise in hydrogen technology and are working on it. We have taken some specific steps to be positioned. As I said, there are no announceables now, but we are certainly aware of the bus manufacturing and other potential opportunities. We have been involved recently with Kraus and some of the challenges they had. There are a number of measures we are taking in detail, some of which, as I say, are not announceable yet because they might compromise some other commercial discussions we are having.

We do have an energy authority office now which we did not have when we came into office. We think the call centre industry is doing well on its own. We certainly have good people there. At one point there was a lot of emphasis there. We are not saying the other activity is not important for us; it is. All activity is important, but we are trying to bump up the profile and the resources around this initiative.

Mr. Gerrard: There has been clearly a lot of talk and comment about hydrogen fuel cells and

the role they might have in powering automobiles or buses or in power plants. I would ask the Premier what he sees in terms of the role of hydrogen fuel cells and what steps are being taken to position Manitoba, if this is an important ingredient of the hydrogen economy.

Mr. Doer: I have provided direction to the various entities in government to start working on it. I think the activity level was low when we came into office. I think we are ramping up some of the activity and some of the research and some of the work on it.

I think that in North America power is necessary to develop hydrogen fuel cells and water. I think there will be a commercial consumer-environmental debate whether the environmentally positive product is going to be generated with environmentally friendly renewable resources or whether it is going to be generated with fossil fuels.

I think the industry still has not decided. In places like Iceland and Reykjavik and other places, the hydrogen fuel cell buses that are running on Shell hydrogen this fall are going to be running on fuel cells generated by renewable energy. There are other companies like Mercedes-Benz and other companies that believe that whatever power will produce the fuel cells, that will not matter.

For consumers I think that places like California will want to ensure that there is renewable energy producing the fuel cells of the future. To some degree the companies are now having prototypes. I think the BMW-7 is going to have hydrogen fuel cells next year. We are certainly trying to make sure that we are more aggressive internally and have a strategy that speaks to that issue in government.

Again, there are some initiatives that I cannot speak to right now because they do affect the private sector. Just to give you an example, when we were down in Los Angeles with the Prime Minister and Team West we had a hydrogen fuel cell Flyer bus chaffering around the media. Just to try to show that we work with Ballard and Flyer and to try to make sure that

people in California—we thought that was a good test market for those buses.

Mr. Gerrard: The Premier has referred to the buses. Perhaps he could give us an update on where the hydrogen fuels are being used or tested in Manitoba at the moment.

Mr. Doer: I cannot speak to a company that we are in negotiations with right now.

Mr. Gerrard: I would ask the Premier what role he sees in terms of research and development in this area, whether this is important, whether this is sort of secondary. What is the government view in terms of research and development and importance or lack of it in developing and positioning Manitoba in this area of hydrogen and hydrogen energy?

Mr. Doer: Well, it is our goal to have our R & D based on the potential application of hydrogen fuel cell development. We certainly do not see ourselves in an alpha stage development of the hydrogen fuel cell engine. We would see that very much in the private sector. We do not see ourselves in an alpha stage of the supply system. We would see that in the private sector. We see some of the applications being in the private sector. We want to be there for the application of research that is developed in the private sector. That is why we are increasing our capacity in that area.

Mr. Gerrard: The Premier has referred to the increase in capacity. I would ask whether the Premier can provide details of provincial investments in R & D as it applies to the hydrogen area.

Mr. Doer: There is a research office at Hydro and there is an energy office that we have just established, in I, T and M. So, I will provide the specifics to the member.

There is no R & D in my office in these Estimates we are discussing before us which, by the way, has a decrease in spending which I thought the member would pass right away. We can pass them right now if you want.

Mr. Gerrard: I compliment the Premier for decreasing spending although I note that sometimes it is possible for expenses that might have

gone under the Executive Council to go in other directions, not in any way inferring that the Premier would be considering spending in a major way or de-expenditures through the Executive Council.

But I do think that the Premier has taken a leadership role in terms of hydrogen, that it is important in terms of providing a vision of where Manitoba is going, that there be an understanding of the Premier's thoughts in this area.

I would move to one of the subjects which the Premier himself brought up in an earlier comment, and that is the future of Pinawa and whether the Premier sees any role in what is happening or what could happen in Pinawa in this area of hydrogen energy.

Mr. Doer: We certainly had a meeting with our people from energy and their people. I do not want to create any false expectations, because I think the member will know that Pinawa has gone through a lot of false starts on different things. We are working on a number of different ideas, potential ideas for Pinawa. We would like to use, subject to the agreement of AECL, a model similar to Southport where we try to get that campus available for purposes of economic development, the area that is not located on or near the waste issues that have to be dealt with.

We are trying to work with the mayor on his nine-point plan which we think has some sensible ideas. I have been out there three times since we have been elected and I will continue to go out there to try to make sure we can move the files along with the various partners. The last issue we are dealing with is, and I raise this with the federal minister, we had money that the provincial government paid as part of a partnership agreement on the next stage. The last briefing I had, we had not received anything from the federal government after they promised it prior to the 2000 election.

* (15:10)

Mr. Gerrard: Just to bring back to the specific issue of hydrogen and development of expertise and potential in Manitoba, in the exploration that the Premier has had with people in Pinawa, does there appear to be a fit in any way with expertise and potential there in terms of advancing an

agenda which the Premier has talked about, and that is to position Manitoba at the forefront of initiatives related to the use of hydrogen fuel and hydrogen economy?

Mr. Doer: Yes, we have talked to scientists at Pinawa, AECL that are presently working with hydrogen for part of their nuclear objectives. We have proposed some partnerships with us on going further, and I am not sure of the status of that. I have not been briefed in the last couple of weeks on it, but certainly there was a preliminary meeting on it, and we have made the approach. I am sure it will go back to Chalk River and then up to Ottawa, and I am not sure where it will end up, but we have approached them on are there some opportunities here for both the community and for hydrogen development?

Their hydrogen work is quite dramatic, as the member knows. When they utilize hydrogen, it is quite an explosion. Not that that is very good for selling for somebody driving a car, but there is obviously a capacity of technology there. We have certainly opened up the door to try to work with some of the people there. We will have to wait and see what happens. There is another issue here, and that is: Are they going to be involved in using a different power source for hydrogen development than what we had intended? Secondly, there is one thing in common, that is the water, and the second thing in common is the appreciation of their scientists of how, over the long haul, this is going to be a very effective fuel.

Mr. Gerrard: The Premier, in talking about Pinawa, had mentioned material which he has received from the mayor and discussions which he has had with various people in Pinawa. Of course, it has been a bit of a complex issue, but I would ask the Premier to provide a little bit more detail on the elements that he thinks need to come together in terms of providing an improved future for Pinawa, which might include this area of hydrogen.

Mr. Doer: Well, we are working out the mayor's nine-point plan, and hydrogen was one of those areas that we explored the last time we were there with the mayor and the community. We are still, as I say, waiting for the federal money that

was promised before the year 2000 and regrettably, has not been put in. That is still part of some of the feasibility money.

One of the issues that is a problem, and we are trying to resolve with the federal government, is the whole issue of how do you start a new business with people at Pinawa or other interested bodies that want to go into Pinawa, and how do you get title to an investment you make on that site. That is why we have looked at certain models like Southport for purposes of making investment decisions with some kind of ownership stability or equity stability for the investment company. I mean, there have been some improvements.

We worked very hard with Acision, as the member knows, for the E-beam technology with Air Canada, talked to Robert Giguere yesterday, and they were pretty excited about that. That has been one that we would hope that would have some advantages, given all the scientists and some of the proponents are from Pinawa. So that is one project we have got off the ground since we have been elected, but we think there are lots more, and we are working off the mayor's nine-point plan.

We need a stronger federal partner because they feel a little disappointed about the commitment that was away before 2000 from the late David Ifody and the agreement that Mr. Praznik signed with Mr. Ifody. The provincial share is there; the federal share is not.

Mr. Gerrard: As the Premier knows, it seems to me it was a year or so ago, maybe it was early last fall, we were down in Ottawa, and we were having discussions which related at that point to the situation around September 11. One of the items that we talked about was that the all-party task force might have a meeting with the federal Minister of Natural Resources and pursue in a vigorous way the opportunities in Pinawa and bring what leverage one can bring in an all-party approach to issues like this. So I would ask the Premier what his thoughts are at this time and what his approach is.

Mr. Doer: Well we did not get the meeting with Mr. Goodale, and that portfolio has now been transferred to Mr. Dhaliwal. I will inquire about

that but it certainly it is an issue for us. I will inquire on the status of that meeting. I would like an all-party approach to this as well, because I think the people in Pinawa want all of us working together for their future.

Pinawa represents the largest R & D investment in Manitoba and it has just been pulled out from under the people of this province with very little aid transition compared to the Ottawa Valley projects in the past and with very little comparable R & D to come into Manitoba. It has been a huge erosion of brain-power that the federal government invested in the past, as the member knows.

Mr. Gerrard: I think it is in the interests of all Manitobans that we see what can be done, not only in terms of helping people in Pinawa, but in facilitating a situation where Pinawa can play an important role in a major element of the future of Manitoba. We have talked about hydrogen as one example.

Of course there is a variety of other research expertise still in Pinawa. So I would certainly welcome the Premier taking that up and looking at what is possible with the new Minister of Natural Resources and others at the federal level. I think that clearly the Minister of Natural Resources, who has the direct responsibility, would be a good individual to meet with and to have some serious conversations with in terms of moving this area forward.

Mr. Doer: I will try to do that, I think it is important. It is one of the items that we have committed ourselves to from the nine-point plan from the mayor. I know Mr. Dhaliwal. I am sure the member opposite does. I have met him before at previous social events, close to New Year's Eve, I think, one year, if I am not mistaken.

