



Third Session - Thirty-Seventh Legislature

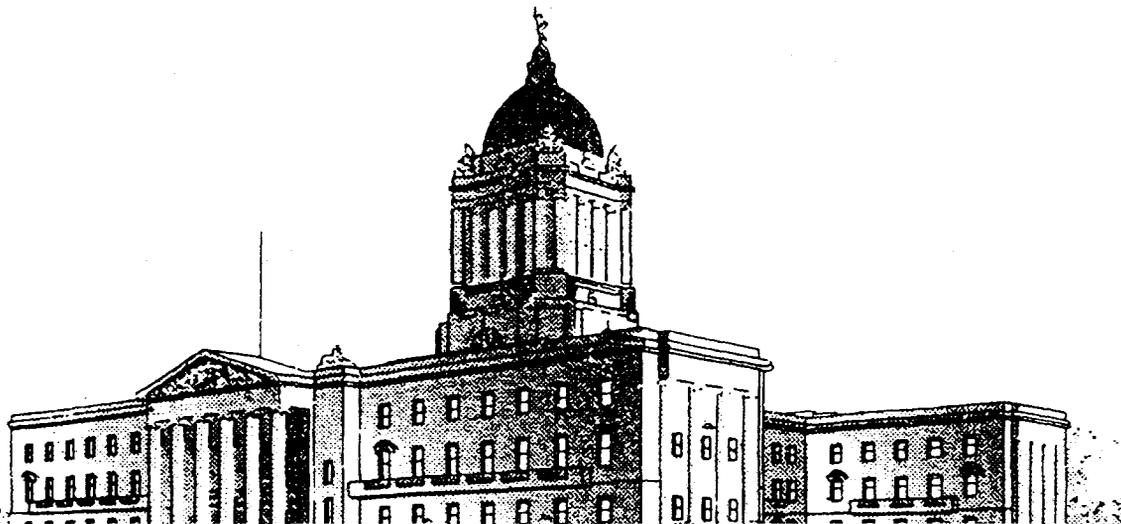
of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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Speaker*



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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Seventh Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
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.
JENNISSON, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
PENNER, Jack	Emerson	P.C.
PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
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

Monday, July 29, 2002

The House met at 1:30 p.m.

### ROUTINE PROCEEDINGS

### PRESENTING PETITIONS

#### Transcona-Springfield School Division

**Mr. Ron Schuler (Springfield):** Mr. Speaker, I beg to present the petition of J. Komarnisky, Deb Johnson, Rick Johnson and others praying that the Legislative Assembly of Manitoba request the Minister of Education (Mr. Caldwell) to reverse the decision to split the Transcona-Springfield School Division and to allow it to remain as a whole or to consider immediately convening the Board of Reference to decide the matter.

#### Trans-Canada Highway—Twinning (Virден)

**Mr. Larry Maguire (Arthur-Virден):** I beg to present the petition of Gail Rowan, Mary Ellen Roach, Betty Freeman and others praying that the Legislative Assembly of Manitoba request that the Minister of Transportation and Government Services (Mr. Ashton) consider making the completion of the twinning of the Trans-Canada Highway between Virден and the Saskatchewan border an immediate fiscal priority for his Government and to consider taking whatever steps are necessary to ensure that works begin in the 2002 construction year.

#### Salvation Army William and Catherine Booth College

**Mr. Doug Martindale (Burrows):** Mr. Speaker, I beg to present the petition of the Salvation Army William and Catherine Booth College praying that the Legislative Assembly of Manitoba pass an act to amend The Salvation Army William and Catherine Booth College Incorporation Act.

### READING AND RECEIVING PETITIONS

#### Transcona-Springfield School Division

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

**An Honourable Member:** Yes.

**Mr. Speaker:** Clerk, please read.

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

THAT on November 8, 2001, the Minister of Education (Mr. Caldwell) announced a split in the Transcona-Springfield School Division but despite repeated requests has been unable to identify any benefits of this decision to the students and taxpayers of said school division; and

THAT this decision was not preceded by adequate public consultation as outlined in section 7 of The Public Schools Act; and

THAT this decision would result in significant hardships for the students in both Transcona and Springfield that would affect the quality of their education; and

THAT the proposal by the Minister of Education on February 12, 2002, neither alleviates nor remedies these hardships; and

THAT this decision results in an increased financial burden on the taxpayers of both the Transcona-Springfield School Division and the province of Manitoba; and

THAT on March 13, 2002, the number of resident electors required by The Public Schools

Act requested the Minister of Education to convene a Board of Reference to decide the matter.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Legislative Assembly request the Minister of Education to reverse the decision to split the Transcona-Springfield School Division and allow it to remain as a whole or to consider immediately convening the Board of Reference to decide the matter.

#### **Trans-Canada Highway—Twinning (Virден)**

**Mr. Speaker:** The honourable Member for Arthur-Virден (Mr. Maguire), I have reviewed the petition and it complies with the rules and practices of the House. Is it the will of the House to have the petition read?

**An Honourable Member:** Yes.

**Mr. Speaker:** Clerk, please read.

**Madam Clerk (Patricia Chaychuk):** These are the reasons for this petition:

Over the years, the Trans-Canada Highway between Virден and the Saskatchewan border has been the site of numerous accidents, a number of which have involved fatalities.

The safety of the motoring public on the Trans-Canada Highway between Virден and the Saskatchewan border would be improved if the twinning of the highway were to be completed.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister of Transportation and Government Services (Mr. Ashton) consider making the completion of the twinning of the Trans-Canada Highway between Virден and the Saskatchewan border an immediate fiscal priority for his Government;

To request that the Minister of Transportation and Government Services consider taking whatever steps are necessary to ensure that work toward the completion of the twinning of the Trans-Canada Highway between Virден and the Saskatchewan border begins in the 2002 construction year.

## **PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES**

### **Standing Committee on Law Amendments Eighth Report**

\* (13:35)

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

**Madam Clerk (Patricia Chaychuk):** Your Standing Committee on Law Amendments presents the following as its Eighth Report.

**An Honourable Member:** Dispense.

**Mr. Speaker:** Dispense.

#### **Meetings:**

*Your committee met on Wednesday, July 24, 2002, at 6:30 p.m. in Room 255 of the Legislative Building.*

#### **Matters Under Consideration:**

*Bill 34—The Charter Compliance Act/Loi sur l'observation de la Charte*

#### **Membership Resignations / Elections:**

*Your committee elected Mr. Rondeau as Vice-Chairperson.*

*Substitutions received prior to commencement of meeting held on July 24, 2002:*

*Hon. Ms. Barrett for Hon. Ms. Mihychuk*

*Mr. Rondeau for Hon. Mr. Caldwell*

*Ms. Cerilli for Mr. Santos*

*Hon. Mr. Smith (Brandon West) for Hon. Ms. McGifford*

*Hon. Mr. Sale for Hon. Mr. Lathlin*

*Mr. Laurendeau for Mr. Enns*

*Mrs. Mitchelson for Mr. Derkach*

*Mr. Maguire for Mrs. Stefanson*

#### **Motions:**

*Your committee agreed to the following motion:*

*THAT the committee sit until midnight and reassess its progress at that time, but that any*

person remaining at that time who wishes to present will be invited to do so.

**Public Presentations:**

Your committee heard 41 presentations on Bill 34—The Charter Compliance Act/Loi sur l'observation de la Charte, from the following individuals and/or organizations:

Gilles Marchildon, Private Citizen  
 Noreen Stevens, Private Citizen  
 Lisa Naylor and Lori Bielefeld, Private Citizens  
 Erika MacPherson, Private Citizen  
 Larry Speiss, Private Citizen  
 Tammy Gutnik on behalf of Jaik Josephson and Brent Lott, Private Citizen  
 Jean Chennell, Private Citizen  
 Robert Humphrey, Private Citizen  
 Pastor David Reimer, Shalom Family Worship Centre  
 John Froese, Private Citizen  
 Karen Busby, Private Citizen  
 Jeremy Buchner and Gary Monkman, Private Citizens  
 Krista Piche, Private Citizen  
 Kristine Barr, Private Citizen  
 Janet Baldwin and Elliot Leven, Manitoba Human Rights Commission  
 Tim Preston, Private Citizen  
 Donna Huen, Rainbow Resource Centre  
 Lloyd Fisher, Private Citizen  
 Stacy Garrioch and Sharon Hunter, Private Citizens  
 Edward Lipsett, Private Citizen  
 Rory Grewar, Private Citizen  
 Mike Law, Manitoba Bar Association - Gay and Lesbian Issues Section  
 Jordon Cantwell, Private Citizen  
 Thomas Novak, Dignity Winnipeg  
 Michelle Paquette, Winnipeg Transgender Group  
 Sharon Pchajek, Private Citizen  
 Diane Kelly and Donna Brigham, (PFLAG) Parents, Family and Friends of Lesbians and Gays  
 Kerry Cazzorla, Private Citizen  
 Faye Kliever, Private Citizen  
 Jayne Kapac, Rhonda Chorney, Dina Juras, Sharon Taylor, Karen Luks, Gio Guzzi, and Kirby Fults, Private Citizens  
 Jeremiah Lexier, Private Citizen  
 Jason Ryan, Private Citizen  
 Marilyn Friesen, Private Citizen

Virginia Larsson, Private Citizen  
 John McCarron, Private Citizen  
 Elena Blomquist, Campaign Life  
 Sharon Dornn, Private Citizen  
 Fred Cameron, Private Citizen  
 Martin Paul Opitz, Private Citizen  
 Ken McGhie, Private Citizen  
 Carl Dornn, Private Citizen

**Written Submissions:**

Your committee received three written submissions on Bill 34—The Charter Compliance Act/Loi sur l'observation de la Charte, from the following individuals and/or organizations:

Maggie and Doug Wasyliw, Private Citizens  
 Ken Mandziuk, Manitoba Association of Rights and Liberties  
 Mireille Clark, Private Citizen

**Bills Considered and Reported:**

Bill 34—The Charter Compliance Act/Loi sur l'observation de la Charte

Your committee agreed to report this bill, without amendment, by a counted vote of Yeas 6, Nays 4.

**Mr. Martindale:** I move, seconded by the honourable Member for Assiniboia (Mr. Rondeau), that the report of the committee be received.

**Motion agreed to.**

**TABLING OF REPORTS**

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I would like to table the following: the Manitoba Hydro-Electric 51st Annual Report for the year ended March 31, 2002, the Organization and Staff Development 2002 Annual Report, and the Actuarial Report on the Civil Service Superannuation Fund as of December 31, 2001.

**Introduction of Guests**

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have with us the Honourable Vince Steen, the Minister of Public Works and Services and Minister of Municipal and Community Affairs of the Government of the Northwest Territories. He is

the guest of the honourable Minister of Culture, Heritage and Tourism (Mr. Lemieux).

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

Also, I would like to draw the attention of all honourable members to the public gallery where we have with us today a delegation from the MOPIA Ozone Study Tour: Mr. Shende, chief of the United Nations Environment OzonAction Programme; Mr. Yameogo of Burkina Fasa; Mr. Castro Samoza of Uruguay; Mr. Eksail of Bahrain; Mr. Mark Miller, the executive director of MOPIA and Mr. Don Thomson, the president of MOPIA. These visitors are the guests of the honourable Minister of Conservation (Mr. Lathlin).

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

### ORAL QUESTION PERIOD

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, prior to questions, I would like to just say that, on behalf of our caucus, I think everybody is aware that former Premier Sterling Lyon and his wife, Barbara, were in an accident over the weekend, and I just wanted to indicate to the House that our thoughts are deeply with them in this time of crisis. We wish them well and we know that the outcome is going to be positive, but we just wanted to let the House know that our thoughts are with the former premier, his wife, Barbara, and their family at this time.

#### Manitoba Hydro Transfer Payment

**Mr. Stuart Murray (Leader of the Official Opposition):** Under the Doer government, Manitoba Hydro is now forced to hand over almost a million dollars a day to the Doer government. It is a decision, frankly, taken by the Doer government that many Manitobans are speaking out against.

Here is just a sampling of some of the editorial writers across Manitoba, what they are saying about the Doer government's raid of Manitoba Hydro: *Winnipeg Free Press*, Hydro

swallows NDP's deficit; *Swan River Star and Times*, NDP loot Hydro's treasury; the *Morden Times*, NDP cash grab fiscally irresponsible; the *Winkler Times*, Doer and company robbing Hydro; the *Winnipeg Sun*, Hydro as a slush fund; the *Brandon Sun*, Taking money from Hydro amounts to a hidden tax.

On behalf of all Manitobans, I ask the Premier to come clean and admit that last year he ran a deficit of \$150 million.

**Hon. Gary Doer (Premier):** I think it is equally scandalous, when we came into office there was an Order-in-Council signed four days after the election. It is on the public record for well over \$185 million to come out of the rainy day fund. The last three years the former government was in office, they took over \$500 million out of the rainy day fund.

Our first two budgets we have not taken a cent out of the rainy day fund. Like other provinces that are allocating funds from their Crown corporations, we, because of the circumstances, chose to have a bridge to deal with the economic uncertainty. They do it in British Columbia. They take oil revenue out of Alberta. They do it in Saskatchewan. They do it in Québec. They do it in Newfoundland. They do it in many other provinces. We have the lowest hydro-electric rates in North America. We do so because governments of the past built Limestone when members opposite mothballed Limestone.

Last week at this time, the Leader of the Opposition asked a question about auto insurance rates. Stats Canada came out a day later. This is probably why he did not ask the question. The average auto insurance rates in Canada, under Stats Canada inflation numbers, were up over 3.6 percent across Canada. It is zero in Manitoba according to Stats Canada.

\* (13:40)

Mr. Speaker, I also would like to join with members opposite on the accident of Sterling Lyon and Barbara Lyon. We wish them God-speed in their recovery and we wish strength to their family, many of whom we just met again a couple of weeks ago at the Order of Manitoba presentation.

**Mr. Murray:** It is a known fact that this Doer government is forcing Manitoba Hydro to hand over to them \$1 million a day. Why? Because they ran a deficit last year. That is the reason Manitoba Hydro is being raided. In their most recent report on Manitoba Hydro, dated last October, Dominion Bond Rating Services stated: The utility is not subject to a strict dividend policy which typically limits debt reduction and growth opportunities.

We know the Doer government is demanding a huge dividend from Manitoba Hydro. Will the Premier just admit that his million-dollar-a-day grab will have an impact on debt reduction and the growth opportunities of Manitoba Hydro? Just admit you are limiting their growth.

**Mr. Doer:** The only political party that limits the growth of Manitoba Hydro is the flat earth society that is across the way. They mothballed Limestone. We built Limestone. Limestone is producing tremendous revenues, and stay tuned for more good news about the results of Limestone.

We negotiated a deal with Ontario for 250 megawatts. They implemented that deal, but the second part of the deal in Conawapa, they cancelled it. This is the flat earth society when it comes to building Manitoba Hydro.

The reason why we have the lowest rates in North America is because we built Hydro for the benefit of all the people, not like they did when they sold the telephone system and put \$500 million, double the Manitoba Hydro premium, into the fiscal revenues of the Province of Manitoba, but only for the benefit of the privileged few represented by the Conservative Party of Manitoba.

**Mr. Murray:** Mr. Speaker, what this Premier has done is unprecedented. He has gone into Manitoba Hydro to take a million dollars a day out of that corporation, a million dollars a day, forcing them to borrow \$288 million that Manitoba Hydro does not have. This Doer government went in, in the middle of the night, and stole the money from Manitoba Hydro.

Can the Premier explain to Manitobans what a decline in export sales will mean to Manitoba

Hydro? Will it mean that Manitoba Hydro is going to be forced to increase their rates because of their cash grab?

**Mr. Doer:** The only theft that was ever conducted on a Crown corporation was the members opposite promising not to sell the Manitoba Telephone System and the next day after the election proceeding to sell it. That is grand larceny to the people of Manitoba, in terms of their assets.

\* (13:45)

Mr. Speaker, when we came into office the budget amount of money left in the rainy day fund after the \$500 million—let me explain this to the member opposite. They sold the telephone system without permission of the Manitoba public. They took the assets, they put it into the rainy day fund and they took it out slowly, but the last three years before the election they took out \$500 million and a sneaky Order-in-Council of \$185 million was signed after the election campaign. That is on the public record.

Unlike members opposite, this short-term dividend to deal with short-term economic challenges was made to replace the budgeted amount to come out of the rainy day fund. We did so, so that we would have had a situation where for two years in a row no money came out of the rainy day fund and \$96 million a year was paid down in debt. In fact there are only three provinces in Canada balancing and paying down debt: Manitoba, Alberta and New Brunswick.

In Ontario there is \$700 million in the Ontario budget to balance the budget, not to pay down debt, just to balance the budget from the sale of 49 percent of the assets of Ontario Hydro. The Tory way is to sell off Crowns. Our way is to allow Crown corporations to benefit everyone, and, no, there will not be a rate increase.