Mr. Gerrard: I want to bring up another important item which is an intergovernmental item at this point and that is a situation that we have been dealing with in the last few days because of the farm bill in the United States.

There has been clearly a lot of concern about the impact that this will have. What I would ask the Premier is: There have been figures of—

think it was in the \$300 millions of dollars, \$325 to \$345 million or perhaps more, in terms of problems that will cause for Manitoba. Is that figure for this fiscal year which we are now in or for which period is that?

* (15:20)

Mr. Doer: Because of the fact that the bill was just passed and signed into law, the existing grain and oilseeds sector which received—when the bill was passed in the Senate and Congress, there was a decrease in the prices. So, already that has had an impact on Canadian producers.

Secondly, there is still a judgment about how many farmers the United States can ramp up to provide the pulse crops at this late date of peas and lentils, but there is a feeling that over time that that will definitely happen. Obviously, even the existing peas and lentils in the United States' pulse crops will have an impact. Thirdly, the bill of origin and its regulations come into effect, as the member probably knows, in the year '04. So there is a longer-term element to this bill that is all negative.

We have said to the people that we would prefer to have the final numbers agreed upon between ourselves and Ottawa, and I think I said that in Question Period, but our preliminary Estimates from Agriculture is a range of 325 to 345 over and above the existing 250, because the existing 250 has now been put into the bill, the ad hoc payments are now into the bill in the grain and oilseeds sector. What part of the 225 to 345 will be in place or affect farmers this year will, to some degree, depend on the volume of pulse crops in the United States when that regulation flows to those new crops and, thirdly, what the impact of the growing behaviour, because subsidies obviously change farming decisions made on crops. So the more volume you have, you get hit both ways. You get hit with the price on the subsidy, and then you get hit on the volume because of the subsidies in the States that flooded the international market.

That is a long answer to your question, but I think it explains this kind of. I mean, we feel that it is a minimum of 250, and it could be up to 345. The answer to your question about when that will take place will very much depend on

some of these regulatory provisions on the date of the new crops and some of the regulatory impacts on both prices, which it will affect in the short term, and volume, which will be more medium term.

Mr. Gerrard: The Premier has commented that, given the lateness in the season, most of United States' agricultural area would be planted for this year already, that the impact on pulse crops in the United States maybe, in fact, could end up being relatively small for this planting season. Is that essentially what I hear you are saying?

Mr. Doer: Well, it could affect price. As I say, volume could be impacted more next year. A subsidy distorts prices, and distortions of prices affect income of our producers. So it is a bit of both, but the crop impact is more on the volume side next year, we think, but, again, the detail of this, as I say, the country of origin is 2004, I believe, so there are measures in here that we are going to have to manage over the next three years at least, if not the whole seven years of the remainder of this bill.

Mr. Gerrard: Just another comment that the Premier made relates to the regulations. Is it correct that many of the regulations under this bill are not yet announced or clear?

Mr. Doer: Both announced and clear, but what is clear is they have specifically, in legislation, dealt with the expansion of this bill to include pulse crops and that they are including a section on the bill on country of origin. Those will be developed for the 2004 year if they do not do it ahead of time. The 2002 year, of course, is the mid-term election, and 2004 is the presidential election. It is all tied, as the member knows, to electoral politics in the United States, we think. There is no economic logic to this or no trade logic. It is all partisan political pork-barrel politics.

Mr. Gerrard: Just to clarify the point in terms of some of the rules, although the framework clearly will cover pulse crops and a variety of other circumstances, the overall amount is clearly there, but some of the rules in terms of how the amount will be apportioned and whether

guidelines are still to be determined. Is that correct?

Mr. Doer: Well, pulse crops are covered. Those guidelines are clear, they are covered. Its impact on the market will be, first, a subsidy distorts prices, and then secondly it distorts growing patterns. The growing pattern will be probably more later, i.e., next year. I think mostly next year. I should make sure. I should check with my agricultural officials about winter crop conditions. I know there are winter crops in the States as opposed to Canada, but the bottom line is it is not good news any way we look at it, as the member knows and spoke about yesterday.

Mr. Gerrard: I thank the Premier. In terms of how we approach this in the all-party efforts, I think it is important that we have clarity, that there is also clarity, for example, for Manitoba farmers, who are looking at planting at the moment. There is certainly a degree of uncertainty which is coming from this bill, but it may be that it will have a little less impact this year because of when the measures come into effect and because of the planting season. In terms of Manitoba farmers, many of whom are still going into the field as we speak, there may not be as large an impact on this crop year as would be next year, for example.

Mr. Doer: I think the impact will be greater next year, but I think the impact is negative this year as well.

Mr. Gerrard: In terms of the overall impact, clearly the major impact of this bill will be on prices. As you have said, subsidy distorts prices, but there are clearly other major impacts on prices, major drought in one of the major growing areas of the world, for example. The overall impact of this will depend on what happens to agricultural crop supplies throughout the world and what happens overall to prices.

So it would be my estimate, I mean there could be quite a range of impacts. On the one hand, the numbers you have provided might be very much understated. The level of effect on the Manitoba economy could be much larger, or on the other hand if there was a huge drought in the United States covering major food producing areas, for example, and there were shortages of

some, in fact the overall impact would be perhaps less. The program that will provide a level of support to farmers that is needed may have to be to some extent flexible to take into account exactly what happens over the succeeding next several years.

Mr. Doer: There is no question, the weather affects supply and subsidies affect volume. If all things are equal, this is a very, very negative bill for Canadian producers. On the other hand, on the other side of that equation, if the American weather conditions are perfect, it will even be more of a problem for us. They will be generating products that are paid for and subsidized per bushel and lowering the international price and by definition hurting our producers more. So, anyway we cut it, there is not a lot of good news in this bill. It is pretty negative.

The degree of impact obviously depends upon and still will depend upon the country-of-origin issue and how that is going to deal with the livestock market. This is still, even besides weather, a big issue. I am sure the Leader will hear this when we go to Regina or Saskatoon for a subsequent meeting with our producers with an all-party delegation.

* (15:30)

Mr. Gerrard: In the emerging situation, clearly it is of great concern to people in Manitoba and to Manitoba producers and to all sorts of other people who are involved in industries which in one way or another are dependent on a vibrant farm sector in this province. That clearly is an area which we need to figure out a very substantial and effective approach. Clearly, there are many other countries as well as provinces which are put at risk by these measures, the Cairns Group, countries in Africa which are struggling to produce agricultural product and be able to have markets for which they can get a reasonable price for it and so on around the world, countries which like us cannot afford to provide the level of subsidies that is in the United States.

So I would just ask the Premier whether his contacts with members of the federal government, the potential for partnerships among many

countries around the world to bring effective measures to counter the U.S. trade bill is being explored.

Mr. Doer: I know the Prime Minister raised this, and I have had a conversation with the Prime Minister with President Bush in his first meeting. I know he raised this with President Putin when we were meeting with him in Russia. I know he raised this with Chancellor Schroeder when we were meeting all the Premiers and the Prime Minister with the German group.

There is a real concern on the new eastern bloc countries joining the European Common Union and what will be the policies in place there. I have to say that I think this impact of this U.S. farm bill will be very negative on our trading partners and our Cairns Group.

If you look at some of the preliminary agreements reached last year at Dubai, I think this next German election the Christian Democrat, the Conservative candidate is more protectionist than the existing Social Democratic president or Chancellor of Germany. He basically said that when both Premier Calvert and I raised agricultural issues with him, the candidate Doctor Schroeder. I know the Prime Minister has raised this with people. I think the European Common Union were going along with the reduction of subsidies. I met with Agriculture Minister Fischler, the European Common Union member. They were moving from the Mexico City meeting, and I think this has just really, really put back trade liberalization and trade subsidies in a mammoth way. The European common union countries are going to ratchet up their subsidies or keep their subsidies high, and the domestic political agenda, the U.S. Congress, Senate and President, now is going to be very negative in my view.

The response of the European national governments is going to be matching the American national government, and then it remains for the Canadian farmer whether our national government is going to match them or let our farmers not have this injury payment and abandon them. It is pretty fundamental right now. I know the Prime Minister has talked to President Bush about this, I am sure they have

talked at all levels. There is even a spec piece in one of the national papers, I have not had a chance to read it yet, about Canada's frustration in dealing with the U.S. government.

Mr. Gerrard: Just in closing, I would say I look forward to working with the Premier and the Leader of the Opposition on behalf of Canadian farmers and Manitoba producers and people in Manitoba to try and see what can be done in this area.

It is, clearly, from the point of view of trade practices, a terrible thing that the U.S. has done, and perhaps one can only hope that the type of approach that has been taken can be exposed as being so totally wrong that maybe it will move people to act at the WTO and NAFTA to get some more sense into agricultural trade practices around the world. Thank you.

Mr. Doer: I will table the April 29 deputy minister list and the September 1 deputy minister list, and I will keep one copy for myself in case I do not have it memorized. It is always a good policy.

You will find they have reduced the deputy ministers by five. They are primarily in the areas of office we combined. There were two deputy ministers in Finance, one of which we did not know when we were in opposition, actually Mr. Rubrick, and it was quite a surprise when we were first meeting with deputies. I thought I knew everybody in government, not that he was not an interesting individual. Then you will find the list of the current deputy ministers in government. We combined the environment and natural resources from one. We combined Education and Training and Education into one deputy. We combined the two Finance deputy ministers into one. We combined Housing and Family Services into one department. That reduced it by four. Mr. Leitch and Mr. Eldridge were two deputy ministers. We went down to one. They are all overworked, starting with Mr. Eldridge.

Mr. Murray: I wondered if the Premier could indicate whether Mr. Eugene Kostyra is considered a member of the Premier's staff.

Mr. Doer: He is Industry, Trade and Mines Department.

Mr. Murray: And therefore would not be considered a member of the Premier's senior staff?

Mr. Doer: The term senior staff could be misleading. Yesterday I met with two deputies on an announcement on a development. A couple of days before I met with two deputy ministers. I meet with Mr. Kostyra from time to time. Today we had a meeting with the president of a railway and we met together.

Mr. Murray: I wondered if the Premier could give a detailed response or a detailed accounting of what the responsibilities of Mr. Kostyra are.

* (15:40)

Mr. Doer: As I said, the individual resides in the Department of Industry, Trade and Mines. I am sure the minister will be able to explain that in those Estimates. The whole issue of staffing, my practice is to deal with people. For example the previous Premier used to meet with Mr. Benson on a daily basis, the Secretary of the Treasury Board. That was his style.

I have my own operational style. I worked with Mr. Kostyra or Mr. Eliason, for example, on bus companies. We dealt together along with Mr. Kilgour, a whole team of people. Often we are dealing with a team of individuals from I, T and M. I am meeting with different people on different briefings. He is in the Industry, Trade and Mines Department.

The Member for St. Norbert (Mr. Laurendeau) is here now. The last time there was an allegation of Mr. Kostyra, allegedly he was briefing City Council on the True North deal. So he has a reputation that far exceeds the human possibilities of any individual, dare I say it, in Manitoba. I thank the Member for St. Norbert for that flattering suggestion that he was as we spoke the last time I did the Premier's Estimates, and I am just going by memory here, but literally briefing the City Council. I think we found out that it was not true. I know he was actually in another meeting, briefing the briefer of the briefing.

An Honourable Member: Oh, is that where he was?

Mr. Doer: No, those are your words, not mine. I have enough fantasies of my own without dealing with the members of the opposite side.

Mr. Chairperson: Are you ready, the honourable Leader of the Opposition.

Mr. Stuart Murray (Leader of the Official Opposition): You bet I am, Mr. Chair. Thank you so much for that enthusiastic introduction. Could the Premier indicate whether, in addition to his salary which I believe you have—I will check my records whether you have provided it or not, but does Mr. Kostyra receive any additional benefits, to the Premier's knowledge?

Mr. Doer: Additional payments was the term, I think, you used before. There is no additional payments made to him. I mean, he has got a pension plan, for example, not the comparable pension plan to Mr. Benson. It is inferior, not superior.

Mr. Murray: That, of course, is always in the eyes of the beholder of the pension plan, Mr. Chairman.

Mr. Doer: The employer's portion is 12 percent. It is a lot superior to 7 percent or 6 percent, whatever the number is. It is not a perception issue at that point. It is actual, real cash, down the road.

Mr. Murray: I understand that there has always been a long, sort of understanding or a policy concerning the renovation of offices within the Legislature. I just wondered, since assuming office, that being, I guess, officially, in November, I think it was, of '99, could the Premier indicate whether any work has been done on his office or offices of any members of the senior staff?

Mr. Doer: There is no such thing as "his" office. I do not own the office. It is owned by the people of Manitoba, first of all. It is a building, an historic building. The answer is no. I will check on the other staff, but there is a schedule of renovations that go right back to opposition

caucus rooms, opposition offices, that is determined sometimes well before governments change office. But the answer to the question is there has been no renovations in the Premier's office and no known renovations in the Cabinet office.

In fact, I think, the two paintings on the wall were both donated, one by Jesse Ventura and one by Paul Okalik from Nunavut. I could not find the hockey one, the one that Ducharme had and that the former premier had. I was looking for that ball hockey one, the Paquette painting, but I do not know where that is, and Harry Enns's buffalo head.

Mr. Murray: I assume that the picture of Mr. Ventura, not having been into the people's office, but I would assume that the picture of Mr. Ventura would be to the right of the Premier as he sits at his desk.

Mr. Doer: The picture is right behind my desk, and it is a gift from the people of Minnesota.

Mr. Murray: I am delighted to have conversations that are all about the people of Manitoba and the people of Minnesota. I think that it is always very interesting when we get to talking about where the people stand, where the people sit and, in this case, where the people hang their pictures in their office.

I wondered if the Premier could indicate: Was he aware of the policy with respect to the government jet when he assumed the people's office and became the Premier of Manitoba?

Mr. Doer: Well, I was aware of it when I was in opposition. I had travelled on the jet. Actually, I travelled, I think, more on the jet pure miles when I was in opposition than since I have been Premier. I would have to check that out.

Mr. Murray: Well, I am delighted I have something to look forward to in that case.

What is the current Premier's policy with respect to the government, I will say jet, but I am including in that the government aircraft, if it is a King Air or what it might be?

Mr. Doer: Well, I very rarely use it. The former premier used to take it to Western Premiers' meetings, premiers' meetings. I know that we went to Meech Lake and back in the government jet with Mrs. Carstairs. I normally use commercial aircraft and very rarely use the government jet. I know that I have used it, for example, to go to Duluth when I had to give a speech on the Great Lakes states, but the requirement for medivacs, the odd time I have had to use it and I have been bumped off of it because of medivacs and that is fair enough. That means that if you have to make a speech, you cannot rely on it.

Mr. Murray: *[interjection]* I will not touch that line actually, if you do not mind. Sorry.

Mr. Chair, I just wonder if the Premier could provide for the committee a list of the number of times he has used the government airplane, and, again, I include in that whether it has been a chartered aircraft or the government jet, if he could describe the purpose of the trip and also include in that the number of people, the names of the people who travelled with him.

Mr. Doer: Yes, I would be on one hand in a period of time. As I say, the Clerk of Cabinet could tell you that I use it a lot less than my predecessor. I know that the practice of using the government jets is under review, given what happened with the decision that was made not by the Lieutenant-Governor, by the way, but by somebody else. The practice is under review, and I am certainly awaiting that.

I know that I have been bumped from the plane before and because of that I always use commercial airfare, unless I am in the House and I have to go to something that is really hard to get to in the evening and come back in the evening. Very rarely do I use it. I prefer to go to places and not leave that evening. So most times I go north, I take a sched flight. I think the only exception of that was an event at The Pas in the last while, the exception also it was on Friday when we had no time to get ready. Now that is the circumstances, but I think it is on one hand.

* (15:50)

I know I use it a lot less than my predecessor because I have been told that by staff, that I should take, for example, the jet to—last year I was advised that, to the western governors' meeting, I should use the plane because it was always used by my predecessor to go to the western governors' meeting. Instead of going, I did not do that, and every other premier took a plane there. I flew to Minneapolis over Saturday night, Minneapolis, Seattle and drove in—*[interjection]* or Spokane, rather, and then drove in to Coeur d'Alene. I was travelling so much I do not know where I went.

I can line things up from my predecessor and myself and be fairly confident, but the criteria you are using—*[interjection]* What is that? Oh, now, I did not say that. I did not say that. He did not say charter that plane, and it would not have made it over the ocean. He would have ended up in Greenland.

There is a problem when you have to make a decision to go to a place and you could be and should be, if there is a medivac, bumped. So they are primarily used for medivac. Alberta has a King Air. You saw the plane on the runway. The King Air is owned by the Department of Intergovernmental Affairs and used by the Premier of Alberta. I can tell you when we had the event in Gimli, there were three or four airplanes there from each province. But Manitoba is lucky. We are lucky we have very good air connections for the commercial airlines right from here, and I normally use those. I think it is advantageous to use it because you have to have time to sit in the plane and read the stuff you need for the next meeting.

The medivac situation should be and is, for me, the first priority.

Mr. Murray: Is that the same sort of policy that your ministers have?

Mr. Doer: There are different events, for example, in the North, and I think that our ministers use the same policies as the previous government. It is all under review now. In all fairness to the—and I want to say this in these Estimates. The newspaper said: probably did not know, for the L-G with that very tragic incident

in Flin Flon. I believe he did not know and was not aware.

This is the problem when you have one medivac already out doing a medivac and then a second medivac that might be carrying an individual, a Cabinet minister, whoever you are, the Queen's representative, is supposed to be absolutely dropped off at the place and the medivac goes.

That has happened to me. I know it has happened to Mr. Filmon before me. I know it has happened to Cabinet ministers, and that is the practice. That is why we are reviewing it. We do not know what went wrong. I certainly know that the L-G was not making that decision, in all fairness to him. I know that tragedy is awful, and we have to find out why it happened. But it was not the Lieutenant-Governor of Manitoba making that decision. That is why it is under review.

Mr. Murray: Just on that incident, the Premier made reference to the fact that it is being reviewed. Certainly I would like to know what the policy of this Government was with respect to government aircraft and its function as an air ambulance at that time. If he could provide that, I would appreciate that.

I am also going to ask him, if this is under review, what is the time line to come back with a policy and when he—well, I will end it there and I will hear his answer.

Mr. Doer: The Minister of Transportation (Mr. Ashton) is responsible for that review with Mr. Berezuk and the deputy minister of Transportation. That review—there are two parts to it: what is the policy and was it followed and were the right judgments made in that policy. That I will find out from the Minister of Transportation, but he can certainly provide that to you or to your critic.

Mr. Murray: Even if the minister would report to the Premier, certainly I would assume that the Premier would have set some time lines on it. I am just wondering if he can tell me what time lines he set with the Minister of Transportation.

Mr. Doer: The time lines are to get the job done properly and make sure the review—there are medical decisions that were made. There were aircraft policies that had to be followed. I expect the report will be done shortly.