### **Manitoba Hydro Transfer Payment**

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, their way is to force Manitoba Hydro to borrow money to cover their deficit. Information obtained under Freedom of Information from Manitoba Hydro and delivered to the Minister for Hydro this April indicates, under this

Government, withdrawals from Manitoba Hydro have increased from 11.2 percent prior to this Government doubling the water rental rate, increasing the guarantee fee by over 33 percent and forcing Hydro to borrow money to pay a dividend. We now find that Manitoba Hydro is required to pay 25.3 percent of their total revenue to this Government.

I would ask the Minister of Finance if he could indicate to Manitobans why he is forcing Manitoba Hydro to deliver 25.3 percent of their total revenue to the Doer government when in fact B.C. Hydro only requests 10 percent; Hydro Québec 12 percent; SaskPower 11 percent. Why is he forcing Manitoba Hydro to deliver over 25 percent of their total revenue to the Doer government?

**Hon. Greg Selinger (Minister charged with the administration of The Manitoba Hydro Act):** Well, Mr. Speaker, I thank the Member for Fort Whyte for that crisp, short, to-the-point question.

Manitoba Hydro has made over \$943 million of profits in the last five years and that profit level has doubled what they had forecast in terms of profits. All the profit has come off export sales. We in Manitoba have recognized that the Limestone project has provided tremendous benefits to Manitoba.

Let us remember, members opposite ran in the last election based on taking a dividend from Manitoba Hydro. What they did before the election was take monies secretly through the back pages of the Hydro annual report without reporting that to the Legislature and having a proper debate on it. We put our proposals in front of the Legislature. We have properly debated them, and we have done it to stabilize the finances in Manitoba at a time of economic downturn and turmoil.

**Mr. Loewen:** Mr. Speaker, I would ask this minister how he expects Manitoba Hydro to deliver over \$400 million to this Government this year in total transfers when the financial statements he has tabled with this House clearly indicate at March 31 they only had \$14 million in the bank and they are only projecting \$100 million in profits this year. How are they going to pay this Government \$450 million without going further into debt?

\* (13:50)

**Mr. Selinger:** Mr. Speaker, I will table the following letter in the House, which was provided to Mr. Rick Yarish, the committee clerk, who was clerking the Public Utilities Standing Committee at the time of our last meeting.

In this letter, the president of Manitoba Hydro responds to questions asked by the Member for Fort Whyte at the standing committee, and it indicates, as this report today confirms, that there was \$14 million cash but that the utility generated \$554 million of cash during the last year. This letter also indicates that Manitoba Hydro has set up a fund to make their special payments to the Government of Manitoba and this fund has a balance at the time of the letter being written of \$170 million in cash.

**Mr. Loewen:** That is right, and that results from the corporation having to borrow money.

I would like to ask the minister if, in fact, Manitoba Hydro this year will be able to meet their key financial target, which includes funding capital expenditures from internal sources, or in fact will they have to go out and borrow that money this year because of this Government's demand that they pay over \$400 million to the Government of Manitoba to cover their spending habits.

**Mr. Selinger:** Mr. Speaker, the annual report of Manitoba Hydro addresses those questions. I am sure the member will find them interesting reading. Manitoba Hydro indicates in the report, and they put this on the record at the Public Utilities Board as well, that they do not anticipate having to increase rates as a result of this special payment. As a matter of fact, in past years they have exceeded their targets; they have done exceedingly well. Manitoba Hydro retained earnings have gone up about \$300 million to \$1.3 billion as of the end of the fiscal year 2002.

#### **St. Ambroise Park Park Closure**

**Mr. Harry Enns (Lakeside):** Mr. Speaker, on the eastern shores of Lake Manitoba is one of our many wonderful parks and camping facilities

that so many Manitobans enjoy during the summertime. I just learned over the weekend, my dear wife, Eleanor, informed me that the minister had closed the park for the rest of the season. I said that could not be. Oscar would never do that.

I want to ask the minister: Is my wife pulling my leg, or did he actually close that beautiful provincial park for the rest of the summer?

**Hon. Oscar Lathlin (Minister of Conservation):** I thank the member for the question. I also got the word over the weekend that the park he refers to was damaged quite extensively by strong winds. Our staff of the department went in there to investigate. It was their recommendation to my office that, for the safety and health of people who utilize the park itself, the park be closed, at least for now. I have mentioned to some of my people that perhaps we need to look at the overall situation with a view to maybe making decisions as we go along, but for now the park is closed.

**Mr. Enns:** Mr. Speaker, having a windstorm knock down some trees is not unique to this park or to any other park in the province. Surely a couple of men with some chain saws can ensure that the hundreds of people who have made advance bookings can enjoy their camping experience. Is it because the minister's, as so many departments, is running with 9%, 10% vacancies in their departments that they cannot bring back this park into use?

**Mr. Lathlin:** Mr. Speaker, I understand the clean-up operation requires some heavy equipment having to be brought into the area. There are trees that have not completely fallen down. They are hanging, some of them. It was primarily for safety reasons that our people have decided to close the park down.

\* (13:55)

On the other hand, Mr. Speaker, if we had not closed the park down and there was an injury or people got hurt I am sure the member would be just as quick to bring that to our attention. For the time being, in the interests of safety, the department has closed the park for the season.

### **Livestock Industry Tuberculosis—Quarantine**

**Mr. Jack Penner (Emerson):** Mr. Speaker, we have a \$1.5-billion industry in this province that has been placed in uncertainty as far as the export of their product, namely the Manitoba cattle producers in this province. The Premier (Mr. Doer) of the province in an interview on Radio Southern Manitoba indicated the case of tuberculosis that was responsible for this was identified in 1997. I want to remind the Premier he should have also said the last case was this past year, under his watch.

I want to ask the Minister of Agriculture: In light of the fact that we passed Bill 11 which gives the Province now the authority to take decisive action to eradicate TB in this province once and for all, will the minister now ask her director of Veterinary Services to impose a quarantine on the Riding Mountain National Park and move towards eradication of TB in the park?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, Bill 11 is an important bill because it clarifies and outlines more clearly the steps the Province can take with respect to the controlling of disease in domestic animals. The member opposite had a briefing on this and a full explanation to him indicating this was to prevent the spread of disease when it has been identified in domestic animals. Bill 11 does not apply to wild animals. It does not apply to Riding Mountain National Park.

Mr. Speaker, I can tell the member that we have worked very closely with Riding Mountain National Park, both the Department of Conservation, the Department of Agriculture, working along with the Manitoba Cattle Producers to put in place a strategy to work towards controlling and eradicating disease and protecting the domestic animals.

It is unfortunate that steps were not taken in 1997 when the first case was identified. The member is accurate. There has been a subsequent case in the last year.

**Mr. Jack Penner:** Mr. Speaker, I, as well as all the cattle producers in this province, find it

interesting that the minister does not even understand her own legislation.

Clearly, the legislation describes, for the minister's benefit—

**Mr. Speaker:** Order.

#### Point of Order

**Mr. Speaker:** The honourable Government House Leader, on a point of order.

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, would you please remind the member that a supplementary question, which this is, requires no preamble?

**Mr. Speaker:** The honourable Government House Leader does have a point of order. I would like to remind all honourable members *Beauchesne* Citation 409(2) advises that supplementary questions should not require a preamble.

\* \* \*

**Mr. Speaker:** I would ask the honourable member to please put his question.

**Mr. Jack Penner:** Thank you very much. I apologize, Mr. Speaker. I want to ask the minister whether she will now ask their director of Veterinary Services whether he will now take action and implement the bill that was passed in this House in her absence while she was in the United States getting a briefing on the country-of-origin labelling. We respect that.

#### Point of Order

**Mr. Speaker:** The honourable Government House Leader, on a point of order.

**Mr. Mackintosh:** On another point of order, on the same question. As the member knows, it is not appropriate under the rules to refer to the absence of a member from the Legislature. That is for good reason. In fact, Mr. Speaker, the case in point is before the House that MLAs have very many competing duties. Ministers have competing duties, serving the public. That was the case here, but it would be inappropriate to let the matter go.

I ask, Mr. Speaker, if you would just remind the House and remind the member that it is not appropriate to refer to the absence of a member.

**Mr. Speaker:** The honourable Member for Emerson, on the same point of order?

**Mr. Jack Penner:** No.

**Mr. Speaker:** On the point of order raised by the honourable Government House Leader, I would like to remind all honourable members that presence and absence of members who are in the Chamber should not be raised.

\* \* \*

**Mr. Speaker:** Also, I would like to ask the honourable member to please put his question.

**Mr. Jack Penner:** I want to ask the Minister of Agriculture: Will she now use her own legislation that clearly gives her the authority of court to cause quarantine, even on the Riding Mountain National Park? It is broad enough in scope. Would she now ask her director of Veterinary Services to quarantine the Park?

**Ms. Wowchuk:** Mr. Speaker, when the legislation was introduced, a briefing was offered to the member and a briefing was given to the member as to what the powers of this particular legislation are. The legislation gives powers to the Province to deal with the outbreak of disease on domestic animals. The legislation does not apply to the herd in the Riding Mountain National Park.

\* (14:00)

I can tell the member we are working very closely and are addressing the very important issues that are facing the cattle producers, not only around Riding Mountain National Park but across the province.

**Mr. Jack Penner:** I want to ask the Minister of Agriculture whether she has been briefed on this legislation. Can she quote for me, can she read to this House, the section which she says does not apply to this legislation?

Clearly, the legislation says the director of animal health can cause quarantine, either small

or large, in this province. There is no specific reason to believe that the quarantine of the national park is not included in that legislation. I think she will find it.

**Ms. Wowchuk:** Mr. Speaker, I guess the member did not listen when he was being briefed or does not understand. Agriculture deals with domestic animals. Conservation deals with animals in the wild. This legislation deals with domestic animals.

### **Elk Hunting Special Permits**

**Mr. Larry Maguire (Arthur-Virden):** Mr. Speaker, the Minister of Conservation has announced permanent extensions in specific gaming areas around Riding Mountain to allow persons a permit to hunt elk in each of these jurisdictions, effectively doubling the number of elk to be hunted.

Can the minister indicate whether he will consider providing a permit to landowners along the edges of the park boundary in an effort to reduce the effects of tuberculosis in our livestock industry?

**Hon. Oscar Lathlin (Minister of Conservation):** Mr. Speaker, I would like to assure the member we are just as concerned about the issue as he is. It is for that reason that we have developed a plan for that area. One of the things, for example, we did was we increased the buffer zone with respect to the distance people can come and hunt elk near the bales. The method he has referred to, we have also increased the number of tags to be given to people who may be wanting to hunt elk in that area. So we have increased the tags. In fact, we have doubled the tags, and we are hopeful that will decrease the number of elk that are present in that area, at least the ones who come outside the park to feed on the bales.

**Mr. Maguire:** Well, Mr. Speaker, that was exactly what I was referring to. I am still asking the Minister of Conservation today whether or not he can assure this House and the farmers who are bordering Riding Mountain National Park that they will be included and that the minister can give them some assurance that they

will be able to help look after their own concerns in relation to the tuberculosis disease that is occurring along the park to protect their livestock industry in Manitoba, and not just theirs but the livestock of all Manitobans.

**Mr. Lathlin:** Mr. Speaker, I think the member is aware that the process he is referring to, landowners being given permits to hunt, it is actually a long-standing process, a process that is actually still available to private landowners.

**Mr. Maguire:** Well, Mr. Speaker, it is very clear the minister still needs to clarify for those persons who are calling on a regular basis to our lines, to give some indication as to whether or not they can actually help protect their own industry, protect their own livelihoods by having an opportunity to, either through a special permit they can apply for to his department without having to go out and take their livelihood into their own hands by destroying elk without a permit. I mean, all of the ones who are calling are wanting a permit to do it, and they want to do it as landowners.

I would like to ask the minister today if he will make that kind of special permit available for the landowners along the park.

**Mr. Lathlin:** Mr. Speaker, I think we have made it very clear right from the outset that there are measures we are taking to try to address this issue. For example, some of the measures we have undertaken are barrier fencing, which I am sure the member is aware of. I myself have toured some of the areas that actually have this barrier fencing in place.

Then there is the research on the elk that is being conducted for the next four or five years. We have already introduced regulations to strengthen the enforcement of elk that come out of the Riding Mountain to feed on bales. So we have actually taken several measures to try to help the farmers who are facing this difficulty.

### **Income Assistance Basic Telephone Services**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, this morning the Social Planning Council of Winnipeg hosted a press conference to

discuss the latest report on child poverty in Manitoba which shows that Manitoba continues to be among the very worst of all provinces in terms of the rate of child poverty. David Northcott of Winnipeg Harvest, who was present, identified specifically that the number of children coming into Winnipeg Harvest remains at a high level. So the rate of child poverty appears to continue at a high level even to today, under an NDP government.

I ask the Premier why it is that under his approach to social assistance even such basic services as telephone services often needed for personal security or for the ability to look for work are not assured for those on social assistance, with the result that people on social assistance often feel less secure and are less able than they might be to find work?

**Hon. Gary Doer (Premier):** The member opposite, of course, voted for a cut in the social funding for provinces and he had no difficulty putting his hand up to cut the support for social services across Canada when he had an opportunity to show leadership.

Secondly, the statistical report is 1999; the poverty report is 1999. Since that time, Mr. Speaker, the member will recognize that many initiatives we have taken are in place and we believe are very, very valuable investments for children.

We have implemented many recommendations of the Postl report that gathered dust in the past, the Healthy Child report. We have introduced a program in support for child care; we have reversed the clawback each year in our Budget for children up to the age of 11 years of age; we have increased the support for children for school supplies; we have put more support into the public school system, particularly in school systems that are dealing with some families; and, of course, the Healthy Baby program we have supported.

We are introducing Lighthouse schools; we have created an employment training program for youth in inner cities and there are many initiatives and investments we are taking that I believe will pay dividends for children. There is no question, any child in poverty is one too many.

\* (14:10)

**Mr. Gerrard:** As is typical, when the Premier cannot provide an adequate answer, he seeks to blame others.

### National Child Benefit

**Hon. Jon Gerrard (River Heights):** I would ask the Premier why it is that his Government has failed to fulfil the commitment to end the clawback of the child benefit for children aged 12 to 17. That continues to this day. The Premier has not fulfilled the promise he made in the '99 election.

**Hon. Gary Doer (Premier):** Mr. Speaker, I need no lectures from the member opposite about fulfilling promises. We will not sign NAFTA, was one of the promises made by the member opposite. The GST will be abolished, was another promise. We will have a national drug program, was another promise. We will have a national child care program, that was another promise. We will eliminate the conditions of the drug patent law that gives generic drug companies in Manitoba more of an advantage. Of course, they had a different promise in Québec when he ran for office again in 1997.

I promised that we would eliminate the clawback in our first mandate and I am pleased that every year we move that clawback up to higher ages. We made a promise. We are going to keep our promise.

### Child Poverty Reduction Strategy

**Hon. Jon Gerrard (River Heights):** I would ask the Premier in my second supplementary why he has failed to respond to the loud calls this morning from youth who are in care, from children in care, noting that there are now more than 5000 children in care in Manitoba, one of the highest rates in Canada. Why has he failed to respond to the call for help for children in care, so they can make the transition to productive adult life much better than they are doing or able to do at the moment under the current system?

**Hon. Gary Doer (Premier):** Mr. Speaker, the data, and I will check the specific question on

5000, but the press release today says, and I quote: That the material released today on poverty for children is the National Council of Welfare poverty profile, 1999. The number of people on social assistance in Manitoba has dropped.

Secondly, we have put in place a program, the Healthy Baby program and nutrition program for mothers that is targeted for families at \$39,000 and less in income. We have made that program available to families in provincial jurisdiction and families in federal jurisdiction. Mr. Speaker, Aboriginal children and children in non-Aboriginal communities are treated equally under this program and I would like to ask the member's help to get the federal Liberals to agree to join a very, very important program.

#### **North American Indigenous Games Objects/Accomplishments**

**Mr. Jim Rondeau (Assiniboia):** Good day, Mr. Speaker. I had the pleasure of attending the North American Indigenous Games opening ceremonies last evening, as well as coaching senior volleyball at the three previous games in Prince Albert, Minneapolis and Victoria. I understand that Manitoba is a major partner in this year's Indigenous Games.

Could the Minister of Culture please update the House on the objectives and accomplishments of this important event?

**Hon. Ron Lemieux (Minister responsible for Sport):** Mr. Speaker, over 7000 athletes and coaches in attendance, thousands upon thousands of volunteers from Manitoba, over 20 000 people in attendance last night at the opening ceremonies. First Nations, Métis, Inuit youth conducted themselves with a lot of class, dignity and being respectful to each other. These young people should be congratulated by us unanimously for being the leaders they are and also are to be congratulated as being positive role models to all Manitobans.

#### **Dakota Tipi First Nation Independent Audit**

**Mr. Leonard Derkach (Russell):** Mr. Speaker, on July 25, I asked the minister responsible for

the gaming commission whether or not he would consider the audit of Soaring Eagle and Mr. David Doer as an independent audit for the gaming commission. The minister said that, indeed, David Doer and Soaring Eagle were hired by the federal government, and to the question of whether this was an independent audit he said, and I quote: "we would accept that."