Mr. Murray: I just wonder if the First Minister could just tell us a little bit about the visit of Her Majesty the Queen. I know that she is coming to Canada. We are all delighted that she is going to be here. I just wonder if the Premier could indicate the dates and the outlines of what she may be doing and give us an idea, sort of sketch out her program.

Mr. Doer: The eighth and ninth are the macro dates. The specifics of the events and the number of events are still being discussed by the protocol people in Her Majesty's office and our protocol people and the federal government's protocol people. The member opposite will be aware of those kinds of arrangements from his previous responsibilities. I think it is safe to say that Her Majesty—how should I say this?—is going to limit her public events, and I think it is also safe to say that we want to maximize the public exposure to Her Majesty in this her 75th year and her 50th year on the throne. That is the existing macro thinking. The only event so far that is a hundred percent sure, and even that is subject to change—we do not tell Her Majesty; we make suggestions and Her Majesty decides. She is, after all, the Queen of Canada and Manitoba. It is in the able hands of our Clerk of Executive Council and our director of protocol, and my only request has been that the maximum opportunity for kids and Manitobans be there for Her Majesty's visit.

I have to tell you there have been a hundred requests for a hundred legitimate reasons to go to a hundred different communities in Manitoba. We do not decide her schedule, and even in Winnipeg we do not decide her schedule. *[interjection]* Dinner in your backyard? The barbecue in your backyard? She said no to it. I do not know. I pushed it and pushed it, but—*[interjection]* I was going to buy the propane. You were going to buy the steaks. She said no.

Mr. Murray: Knowing that there is obviously a lot of detail to be fleshed out, but can the Premier just give a sense—is the idea to try to get

her around the entire province? Is that what you are suggesting?

Mr. Doer: We were told where she is going. She has been to Churchill before, I believe. She has been to other communities besides Winnipeg before; I think Brandon. Her mother, at least, has been to Brandon. We suggested early on to her staff other opportunities outside of Winnipeg, because we would like that to happen. We were told where she is going.

* (16:00)

An Honourable Member: She is not amused?

Mr. Doer: I am only speaking through her staff. We are delighted she is coming to Manitoba. One of the goals we have is if we cannot, for example, get the Queen to a community, can we bring a number of communities to the Queen here in Manitoba. What we would like to do is have some events where she is out in the public with lots of people, kids, maybe being invited from a lot of different communities outside of Winnipeg and inside Winnipeg. We would prefer that, say, at The Forks, we are working on it, but again I do not want to build up hopes and have them dashed, have something that is large so a lot of people can be there, have something here at the Legislative grounds where a lot of people can be there. We do not want kind of the privileged few. We want total Manitoba.

Mr. Murray: Understanding that the Queen and her staff, rightly so, decide what they are going to do, is there an opportunity for Her Majesty to address the Chamber?

Mr. Doer: Her Majesty does not normally address the Chamber. She addresses Parliament and she will address the British Parliament. I will have to find out, but she does not normally address a "subnational government." We do expect to have Her Majesty here at this building and here at these grounds. That is one of the proposals.

She did make it very clear through her staff that she did not want to attend Question Period, and I cannot understand why.

Mr. Murray: I was prepared to give up my chair for that very reason.

I know that the Premier takes his job very seriously. One of the areas, of course, of his responsibility is the selection of individuals to serve as members of the board of directors of the International Peace Gardens. I would wonder if the Premier could indicate to the committee who he has appointed to that to serve on that board and also the length of their terms.

Mr. Doer: I do not recall changes on that board. I do recall trying to get a higher profile for the International Peace Gardens by sponsoring the western premiers and western governors meeting in the Peace Gardens with the ambassadors from the United States and Canada. I am also looking at trying to get another event there at the Peace Gardens in a subsequent date. I will check and see. I do not know who is on the board. I do not recall, but I am not saying I did not if something was routine. But I will double-check that.

Usually when somebody asks a question they know an answer to the question, so the member knows something. We did try to increase the profile. I think there are representatives from the Department of Conservation and environment, the government department, as I recall, because there is some involvement. I know Mr. Bradley Bird, who was working down there in the newspaper there at one point, was making some suggestions to us on proposed investments, particularly on the North Dakota side, to improve the amenities there. I am not aware of an O/C appointment, but I will double-check. If there are any vacancies I will double-check that too. I will report. I will send the member back a note.

Mr. Murray: So in the note it will be those that are currently on, and, if you have appointed any, who they are and their length of term.

Mr. Doer: Yes, I do not recall this matter, but there may have been. I am just not conscious of being directly involved in who are we going to put there, but that is not to say we have not sanctioned somebody. I will double-check that.

Mr. Murray: Is the Premier aware of any discussions or the potential of looking at perhaps putting a monument to 9-11 at the Peace Gardens?

Mr. Doer: We are looking at something for 9-11 at the Peace Gardens, and we are looking at potentially an event there as well.

Mr. Murray: I think that is very commendable. I wonder if the First Minister (Mr. Doer) could perhaps, as best as he can, give us a rough idea of the date and perhaps a little bit of the detail of what might go on there, whether it is a monument or just maybe a bit more detail on it.

Mr. Doer: We are working with North Dakota on dates, close to the September 11th anniversary of that tragedy. I think we are talking about a dignified reminder of what brings our countries together on the anniversary of that tragedy which took place that killed Canadians and Americans and subsequently resulted in loss of life in the conflicts that have taken place since.

Mr. Murray: Could the Premier provide an update on the Garrison project?

Mr. Doer: Well, Garrison has been stopped in the North Dakota state water act. The macro diversion has been stopped. As the member knows, the NAWS project is proceeding for treated water in Minot. The member knows that we are trying to get some improvements to those treated waters. If not, we are looking strongly at legal action, and we have agreed to disagree. Just before the member and I attended the meeting in Washington, the Americans agreed that it would not be without precedent. We have had some discussions with Missouri, at the officials' level, and with Minnesota, at the officials' level, about potential court action.

The second project, obviously, is the Devils Lake outlet. We received a very good environmental assessment report from the EPA out of Colorado, basically taking exactly the same position as Manitoba, that the outlet should not be built, upper-basin storage should be looked at, alternative methods should be looked at to control the water levels, that the corps of engineers was correct on the cost benefit.

Of course, the American politicians in North Dakota totally jumped all over the EPA officials and have said they are going to still proceed unilaterally. So the good news is we are winning on the merit and the substance. The bad news is,

on raw political power, ever since, in June '99, former Governor Schafer declared to former Premier Filmon that they were proceeding unilaterally, we have been only able to stall it. We have not been able to stop it. The lake might go down this year. The same issues of water levels for our system are also a factor in Devils Lake. We expect the water levels to be down this year because it is more of a dish.

Mr. Murray: I was going to ask that because the fact that we do see that if water levels are, as reported by Hydro officials, down a foot and a half, I do not know if there is a sort of direct equation to what might be happening in Devils Lake, but I think that the First Minister, at meetings we have been at, they have talked about sort of that cycle. Within the next six or seven years, I believe, if memory serves, that is a cycle that could ultimately be the opportunity where there will be, rather than a rising of Devils Lake, there will be maybe a dramatic recession of that. So I just wondered: Are you aware or are officials reporting to you, on an ongoing basis, has Devils Lake seen a recession in terms of its level sort of as we speak today?

* (16:10)

Mr. Doer: My officials have reported to us that the real impact of the decrease of water will be more definitive some time in June. The lake has not risen like it has in past springs. The level to which it decreases is still to be determined. There was some weather system throughout our whole system last week.

In '92, '93, Governor Schafer campaigned on and he acknowledges, I do not think it is that funny, but when you remind him, he does laugh and confirm that he did campaign in '92, '93 on the basis of building an inlet to Devils Lake from the Missouri River system to get the water levels up for tourism for fishing. Now he, of course, because of the flooding, wants to build an outlet, so it has been about nine years since the water started to creep up and then really rise.

We think it is going to go. It is going to flatten out and go down, but the politics of this issue are, again, there seems to be an election every two years in North Dakota. It does not become an issue of logic and cost. It becomes an

issue of are you almost of a homeland kind of politics instead of really good thinking.

Obviously, the Environmental Protection Agency report gives us very good, very good legal backing for any future reference. This was a useful document to us last week, and if the politicians would heed the advice, it would even be more useful.

I just got a note. Minnesota has just reaffirmed their support for no Devils Lake outlet. So we have done everything. I mean, when I first became elected Premier, I was actually surprised to hear that Schafer had declared to build the thing unilaterally in June, and then I was informed by Raymond Chrétien that we had to get Minnesota onside. I asked him what we can do. He said the Canadian government is going to work with the Congress and Senate, and our job was to get Missouri and Minnesota on side. We have done that, and it has just been reaffirmed, but I really believe this: Canada has got to fight this, and we are fighting it with everything we have.

Mr. Murray: Could the Premier indicate, and we were at a meeting in Washington where there were obviously discussions with legal counsel on both the NAWS project and Devils Lake, and I just wondered if the Premier could just update the committee. In light of this EPA, I guess, discovery or announcement, could the Premier indicate as to advice or thinking with respect to the legal case that is being built? I know that we are wanting to work sort of in conjunction with Canada on it, but I just wondered, in light of that EPA announcement, could the Premier just indicate to the committee where that might lead us in terms of bolstering our legal argument.

Mr. Doer: The EPA report helps us very much in the Devils Lake issue, and because the Devils Lake inlet has been proposed to be built from the Missouri River system it might have a very small advantage for us with the NAWS project.

The NAWS project, because it is treated water, as you know from the meetings with lawyers, it is more of a risk. We have everything, all 99 percent ready to go with the lawyers. We are just trying to determine what

the impact of a lawsuit is, what is it going to do. Is it going to produce a negotiated result, in which case we have to make sure that Missouri understands that, because you cannot go into a case with another jurisdiction and then have it not carried through completely.

At a certain point when the Estimates are completed, I would not mind having another briefing with the member and with Mr. Brandson, because I will involve them in the decision to go to court before we go and, as I said, when we are in Washington together. We certainly have proceeded from that time to getting everything ready.

Mr. Murray: As best as the Premier can tell the committee, does he still feel that Canada is still very much on side with the process? Does he sense that there has been any deviation, or does he feel pretty strongly that their position is very supportive of Manitoba's position?

Mr. Doer: I think Canada is supporting us. I would say that I think Canada feels pretty overwhelmed by the Canada-U.S. files right now. I think it is safe to say when you look at softwood lumber, the impact of steel, the U.S. farm bill, some other issues, the report today from General Baril, I think it feels pretty overwhelmed right now.

But that does not mean to say we feel overwhelmed here. We will continue to fight the good fight. There is a strategic decision to be made shortly. The strategic decision on Devils Lake has been greatly enhanced by this EPA report in our view, and now the Minnesota confirmation. Minnesota participated in the scoping of the EPA initial report. I remember Governor Ventura saying to Governor Hoeven, you do not have that many lakes; what are you trying to do; drain one, in a way that only he could do it.

So I would like to see this put to bed, the outlet. The NAWS project, because the water is treated, that is not to say it does not have any risk to us, but it is treated water that we are dealing with now that we want to improve or stop. The water is going to be treated and we have monitoring rights to that, and I would like

to get that improved even further, an at-source treatment, as the member knows.

Mr. Murray: But by the fact that they are doing what they are doing, they really are challenging, sort of, if I understand the IJC's position of transferring water from one water basin to another—I am not saying that—you know, we are aware of that discussion because we had that when we were down in Washington. It seems that that process is now happening, so that argument that the IJC was against transfer from one watershed to another watershed, that now seems to be proceeding.

The First Minister says that we have the ability to monitor the water quality. I understand that, but I guess I just ask for his comment, that as we keep going down this road, and it is difficult, it is not easy because we are a province and we are going against, you know, we are hoping that Canada is right there backing us.

You, rightfully so, mentioned that there are a number of issues on their plate, but sometimes you sort of get a sense that the bar continues to move. I thought, at least I was under the impression that there was a very strong argument to be made on the precedent of transferring water from one watershed to another. That seems to be happening, and now we are really sort of hanging our hat, if I can use that expression, on the basis of the water quality. I just wondered if the Premier would sort of comment on that.

Mr. Doer: Our legal advice has not changed, that the best course of action for the NAWS project is a legal challenge. The best course of action for Devils Lake is an IJC reference if we cannot stop it.

I think we feel more comfortable about the IJC now with the EPA report. I think we have our legal case ready. On the one hand, you have judges being asked to interfere in an internal process in the United States. You have heard that argument from our lawyer. On the other hand, there were a lot of safeguards that Canada was not afforded and that Manitoba was not afforded with this process.

* (16:20)

I think we are at a stage in the next couple of weeks of making a decision whether to go to court or not on NAWS. The only thing we are trying to do now is determine with our lawyers and the lawyers in Missouri and other states—there is both the legal argument and then there are also the tactical arguments. Do they roll the dice on treated water, or do they wait for something else down the road?

That is the tactical decision that we are working on with the legal department from Missouri, primarily, because Minnesota is not affected by this water because it goes north from the Souris into the Assiniboine and north through the Assiniboine into the Red River. Certainly Missouri is affected because the water quantity, although on a minor basis in relative terms to the Garrison Diversion, is impacted. We are after quality; they are after quantity, and the precedent is the same across the watershed, although it is treated, as I say, as opposed to non-treated water. The original Garrison had non-treated water.

Mr. Murray: I recognize that this question is going to be—it is a bit of a crystal ball question, but just knowing that the Premier is a very avid student of politics and particularly American politics, does he see any potential danger if there are changes in any of the current players in the upcoming American election, mid-term election, that might prejudice our current position on either the NAWS project or Devils Lake?

Mr. Doer: I think the issue of political change in North Dakota will not matter, whether it is Republican or Democrat. They sing on this issue with a singular voice, and there is not much dissent on this one issue. I do not think any political decisions made in North Dakota, in particular, will change the emphasis.

On another issue, the board of the International Peace Garden is appointed totally by the federal government, and, apparently, we do not have any say in that. We pay some money but we do not have any say. That is what I am advised.

Mr. Murray: So when you say Manitoba does not have any say, there is no consultation process for the federal government to look at

those appointees for the International Peace Garden. They are done totally independently by the Government of Canada.

Mr. Doer: I am not aware of being consulted. I have never been consulted on it. I am not sure if any of our staff have. Mr. Eldridge indicates he has not been either. So the normal contact would be through our federal-provincial office. So I assume if Mr. Eldridge has not been contacted then Manitoba has not been consulted since 1965, when he was 14 years old and started working for the provincial government.

Mr. Tom Nevakshonoff, Acting Chairperson, in the Chair

Mr. Murray: I wonder if the First Minister could give an indication as to where the current thinking is with the federal government on the expansion of the floodway.

Mr. Doer: The federal government was a co-sponsor. Well, first of all they initiated the IJC report, the International Joint Commission, as a federal body. Former Premier Filmon and former Minister Axworthy were involved in the terms of reference of this. Former Minister Pitura probably is very aware of this after the '97 flood. Then the IJC report came in in December of 1999 with a one-year study period, was produced in December 2000, and then the final report was January 2001.

The end of January 2001 we commissioned KGS with the federal government, co-paid the money with the federal government, and had that report, which is being made available to the member opposite and the draft report and the public meetings or public discussions. Then we had subsequent to that kind of a non-technical committee go out, the Clean Environment Commission go out and just let people state their own views. We have stated to the federal government that both the Opposition and the Government prefer the floodway expansion option, that we would like to negotiate that.

I have talked on the phone with Minister Manley. I have raised this with Minister Pagtakhan as the priority for Manitoba for infrastructure outside of other infrastructure

programs because this is of course a disaster assistance program. It is a cost-effective program. We have indicated to them we would like to get a fundamental decision of what option they prefer soon because we want to start working on the bridges in the existing floodway. We are already doing work on the existing floodway, the notches in the forebay, the gates. We would like to do some more work this summer.

We have not got a response yet from Minister Pagtakhan or Minister Manley, a fundamental decision. We had a pretty strong verbal commitment and statement in the public arena from Minister Duhamel, but we have not received that yet. I am going to be asking for a meeting shortly again with Mr. Pagtakhan to follow it up. He was meeting here yesterday on Leaf Rapids and some other issues. I saw him yesterday just for a few minutes on the aerospace, but it was not the time or the place to do it. We had about a 10-item agenda. That was No. 1 on our agenda.

Mr. Murray: The process of expanding the floodway is something that we have had discussion on. I think we are all very much in agreement on it. I think there are some issues that north of Winnipeg perhaps could be maybe more specifically addressed than currently have been discussed.

But I am wondering if the Premier could indicate—I do not want to use the word "reluctance" because I do not want to put any words in either your mouth, Premier, or the political ministers. I just wondered if the Premier could share his sense as to why the federal government has not been involved in a co-payment of the study, why there is a sense of—as I say, "reluctance" is not a word that I want to try to characterize, but there seems to be a reason that there has been a dragging of their feet, if I could perhaps use that word, as to be a part of this project.

Mr. Doer: Well, it is hard to say. I have not come to the conclusion yet that they are dragging their feet, although I would like an answer yesterday. Knowing how the federal system works and all the other projects that are there, I think at some point if we do not get an

answer, yes or no, then I will start to be very critical.

I mean, if they want the Ste. Agathe detention system, they should say that. If they want a floodway expansion system, they should say that. If they want no system, they should say that, as well, to the people of this province and the people of Winnipeg—well, not just Winnipeg because the floodway protects as far north as Lockport and into municipalities on the east side, including Springfield, portions of Springfield, East St. Paul, West St. Paul.

We met in January. We have written a letter since then after the committee meetings. We have had the Clean Environment Commission saying get on with it, written by Mr. Duguid, and we believe we should get on with it. So we are going to be following it up with Minister Pagtakhan and Mr. Manley, as well. I have talked to Mr. Manley. He certainly was positive. He was not negative about the project. I am certainly not getting a no way, it will not happen kind of response, which is sometimes what you get from Ottawa.

Mr. Murray: I wondered if the Premier could indicate what his time line is before he, to use his words, starts to get a little critical of the federal government's position. I think that people do get a sense that this is the right thing to do. I do not get a sense that anybody has any concerns over it, because I think people are very aware of the downside if nothing is done.

So I wondered if you could give us a bit of a sense as to where your time frame is before you, as I say, to use your words, get critical of the federal government's lack of response.

* (16:30)

Mr. Doer: I would like to have a decision shortly so that we can proceed with some of the bridge work that can proceed in the summer construction period. Part of the expansion of the floodway includes raising some bridges, securing some bridges when you are dredging and widening. I would like to start with the bridge work this summer, because that is the next step before some of the more intensive widening projects go on.

I would like to have the finances in place, whatever financing format they want to use. I have talked to, again, John Manley about that and the Prime Minister about that when we were on Team Canada. I have talked to the Prime Minister about the general issue, and he does recall the '97 flood and—[interjection] Well, I did not mention that. I was trying to negotiate with the Prime Minister. I did not want to be rude when you are asking for a portion of—[interjection] I was very careful in my comments with him. I was negotiating a future agreement, not reminding him of the past, but he did remind me that he was aware of the flood.