Can the minister indicate whether he is aware of David Doer and Soaring Eagle having a direct interest in the gaming that is taking place at Dakota Tipi First Nation?

**Hon. Steve Ashton (Minister charged with the administration of The Gaming Control Act):** Mr. Speaker, I want to indicate in terms of the audit we are very clear, in terms of this, that the original information that was provided was incomplete and that the gaming commission has been working at providing that.

I also want to indicate, Mr. Speaker, in view of some of the very serious allegations that came to light last week and in context, I think we all recognize the very difficult situation at Dakota Tipi right now. There are 10 charges that have been laid, people on various sides of a very difficult dispute in the community, but given some of the serious allegations that came to light last week we have also initiated a special operating review. We have engaged the firm of Deloitte & Touche. We are finalizing the terms of reference now.

I would once again urge any member of this House or any member of the public who has any specific allegations that they be referred to the appropriate authorities, obviously the police, but the Gaming Commission as well, because, indeed, we want to get to the bottom of this.

**Mr. Derkach:** On a new question, Mr. Speaker.

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

**Mr. Derkach:** Mr. Speaker, we have just been made aware, as of July 12, Soaring Eagle, namely Grant Hayton and David Doer, have entered into an agreement with the Dakota Tipi First Nation gaming commission to operate and

manage the Bingo Palace and the VLTs. I would like to table a copy of the agreement for the House.

This agreement calls for Soaring Eagle, Grant Hayton and David Doer, to be receiving 15 percent of the revenues from the VLTs for the purpose of managing the VLTs.

I would like to ask the minister now whether he considers this to be a conflict of interest in that he has agreed to allow for David Doer to do what he calls an independent audit of the gaming commission.

**Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Mr. Speaker, I have not seen the agreement, although it has been tabled. I have not heard about the agreement. I want to inform the member, and I think he knows this, that the VLTs were shut down on July 17 and they are not in operation at this time.

**Mr. Derkach:** On a new question, Mr. Speaker.

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

**Mr. Derkach:** The minister misses the point. We are asking the minister, who is responsible for ensuring that all gaming in this province is conducted above board, whether he feels it is appropriate for someone, namely the Premier's (Mr. Doer) brother, to be the head, the manager of the VLTs and the gaming at Dakota Tipi Ojibway tribe and at the same time having him audit the books of the very gaming commission he is responsible for.

**Mr. Ashton:** First of all, Mr. Speaker, I want to reiterate the words of the Minister responsible for Lotteries. The VLTs were shut down last Monday and remain shut down.

\* (14:20)

The second point, and I think the member would be aware of this, but in terms of the original information that was provided to the gaming commission, it was not a sufficient breakdown in terms of the specificity in terms of the gaming revenues and expenditures, and it is

standard process for any organization to engage people who provide the information. Then it is according to standard accounting principles then validated in terms of preparation of final audit.

Right now, Mr. Speaker, what is going on in terms of Soaring Eagle is basically the presentation of the information we are anticipating. The pre-audit information will be in place by the end of July and a final audit by the end of August.

I believe the member either does not know or chooses not to know what happens in terms of basic accounting practices. This is consistent with basic accountant practices.

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

## MEMBERS' STATEMENTS

### Military Families

**Ms. Bonnie Korzeniowski (St. James):** Mr. Speaker, I rise today to pay tribute to the spouses of the soldiers who are now returning from Afghanistan, as well as the staff of the Military Family Resource Centre for their efforts in welcoming home our troops.

On Saturday, July 28, 2002, I had the distinct pleasure and privilege to join these people in decorating the drill hall at the Kapyong Barracks located at Kenaston and Grant. It is the spouses and friends of military personnel and the staff of the Military Family Resource Centre who are responsible for the yellow ribbons many Winnipeggers will have seen tied to the trees throughout our city. These ribbons are found on Ness Avenue between Whytewold Boulevard and St. James Street and along Grant Avenue around the barracks.

It is also worth the trip to the barracks to see the bolts of yellow cloth that are wrapped around the buildings on the base. Peter Nygard is to be thanked for this contribution to the welcome home decorations.

Mr. Speaker, the joy and excitement of the wives I worked with while decorating that day

were absolutely energizing. I was touched by the fact that there were babies and babies-to-be who were still waiting to meet their fathers. I would like to send my regards to baby Naython Fleet, his mother Christine, Milissa Allaire, Carrie Wassing and Maureen Hughes, with whom I chatted while painting for the returning personnel.

Also, I would like to thank Catherine Chatterley of the MFRC; Master Corporal Febra Pennycook; Master Corporal Kevin Lincez; and Terry Shaw, who did an admirable job of orchestrating the day's event. The enormous flag was not mounted without considerable effort. Catherine's creativity and resourcefulness were evident throughout.

I might add, Mr. Speaker, that support for the military members was also demonstrated by Wing Commander Colonel McLennan and MFRC staff member Nicole Johnson, who spoke to Bill 9 at the standing committee hearings recently.

Mr. Speaker, I was very happy to be present for some of these homecoming events and look forward to hearing of more joyful reunions as our troops return from Afghanistan. I therefore encourage all MLAs today to wear the yellow ribbons they will find on their desks in honour of those who have served their country.

### **Sweet Debut Choral Ensemble**

**Mr. Larry Maguire (Arthur-Virden):** Mr. Speaker, I would like to use this private member's statement to recognize the achievements of the Sweet Debut choral group of Virden and area, who have recently performed at the International Kathaumixw Choral Festival in Powell River, B.C.

At this festival held from July 2 to 6 this summer, Sweet Debut performed with different ensembles from around the world in a variety of concerts. They participated in a total of four different competitions in categories such as folk and contemporary music. They also were provided with the opportunity to rehearse with 31 choirs from around the world as one mass choir for the event's climactic finale.

The 22 members of Sweet Debut, most of whom reside in the Virden area, rehearsed a

special repertoire in a variety of styles for the event, including several Canadian compositions which they used to represent their home country.

I would like to bring to the attention of all honourable members that the Kathaumixw broadcast will air on CBC Radio on the first two Sunday mornings in September. This broadcast will feature interviews with Sweet Debut conductors, Ms. Michelle Chyzyk and Ms. Shayla Schwindt, that will offer a terrific insight describing their experience of participating at this prestigious festival.

Mr. Speaker, I would also like to take this opportunity to recognize the contributions of choir director and conductor Michelle Chyzyk. Her tireless volunteer efforts and leadership in rural Manitoba have served as a model for all of the girls in Sweet Debut. Surely, Ms. Chyzyk's dedication to the vocal group has helped them realize the successes that they have experienced.

On behalf of all members of the Progressive Conservative caucus, I would like to congratulate the members of Sweet Debut, their directors, chaperones and all those who have volunteered their time to help these young ladies on their way to the Kathaumixw Choral Festival in Powell River, B.C. Congratulations on this magnificent accomplishment.

### **Manitoba Night**

**Mr. Tom Nevakshonoff (Interlake):** I rise today to invite everyone to attend the Manitoba Night celebrations at the North American Indigenous Games. Spectators, athletes, coaches, performers, family and friends are all invited to take part in these festivities. Held tonight at The Forks, the Manitoba Night celebrations are one of the key celebrations of the games.

Manitoba Night is a free concert and dance night featuring MuchMusic. It will also showcase the talents of Aboriginal rock groups such as Warparty, Brothers of Different Mothers and Breach of Trust. These performances will be held at the Scotiabank Mainstage at The Forks, and there will be lots of room for dancing. The first band is scheduled to take the stage at 5:15 p.m., and the evening should wrap up about 10 p.m., Mr. Speaker.

These kinds of festivities are as much a part of the games as the athletic competitions themselves. I am pleased that this Government supports the games, both on the fields of competition and through the many cultural events that will add depth to this week's festivities. I was happy to learn that we have partnered with the North American Indigenous Games in sponsoring tonight's Manitoba Night events. As well as the Manitoba Night show, everyone is invited to visit the popular Manitoba Pin Trading Post which is located at The Forks throughout the games.

I believe that this province has every reason to celebrate tonight as we are holding one of the biggest sporting events of the decade. A total of 1168 athletes from Manitoba are taking part in the NAIG. The games are estimated to attract more than 15 000 other visitors to the province from across North America, including close to 7000 athletes, coaches and direct participants. The 11-day event will continue until August 4 and is expected to be the largest multi-sport and cultural celebration of its kind in Canada.

I believe that Manitoba Night will be a terrific opportunity for everyone involved with the games to join in with those from "Friendly Manitoba" for some great times.

#### **Portage and District Arts Council**

**Mr. David Faurschou (Portage la Prairie):** I rise today to inform all members of the Assembly of an event which is being celebrated in Portage la Prairie. The Portage and District Arts Council has officially announced the opening of its new home in the William Glesby Centre, joining the performing arts already established at the arts centre.

Arts Promotion Co-ordinator at the arts centre, Kathie Keeling-Evans, explains: "We want to have all the arts under one roof." With the city library just next door, the cultural centre will be right in the middle of Portage's cultural core, and thus will attract more visitors by giving the arts centre more exposure.

Plans have been in the works for the arts centre and the gallery to move to the William Glesby Centre since its opening in 1998. The

centre completed the first phase of its move in September of 2000 with the opening of the dance studio at the Glesby Centre followed by the pottery studio which opened in January of 2001. The third and final phase, involving moving of the gallery has just now taken place. The new space has been referred to as an "artist's paradise."

Improvements will include hand-crafted stained-glass windows in the gift shop, two classrooms and a larger, 9-metre wide galleria allowing for large art shows to take place. As Kathie Keeling-Evans explains, the larger space is essential because it allows the public "to stand back and really appreciate the work."

The William Glesby Centre executive director, Harvey Sawatzky, expects that with the arrival of the arts council, the Glesby Centre will become the entertainment hub of Portage la Prairie. As he explains, and I quote, "When you have got everything in one spot, it becomes the focal point of the community."

#### **St. Vital Agricultural Society**

**Ms. Nancy Allan (St. Vital):** Recently I had the pleasure of attending a wonderful evening organized by the St. Vital Agricultural Society. The Garden Booster Night is an evening celebrating the appreciation of horticulture. This is my second year attending this fantastic event.

I would like to thank the organizers for a fun evening and Jim Fuller of Top Hat Florist who entertained us with a flower-arranging demonstration full of humour and expertise.

The St. Vital Agricultural Society's mission is to encourage excellence in horticulture, baking, handicrafts and graphic arts, and provide educational and promotional opportunities for the wider development of these skills, to instil a love of gardening, especially amongst our youth, to promote beautification of our homes and environment and to maintain an awareness of St. Vital's agricultural traditions.

The St. Vital Agricultural Society has a rich history in the area. This year they will be presenting their 93rd annual display and fair on August 14 and 15 at the St. Vital Centennial

Arena. The fair will recognize the importance and value of the society and agriculture in the St. Vital community. For that reason, Mr. Speaker, the fair's theme for 2002 is entitled, "Accent on Agriculture."

I would like to take the opportunity to invite everyone to stop by and see the different classes up for judging, from cut flowers, to paintings, photography, vegetables, fruit, preserves and particularly the junior gardening competition. This competition is intended to make young people aware of gardening and encourage them to develop long-lasting gardening and environmental skills. People can also drop by for Wednesday night's pork barbecue.

\* (14:30)

I would like to thank the dedicated volunteers and the board of directors whose time, energy and resources make the fair a success. Their commitment ensures the fair is still thriving. I would also like to thank the president, Karen Jack, for her dedication and commitment to the society.

I also extend my congratulations to all the exhibitors for participating in this very worthwhile event and thank the many sponsors and advertisers for supporting the fair and contributing to the agricultural community in St. Vital.

## ORDERS OF THE DAY

(Continued)

### GOVERNMENT BUSINESS

#### House Business

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, would you canvass the House to see if there is unanimous consent to change the Estimates sequence: to move the Estimates for Advanced Education from the Chamber into Room 254 where it is to follow the Estimates of the Status of Women? This change is to apply permanently.

**Mr. Speaker:** Is it the unanimous consent to change the Estimates sequence to move the Estimates for Advanced Education from the Chamber into Room 254 where it is to follow the Estimates of the Status of Women? This change is to apply permanently. *[Agreed]*

**Mr. Mackintosh:** Mr. Speaker, would you canvass the House to determine if there is unanimous consent for the House to vary the sitting hours for tomorrow, such that the House will sit from 10 until 12 noon, and from 1:30 to 4, with Routine Proceedings to take place at 1:30?

**Mr. Speaker:** Is it the unanimous consent to have the House vary the House sitting hours for tomorrow, such that the House will sit from 10 a.m. until 12 p.m. and from 1:30 to 4 p.m., with Routine Proceedings to take place at 1:30? *[Agreed]*

**Mr. Mackintosh:** That is, of course, still with the agreement of no recorded votes and no quorum, and, indeed, in the afternoon, the only sitting of Supply is Health.

**Mr. Speaker:** Is it agreed that there be no quorum count and no votes, and also, tomorrow will be Health? *[Agreed]*

**Mr. Mackintosh:** Mr. Speaker, I would like to announce that the Standing Committee on Law Amendments will meet on Wednesday, July 31, at 6:30 p.m., to consider Bill 35, The Child and Family Services Act.

Mr. Speaker, there is just one more item of business that we will deal with before moving on.

**Mr. Speaker:** It has been announced that the Standing Committee on Law Amendments will meet on Wednesday, July 31, at 6:30 p.m., to consider Bill 35, The Child and Family Services Act.

**Mr. Mackintosh:** Mr. Speaker, I would like to rescind the previous Estimates sequence change for the Estimates for Advanced Education as moved to 254. Instead, Mr. Speaker, would you please see if there is consent to vary the Estimates sequence such that, for today only, the Estimates of the Department of Agriculture will be considered in Room 254 to follow Status of Women?

**Mr. Speaker:** It has been announced to rescind the previous Estimates sequence change, where the Estimates for Advanced Education are moved into Room 254, and also if there is unanimous consent to vary the Estimates sequence

such that, for today only, the Estimates of the Department of Agriculture will be considered in Room 254 to follow the Estimates for the Status of Women. Both of those need leave. So is there leave for both? *[Agreed]*

**Mr. Mackintosh:** I was going to announce that we are continuing in Supply, as agreed earlier.

**Mr. Speaker:** It has been announced that we will continue on into Supply, as previously agreed to.

**COMMITTEE OF SUPPLY**  
**(Concurrent Sections)**  
(Continued)

**STATUS OF WOMEN**

\* (14:40)

**Mr. Chairperson (Harry Schellenberg):** Good afternoon. Will the Committee of Supply please come to order? This section of the Committee of Supply will continue the consideration of the Estimates of the Status of Women. Would the minister introduce other members of her staff?

**Hon. Diane McGifford (Minister responsible for the Status of Women):** I wish to introduce Betty Brand, who is a policy analyst with the Women's Directorate. She has not been at the table with us before, so she is today. Welcome, Betty.

**Mr. Chairperson:** Thank you for that introduction. When this committee last met, there had been agreement to have a global discussion. The floor is now open for questions.

**Mrs. Bonnie Mitchelson (River East):** Just at the outset, I would like to wish the minister well as she recovers from a health problem that she experienced last week. I know that sometimes we get into discussion and debate. Although we may have different opinions or philosophies or ideas on how things should progress, I know when someone that is in the Legislature, regardless of political stripe has a problem, I think it is important that Manitobans know that, outside of our legislative responsibilities, we recognize that everyone is a human being and from time to time people do have problems and that we are much

more, I might say, humane when it gets outside of the Chamber. So I do want the minister to know that I hope things are going well, and wish her a speedy recovery.

Looking at the Estimates book and the structure of the Women's Directorate and the Women's Advisory Council, I wonder if the minister could indicate to me whether the number of staff in both areas is the same as it was in previous years.

**Ms. McGifford:** First, I thank the member opposite for her well wishes with regard to my health. Second, I can tell her, yes, the staff complement is exactly the same, I am informed.

**Mrs. Mitchelson:** Could the minister indicate to me whether there have been any staff turnovers in the last year, either in the Directorate or at the Council?

**Ms. McGifford:** I would like to tell the member that Ruth Mitchell, who, she must remember, retired in December 2001, and Jane McBee, who was with us a few days ago, is replacing Ruth. We have hired a new analyst, Maire Gannon, to fill a vacancy. That is in the Women's Directorate, of course.

In the Advisory Council, Betty Owen has been seconded to Justice for the 9-11 issue. In her place we have Gerri Thorsteinson, who is at the table.

**Mrs. Mitchelson:** Can I ask the minister how these positions were filled? Was there a competitive process, or were they direct appointments?

**Ms. McGifford:** For both positions in the Women's Directorate there was a competition. With the position in the Women's Advisory Council, the individual was already there as a consultant and has been hired on a term contract.

**Mrs. Mitchelson:** I wonder if the minister could indicate, I guess it is that Gerri Thorsteinson from the Advisory Council was there as a consultant. In what capacity was she hired? What was the purpose of that consulting contract?

**Ms. McGifford:** Gerri Thorsteinson is an experienced writer, has had a great deal of experience

with *Herizons*. She was hired as a writer to revise the *Parenting on Your Own* manual.