Mr. Murray: The Premier is saying that there is going to be a raising of the bridges and a widening, I understand a widening also of the expanse of the bridges.

I am just asking the question in the sense of understanding how much of this work can we do without putting ourselves in a position that on the financial side we have sort of committed ourselves to the point where the relationship with the federal government is somewhat in jeopardy in terms of the financing of it.

Mr. Doer: The bridges do not have to be touched if they decide to proceed with the Ste. Agathe detention system, which we are opposed to. The bridges and this floodway do not have to be ultimately dealt with. They are specific to the floodway expansion option. That is why deciding on the option is the first step in this Legislature. You cannot drift along forever. What option are you going with? You have a whole series of work. You have a critical path on the Ste. Agathe dam. You have a critical path on a floodway expansion. The floodway expansion has benefits each year you do it compared to the Ste. Agathe detention system, and you heard that in the committee, but there has got to be a critical path developed.

The first part of the critical path, now that the feasibility and the studies have been done, and we are doing the topography study north of the Lockport outlet, the next step in the critical path is what option we are going with. One option has a certain set of construction requirements. The other option has a totally different set of construction requirements and

environmental licensing requirements and short-term relief, i.e., short-term, five years. Every year we do work on the floodway it actually improves the capacity of the floodway, which increases the floodway protection for the people covered by the floodway now.

We need a fundamental decision on the options from the federal government. Then we can negotiate the price. If you read former Premier Roblin's book, I think he went through this about four or five years after they decided what to do. We do not intend on waiting that long. I know it took him a while with former Prime Minister Diefenbaker.

Mr. Murray: He will not come out of his chair. But if the federal government came back and said that they have made a decision on the option and they have chosen the dike at Ste. Agathe, what would the Premier's response be?

Mr. Doer: I am opposed to it.

Mr. Murray: I just go back to what you said. That is the two fundamental issues. You are looking at getting a decision if they are in favour of building a dike at Ste. Agathe or an expansion of the floodway. If for whatever reason, and, as I said, we are not mind readers, and we cannot do a Vulcan Mind Meld on these guys, but if they come back and say, we have made a decision, and our decision is we are going to build a dike at Ste. Agathe, and here is the funding and that is the only way we are going to provide funding.

Mr. Doer: It is a hypothetical question. We would have to fight that in the court of public opinion. I am glad the Opposition Leader will be with me on that. The court of public opinion, in my view, still has some importance.

Mr. Murray: So the First Minister then would agree to take the issue of taking \$288 million out of Hydro to the court of public opinion through the Public Utilities Board.

Mr. Doer: We have allowed the court of public opinion to determine the future of Hydro because there will be a referendum if, God forbid, any change in government decides to sell the Hydro.

Mr. Murray: But the Premier is not answering the question. I am asking, if he believes in the court of public opinion, then he should feel very confident and comfortable about bringing the fact that the current government is changing the law to take \$288 million out of Hydro. We should put that before the court of public opinion and get their sense of it. After all, they are the stakeholders in it.

Mr. Doer: The court of public opinion is in this room, not the PUB. I promise I will not be taking the floodway option to the PUB. I will be going to the people. I know the Leader of the Opposition is raising this on a daily basis here, and that is what he trying to appeal to. I would not want the Leader of the Opposition to be suggesting that he is not appealing to the court of public opinion when he appeals to us in this question period, because I know he is.

Mr. Murray: It is important because I do think and I just want to get a sense. The First Minister said that he would, if for example the federal government decided they were going to build a dike at Ste. Agathe, take that to the court of public opinion. Is he suggesting that he would bring that to the Legislature?

Mr. Doer: The decision on the future of Hydro is in the hands of the public. It is a referendum now to sell it and the—*[interjection]*

The Acting Chairperson (Mr. Nevakshonoff): Order. The First Minister has the floor right now.

Mr. Murray: I was just asking to get clarification because I said that if the federal government decides that they are going to, for whatever reason, although it is hypothetical, it is I guess a 50-50 chance when there are two options, that they would in fact approve or go forward with building a dike at Ste. Agathe and would be prepared to fund that to whatever tune the Premier said that he would bring that to the court of public opinion. I think those are his words.

So, I guess what I am saying is: In light of the fact when he talked about this being, the Legislature being, the court of public opinion, is he saying that if the federal government chooses

the option of building a dike at St. Agathe, he would bring that decision to be discussed in the Legislature?

* (16:40)

Mr. Doer: I think that is an appropriate forum, yes. I think we speak for the people of Manitoba, that we are accountable for speaking for the people of Manitoba, and I feel responsible for being accountable to the Legislature. I brought in the interim report, the KGS report into this Legislature. I agreed to an all-party committee on this issue with that same spirit. Yes.

Mr. Murray: Just wanting to ensure that, with the time line as tight as it is with getting a decision out of the federal government, my concern is, with the fact that the federal government has not even given an indication which option of the two that they would support, it concerns me and I dare say it would concern the First Minister as well, that there has not been more of a commitment on the federal government's side to give an indication as to where they want to go with this issue, primarily because it is an important issue to all of those who have been affected in the past.

I think that the amount of money that is involved in this issue, expansion of the floodway is the one I am specifically referring to, I just would like to get some sense of assurance from the First Minister that there is going to be some pressure, not only on the time line, but on the direction that he will be taking when he meets with or speaks with whether it is the political minister Mr. Pagtakhan or Mr. Manley or in fact the Prime Minister.

Mr. Doer: We have to bring it to an eventual head. I think the journalists are also aware of that and have raised questions with Ottawa. Representatives from some of the local papers have asked those same questions. I think there is public accountability here beyond just myself. My goal is to reach an agreement with the federal government on options and costs.

Mr. Murray: I just want to go back, because I thought I heard the First Minister say at the beginning of our discussion just on the floodway that there is some work he wanted to get on with.

I thought I heard him say that one of those issues was some of the bridges needed to be raised. When I asked the question, I guess I went on the basis that we would be looking at that option. The Premier has corrected by saying, well, there would be no reason to raise bridges unless we did do the expansion of the floodway.

I just want to make sure that I have understanding. I was under the impression that you said there was some work you wanted to get on with this summer. One of those was looking at raising bridges. If I misunderstood, I would just like to be clarified on that.

Mr. Doer: There is one bridge that needs to be removed. There are another couple of bridges that need to be enhanced, improved. All bridges are not created equally in this task. There are different bridges that require different work, at least one of which has to be removed that is no longer being used.

Once we agree on the option then we can sit down with the critical path and make that available to the public. We already have with our own Department of Conservation work going on on what are the sequences of decisions and what are the legal requirements to have those, but the option and the negotiations of the costs also have to happen. Now, as this is happening, we are doing the notches, we are doing the gates, we are doing the work.

The City is doing some of the work under their capital projects because some of that money is there. When people say, well, the floodway is going to be built and improved with no money from the City, there is money from the City already going into it. So there is simultaneous work going on that does two things. One is it helps the existing structure and works towards the appropriate option, but once you start getting into the bridges there are considerable amounts of money, and you really have to know what option you are taking.

You are not talking notches anymore or gates anymore. You are talking large capital projects with large expenditures of money that are part of the sequence of one option, not a part of the sequence of the Ste. Agathe operation.

Mr. Murray: Can I just ask if the Premier could provide the cost of dealing with the notches and the gates as he has referred to them in his comments?

Mr. Doer: Well, the member will know there is on the one notch a press release out on that with former Minister Duhamel. I will get the details from both of those. They were under Conservation in previous years. We did the gates last year. Those were projects, by the way, that were before the former government from '96 on.

Mr. Marcel Laurendeau (St. Norbert): Mr. Premier, I wonder if you could tell me, with the flood-proofing that has been put in place in the rural communities, Ste. Agathe, Emerson, that has all been completed now, but we have run short of funds in the city of Winnipeg.

Will any of these monies be allocated towards some of the flood-proofing infrastructure that will be required in the city of Winnipeg?

Mr. Doer: Well, we are working with the mayor on a plan. Once we decide the option, we want to work with the mayor on a plan in Winnipeg. Some of the work may not be required, but some of the work might be. The lifts, the pumps, some of the other work might be necessary. Other work might not be as necessary because some of this work was proposed at a time when there was no proposal to expand the floodway.

Now that we have a proposal to expand the floodway, that has an impact on the gates procedures, the protocol of the gates. It has an impact on the forebay. It has an impact on the outlet north of Lockport. The cfs flow has an impact on the ground water issues in the city of Winnipeg. The lifts and pump work they have already built in their five-year capital program, some of the stuff they had to do already.

So we just really need to get an option decided so we can sit down on the details, and I do not purport to be having all those details at my fingertips, but we have to sit down with the City and say, okay, with this option, with this kind of cfs flow around the city, what is the

impact on the initial decisions in the city of Winnipeg?

Mr. Laurendeau: Mr. Chair, we already know with the reports that are out on the expansion of the floodway what the cfs will be through the city of Winnipeg, and we already know that those flows still could not be held back. We still have to bring it up to the '97 flood level, even if we were to change the protocols.

Is the Premier looking at changing the protocols so that we can raise the water higher to the south than the protocol is allowing today?

Mr. Doer: I pledged in the committee to take the protocol—there was a protocol in place before '97. That was changed at the last minute in '97. It was then formalized in agreement between the federal and provincial governments post '97. That is the protocol now that is in place.

If you increase the cfs flow of water, in my view that impacts the protocols. The public has a right to be involved in that, the whole issue of how much notice do people get, how do they get notice, what is the impact of that. That was identified by the Duguid CEC stuff, and we are committed to doing that. No, we are not going to do it in a backroom with the federal government by ourselves.