\* (14:50)

**Mrs. Mitchelson:** Mr. Chairperson, how long was she working in her consulting capacity at the Advisory Council?

**Ms. McGifford:** A couple of months, Mr. Chair.

**Mrs. Mitchelson:** Mr. Chairperson, I guess the minister indicated, I do not know, it is the sixth or seventh edition of *Parenting on Your Own*, the booklet, [interjection]—the sixth. Were there changes to the book with this last edition?

**Ms. McGifford:** I am informed that there were 23 pages of new resources, and then there was a lot of updating of the existing resources—new addresses, expanded services, that kind of thing. So, yes, there was a considerable amount of work involved in the revision, and, of course, I believe it is for the first time that the manual went on-line.

**Mrs. Mitchelson:** Can the minister indicate to me I guess there would be five republications of *Parenting on Your Own*—whether there were consulting services required in order to update the book at that time?

**Ms. McGifford:** Mr. Chair, I am informed that the initial book was done on a contractual basis, and I am looking at the staff as I say this, just to make sure that I am being accurate. Subsequent revisions did not include a contracted person, but it was extremely stressful at the Directorate and, of course, it was problematic once Betty Owen was seconded, and so a decision was made for a contract employee.

**Mrs. Mitchelson:** Mr. Chairperson, I wonder if the minister could indicate how long Gerri Thorsteinson's term contract is, and—I will just ask another question, maybe, we can get the answers to both at the same time—whether, in fact, there will be a competitive process for that position to be filled, or will Betty Owen be coming back? Has she just been seconded over to Justice? Will she be coming back to the Women's Directorate?

**Ms. McGifford:** Mr. Chair, I am informed that Gerri has been contracted up to the end of the fiscal year, and that Betty Owen has been

seconded for two years. So that is the state right now.

**Mrs. Mitchelson:** Mr. Chair, I would just ask, I think there was another question I asked in there. Well, I guess the minister has answered my question. If Betty Owen is seconded for two years, there is a possibility she would come back after that two-year term, so you would not fill the position on a permanent basis until that was sorted out. So my question has been answered.

I wonder, there is just one other area that I would like to ask a couple of questions on, and that is the whole area of the expansion of alcohol sales on Sundays. That was legislation that was passed last year and put in place.

I know there were some concerns at the time around women, and whether there would be any increased incidents of violence. I know that the police had some concerns at the time about increasing incidents of violence against women and other issues as a result of Sunday alcohol sales. I wonder if the minister has any information, whether there has been any analysis or is there anything happening that she might know of within government that would be trying to get some data and information on that?

**Ms. McGifford:** I am informed by staff that they have received neither phone calls nor letters on this topic. I can tell the member that I have not received phone calls, I have not received letters, and none of the women's groups that have come to meet with me have presented this as an issue. As far as whether there has been analysis done on whether there may be an increase in domestic violence on Sundays as compared to other years, I do not have that information. Perhaps Family Services has done that work, but if Family Services has done that work, I have not heard.

**Mrs. Mitchelson:** I just wanted to ask that, and it would be interesting at some point in time. I suppose we could also ask the Minister of Justice (Mr. Mackintosh) if he has had any reports or if there has been any analysis done from the Justice perspective or any indication from any of the police services throughout the province that there has been an increase.

Mr. Chair, with those few questions, I am prepared to pass the Estimates of the Status of Women.

**Mr. Chairperson:** We will start on page 134 of the main Estimates book.

22.1 Status of Women (a) Manitoba Women's Advisory Council (1) Salaries and Employee Benefits \$197,7600-pass; (2) Other Expenditures \$104,400-pass.

(b) Women's Directorate (1) Salaries and Employee Benefits \$520,300-pass; (2) Other Expenditures \$199,800-pass; (3) Grants \$100,000-pass.

Resolution 22.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,122,100 for Status of Women, Status of Women, for the fiscal year ending the 31st day of March, 2003.

**Resolution agreed to.**

**Mr. Chairperson:** We will go on with page 134 of the Main Estimates book.

22.2 Amortization and Other Costs Related to Capital Assets (a) Desktop Services (1) Amortization Expense - Hardware and Transition \$12,000-pass; (2) Amortization Expense - Enterprise Software \$2,200-pass; (3) Enterprise Software Licenses \$4,200-pass.

(b) Amortization Expense \$5,800-pass.

Resolution 22.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$24,200 for Status of Women, Amortization and Other Costs Related to Capital Assets, for the fiscal year ending the 31st day of March, 2003.

**Resolution agreed to.**

**Mr. Chairperson:** This completes the Estimates of the Status of Women.

The next set of Estimates that we will be continuing with in this section of the Committee of Supply are the Estimates of the Department of Agriculture and Food.

Shall we briefly recess before we begin the Department of Agriculture and Food? *[Agreed]*

*The committee recessed at 2:58 p.m.*

*The committee resumed at 3:03 p.m.*

## AGRICULTURE AND FOOD

**Mr. Chairperson (Harry Schellenberg):** Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 254 will now resume consideration of the Estimates for the Department of Agriculture and Food.

Consideration of these Estimates left off on item 3.5. Regional Agricultural Services (a) Northwest Region (1) Salaries and Employee Benefits \$2,324,600 on page 34 in the main Estimates book. The floor is now open for questions.

**Mr. Jack Penner (Emerson):** I believe we had just passed Irrigation and the Food Development Centre. We are now into Regional Agricultural Services.

Mr. Chair, I want to raise a few issues with the minister that are of some importance to Manitobans—two. One is, I found an interesting article in some old records that I was going through. When I say old records, these are my neighbour John Rempel's records. When he passed away, he handed them on to his son. His son, Jake, came over a couple of months ago and gave me a piece of information that I found very interesting.

It talks about the guaranteed price of U.S. wheat in the year 1919. The U.S. government at the time passed a bill in 1919 guaranteeing the farmers of the United States \$2.30 U.S. a bushel for wheat. I found it very interesting that almost the exact same number was used under the new U.S. farm bill. We are now almost just better than 83 years later, and the price I believe under the U.S. farm bill is \$2.34 U.S.

The only reason I raise this is because I think it should be of interest to all Manitobans that the agricultural situation in this province, as far as pricing of ag commodities is concerned, has, in relative terms, fallen so far behind that it is small wonder that the small family farms in

this province, and in other parts of Canada, especially western Canada, simply cannot survive anymore. It is impossible when we look at the actual market prices today. I think it is only in the last month or so that U.S. Minneapolis wheat prices have risen above \$3 a bushel U.S. I think last week's prices were \$3.38.

I know that the minister has just got back from the States. I do not know whether I should call it briefed, or at least discussed the effects of the new farm bill in the U.S. I commend her for taking the time to apprise herself of what is really going on, and what the meaning of all of this is; the country-of-origin labelling and what that will mean to our farmers, and what it will mean to maybe even much of our industry.

I noted under the auspices of the new farm program that was announced by the federal government, which will have a significant impact on the provinces, it contained some similar priorities. It talks about Canadian labelling and trying to sell the benefits of Canada and Canada's safe food supply, and I commend the federal government for indicating, in a progressive manner, how safe our food supply really is. Yet I think the one thing that is lacking in this whole premise is we are forgetting to give credit where I think credit is due. We have, for a long, long time, had the benefit of a very safe and adequate food supply because of the ingenuity of our farm community, of our departments of Agriculture in our province and our provinces and, I believe, in large part, the programs that many of the staffing people in the Department of Agriculture have driven. That has led us to become, I think, well known in international circles as a country that has a dependable food supply and a safe food supply, safe from an environmental standpoint, safe from an on-table food supply and safe from having had the assurances of stability in terms of supply.

\* (15:10)

I think, Madam Minister and Mr. Chairman, that last terminology, the stability of food supply, is in serious jeopardy from Canada's perspective because, if you take the fact that, in 1919, the price of wheat was \$2.30 U.S. guaranteed and, in terms of 2002, the U.S. price of wheat is \$2.34 guaranteed under the LDP, that

gives us an indication of what the economics are. When you take into consideration that, at that time, it probably took \$100 to buy a good horse and, today, it takes \$250,000 to buy a good tractor, some of them up to almost \$400,000, one can really not imagine how long the economics of this can be or will be maintained.

Secondly, when I look at the amount of legislation that has come about, or is being proposed currently, to deal with such matters as fish habitat in our ditches and the hiring of significant staff by the federal government to determine whether we should or should not allow action or activities to be taking place in our drainage systems in this province without the consideration of some inspector—and bearing the costs at the end of the day will be the farm community, there is no question about that. But having some inspector come down and saying yea or nay to whether we should allow or should not allow drainage of a given quarter of land to take place—*[interjection]*

When I look at the seven and eight inches of rain that fell in the south end of the Red River Valley, and up to thirteen and fourteen inches in the southeast part of the province in the Sprague area, just in the last month or so, one has to wonder how long these farm families or farmers are going to want to even keep on fighting the battle, to think there might be a bright light somewhere in this cloudy horizon.

I want to say to the minister that I commend you for having made the trip to the States, and maybe I could ask you, Mr. Chairman, through to the minister, whether she could give us a bit of a brief outline as to what she heard and found as far as country-of-origin labelling is concerned in the U.S. and how she thinks that might affect us in the future.

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Chairman, I indeed did have the opportunity to attend a meeting in Chicago on Thursday, where we had representation from most provinces and Manitoba and many of the states on the U.S. side, where we had a discussion on the U.S. farm bill and the country-of-origin portion of the bill.

This was an opportunity for Canadians to raise the issues of what the impact of the U.S.

farm bill will be on Canadian production, particularly in the livestock sector, where we have the major concern. Manitoba's concern is in the hog section. Alberta and Saskatchewan's concern is more in the beef section. In the hog section, it is in the weanlings, because the U.S. farm bill says that it has to be born, raised and fed in the United States to be considered U.S. and to get the label.

We raised a concern about what the impact of the U.S. farm bill would be on family farms, because the U.S. farm bill is supposed to be addressing the family farm operations, but, in reality, if you put in place this country-of-origin labelling, there is a concern as to what will happen to the weanlings that leave Manitoba, end up on U.S. farms and then, fed, finished, will go right through a system but cannot have the same label as other ones. It ends up being the small farms, the small slaughter facilities that are most affected by this.

We asked many questions that the people who are drafting the regulations for the law could not answer. We asked many questions that representatives from the various states could not answer, because they were not sure as to how it would affect their producers and their smaller processors. There is a concern. In fact, it is the state of Minnesota, I believe, that voted against the legislation because they are concerned, as we are, that this will have a negative—*[interjection]*—I said voted against it, but spoke out against it, because they are concerned about what impact it will have on their smaller facilities.

South Dakota is quite concerned about what the impact will be on the larger processors. Because larger processors have said they are not going to bother with two streams, and they may not even keep their facilities open in South Dakota, because they are being required to have two streams of processing to be able to sort out what was born, raised and fed in the U.S.—and what may have spent a few days in Canada, because a weanling does not spend very many days.

In the cattle industry it is different. Those cattle can go back and forth across the border two or three times; how is that going to be traced? We raised all of that with them, but

when you think about the weanling industry, one of the reasons I think it is so important we get some answers on this is, if you look at the number of weanlings that go to the U.S. from Manitoba, there are 750 000 going to Iowa, 550 000 going into Minnesota, 300 000 going into Nebraska, and 100 000 into South Dakota. So South Dakota is not as concerned with the weanlings coming in from Manitoba as the other states are. South Dakota is more concerned with the finished hogs that are going into South Dakota now for processing.

We raised a lot of questions, and we are going to follow up on this and continue to work on this matter. There are some deadlines that have been set as to times when we have to have our input. Certainly the producers of Manitoba will want to have input because there are temporary regulations that have to be put in place by this fall, but those will be the basis for the permanent regulation. So it is an issue that is one that is important to our industry and one we are going to continue to work on.

**Mr. Jack Penner:** I thank the minister for those comments. I think this, again, harks back to the comments I made at the outset, and that is the difficulty our farm community faces, not just from pricing but from actions that other governments are taking. There is deep concern, especially within our livestock industry. The hog industry, as the minister has indicated, is probably the one that is probably going to feel the most immediate impact of this. Many of the weanling producers in the province are asking: What is going to happen to us? What actions is this Province of Manitoba going to take to allow us to build a facility that will allow us to finish these weanlings in the province, should the full impact of the implementation of the U.S. country-of-origin labelling take place as we perceive it probably to take place?

Could the minister give us maybe a bit of lead time, or could the minister maybe give us a bit of an overview as to how she sees us being able to accommodate the finishing of those weanlings in the province, if it comes to that?

**Ms. Wowchuk:** Mr. Chairman, that was another issue we raised with my U.S. counterparts, the fact that Manitobans are raising a lot of

weanlings we are exporting at the weanling size right now, but our producers are going to continue to produce those weanlings. If it means that the U.S. is not going to allow them to come into Manitoba, they are going to have to fill that gap in the U.S. market. But that is going to open up some markets in other areas. I indicated clearly that we have been talking with Manitoba producers and Manitoba Pork Council about the next steps. The next steps are, if we have a base of weanlings here, we are going to have to work with the producers on the facilities to finish them to the next level here in this province and look at new markets.

\* (15:20)

What the producers are worried about is an oversupply. If somebody else starts to raise weanlings in the U.S. market, and they do not switch over from export market to fill their market, that we are going to get an oversupply. But certainly we have talked to producers about this, and certainly there are programs through MACC, through the loan diversification program and other programs, where the province works with the producers to lend money to see this industry expand.

The issue is: it takes time. The construction is not quick, and it is finding markets. I hope that we can be successful in negotiating with the U.S. to allow those animals that only spend a short part of their life here in this province, and then are fed from a very young age in the U.S. market, to be treated the same as those that are born in the U.S.

I think that this is a serious issue that we have to work through, and, as I said, those people who are working developing the regulations for this are very concerned that there are parts of the law that are going to be very difficult to implement. They are looking at how they can get through that. It is a difficult challenge, but I hope that we can resolve it. But I also see the feeder industry growing in this province, and I see MACC playing a major role in that.

**Mr. Jack Penner:** One of the reasons I asked the question is because I also met with the pork industry people just a week ago, and their concern was that the decisions that would have to be made if the full implementation of the

country-of-origin labelling was going to proceed. That is why I asked the minister the question, whether she could give us a bit of an overview, would proceed as initially indicated; that all livestock born, raised and processed would be the qualifying factor for the country-of-origin label.

Secondly, there has been significant discussion, I believe, with some of the industries in the U.S. that would lead us to believe that there might be very few that will want to segregate the so-called Canadian-born livestock that might have to be segregated at many of these plants. If that, in fact, is the case, then we would have to move very quickly to build facilities that would allow us to finish that livestock in the province of Manitoba.

Is the minister prepared to issue permits quickly enough that would allow for the building of enough facilities that would house and finish the two million weanlings that are crossing the border today when this occurs? Is the minister already preparing to allow this to happen quickly enough that within two years we will have the facilities, the barns in place that we will be able to finish those weanlings that we now produce in this province?

**Ms. Wowchuk:** Mr. Chairman, in the last year there was a total of just under 400 000 finishing spaces that were added into the system. So that is a fairly significant increase. But there would have to be quite a bit more than that done to meet the needs of the whole two million. Going with that there is the investment in stock; stock would be there as it grows, but there is the investment in the facilities that has to take place. Over the last seven years there has been a total capital investment of almost \$29 million that took place. Oh, I am sorry. The total is approximately \$200 million, but on average it is \$28.8 million per year. That is the investment. So there is a lot of investment that has to take place.

When you think about the numbers that you have for those two million weanlings, there is going to be a lot of investment that has to take place if we are going to finish them here. That will not all happen in one year. It will take time for that investment to take place. Our department

has been working, through MACC there is money available to work with producers on that, as well the licensing, we saw an overall gross of 17 percent last year. We will see more growth.

The steps that we have taken will see the licence approvals progressing at a reasonable rate. When you compare the amount of investment that has to be made, I think that there will be a reasonable rate of approval of licences as well.

**Mr. Jack Penner:** The question I really ask of the minister, Mr. Chairman, is: Is she prepared to issue, quickly enough, enough permits and licences in order to be able to build enough facilities that will house two million additional hogs in this province for finishing?

I understand we finish roughly about two million now in the province, and we export two million weanlings. Is that correct? My figures, I think, are relatively close. So that would mean an almost doubling of the finishing facilities in this province. Those permits, in my view, would have to be issued within the coming year in order to facilitate, even come close to facilitating, the construction that would be required to house two million additional hogs and be fed for market in this province of Manitoba.

I understand that we probably have the processing facilities in place to handle those hogs if the Maple Leaf plant would put on two or three shifts in the province of Manitoba. However, we certainly do not have the capacity to finish currently, the building capacity, to finish those hogs in this province now.

Simple question: Is the minister prepared, and her Government prepared, to issue the permits to build those additional facilities within the next year?

**Ms. Wowchuk:** We slaughter about 3.8. We export 2.5 weanlings. We export about 600 000 hogs for slaughter to the U.S. That means we produce about 4.4 for slaughter and another 2, so we are somewhere in the range of 6.4. We anticipate that to grow in this year to 7.

The issue of finishing barns is there is the licensing process. We have taken steps to improve the licensing process, but it is also an issue

of investment. Those are huge investments. All that investment will not take place in one or two years. It is also important that we work for our producers that they have an alternate market. I am always of the view that I would like to see more weanlings finished in Manitoba, but I know that there is another market. I say the industry can grow that way, too, where we can export some weanlings, and we can finish more of them here in this province. If they are not going to be able to go to the U.S. because of this country-of-origin labelling, we have a bigger challenge there. It is one we have to continue to work on. That is why we have been working so closely with municipalities on their planning to make improvements in that area and why we are working to improve the process of licence approval. If you look at the numbers, there has been an improvement. The process of approval is going a little more smoothly than it has been in the past.

\* (15:30)

**Mr. Jack Penner:** We have, in the province, as the minister is well aware, some areas where we have very significant investment in the export of weanlings. In large part, they are housed right in my constituency. This becomes a very significant issue in the constituency of Emerson. The investments have been made based on the ability to move these weanlings into the U.S. market.

If that door should close two years from now, as many are predicting it will, then surely we must take immediate action to give these people that have already made the huge investment to accommodate, really, the Province's agenda to expand the livestock industry. We all knew this when the Crow was disbanded, that Manitoba would become a livestock production centre. There was no question about that. That is happening as we speak. However, in order to give these investors that have already made the investment some sense of security, as well as adding a sense of real security to the industry, as a whole, over the long term, I think it is imperative that the Government of Manitoba make a decision. Are we going to issue licences over the next year that will accommodate, when the door closes two years from now, the feeding of those weanlings that are currently, not only in the planning stages, but in reality in a productive

stage. When the door closes permanently, it is closed. Where will those weanlings go the day after? The minister should be prepared for that eventuality. Are we going to issue enough permits within the next year to accommodate the building, within two years, to house those weanlings to finish them here and put them into the marketplace?

**Ms. Wowchuk:** I would like the member to know that I have had discussions with pork producers, as I have indicated to him. Pork producers have raised many concerns. Pork producers asked that I go and raise their concerns with my counterparts in the U.S. and made some suggestions. That was their view. They said, go, raise our concerns, let us see how we can work through this. I can tell the member that, when we took office, we saw the opportunity for producers. We knew that producers wanted to diversify. We could see the growth in the livestock industry, particularly in hogs in this province. That is why we put forward the Livestock Stewardship Initiative, to put in place plans and look at the industry as to how we could ensure that it grows sustainably. That is why we have raised the issue with our U.S. counterparts. I have to say that they were appreciative of some of the concerns that we raised, because they had not thought of some of the issues before.

\* (15:40)

There could be the option that the rules will be changed. There is the option of a lot more barns here in this province. That is what the Livestock Stewardship Initiative is about. That is why we are taking steps to ensure that the licencing takes place in a reasonable way.

The member talks about finishing all of those hogs here in this province. We also have to look at marketing, because you can finish them, but if there are not markets developed, that is another issue too. Is the U.S. market going to change because it is a Canadian finished hog? I think we can compete very well, because Canadian products are well known. They are known as a safe food, animals that are raised in a healthy way.

Those are advantages, but when a bill like this comes forward it takes a little bit of time to

see how it is going to work. We are trying to work through that. The preliminary regulations will come out this fall, the voluntary regulations, I should say. Then it will depend on how many people take the U.S. government up on this, because it is voluntary. Maybe it is going to be that nobody is going to take them up and they are going to continue to operate in the same way. If that is the way it happens, well, then, maybe the situation changes, but we have to work through this in a reasonable way. We are doing it on both sides. We are raising the concerns, putting forward suggestions, putting forward options. Certainly we are encouraging our producers to put their comments on the record for these voluntary regulations.

We are working with the industry. I think when we talk to the industry the licensing approval process is moving along smoothly. There has been some backlog but that is being cleaned up. I think the industry was looking for some certainty. They were happy with the announcements that were made under the Livestock Stewardship Initiative because they feel that gives them some certainty. We will continue to work in that path.

**Mr. Jack Penner:** My question to the minister is very simple. Is she prepared to issue the licences and permits that will require the building to house the two million piglets that might be left homeless if and when the U.S. closes the border?

**Ms. Wowchuk:** I think I have made clear to the member that we have put additional resources in so that the technical review process can move along more quickly, because the technical review process is part of the licencing. We have done a lot of work with municipalities, because the municipalities play a role as well. It is not the provincial government. The Department of Conservation issues the licences, but there is a role for the municipalities.

As I said to the member previously, we will continue to work on this in all aspects. We will work on making the U.S. government aware of our concerns. We will continue to work with them to get our input into these regulations, although they are voluntary, to ensure that Manitoba's views are addressed. We will continue to

license facilities as they meet the requirements. As they pass the technical review, we will continue to license facilities. It is my hope that there will be a balance, that we will have more facilities in this province and more finishing in this province, because that was our intention as a government when we put forward the Livestock Stewardship Initiative.

**Mr. Jack Penner:** Did I hear the minister correctly, Mr. Chairman, when she said the regulations were voluntary?

**Ms. Wowchuk:** That is right. The country-of-origin labelling regulations will be voluntary for two years. Then they will become mandatory. During that time that they are voluntary, if there is no compliance, if facilities are not accepting the regulations as put forward, then there could be some changes in them, but I would believe that the regulations that come forward in September will be the basis for the permanent regulations that will come into effect two years from now.

**Mr. Jack Penner:** So we can expect provincial regulations in September on the hog industry?

**Ms. Wowchuk:** Mr. Chairman, what I said is the country-of-origin regulations will be voluntary in the U.S. The U.S. will draft the regulations, and there will be opportunity for people to express their views and opinions on how those regulations should be drafted. But they are U.S. regulations on country-of-origin labelling.

**Mr. Jack Penner:** And we can expect those regulations in September you said?

**Ms. Wowchuk:** That is right. I believe the voluntary regulations come into effect somewhere in September. It might be the 15th, it might be the 30th, around that range when the temporary regulations will come into place.

**Mr. Jack Penner:** Could the minister then give us also an indication when the regulations that she is contemplating to coincide with the Province's comprehensive plan for sustainable growth and livestock sector, when she intends to publicize them?

**Ms. Wowchuk:** Mr. Chairman, the manure management and mortalities regulation is up for

review, and that review has to be done by 2003, so there will be some consultation and work done on it over the next year, to be completed in 2003. But I would tell the member that is under The Environment Act. So it will be done by Conservation but very much in consultation with our department.

**Mr. Jack Penner:** Did I hear the minister correctly, that this will be done under The Environment Act?

**Ms. Wowchuk:** Yes, the manure management and mortalities regulation is under The Environment Act, and that is where it was from its inception.

**Mr. Jack Penner:** That is another matter for discussion at some other time, but I often wonder why we do not bring all of these issues under one ministry, that we can in fact deal in a much more cohesive manner on many of these things. But I do not want to get into that today.

The last question I have in this regard is all livestock operation, 300 AUs or greater, will require public notice, a local hearing and a technical review. That is basically the same process that we go through today. Is that correct?

**An Honourable Member:** Yes, it is. Yes it is.

**Mr. Jack Penner:** And then, the second one is council will make a decision as to whether to vary the provincial standard, the need for a development agreement and other conditions. That will be left to the council?

**Ms. Wowchuk:** That is right.

**Mr. Jack Penner:** And the variances will be limited to 20 percent. Is that correct?

**Ms. Wowchuk:** That is correct.

**Mr. Jack Penner:** And there will not be an appeal mechanism to the decision of council on a livestock operation. What does that mean?

**Ms. Wowchuk:** One of the recommendations of the Livestock Stewardship Initiative was that there be an appeal process if someone was not happy with a decision. There is no appeal pro-

cess now under the existing rules, and we are maintaining what is in place now, that there will be no appeal mechanism.

**Mr. Jack Penner:** So that means, Mr. Chair, that when a council has made a decision on the siting of a livestock operation, there is no appeal to that decision?

**Ms. Wowchuk:** Mr. Chairman, once a municipality has done their planning by-laws and those planning by-laws are in place, there will not be the opportunity for an appeal because they are the by-laws and the determination of the council as to where agriculture operations should take place. I feel comfortable that councils will make reasonable decisions. The member has to remember that when the by-laws are passed, those by-laws have to be approved by the Province.

\* (15:50)

**Mr. Jack Penner:** Well, thank you very much. I would like to move to the question I asked in the house today. I see Mr. Allan Preston is here today. I would like to ask, Mr. Chairman, what the meaning of this act, Bill 11, which we passed in the House in fact is, if it is like the minister indicated in Question Period today, that it does not prescribe and it does not speak to the Riding Mountain TB situation and how we can deal with this. It was our view, and still is our view that the latitude given under this bill clearly would allow the minister to place quarantine on the whole Riding Mountain National Park if she chose to do so.

**Mr. Chairperson:** Order. I just want to clarify that what we are discussing now has been covered under 3.4. There has been an understanding that leave has been granted to go back and forth, so we will leave it at that. Is that still agreed upon? *[Agreed]*

**Ms. Wowchuk:** Mr. Chairman, the intent of the act is to deal with domestic animals, and it is to clarify the role and strengthen the role of the department when there is a suspicion of a reportable disease. The member is talking about the Riding Mountain herd. This is a herd that is under the jurisdiction of the federal government. I do not believe that we have the authority to control that herd or control its movement, or to quarantine it, as the member suggests, but we

can work with the CFIA and with the other people involved to take steps to address the issue.

That is why we have put forward the TB strategy committee. That is why we put funds in place. That is why we have made various announcements of what we are doing to bring those numbers down and work with producers to control the movement of the wild herd with the domestic herd.

**Mr. Jack Penner:** Let me read to the minister portions of the act: 3(2) of section 5: "Where the director has reasonable and probable grounds to suspect that a vector is or may be carrying a disease-causing agent, the director may, in the public interest and at the expense of the owner," which I would suspect here would be the federal government, "make any order in respect of it that may be made in respect of an animal under subsection (1)."

Subsection 3(3): "Where the director has reasonable and probable grounds to suspect that a fomite is or may be carrying a disease-causing agent, the director may, in the public interest and at the expense of the owner," and again I would make the case that this is the federal government, "make any order in respect of it that may be made in respect of an animal under subsection (1)."

Then I go to section 6, subsection 3.1(1), where the director may, in the public interest, order that a place described in clauses (a) and (b), which follow here, be quarantined or that a larger area including, and I suspect that larger area would include the federal national park, or that a larger area including the place be quarantined, if he or she has reasonable and probable grounds to suspect that (a) the place contains or has contained an animal that has a disease; and, (b) the place contains, or has contained, a vector or a fomite.

Does that give you the authority to quarantine the national park, the owner of which, we talk about here, would be the federal government? This is entirely a property within the province of Manitoba, and it is a large property.

In my view, and in my simple analysis of legislation, which I have done many times, I

would suspect that this gives the Province of Manitoba the authority to deal very strictly with the federal government to ensure that they, first of all, bear the cost, and secondly, that they see to it that they remove the disease from their herd of animals.

**Ms. Wowchuk:** Mr. Chairman, I can advise the member that I have indeed checked this with legal counsel. Legal counsel tells us that the Province cannot pass laws that compel the federal government to do anything, because there are federal responsibilities and provincial responsibilities.

I can also tell the member that CFIA takes the same stance. CFIA says they have no jurisdiction over wild animals because their responsibility lies with domestic animals, and it is another body that is responsible for wild animals. As I said to the member in the House, this legislation deals with domestic animals and he is interpreting the act wrong, according to our legal counsel.

**Mr. Jack Penner:** Mr. Chairperson, I find this interesting. This bill, in fact, deals with animal diseases. I do not think that there is an act that distinguishes an animal's disease between wild and domestic. Nowhere in this act does it specify that this is directed at domestic animals only. This act simply says that we will deal with the agents and the organisms, and that we will deal with the areas affected by those agents or organisms.

Riding Mountain National Park is clearly within the boundaries of Manitoba. I think if the cattle producers or anybody took this bill to court, and let the court make the decision, you would find that this would stand as a bill. I think this is a very powerful piece of legislation, and I congratulated the minister for bringing forward this legislation. It was needed. That is why we expeditiously put this through the House, because we believe this is an effective tool to, once and for all, deal with the Riding Mountain situation.

I would strongly suggest to the minister that she enact measures to ensure that we, once and for all, eradicate the disease of tuberculosis in that Riding Mountain National Park, and/or

cause the federal government cause us to take action and give the bill to the federal government, as is clearly defined under this act, which we have the right, and that would be to build a fence around that park and contain that herd in the park and ensure that there would be no movement of those animals outside the park. I think we have an opportunity to pass on the cost under this act to the owner of that park, which would be the federal government.

I would strongly suggest, Madam Minister, that you use your own act, which we have just passed in the House, as a vehicle to take action to eliminate tuberculosis from Manitoba soil. I think it is imperative for the health of the industry, for the economic well-being of the industry, and to ensure the producers, when they are considering future investment, that this is in fact a vehicle that we—

**Mr. Chairperson:** Order. The hour being 4 p.m., as agreed upon in the House, the committee rise.

#### EDUCATION, TRAINING AND YOUTH

\* (14:50)

**Madam Chairperson (Bonnie Korzeniowski):** Will the Committee of Supply please come to order? This section of the Committee of Supply meeting in Room 255 will now resume consideration of the Estimates for the Department of Education, Training and Youth. We are currently considering item 16.1.(b) Executive Support. The floor is now open for questions.

**Mr. Harold Gilleshammer (Minnedosa):** Just a point of clarification. My understanding is that we are meeting till four o'clock today, we are not meeting in this committee tomorrow, but we would meet again perhaps on Wednesday. Is that correct?

**Madam Chairperson:** All that has been agreed upon to this point is that we are meeting until four o'clock today, and possibly we will be sitting in the morning. Whether we go into Supply or not is not yet confirmed.

**Mr. Gilleshammer:** When last we met, we were talking about school boundaries, and the minister

related to the public of Manitoba through the *Winnipeg Free Press* that it was science 80 percent and art 20 percent. I am wondering if he could explain that.

**Hon. Drew Caldwell (Minister of Education, Training and Youth):** Madam Chair, the discussion that we had last week around school division amalgamation was, I think, an interesting one, if nothing else. The issue around art and science in terms of the discussion or deliberations around school division amalgamation is one that was not only an observation of my own; it was probably an observation by my predecessors in the twenties and my predecessors in the fifties, as well as, in all likelihood, the Norrie commissioners. This issue is one that is very sensitive, has been very sensitive historically in regions around the province. Certainly, it is no different in 2002 than it was in the 1950s and sixties.

The science, I suppose the hard data or hard facts that are involved in this deliberation, both in this contemporary context and in previous context in earlier decades in the province's history, revolve around hard figures, demographic figures, the factual reality of declining enrolments in many rural divisions in particular, rural depopulation; the hard facts of finances and tax bases; the hard facts of transportation routes, highways, hard-topped highways, gravel highways and so forth.

The announcement itself involved my suggestion that the member refers to 80% science and 20% art. The science is hard figures. Things that are art, I suppose, have to do with those factors that will be managed both by school divisions when they make decisions in the future, as well as things like education programming opportunities and so forth, that will be determined as the amalgamations proceed and as we, over the next three- to five-year period or two- to five-year period, begin to understand the realities that will result from decisions made by the new school divisions in their deliberations.

As I said the last time we met, there are many ways in which boundaries might be organized. Although, having said that, we did have some strong criteria, again based on the beginning of this discussion with Norrie early last

decade. Fundamentally, we were interested in minimizing the disruption to students by, wherever possible, simply putting together two or more existing divisions. This vastly simplifies the issue of staffing, distribution of assets and so on.

We also tried to put together areas where there already were some synergies, such as trading patterns, major transportation routes and other interactions that may have been established between existing school divisions. We are also trying to create new divisions that had a reasonable enrolment, but without creating a geographic area that was so huge that it could not easily be managed. We were looking for willing partners, or at least one willing partner, wherever that was possible. In the majority of cases, we had either one willing partner or two. There were a number of voluntary mergers that took place between divisions.

As I said last week, I would not contend that we have drawn the map in the only way possible, but I will say that it is a reasonable plan, a manageable plan, a balanced plan, and a plan that will provide for enhanced opportunities for school divisions in the future, in terms of educational programming, reasonable tax base and so on.

Our major consideration, I suppose, in this exercise, in terms of the announcement of last November, was to facilitate, as reasonably as possible, a relatively smooth way to proceed in a way that would not create undue disruption in the classrooms during this process. But we are interested in respecting traditional boundaries, communities, transportation and trade routes. We chose to undertake a process that was manageable within the realities of the existing public school system in Manitoba.

**Mr. Gilleshammer:** Thank you, Madam Chair. Can you just describe what is happening to Duck Mountain School Division? I believe you announced something on the date of the amalgamations back in early November, and then, subsequently, changes were made. I am just wondering if you can identify what the final product looks like.