Mr. Laurendeau: So I am pleased to hear, Mr. Chair, that we are having some discussions with the City on the pumping stations, the flood-proofing infrastructure.

The bill came in around \$60 million, last I heard, and that was just bringing us up to the '97 criteria. It is possible that even with the expansion of the floodway which will take us probably 10 to 15 years to expand if you are looking at the time frame on it—is the Premier looking at any of the protocols that are in place to help the people who would still be prone to a flood if something happens in the next five years?

* (16:50)

Mr. Doer: Well, I think that the City has to review some of their—and I know they are reviewing. Plan A is the floodway expansion,

Plan B is Ste. Agathe detention and Plan C is nothing happening. After the '97 flood, they went out and met with many residents. The member will know this. I think even at some of those public hearings that the member went to, I have heard indirectly that the City said, it will never, you know, we will not see a floodway expansion in our time. So if that was the planning going on in '97-98 and that was the consultation with some citizens in '97-98, well, I hope that most of those people will see a floodway expansion in their time. My personal view is they should see that expansion in their time. That may change some of the city planning relative to some of the issues of secondary dikes, et cetera. I am not sure. I just do not want to speak for them.

The second issue is what their contribution level is relative to other communities like Rosenort and Morris. That is another question I get in southern Manitoba. Is it equal or comparable? As you said, they put considerable money in already and are already budgeting in their next five-year plan money for this. I want to make sure that we have a level playing field, if you will, between taxpayers in all our jurisdictions on flood protection. I want to make sure the City gets credited with some of the work they have already done. In other words, I do not want them to be double counted on, the money they have put in versus the money they might have to put in. So to have a level playing field is to be level with other communities like Rosenort, for example, on how that is treated.

Mr. Laurendeau: Just one last question, Mr. Chair, the protocol agreement, would that require federal and provincial legislation or just one?

Mr. Doer: It is a federal-provincial agreement, it is not legislation. It was changed, and I do not say it was a wrong decision, with the Grande Point decision. I would like to see that court case resolved, believe me, and some of the other issues resolved, including this delay, but I am not going to say any more on it till either you get it resolved or you do not get it resolved.

It is a federal-provincial protocol agreement. We have said to the federal government we want to go out because there is concern from the

public about how does it get changed, who has the authority to change it.

There is a lot of anger about after the '97 situation. Now, having said that, I would have probably made the same decision as the former premier did, given the circumstances he was faced with. We had disagreement about how the assistance was granted after that, as the member knows, but I do not in any way question the motivation or the decisions the former premier made in the height and the heat of that May 1, 2, 3 period. I would like to personally resolve some of these cases that are outstanding.

Mr. Murray: Mr. Chair, I know that last year in the Estimates or the budget the Premier (Mr. Doer) had, I believe it was \$40 million that was put in. I wonder: Has that money lapsed? If so, could he indicate where that money has gone?

Mr. Doer: Well, we feel it is important to have money in the Budget each year with the federal government. We are committed to the provincial share of the \$700-plus million that will go in the floodway. Obviously, we spent as much money as we could last year, but we are not going to spend money before we get a decision from the federal government. That would be very imprudent. You know, there is money that lapses every year in budgets, but we cannot negotiate without money on the table in our Budget. We cannot, on the other hand, spend it on an option before it is agreed upon. So there was money spent last year on the KGS reports, there was money spent in the notches, there was money spent on the gates. I can give the member the numbers.

A lot of the money was lapsed, but the commitment does not lapse. The requirement to spend the provincial share of \$750 million has not lapsed. It is there in front of us, but we are not going to spend money on an option because it is in the Budget when we do not have an option from the federal government. On the other hand, to not put our own money on the table, I do not want the federal government to say, oh, well, the Province is not putting anything in, and they have not got any money in the budget. It is not meant to be anything else except stating our intent to spend our share of the \$750 million, no if, ands or buts. That is

what we are trying to do. I would have preferred the whole \$40 million to be spent last year. That would have meant we had a federal-provincial agreement.

Mrs. Bonnie Mitchelson (River East): I think the Premier's intentions are honourable, to put money in the Budget, but I guess the question becomes: What is the plan by this Government? Obviously, the money was put in last year with great fanfare, talking about a commitment to the floodway. That money lapsed and was spent elsewhere in other areas of the Budget last year. There is another \$40 million again in this year's Budget which was announced, again, with great fanfare. I guess my question is: What proposal has been put before the federal government as we speak that would give the Premier any indication? Obviously, they did not have any commitment from the federal government last year. What commitment do they have from the federal government this year that would cause another \$40 million to be there? Does he have any confidence that any of that money will be spent or that the federal government will come to the table?

Mr. Doer: I just went over this with the Leader of the Opposition.

Mrs. Mitchelson: But I am not sure that the question was answered. Is there a proposal before the federal government right now, and what is that proposal? Is there confidence by this Premier that that \$40 million will be spent because the federal government will come to the table this year?

Mr. Doer: I answered that question before, what we put before the federal government, and I do not think you can put a proposal forward for an option and a cost-sharing plan without having your own money in a budget. We are committed to the provincial portion of the \$750 million to get the job done, plain and simple.

Mr. Murray: I wondered if the Premier could indicate, now that he is expanding the taxation, particularly with respect to the PST on electrical and plumbing, can he provide a cost estimate of what that will do to increase the price of the True North Centre?

Mr. Doer: The question is being asked in the Finance Estimates.

Mr. Murray: I think we are getting close to, I guess, the time, and I would say that, with the amount direction, I guess, that the Premier has been taking with True North Centre, I hope he is not answering or trying to not answer the question because it was not something that was thought about. It is a huge impact, not only on a facility the size of the True North Centre, but on people's houses, who are trying to buy houses for the first time.

So I will ask him again—and I am not going to settle for an answer that it will be dealt with in Finance—I would ask him to bring to this House the cost to the True North project of his decision, his Government's decision to expand the PST on electrical and plumbing.

Mr. Doer: Well, as I say, the Department of Finance's Estimates are on now, and that is a question for the Minister of Finance (Mr. Selinger). I mean, I am not going to do all 15 departments here in the Premier's Estimates.

Mr. Chairperson: The time being 5 p.m., time for private members' hour, committee rise. Call in the Speaker.

IN SESSION

Mr. Speaker: The hour being 5 p.m., time for private members' hour.

PRIVATE MEMBERS' BUSINESS

PROPOSED RESOLUTIONS

Res. 5—Family Reunification

Mr. Cris Aglugub (The Maples): I move, seconded by the Member for Wellington (Mr. Santos):

WHEREAS the ability of individuals to reunite with their family members residing in Canada is an important part of our humanitarian heritage; and

WHEREAS the current criteria for family class sponsorship of immigrants place all cities

with populations over 500,000 into one category; and

WHEREAS these criteria place Winnipeg in the same category as Toronto, Montréal and Vancouver; and

WHEREAS the cost of living in Vancouver, Toronto and Montréal is significantly higher than in Winnipeg; and

WHEREAS family sponsorship has proven to be very successful in retaining immigrants in Manitoba; and

WHEREAS these federal criteria are putting Manitoba at a disadvantage in its ability to attract new immigrants.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the Federal Government to create a new category of family sponsorship for Winnipeg and other cities of similar size to reflect the lower cost of living; and

BE IT FURTHER RESOLVED that this Assembly direct the Clerk of the Legislative Assembly to send a copy of this resolution to all Members of Parliament from Manitoba.

Mr. Speaker: It has been moved by the honourable Member for The Maples (Mr. Aglugub), seconded by the honourable Member for Wellington (Mr. Santos)

WHEREAS the ability of individuals—

Some Honourable Members: Dispense.

Mr. Speaker: Dispense? Dispense.

Mr. Aglugub: I rise today to bring attention to an issue that is of great importance to the future of Manitoba. Immigration represents a significant portion of new growth in the city of Winnipeg and elsewhere in the province. This resolution is vital to immigrants attempting to reunite with family members who are already in the province. Not only that, Mr. Speaker, but we are entering a new century. We must look at immigrants as an important part of our strategy for growth.

Throughout our history immigrants who came to Manitoba have helped build this province without the unrealistic restrictions that are imposed on prospective immigrants today. Just as immigrants came to Manitoba throughout our history to help build this province we must look again to this source of renewal and growth for our future.

Today there are over a hundred languages spoken in Manitoba representing people from all over the world who have now made Manitoba home. Manitoba's cultural diversity and vibrancy is further enriched by recruitment of immigrants to our communities. Manitoba has encouraged the federal government to grant the same proportion of immigrants to our province as its portion of the Canadian population. If this were to occur, Manitoba would be entitled to between 7500 and 8000 immigrants each year, which represents 3.8 percent of all new immigrants to Canada.

Also significant is the fact that 28 percent of total immigration to Manitoba came from immigrants who fall into the family class. Family class immigration allows for family members of those who already reside in Canada to immigrate to this country. In order to seek immigration to Canada under the family class criteria, the individual must have a relative living in Canada who has obtained Canadian citizenship. The family member may be a spouse, child, or other close relative.

The business of applying for immigration under family class criteria is not a simple matter. Beyond being a relative of a Canadian citizen, the relative of the individual wishing to immigrate must agree to a sponsorship which requires that person to provide financial support to the family member for 10 years. Citizenship and Immigration Canada assesses the ability of the sponsoring family to support a new immigrant under the family class based upon the income and other means of support available to the resident family. It is these criteria by which the federal government established this income requirement that is unfair to sponsoring families in Manitoba and unfair to our province in attracting new residents.