**Mr. Caldwell:** I guess the final product has been described and has been outlined in the legislation

that was passed a couple of weeks ago, The Public Schools Modernization Act, which, as I recall, was passed two weeks ago, roughly.

Madam Chair, Duck Mountain is chiefly being merged with the Dauphin-Ochre River and Intermountain school divisions. The new school division in the Parklands region was one of three that involved more than two school divisions, the other ones being River East, Transcona-Springfield, Agassiz and Boundary, Rhineland, Sprague and parts of Red River. The Pine River area was originally intended to go into Swan Valley, but, after representations from the community, which were made, it has moved in with the rest of the division to the new division, the new Parklands west division.

The two communities that were largely Aboriginal, Camperville and Winnipegosis, are now moving to the Frontier School Division. That is essentially the changes that were posted, and those are reflected in the legislation, if the member cares to review that.

**Mr. Gilleshammer:** Can you tell me what page in the bill contains that information?

**Mr. Caldwell:** It is in the regulation, Madam Chair.

**Mr. Gilleshammer:** Would the minister table the regulations?

**Mr. Caldwell:** The exact boundaries were in the April regulation, and I would be happy to table that for the member.

**Mr. Gilleshammer:** So the minister says they were in the April regulation. Is that different than the regulation that was making the initial changes?

**Mr. Caldwell:** Those were the original—that is the only regulation that defines this.

**Mr. Gilleshammer:** Well, let me just check, then. There were regulations setting out the boundaries in November?

**Mr. Caldwell:** No, there were not. There was the announcement in November, which set the Government's course on school division

amalgamation. Post that November announcement, there were representations made from two parts of the province, one from eastern Manitoba and one from the Parklands region, to have some further discussion. In the same spirit, this exercise has been undertaken since the fall of 1999.

I, personally, and the department as a body made ourselves available to interested parties to have a further discussion on the details or the substance of the November announcement as it pertained to those two areas of the province where there was some interest in carrying on a further dialogue.

I made subsequent trips to the Parklands region and to the Springfield area to have discussions, had some discussions in my office as well. During the course of those discussions, we made some changes to the announcement. Following the November 1 announcement, in April '02, a regulation was made setting out the new boundaries, and, of course, in July, this year, Bill 14 was passed.

Further regulations confirming all the final details under Bill 14, including the appointment of interim boards of the new division, have also been prepared.

**Mr. Gilleshammer:** So the minister has agreed to table those regulations when next we meet?

**Mr. Caldwell:** Sure.

**Mr. Gilleshammer:** Thank you.

I would like to talk about funding for a while, the operating funding that the Province gives to school divisions. I noticed in an article in today's paper, actually, that the operating funds contributed by the Province is 59.2 percent. That, of course, is consistent with a letter that he had sent out earlier, and it is consistent with some of the research done by the Manitoba Teachers' Society.

In fact, there are people across the province who yearn for the day when the Province contributed 80 percent of the funding for the operating costs of schools, and, in fact, through the eighties, that operating amount was at 82.4 percent in 1981. It dropped through the eighties.

It dropped again through the nineties, and it continues to drop as a percentage of the operating funds that the Province provides for schools.

\* (15:00)

At 59.2 percent, the local school division now is making up over 40 percent of the funding, and some school divisions, as we heard at committee, I believe it was Dauphin that said their special levy was raising 46 percent of operating, Winnipeg No. 1 it was 44 percent of operating, so this conundrum that school divisions find themselves in where more and more of their operating funds are being raised from special levy continues.

Is the minister anticipating making any changes to the funding formula, which would reverse this trend that has been going on since the early eighties?

**Mr. Caldwell:** Madam Chair, well, I would like to make the general point that I do not think it is too wise to rely too much on the reporting in newspapers to ascertain government policy. Having said that, the current expenditure on schools, provincial expenditure on schools is about just over \$1 billion. The total expenditure is \$1.4 billion notionally. To bring the province to 80 percent would require a shift of about \$300 million from the special levy to another funding source, that is for the operating portion. Of course, in terms of total commitment to the public school system, the Province and provincial taxpayers are on the hook for 76 percent, not 59 percent. But in terms of operating, the member is accurate in that it is 59-point-something percent. But that, of course, does not tell the whole picture.

The whole picture is that the Province is responsible for and provincial taxpayers are responsible for a hundred percent of the capital infrastructure investment in the public school system, 100 percent of the teachers' pensions in terms of the employers' share, 100 percent of the property tax credits that are available to all Manitoba property taxpayers and taxpayers, frankly, as well as the operating dollars being invested in the public school system.

So, in terms of shifting notionally \$300 million from the special levy to another funding

source, this would be a significant change and would have significant implications for equity in that there would be large dislocations as to who pays for what. It is also important to note that for the last 20 or 30 years, school board spending in almost every year has risen by somewhat more than the provincial funding levels. When provincial funding was zero or negative, as it was under the government that the member from Minnedosa was part of during the 1990s, school board spending went up by 1 or 2 or 3 percent. But, when provincial funding increased by 2 or 3 percent, as it has since our Government was elected to office in 1999, school board spending has increased even by greater amounts, by 4 or even 5 percent in my home division, Brandon School Division. We had a couple of extraordinary increases, 8.5 in one case and somewhat higher in another.

So, as the member knows, throughout the last 20 years the provincial share has declined both in good years under this Government and in bad years under the member from Minnedosa's administration during the 1990s. The issue is how it could be possible to get 80 percent, or rather 80 percent of what total, I suppose. One way to get to 80 percent would be to cap spending in school boards, but, of course, that has its own problems in terms of programs and so forth. Another option would be to invest significantly more dollars from the provincial taxpayers' pockets.

I know that the previous government was also unable to resolve this problem, which I suppose is not surprising given that there were millions of dollars, over a hundred million dollars taken out of the system during their administration. Some other provinces have gone to a hundred percent provincial funding but it is not clear to me that this has solved the problem either, as we witness the problems in Ontario over school board budgets and they are running deficits in those budgets. So it is a very complex question, and it will require some diligence to resolve.

We do have, as I indicated, a very different philosophy towards investing and supporting public education. This Government has a very different philosophy than the previous administration. We have, at virtually every indicator,

capital, operating, adult learning, post-secondary, capital in the post-secondary, invested in Manitoba's education system at historical levels. I think that undermines our philosophy as a Government that we believe an investment in education is an investment in economic development for the province, an investment in communities in our province and an investment in the future citizens and the existing citizens in our province.

I should also note that a ministerial working group has been formed subsequent to the Association of Manitoba Municipalities task force on educational finance chaired by Mr. Grant Buchanan, councillor from The Pas, and former vice-president of the Association of Manitoba Municipalities. That working group has been labouring assiduously on this conundrum of educational finance and the property taxation levels that currently go to support public education in our province.

We have also, as well, within the department looked very closely at school funding formulas across Canada, and, indeed, in other countries as well. Nobody has a clear answer as to how to provide enough money for education. Nobody agrees on how much would be enough for education. I expect in this matter, as in other matters of public policy and I think of health care in particular, but other ones as well, that generally our reach tends to exceed our grasp in this matter; that there are ongoing pressures year in and year out, in fact week in and week out, to invest ever more public dollars in public education for very reasonable purposes—the purposes of improving the quality of education for young people, in fact, for all people in the province of Manitoba.

I made reference last week during our discussion to what that investment is providing us in Manitoba. As I said last week, the OECD rates Manitoba in terms of its quality of education higher than the United States of America, higher than Ireland, higher than France, higher than the United Kingdom, higher indeed than most OECD countries.

Manitoba provides amongst the best quality of virtually any of the Western democracies. We do have work to do. As I said, our reach, I think,

should always exceed our grasp, because that does keep us as a province seeking excellence and seeking to do better year in and year out.

I do know that, as I mentioned, even with the unprecedented levels of investment in public schools capital and operating, that this Government has made its record over the last three years. Even with that we still have considerable strains and stresses on the public education system, considerable demands for more resources, but I also note that in the 1990s, the years where there were cuts to public education support from the Province of Manitoba, local jurisdictions were increasing their expenditures by 2 and 3, occasionally 4 percent. With increased dollars provided since September 1999 that trend has in fact increased the level, with school divisions seeking 4 and 5 percent in some cases.

So it is a significant challenge. It is one that we will not shy away from as a government. It is one that we have taken a proactive approach on in creating the minister's working group subsequent to the Association of Manitoba Municipalities task force. I am very proud to be working with my municipal colleagues and the AMM on this matter.

\* (15:10)

Certainly, as a city councillor in Brandon through the 1990s, I bore witness to the tremendous pressure on the local property taxpayer that was the result of the provincial withdrawal in support from the public education system. As a councillor, my own ratepayers in Brandon—were hit very, very hard by the provincial withdrawal of support for the public school system in the province.

I am very proud to be part of a government that has, indeed, reversed that quite dramatically with, as I said, unprecedented levels of support for the operating and capital support programs of a public school system. We are, I think, unique in Canada in providing an objective economic indicator as the benchmark for levels of provincial support. We made a commitment to provide funding support of public school systems in accord with economic growth. In the three announcements that I have had the privilege to

make for school funding, two of those three announcements provided funding support in excess of economic growth. So this Government has a very strong record of supporting investment for the public school system. In fact, we have a very strong record in terms of addressing in a serious way the problems of property taxation and the challenges that the school funding and reliance on property taxation, the challenge that structure poses for the property taxpayers in the province, for municipalities in the province and for school divisions in the province.

It is important to note that at every level this Government has a solid record in investing, in offering the support, investing in capital support for our public school system, investing in property tax credits to reduce the dependence on property taxpayers and to reduce their burden.

In fact, this year in Budget 2002, we, as a government, implemented a 10% reduction in the ESL property tax that is taken by the Province to support the public school system, the first time in the history of this property tax that it has been reduced and made a commitment to eliminate this tax over successive budget years. It will take a while to recover from the 1990s, but this Government is committed to investing and supporting the public school system.

**Mr. Gillehammer:** Well, the minister talks about reversing the trend, the reliance on property taxes. The fact of the matter is you have not reversed the trend. In budget year '98-99, the Province was responsible for 62 percent of operating. In your first budget, 2000-2001, it became 61 percent. In 2001-2002, it was 59.5 percent. The current year, it is 59.2 percent. So there has been no trend reversed.

I do not have any answers for the minister. The fact of the matter is expenditures are going up faster than provincial revenue is given to education. More and more reliance is left to the property tax. The president of the Manitoba Teachers' Society points out that Manitoba public schools continue to lose a full percentage point in provincial support every year.

This trend, which the minister says he has reversed, has not been reversed. For the first

time in history, the operating grants only cover 59.2 percent. The fact of the matter is more and more of that is borne by the property taxpayer. This is simply the provincial average. In some school divisions it is now approaching 50 percent. Only with either expenditure controls that school divisions impose upon themselves, and they are limited in their ability to do that, or additional money can the minister, in fact, really reverse that trend. But 59.2 percent is the lowest percentage of operating that school boards have ever had from a government.

The minister talks about historic levels of funding. If you give one dollar more, it is a new historic level. But the fact is that the grants that are given for operating by the Province of Manitoba are not keeping track, and, for the first time in history, it is now 59 percent. I do not know what strategy government can develop to reverse that trend. I wonder if the minister could indicate who else is on this ministerial committee to look at the funding formula.

**Mr. Caldwell:** Well, the issue is not what percentage we are paying, but what amount of provincial dollars are expended on the public school system. The trend that is being reversed is, in the 1990s, we saw over \$130 million of support withdrawn by the Province to the public school system and, in the last 32 months, there have been over 200 million new dollars put into the public school system. So there has been a tremendous reversal.

We have come from an era where there was over a \$100 million withdrawn, removed, withheld from school trustees by the provincial government of the day. Since September 1999, there have been hundreds of millions of new dollars added to support the public school system in the province. So the trend that has been reversed is one that saw one government, the regime that was in power previous to September 1999, retreating from supporting the public school system in a very unprecedented way with over \$100 million, and a government that has been in office since 1999, providing hundreds of millions of dollars of investment. So there has been a very distinct reversal in terms of provincial support. On the one hand, the Province retreating, and, on the other hand, the Province being proactive in investing.

The issue of percentages, which is the game the member is playing here, is one that is interesting and quite vexing to me, quite frankly, particularly when I look at the numbers of increases by school divisions when the member's party was in office and they were retreating from the public school system vis-à-vis the percentage of increases levied by school divisions since 1999, when the provincial government is again investing in the public education system. So I take the point that percentages are declining, and that is a consequence, I suppose, of greater expenditures by local school authorities concurrent with greater investment by the provincial treasury and the provincial taxpayer.

This year the Province is spending more than \$1 billion in operating, including pensions and capital. Our schools are well supported compared to those in other provinces. Our per-pupil spending is among the higher levels in the country. Our class sizes are reasonably good, as I mentioned last week, 98 percent of the elementary years being less than 30 students. So I think the focus on the percentage, while it may be politically helpful to the Member for Minnedosa (Mr. Gilleshammer), does not really do much to move this discussion forward in a positive way.

Let us look at Ontario as a case. Prior to the changes made a few years ago in Ontario, more than 50 percent of spending came from local taxes. I understand that the city of Toronto essentially paid 100 percent of the cost of its school system from local taxes. The Harris government changed this entirely. It took over 100 percent of funding of schools and, in exchange, gave municipalities responsibilities for funding other services, including income assistance, housing and transportation.

So they got their share of the school spending up, but I do not think most people in Ontario would say this was necessarily a good deal for schools, or anyone else for that matter. You have school boards being investigated by the minister for running deficits. You have teachers' strikes and teacher shortages. You have dozens, if not hundreds, of schools being closed, but they do have 100% provincial funding. I do not think that is a deal anybody in Manitoba wants, and I am not sure exactly what tack the member is taking.

**Mr. Gilleshammer:** Well, I am sorry that the minister is finding this vexing, but, on the one hand, you cannot be constantly bragging about your investment in education being at historic levels and have your percentage of support for schools decline. The minister may not like the percentage, but it is factual. It was acknowledged by him in the paper today. It was acknowledged in a letter he sent to school boards and school divisions not too long ago. I am indicating that there are not any magic solutions, but reality is that the provincial government is responsible for a smaller percentage of the support for the operating of school divisions than ever before in modern times.

\*(15:20)

I asked if he would share the membership of that committee with me and with the people at Hansard so members would know who is working on this. But it is truly a conundrum. You have got demand and expenses going up and you have got the Province spending a smaller percentage on operating at 59.2 percent. The pressures are going to be there to maintain and enhance staff, to provide for increased salaries and supports for people in education. The demand is going to continue to be there. I would predict that the 59.2 percent that this Government gives to education will be even lower next year and that the pattern continues. There are not easy solutions to it. I admit that, but the fact is, the reality is, that there is more and more of the cost of education being placed on the taxpayer.

Now the municipal corporations in Manitoba put out a report, with assistance from others. Great hope, I think, was put in that report and it has been in the minister's hands for a couple of years now. He has indicated he has a working committee, and I would like to know the composition of that working committee and what their mandate is. The minister, I will give him, has invested some dollars in education, but the fact is expenditures are going up faster than he can invest, and one might make the argument that he, too, is retreating and that there is a lesser percentage of provincial funding in education going to school boards this year than ever before. But who is on this committee and what is their mandate?

**Mr. Caldwell:** You know that, when the member was in office, his government capped special levy increases by school divisions. That is one way to increase the provincial share. But I am very reticent to do that, because I respect local autonomy and the ability of local school divisions and school trustees to make some decisions that are albeit difficult ones, but are ones that support educational excellence in the divisions around the province.

On the other hand, the Province is going to be hard pressed to provide 80 percent of whatever school boards may choose to spend, because that would be an abdication of responsibility for the entire public purse. So I note that the Member for Minnedosa suggests this is a conundrum, or agrees that this is a conundrum, and I appreciate that.

I guess what I can say is that there has been more done to address this conundrum in the last 32 months than there has been in last 15 years in this province. We have, for the first time in the province's history, a reduction of 10 percent in the ESL property tax; members opposite had 11 years to do that in office and chose not to. We have a historic increase in the property tax credit available to all Manitobans; members opposite, when they were in office, reduced the property tax credit in contrast to our increase to that tax credit. We have over \$200 million in new provincial investment in the public school system, in contrast to \$135 million being withdrawn during the member's term in office in government.

So we have a very, very different record between the previous administration and the present Doer administration. That is not to say that the conundrum does not continue to exist. It is to say, though, that we finally have a government that has taken it on.

The member asks for the membership in the minister's advisory group that again is doing work on the AMM Task Force report. I mention the chair of that committee, Mr. Grant Buchanan, councillor from The Pas, former vice-president of the AMM and member of the original task force. There are representatives from the Manitoba Association of School Trustees, the Manitoba Association of School Superintendents, the Manitoba Teachers' Society on

this advisory committee. I will be pleased to table the names of the individuals for the member. I do not have them with me today, but I do know that they have been working diligently on this file for the last number of weeks. The Manitoba Association of School Business Officials is also on that committee.

The mandate of the minister's working group is to follow up on the AMM Task Force report of a year or so ago in looking at options for funding education in the province. The members themselves understand that this is a very large challenge to address. It involves some \$600 million of property taxes, and shifting that large of a figure is again unprecedented in the province. It is notionally 10 percent of the provincial budget. They are not small figures that we are looking at.

We believe, as a government, in providing public service and in providing support for education in a meaningful, responsible way. We know that the system itself requires meaningful investment. I take considerable pride, as the member notes, in putting the record of the Doer government against the record of the Filmon government. I think those records will be at play come future elections.

**Mr. Gilleshammer:** I look forward to getting the names of those people on the committee and the mandate that they have been given. Does the minister have any strategy to sort of arrest this trend that has been pointed out by the Manitoba Teachers' Society that, if this trend continues, you will be providing 58 percent of the funding next year? The trend will continue to the point where some school divisions are now providing nearly half of their operating cost from special levy.

I am just wondering if the minister and the Government have any strategy to change that trend because school divisions, more and more, are relying on that property taxpayer. They full well know that, if the Province does not give them, in their mind, the appropriate share to cover their operating costs, they have an outlet valve. They can go to the property taxpayer to make up the difference. At tax time, people complain long and loud about the fact that their property taxes are going up. Municipal

councillors back away and say, hey, it is not us. Changes have been made to the notice paper to specifically show what the costs of education are and what the cost of the municipal corporation is, and the pressure continues to build each and every year on trustees who can control some of their expenditures but not all of their expenditures. The fact of the matter is this trend is continuing, and I am wondering if the minister of the Government has any strategy to reverse this trend.

**Mr. Caldwell:** I think that the strategy that has been at play, frankly, for the past 34 months since September 1999 is quite clear. There are historic levels of investment in operating, unprecedented levels of investment in capital, historic reductions in the education support levy, the ESL property tax, for the first time in the history of that tax, significant increases in the property tax credit available to Manitobans and a very capable and diverse and representative working group on education funding that is assessing the suggestions presented in the AMM Task Force report and looking, in a very diligent way, at some solutions to the \$600-million property tax that supports public education in the province.

Of course, school boards themselves have difficult choices to make in their ongoing deliberations. They are elected, in fact, to undertake difficult decisions. We feel, as a government, that we are making reasonable increases in funding. Nobody is forcing school boards to increase spending by a larger amount than is available from the provincial taxpayer. I do recognize that school boards themselves are under pressure to provide even more services and so on, but all of us in government have tough decisions to make on what we can afford. I am responsible for the funding decisions of our Government within the revenue that we have to work with, and school boards are responsible for their budget decisions within the revenue they have to work with, including the decisions they make on taxes.

As I noted earlier, school boards during the 1990s, when there was an unprecedented withdrawal of provincial support from the public school system, saw increases of 2 and 3 percent, notionally, year in and year out, and, since 1999,

when there has been historic levels of investment from the Province, those increases by school boards have only increased. So I expect that there will be discussions around those sorts of trends in the upcoming school board elections this fall, and I expect there will be further discussions around those sorts of issues in this building and in the public over the weeks and months and years to come.

\* (15:30)

I am hopeful that the working group on education funding that is assessing and analyzing and making further recommendations to me on funding support for education in this province, I expect that group and the expertise available in that group and the wide range of expertise and wide range of interest groups that are represented by that working group will provide us with some very useful directions and some useful advice on how to address, in a meaningful way, this whole question of education funding and the reliance on property taxation for the funding of education in the province.

Madam Chair, there is a great deal of work that is going on in this area, I daresay more than has gone on in this area for 15 years in this province and certainly on the investment side. Certainly, on the property tax reduction side and the property tax credit side, all those fronts have been very aggressively acted upon with a view to reducing the burden on property taxpayers.

**Mr. Gilleshammer:** Well, I wish the minister well. I think I will leave this topic. It must be a source of concern to him that he so proudly talks about increased investment, yet a smaller and smaller percentage of operating is coming from the Province.

The costs in education do not appear to be going to be any less in the future. The demands are there. Parents are wanting more and more for their children. They want specialized programs, and they want smaller class size. I am wondering if the minister or the department has put a price tag on implementing any legislation or, in fact, not doing anything and allowing class size to be arbitrated. What kind of expenditure increases will the minister see if that, in fact, becomes a reality?

**Mr. Caldwell:** Madam Chair, across Canada, in different jurisdictions, there are different protocols around class size. I was very pleased to note, in the report of Dr. Glenn Nicholls, his report on the state of class size and composition in the province, that Doctor Nicholls noted class sizes in Manitoba are very reasonable, in fact, very low, 98 percent being less than 30 in the early years and a figure that is not too divergent from that in the middle and senior years. There are different protocols around the country for class size and in fact internationally for class size. Britain for example has mandated 30 students or less. But it is not possible to cost the impact of arbitrated class sizes, since everything would depend on the precise nature of the arbitrated agreement if that was the way we were to proceed.

I would only note here that, in the 40 years prior to 1996, no such arbitration award was ever made. As Doctor Nicholls points out, the evidence suggests that smaller classes are most effective in the primary grades. I was very pleased to see that, because again it corresponds with this Government's Healthy Child Initiative, our interest as a government in terms of focusing resources and attention on the early childhood years as being a wise social investment in Manitoba. The costs of smaller classes in primary, especially if targeted to high-need areas of the province, would certainly be some millions of dollars, but it would not probably be outrageously high.

Again, these are all speculative ventures at this stage. We continue as a government to receive representations from the field on the Nicholls report. I do have a meeting with the Manitoba Association of School Trustees again on this matter in the near future. We have had a couple of discussions on it since Doctor Nicholls submitted his report. This is an important issue, a very important issue, frankly, for Manitoba, for the public school system in Manitoba. There were some thousands of individuals involved in the commission on class size and composition as Doctor Nicholls made his way around the province in the last year. I want to be thoughtful and thorough in my own analysis of the report, in my own consultations with the field in this matter. I do not think however that it is helpful to put forward public statements with very high

costs for class size changes in the absence of any clear program or policy.

**Mr. Gilleshammer:** Certainly, this will be a cost driver in terms of additional staff and additional facilities. The minister will know that the school board in Brandon did some work on this, and ended up with some cost estimates that I am sure the minister is aware of. Given his knowledge of the Brandon School Division and the work done by Mr. Jolly and the board and the administration there, were those figures something that would be accurate?

**Mr. Caldwell:** I am always highly skeptical of cost estimates, since they all depend on a large number of assumptions, how large a reduction and what grade in all schools, and so forth. In the absence of fact, I am reticent to make any statements or further muddy the waters other than to say that, again, I am skeptical of any cost estimates, since they all depend on a very large number of assumptions. That is really my view of this at this stage.

**Mr. Gilleshammer:** Similarly, River East School Division did some work on this. They indicated that they were looking at the possibility of an \$8-million increase in their budget, how the minister would only be responsible for 50 percent of that or 59.2 percent perhaps. The rest would go to taxpayers through property tax. Has the minister looked at the evidence that River East brought forward on the cost of this?

**Mr. Caldwell:** Well, I guess the first point is that all Manitoba taxpayers are responsible for supporting the public school system; the provincial taxpayer, 76 cents of every dollar, and local taxpayers, 24 cents of every dollar in terms of the total cost of public education in the province.

But, again, my comments to the last question are equally applied to the example that the member puts on the record in his question. I am very skeptical of any cost estimates, as they all depend on a large number of assumptions.

For example, and I will put this to the member, let us suppose that a division wanted to do something like the British government, and that is a maximum of 30 students in the primary

years. That would cost next to nothing in Manitoba since our classes are already less than 30. Ninety-eight percent of the classrooms in Manitoba are less than 30 students. So it depends on the assumption that is being made, and I do not think that assumptions or speculation have a very constructive role to play in this discussion.

Let us also suppose that we said an average class size of 24 would be appropriate in Manitoba. That, too, would cost next to nothing according to the data in the Nicholls report. On the other hand, a policy that said no class would be larger than 20 would clearly be very expensive.

\* (15:40)

*Ms. Marianne Cerilli, Acting Chairperson, in the Chair*

So I think it is kind of useless to put forward numbers that are based on assumptions that have no warrant or no bearing on reality.

Manitoba is well served by the class sizes that exist in the province. Doctor Nicholls was clear on that in terms of the data that Doctor Nicholls collected in his report. Doctor Nicholls was also clear that the only meaningful area where class size would have a positive impact on learners was in the primary years.

But I was very heartened by the Nicholls report in that very clearly it was demonstrated that class sizes in Manitoba are reasonable. Ninety-eight percent of the primary classes are less than 30 students. I think that Manitobans can be proud of the fact that our class size for students in the public school system is so reasonable.

I should also note that during the 1970s and 1980s, average class sizes fell in Manitoba and that this had nothing to do with collective agreements or even provincial policy. School boards had the money during the seventies and eighties and felt that it was important to put the money into class size reductions. So it seems a little ironic that boards are warning of the high costs of class size, changes in the 1990s and early 2000s.

I think it is a credit to school boards, frankly, that they have managed to keep class

sizes at such reasonable levels. It is a credit to the work of trustees. Having said that, I also appreciate the concerns raised by trustees around this issue, because trustees, like us in government, are confronted with significant challenges in the public school system.

The member notes that parents do want more and better services, and there are increasing demands on the public school system to undertake new programs or more comprehensive opportunities for students of all sorts, special needs students among them.

So as I said in an earlier question, I am encouraged by an ethos that seems to dictate that our reach should exceed our grasp, because I think that pushes us forward. But I am not too receptive to speculations or assumptions that are put out in the media with seemingly a motivation to kind of inflame or stir the political pot around these issues. I prefer to deal with facts and realities and not speculations or assumptions.

**Mr. Gilleshammer:** The trustees' association and the work that they have done on this indicate they foresee an additional \$100 million being necessary if there is a major change in class size and composition, if it goes to arbitration. So these are not small numbers. The minister, I know, has indicated today he is vexed by the fact that his funding keeps him falling further and further behind as, year after year, new budgets come forward.

I would ask the minister if it is possible to separate the class size and the class composition issue. When I talk to teachers, they are more and more concerned about the composition of the class, as opposed to the size. Is there any strategy or direction the minister, the Government, the department could give on, perhaps, separating the two issues?

**Mr. Caldwell:** Just addressing the first point first, the MAST estimates, again, I have no indication what assumptions these are based upon at all. I will note that \$100 million, though, would be roughly 2000 more teachers in the system. That would be a huge increase in our teaching force in the province, in the neighbourhood of 15 to 20 percent. In fact, we could not even find 2000 more teachers in the province, even if we

had the money to pay them, let alone the classrooms to house them in. So I do not see that as a realistic option, in any case, or in any sense of the word.

In terms of the second point around composition and class size, I have, in terms of the representations that have been made to the office and to me as minister, had occasion to discuss this matter and have had the occasion to have representations made around composition. Composition, of course, is a very difficult issue. I do recognize the stresses that can be placed on a class if there are several students with high needs. However, at the same time, I do not think we want to have a system in Manitoba in which we limit the number of such students in any one classroom. I do take the member's point. These are both significant challenges in any classroom. Composition is, perhaps, the more challenging of the two, because class size numbers are pretty easy to work with. Composition depends on all sorts of factors.

I would note that in our response to the special ed review, which I recognize was initially an initiative of the previous government, we are trying to address some of these concerns through better policy, more professional development for teachers, support documents for the public school system as a whole, work with parents, and so on. So, even in this area, the department is acting in a proactive fashion.

**Mr. Gilleshammer:** The minister will know full well that the estimate by MAST as to additional costs combined the cost of additional teachers and the cost of additional classrooms. I would know full well the minister would understand that.

The question of class size is always something that is very relative to the teacher you happen to be talking to, or the parents you happen to be talking to. I can recall being in a discussion in Ste. Rose, probably in '96, '97, '98, and there was an individual at the table who was a teacher and who was pounding the table and said, you have to do something about class size; it is just unbearable, that I cannot handle these people, and, basically, was convincing everybody that this person had a large class. I finally asked the question: How many students do you

have in your class? He said 14. In his mind, that was an unbearable number. I suspect that maybe it was the composition of the class that was an issue with him, or his ability to handle a class.

*Madam Chairperson in the Chair*

We are often in this debate about class size, and it becomes very relative to the relationship between the teacher and the learners. I think we throw the class size issue around sometimes without some facts backing it up. I would ask the minister what the history of the number of teachers in Manitoba is over the last decade. Can he provide that information that would indicate how many practising teachers, how many full-time equivalents, are there in the province?

\* (15:50)

**Mr. Caldwell:** The number of teachers shrank somewhat in the early nineties, but it has been relatively consistent over the last decade or so. I would be pleased to provide the information for the member in terms of the actual numbers, either today before we adjourn, or tomorrow if it is not available here. But we will take a look for that.

**Mr. Gilleshammer:** I often use Rolling River School Division as an example that I am interested in, and have looked at enrolment numbers which have stabilized at around 2200 or 2300. Teaching staff has tended to vary, maybe down three or four, or up five or six. Basically, divisions, I think, are providing, and have provided, more teachers per student during the last decade and more. Certainly, school divisions did have a drop-off in enrolment.

I know in Rolling River that, when I first started teaching there in the late sixties, the enrolment was 4000 students, and we had—I am not sure how many teachers at that time. I think it was over 200. As the enrolment dropped, year after year, there were just fewer students. School boards acted very judiciously in downsizing, and very difficult decisions had to be made on staffing. But the student-teacher ratio probably improved during those years.

I think it is an interesting phenomenon of school boards being very receptive to the kind of

information they were getting from the people who elected them and their public. I know, my first year as vice-principal, we had the closure of the military base at Rivers. The superintendent came and projected you have to reduce your staff at Rivers Collegiate by seven people. My good old friend, the late Keith Cooper, was the superintendent at that time. Keith could make light of almost any issue.

When it was announced that we were reducing by seven, you know people took that in stride, except the day you had to implement it. Teachers were called in, friends of mine whom I had worked with for a number of years. At that time, there was not a seniority clause and the decisions tended to be made about what do you really need for the next year. We reduced from two French teachers to one French teacher. We reduced from two or three business ed teachers; one of them had to go. We had to reduce a science teacher. So very much of that was predicated on the subject areas you taught. But it was very, very difficult.

Now that was a special case because you had a huge number of students who were going to be missing the next year because of the transfers that took place. But I think you will find that school divisions have been very good in maintaining the staffing complement across the province as student numbers decline, and decline quite dramatically.

But I would be interested in that historical data, if you can table that in the next while, to show what sort of pupil-teacher ratio we have, what sort of numbers of students we have reduced across the province and the numbers of teachers that have been put in place to teach those students. If I have a commitment from the minister on that, I will maybe move to something else.

**Mr. Caldwell:** Madam Chair, in general, I agree with the member that the evidence shows that school boards will attempt to employ more teachers if they feel they can afford to do so. In the 1970s, enrolments fell rapidly, not only in Rivers, but around Canada, and the number of teachers remained relatively stable. So the pupil-to-teacher ratio actually improved. In the 1980s, both were fairly stable, but generally overall

pupil-to-teacher ratios improved, again, more subtly than in the 1970s, but they did improve. In the 1990s, the number of teachers fell because of fiscal restrictions. In the late 1990s, according to Stats Canada, for the first time in many years the overall pupil-to-teacher ratio in Canada actually rose.

Having said that, in general, I do agree with the member, and I may be able to provide the member right now—my staff, Tom Thompson, has provided me with full-time equivalent employees and average salaries 1991-92 to 2002-2003, which provides the information that the member is seeking, and I will table that for him. Well, I only have one copy, but we can make copies, and I will table it for the member now, along with the enrolment numbers, so that the member does have that information.

**Mr. Gilleshammer:** Yes, I should have added to my story about the man who told me had 14 students. I told him that, in 1965 in my first year of teaching in Rivers, I had a class with 39 students in it and just by the luck of how you timetable—and I saw them twice a day, once for literature and once for history—and we gathered as a group of teachers on a regular basis to strategize how we were going to deal with this group of very bright kids and no problem in them comprehending, but just having so many people in one room was a problem. Of course, the next class, I think the 10Ds, when they came in, there were only 14 of them. They were in that class, because they chose not to take French. That is the kind of balance that principals had to deal with in timetabling.

But I know that boards are very, very responsive. I know the Rolling River board is. If you have an elementary class with 26, 27, 28 kids, the pressure builds in September. You have to do something, and usually a part-time teacher is hired to alleviate that for core subjects. I think boards have been very responsible in that way.

We have just a few minutes left I see. When you were running for election in 1999, you espoused that there would be a guarantee for Grade 3 students. I am wondering how that is coming.

**Mr. Caldwell:** Yes, the Grade 3 assessment, the early years assessment, has replaced the end of

year standards tests that the previous administration had in place. I am very pleased to report that the first year of the Grade 3 assessment, which was undertaken a couple of years ago now, went reasonably well. But it was clear from working with teachers that we needed to make some changes to the early years assessment.

We subsequently did a lot of work during the following year to identify the changes needed and make them. We worked very closely with Grade 3 teachers around the province of Manitoba in undertaking this, as well as with parents and school boards, generally. So this past fall, the administration of the Grade 3 assessment went very smoothly, and we are, as a government and as a department, getting an increasing appreciation from the public education system how this new assessment can be a valuable part of educational programming in schools across Manitoba.