The criterion is called the low-income cutoff. In order for a sponsor to be eligible to

support a family-class immigrant, he or she must show means of support which are at least as much as this low-income cutoff. Of course, depending on the location in which the sponsor lives, the low-income cutoff differs reflecting local cost of living and average incomes. For sponsors who reside in Winnipeg, they fall into this most demanding category, urban centres of 500 000 people or more. This low-income cutoff category, which includes Toronto and Vancouver, puts Winnipeg at a relative disadvantage due to the low cost of living in this city. It is unpresumable to place Winnipeg in the same category as Toronto and Vancouver when assessing the low-income cutoff for Canadian sponsors of family-class immigrants.

A look at the cost of living statistics across the country presents part of the problem. The average income in Winnipeg is lower than in Vancouver or Toronto. Immediately, Winnipeg is put at a disadvantage. The lower than average incomes in Winnipeg when compared to other cities over 500 000 people are not an accurate reflection of the ability of Manitobans to sponsor family members to immigrate to this city.

* (17:10)

So, Mr. Speaker, given the above, I invite and I urge members of both sides of this Chamber to collectively put our voices together and support this resolution to urge the federal government to make a special categorization for Winnipeg citizenship and immigration policies. Citizenship and Immigration Canada must immediately review these criteria to take into account, into consideration, the special circumstances of the city of Winnipeg and the province of Manitoba.

Under the current schedule for low-income cutoff in the family class immigration criteria, it is much easier for those living in Toronto or Vancouver to meet eligibility requirements than it is for sponsors in Winnipeg. The low-income cutoff, as established by the federal government, does not accurately reflect the cost of living in Manitoba in terms of the average cost of housing. The average cost of a house or of a home in Winnipeg is \$97,824. Compare this with Toronto where the average home is \$238,541 or in Vancouver where the average

selling price for a home is \$318,000. With such higher housing costs in those other metropolitan areas, how can fair treatment be given to Winnipeg through the current criteria?

Family sponsorship has proven to be very successful in reuniting families and retaining immigrants in Manitoba. I ask members on both sides of this Chamber to support this resolution. Thank you, Mr. Speaker.

Mrs. Bonnie Mitchelson (River East): I want to just add a few brief comments on this resolution and indicate that, quite frankly, we are extremely supportive of this resolution on our side of the House.

After all, Mr. Speaker, it was the government of Gary Filmon that for the first time in the history of Manitoba created the Department of Culture, Heritage and Citizenship. That was changed and I was pleased and proud to be the first minister in the Province of Manitoba responsible for citizenship and immigration. It was the foresight of our leader and the Premier at that time, Gary Filmon, who felt that it was really important for us to reach out to the federal government and look at negotiating a made-in-Manitoba immigration agreement. That process was started in the early 1990s. Successive ministers of Culture, Heritage and Citizenship in the province in Manitoba continued along that path and, indeed, we were able to negotiate an immigration agreement which we were very proud of and continue to be proud. I think it is important, given the need for immigration to Manitoba, that we look at a provincial nominee system that does allow for family reunification and for immigrants to come to this country to fill the jobs where we need specific skill sets that are not available in Manitoba.

So, Mr. Speaker, with those few comments, I just want to say that I am extremely supportive of trying to encourage more immigration to the province of Manitoba, and anything that we can do collectively as members of this Legislature to impress upon the federal government how important immigration is to us is very worthy of support. Thank you.

Mr. Conrad Santos (Wellington): Following the Member for The Maples, this unification policy of the provincial government is in line with the development of our community and our society. The only problem is the criteria set by the federal government. Due to the gap in the income level and the gap in the cost of living in cities, urban centres of 500 million or more, Winnipeg cannot compete with Toronto or with Vancouver as has been stated by my colleague from The Maples.

According to Miguel de Cervantes in his novel, *Don Quixote*, there are but two kinds of families in the world: the have-nots and the have-little. It just so happens that the families in Toronto are the have-nots, the families in Vancouver are the have-nots, but the families in Winnipeg are the have-little. So we have difficulty sponsoring our relatives from the developing countries because of the value of the monetary system in those countries. On this account, we want to create a new category so that Winnipeg can qualify and can get its proportionate share of the population of the entire Canada.

The happy families, they usually resemble one another, but when the family is unhappy, the unhappiness is unique to every family. The families will be unhappy if they cannot reunite and unify their own members. The family only represents one aspect of the importance of human beings' function in activities. The life is beautiful and ideal only when we have taken into consideration our social relations as well as our family relationships.

Let me conclude, Mr. Speaker, by saying and quoting Aristotle in his book on politics: It is plain that the political community is not determined merely by the community of place and by the exchange of mutual protection from harm or of good offices. These things must indeed exist if there is to be a political community. Yet the existence of this physical aspect does not at once constitute a political community. There must be, both in households and families, a sharing of the good life in a form at once complete and self-sufficient.

Mr. Peter Dyck (Pembina): Just a few comments that I wanted to put on the record and,

first of all, the fact that certainly we do support the resolution, but there is a suggestion, though. I come from rural Manitoba. When I read the resolution, the resolution is talking mainly and primarily on the capital region. I would like to extend that to rural Manitoba, as well. Our area has been the recipient of numerous immigrants within the last two or three years, and certainly they are very welcome in our community. They are good citizens. Well, they do not have their citizenship at this point yet, but certainly they fit well into the community. I certainly want to support the resolution by the fact that we are benefiting in our community from the immigrants who come across.

The other part that I would like us to look at, as we encourage immigration and people moving to the province of Manitoba, and again a concern that I have, we need to continue to work with the professional organizations so that they in fact do recognize the credentials that the immigrants have as they move into the province.

The problem that we are experiencing, to date, is that the credentials they have, and I will speak specifically of those coming from Europe or, more specifically, Germany, they do have the schooling. They have their credentials. However, they are not recognized in Manitoba, and we need to encourage our professional organizations out here to allow them to challenge the exams. The immigrants who have come do not have a problem with challenging the exams. However, the responses that they are getting to date are that they need to go back and retake all the schooling. Now, I find that somewhat interesting. I have a concern with that because certainly these are people who have the ability to challenge the exam. They know the language and consequently would be able to fit into the community, would be able to contribute from the education that they have received back in their own country. So, with those few words, Mr. Speaker, I want to thank the member for the resolution and certainly want to speak in favour of it. Thank you.

* (17:20)

Mr. Doug Martindale (Burrows): I am pleased to join in this debate, this resolution, sponsored by the Member for The Maples. This is a very important resolution, and I am pleased that the

Official Opposition is supporting this resolution today.

It does make sense to make an exception, or to put Winnipeg in a different category from major cities. We do know that the cost of living is much, much higher in places like Toronto, and I have had individuals who have talked to me saying that the income criteria is much too high for them to sponsor their relatives. If we were able to change some of those criteria, then they would be able to take part in the family reunification, and that would be of benefit to Winnipeg and to Manitoba.

In addition, Mr. Speaker, I have been lobbied by people in the Ukrainian community who would like to see the family unification class extended to include, for example, grandnieces and grandnephews. There are people in Winnipeg who do not have close relatives but have distant relatives in the Ukraine, and they would like to bring them to Canada, but they are unable to now, because they are not immediate family. I was told that what is happening is, when these elderly people in Winnipeg are dying, that sometimes their estate is going back to Ukraine. If their family members were able to immigrate to Canada, that money would stay in Manitoba, and that is an additional argument, I think, for changing the definition of family reunification classification.

This resolution is really not about that. It is about Winnipeg being quite a different city from Vancouver and Toronto and Montreal, especially when it comes to the cost of living. In fact, we know that the previous government, in their budgets, always had the Manitoba advantage. We have been stressing the Manitoba advantage, which mainly has to do with a lower cost of living in areas like housing but also in a number of other areas like auto insurance, et cetera.

In conclusion, I am pleased to support this resolution so that we can pass it. Thank you, Mr. Speaker.

Mr. Speaker: Is the House ready for the question? The question before the House is the resolution moved by the member for The Maples (Mr. Aglugub), seconded by the member for Wellington (Mr. Santos),

WHEREAS the ability of—

Some Honourable Members: Dispense.

Mr. Speaker: Dispense.

WHEREAS the ability of individuals to reunite with their family members residing in Canada is an important part of our humanitarian heritage; and

WHEREAS the current criteria for family class sponsorship of immigrants place all cities with populations over 500 000 into one category; and

WHEREAS these criteria place Winnipeg in the same category as Toronto, Montréal and Vancouver;

WHEREAS the cost of living in Vancouver, Toronto and Montréal is significantly higher than in Winnipeg; and

WHEREAS family sponsorship has proven to be very successful in retaining immigrants in Manitoba; and

WHEREAS these federal criteria are putting Manitoba at a disadvantage in its ability to attract new immigrants.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the Federal Government to create a new category of family sponsorship for Winnipeg and other cities of similar size to reflect the lower cost of living; and

BE IT FURTHER RESOLVED that this Assembly direct the Clerk of the Legislative Assembly to send a copy of this resolution to all Members of Parliament from Manitoba.

Motion agreed to.

Mr. Marcel Laurendeau (Official Opposition House Leader): Mr. Speaker, maybe you can explain to me how we are to make this unanimous.

Mr. Speaker: The resolution has been passed unanimously.

Is it the will of the House to call it six o'clock?

Hon. Tim Sale (Minister of Family Services and Housing): I think it will be the wish of the House to do so, but I want to thank the Opposition for their support. I think this is the kind of thing that people in Manitoba do not see very often, where we work together on an important resolution that matters to all of us, and I want to thank the Opposition for that.

I think that it may be six o'clock, Mr. Speaker.

Mr. Speaker: Is it the will of the House to call it six o'clock? *[Agreed]*

Mr. Speaker: The hour being 6 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 14, 2002

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