We did, during the election campaign of 1999, make a commitment that Grade 3 students would be able to have reading and writing skills appropriate to grade level by the end of Grade 3. If they did not, we would put into place measures that would assist in providing opportunities for those students and those learners to acquire those skills. Central to that, of course, was the early year assessment so that the entire school year could be used by the teacher and the parent in assisting the child to improve his or her skills.

\* (16:00)

With regard to the outcomes of the Grade 3 assessment, these were discussed in the House earlier in the session. We are certainly not feeling that these results are everything we would like, but they certainly do show that the early year assessment can help us considerably in identifying issues and challenges that students are faced with and provide us opportunities to decide how to address them.

Certainly, teachers are telling us that they see this as a very important opportunity to increase and enhance their skills in assessing students and in strengthening their communication with parents.

I think that, in broad strokes, the early years assessment at the Grade 3 level can also assist us in our thinking at other grade levels. It certainly

has influenced my thinking on how best to enhance student success at other grade levels. I think the early years assessment in September, October, November provides Grade 3, at least, very, very meaningful insights into the level of performance of individual students. I would like to do some further thinking around other grade levels, in terms of this sort of pedagogical initiative.

I would also like to point to some key features of the assessment, if I might, just before we adjourn. It is teacher based, fundamentally. It recognizes the importance of teaching judgments and helps teachers improve their ability to make those judgements.

**Madam Chairperson:** As was previously agreed in the House, the hour being 4 p.m., committee rise.

#### CULTURE, HERITAGE AND TOURISM

\* (14:40)

**Mr. Chairperson (Conrad Santos):** Would the Committee of Supply come to order, please? This section of the Committee of Supply has been dealing with the Estimates of the Department of Culture, Heritage and Tourism. Would the minister's staff please enter the Chamber?

We are on page 59 of the Estimates book, resolution 14.2.(e).

**Mrs. Louise Dacquay (Seine River):** I do not believe we have passed the Heritage Grants Advisory Council line. I believe that is where I left off my questioning on Thursday. I had asked how many organizations received grants. The minister indicated he would supply me with the detailed information.

Thank you, Mr. Chair, for that clarification. The minister indicated on Thursday, with my questions under the Heritage Grants Advisory Council, that he would be supplying me at some future time with a list of the groups that were funded and the respective amounts. I am not sure, the minister was cut off in midstream, if he wishes to add anything further. Otherwise, I am prepared to pass that line.

**Hon. Ron Lemieux (Minister of Culture, Heritage and Tourism):** I thank the Member

for Seine River for the question. On a point of clarification, I thought it was the Capital Grants that she had asked for. I have that list. That is what I understood to provide. I would prefer just to give it to the member instead of reading it on the record, if that is okay. I can table it and present it to you at this time if you wish.

**Mrs. Dacquay:** I am just going to ask one generic question to expedite, because I want to get through some of these other areas more quickly. I just have one general question, then, on that. Is the amount comparable to the previous year, or is there an increase or a decrease?

**Mr. Lemieux:** Mr. Chairperson, it is about the same. It does vary from year to year, but this one is about the same. It has not varied from the norm.

**Mrs. Dacquay:** One further question under this section: Does the minister have a list of the organizations that received the heritage building grants?

**Mr. Lemieux:** Thank you for the question. It is on page 60 of the Supplementary Information booklet. It does list a number of grants to different organizations or buildings or Community Places programs there, as well. That can also be provided. I do not have it right with me today, I do not believe, but I will check with staff. That is not a problem.

**Mrs. Dacquay:** I am prepared to pass that line.

**Mr. Chairperson:** Item 14.2. Culture, Heritage and Recreation Programs (d) Heritage Grants Advisory Council \$465,300—pass.

2.(e) Arts Branch (1) Salaries and Employee Benefits \$568,500—pass; (2) Other Expenditures \$116,700—pass.

2.(e) (3) Film and Sound Development \$2,631,900. Shall the item pass?

**Mrs. Dacquay:** I have a couple of questions under this section. The year-over-year increase looks like it is about, well, exactly \$300,000. Can the minister tell me what the value of the film tax credits were? I assume that is to the increased change for the film tax credits. That is

what that increase is indicative of. Is that correct?

**Mr. Lemieux:** What we are referring to in this particular point is the, I believe it is, \$900,000 new media three-year program, \$300,000 per year. Yes, that is what it is.

**Mrs. Dacquay:** Does the minister have any idea as to what that might be in terms of the value to the provincial economy?

**Mr. Lemieux:** I thank the member for the question. I am not sure if that is directly related to this particular \$300,000, to Cultural Industries Support and new media. To the best of my knowledge, those numbers are still being put together. New media is a new area related to film and sound and to this industry. It is something we are trying to push. A number of different categories fit under new media and we are looking at, as I mentioned, there is a \$900,000 investment capital for the new media equity fund which was going to create an estimated \$10 million in new production as a result of that, just less than a million, but it is going to create \$10 million in new production.

There are approximately 3000 jobs related to film and video and sound recording in itself. As regards new media, Manitoba has more than 120 new media companies, and they employ anywhere between 600 and 700 employees. So it is a real growing area; other places have grown substantially. So we are looking at that each year they should produce about \$35 million to \$40 million in new media products, we are hoping. This whole area is dealing in animation, special effects for movies, television productions, Web sites and software products.

\* (14:50)

I am trying to think of the movie that showed the introduction. It was about a 30-second introduction to a movie that was used. They did all the special effects; it was starring John Travolta. It was called *Swordfish*, yes, *Swordfish*. It was a company from Winnipeg that did those special effects of a person kind of holding other people hostage with dynamite strapped to the poor hostages and the special effects of the dynamite blowing up and cars

flipping. All of that was done, I understand, through a company right here in Winnipeg. So there are plenty of opportunities for special effects for movies, as I mentioned, in animation and other Web sites and software products. So it is a real growing area, and we are hoping Manitoba will be able to take advantage of it, especially with that \$900,000. We are hoping that that \$10 million return—it is a great return, a 10-to-1 return.

To make a long story short, we are very, very pleased to participate with Manitoba Film and Sound and the new media, and that is where that \$300,000 for Cultural Industries Support fits.

**Mrs. Dacquay:** Will the minister please indicate if there are any initiatives for industry training with any of the local colleges, like Red River community college, or the college in Brandon, Keewatin?

**Mr. Lemieux:** Thank you to the member from Seine River for the question. Just, I guess, an aside from this, dealing with labour related to this whole industry, Red River community college or Keewatin or Assiniboine have always worked very hard to put out great electricians and carpenters, and so on. They are also part, of course, of the film and sound industry and are often used in different capacities, not just movie shoots, but other productions.

With regard to the new media, this is another area where, currently, Red River community college has a number of different programs in curriculum in place. It is not that the Province has to develop something brand new. There is something in place right now, computer programs, computer graphics and creative communication.

It is something where we are cognizant of a labour shortage like in many other areas. When you have such low unemployment in Manitoba, there are many, many employers who are looking for young people to employ. Regrettably, we do not have enough out yet with all the skills that are needed. So, with the expansion of the new Red River community college downtown and the new spaces that are available, we are hoping that all of this will help address the

labour shortages that are not only in this industry but in other industries. So the long and the short of it is that it is important that we train young people and that this is an area that is growing, and there is more and more of a demand happening certainly everyday for people who are trained.

The industry does a very good job of training their own right now, but they would like to be able to see a lot of people coming in trained, coming into the position trained as opposed to training on the job and spending a lot of time that way. So that is certainly an area that is being discussed, and the industry would like us certainly to enhance any kind of programming that would be able to speed up the early stages of training for a lot of these young people.

**Mrs. Dacquay:** I am prepared to pass that line.

**Mr. Chairperson:** Item 14.2. Culture, Heritage and Recreation Programs (e) Arts Branch (3) Film and Sound Development \$2,631,900—pass; (4) Grant Assistance \$2,208,200—pass.

2.(f) Public Library Services (1) Salaries and Employee Benefits \$821,600—pass; (2) Other Expenditures \$674,400.

**Mrs. Dacquay:** I am going to ask a few questions here relative to the Public Library Services before I pass it.

I understand the Association of Manitoba Municipalities has requested that more provincial dollars be allocated towards libraries. Is the minister giving consideration to reviewing the funding formula for libraries?

**Mr. Lemieux:** With regard to libraries, we all realize the importance of libraries and the important role that libraries play not only in the city of Winnipeg but in rural Manitoba and the North.

Just a comment with regard to the grants, it is currently and has previously been formula-based, where the municipal contribution and the Province will provide monies accordingly. So there are a number of municipalities which provide substantial grants, substantial amounts, which the Province meets. The formula is based

under a regulation, something I certainly do not have to tell the member from Seine River about. She is a former library trustee, I think, in years gone by, prior to being Speaker, and so on. I know that she has a very, very good appreciation for libraries and the importance that they play.

\* (15:00)

As for the question more directly, is there an intention that I review it or that I take a serious look at the funding formula, right now there is a consultation process. It is just being set up now. I was not sure whether or not it had started yet or not. But the Public Libraries Advisory Board is going to be conducting consultations around the province and talking to people in libraries. It has not been done for a while, and I think it is probably long overdue. Hopefully, as a result of that, they will be coming back and having some suggestions to make with regard to the status.

I know that I have had the opportunity to certainly be in a number of different libraries and talk to people who are trying to make a go of their libraries. It is not an easy thing to do. A lot of them run off of people who volunteer their services, voluntary labour, to do the labeling of books, and so on.

So this is something I look forward to, these consultations taking place. By this time next year, hopefully we will have more to report and some concrete suggestions that are made by the advisory board.

**Mrs. Dacquay:** I am aware that in some rural municipalities they do not make grants to their local libraries. As a result, people have to buy library cards. Is the minister aware of the average cost of those library cards?

**Mr. Lemieux:** We are just having discussion with staff. It is very difficult to come up with an average, because some municipalities will contribute, as was mentioned. They will pay for the users as they use the service. It is not a flat contribution right across the municipality. Some do, some do not. It is very difficult, we are finding, to compare municipality to municipality or region to region. Some will and some will not, I understand.

Once again, the question directly is pointed at having individuals being able to use their

library services. I can think of one of my own communities in my constituency in Ste. Anne. I believe the community of Ste. Anne has the library. Many residents from the R.M. come in from outside of Ste. Anne to attend the library, but the R.M. of Ste. Anne does not contribute a grant at all. They will assist each individual or family, whoever attends. I believe it is a one on one. If you attend the library and use the services, they will assist you. I am not sure exactly how that works, but I understand there are many, many municipalities that are in the same situation. They do not provide any grants, but they will subsidize or assist an individual coming forward and attending the library. There are many communities, of course, where the library services do not exist; I mean, there are not any libraries in the community, and Manitobans receive assistance through the extension program.

I know there is a huge office, a huge building in Brandon, from which a number of books are distributed. It is not like people are going without books, but it is a cumbersome kind of process where some do and some do not. It is something that most individuals realize the importance of libraries and the role that they play in their communities, no matter how large or small.

**Mrs. Dacquay:** Can the minister tell me—I know they monitor the number of users—if visits to rural and northern libraries are on the increase, or are they pretty much status quo?

**Mr. Lemieux:** Mr. Chairperson, I have been advised that the off-the-shelf program has approximately 5000 users, and the intention, of course, is to get more municipalities to participate in funding and working with the libraries. So, whether it has increased or not, I do not have that answer at my fingertips, and I am not sure whether it has or not. I would not hazard even a guess to know whether or not it has increased or not, but I think it is pretty well flat. It has been that way through the previous administration as well as ours; it pretty well has stayed.

**Mr. Chairperson:** Number 14.2. Culture, Heritage and Recreation Programs (f) Public Library Services (2) Other Expenditures \$674,400—pass; (3) Grant Assistance \$4,503,500—pass.

2.(g) Historic Resources (1) Salaries and Employee Benefits \$1,236,900—pass; (2) Other Expenditures \$376,200—pass; (3) Grant Assistance \$952,900—pass.

2.(h) Recreation and Wellness Promotion (1) Salaries and Employee Benefits \$519,900—pass; (2) Other Expenditures \$220,100—pass; (3) Grant Assistance \$976,900—pass.

2.(j) Regional Services (1) Salaries and Employee Benefits \$1,008,500—pass; (2) Other Expenditures \$313,800—pass; (3) Grant Assistance \$35,100—pass.

Resolution 14.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$33,396,800 for Culture, Heritage and Tourism, Culture, Heritage and Recreation Programs, for the fiscal year ending the 31st day of March, 2003.

***Resolution agreed to.***

**Mr. Chairperson:** We are now moving to 14.3. Oh, we passed this one. 14.4 is passed already.

Item 14.5. Capital Grants (a) Cultural Organizations \$1,118,000. Shall the item pass?

\* (15:10)

**Mrs. Dacquay:** Can the minister please identify the reduction there year over year?

**Mr. Lemieux:** Mr. Chairperson, this particular area is very, very important. Obviously, capital grants are one-timers, generally, and we made a decision within the department to look at whether or not we would keep operational up and take a look at capital and decrease capital grants slightly and certainly try to live through that. Yet there were some tough decisions this year; we realize that. I mean, we did complete the urgent capital repairs to the MCCC and museum and Manitoba Theatre Centre, and I know that we had to make a decision.

When we were looking at decreasing this, we had to take a look at what do the feds have in place or whether options are available to these organizations. When you take a look at the federal government through Canadian Heritage,

they announced a multiyear commitment to capital repairs through its program. Cultural Spaces Canada, it is called. So we took a look at operational. Do we want to affect the clients through doing any kind of drastic reductions in operational, and we did not want to. So, we thought, well, let us look at capital, because at least our clients then will have an opportunity to tap into what the federal government has, because the federal government offered a new program. So, at least on the capital side, we thought, well, this would make sense for Manitobans, and, in an area where we had to make tough decisions this year. This does not mean that this, well, I would hope that this is not something that would stay as a permanent decrease, or continually go down. But one never knows, I guess, depending on what happens in the economy. I would say that this was always meant to be a one-time reduction, and we are hoping in years to come that we are going to review it, look at it, and, depending on the need, we may have to raise it again.

So the long and the short of it, again, it comes down to, and I know the member, and I thank her for her patience, has heard me say enough about the federal government and their overpayment. That has still not been clarified clearly, and clarified. So it is something that is still hanging over our head as a province, and many other provinces. I would just say that, in a year of tough decisions, this was the lesser of the evil and the less bitter pill to swallow, is the capital side, because there were other programs that organizations could tap into.

**Mr. Chairperson:** Item 14.5. Capital Grants (a) Cultural Organizations \$1,118,000—pass; (b) Heritage Buildings \$210,000—pass; (c) Community Places Program \$2,500,000.

**Mrs. Dacquay:** Could the minister please table the list of all the projects that received Community Places Program? I have got the initial list where certain projects were identified.

**Mr. Lemieux:** Community Places are truly an important area where, for such little money, so many great things have been accomplished. These are dollars that get to the grass roots of many community organizations and is truly appreciated. I know that the grants we just

announced—the department has presented us with a list of grants that are to go out to different organizations. We released a partial list, as the member is correct in stating. The full list is complete.

What I have been doing, and I have mentioned this to her colleagues, which they are anxious to find out what organizations have received these monies. I have just wanted to make sure that those organizations had received a letter. The ones that were informed that they had received the grant, and the ones, I understand, that are not going to be receiving this grant, for whatever reason, they also receive a letter. I just wanted to make sure that prior to any of us going to an organization, or meeting someone in the store in a small community, or wherever your community is, whether it be a Safeway or IGA, or whatever the store is, I just wanted to make sure that they had been notified prior to be all of a sudden having this sprung on them, or having to talk to someone and trying to either justify or not justify them getting a grant, or not getting it. That process is happening now. I am supposed to be informed. Well, I was hoping to receive it today. I obviously do not have it today.

But, when I get that okay that those organizations have been contacted by letter, or letters have been sent out, then I see no problem in trying to get that or not trying to get that, will get that to all members of this Legislature to let them know who is going to be receiving monies this year and who will not. Some have not been successful this year and some have been partially successful.

So I would beg the member's indulgence if I could ensure that that has happened and that all those letters have gone out first. I do not want any mix-ups where someone goes out and congratulates someone or an MLA sends a letter out saying congratulations, and, in effect, they have not received any money or they are not receiving any money.

So this is being looked into right now, and as soon as that is complete—I was hoping to have it complete by today—I will be pleased to let all members of the Legislature know who those organizations are.

\* (15:20)

**Mr. Chairperson:** Item 14.5. Capital Grants (c) Community Places Program \$2,500,000—pass.

Resolution 14.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,828,000 for Culture, Heritage and Tourism, Capital Grants, for the fiscal year ending the 31st day of March, 2003.

*Resolution agreed to.*

**Mr. Chairperson:** 14.6. Amortization and Other Costs Related to Capital Assets (a) Desktop Services (1) Amortization Expense—Hardware and Transition \$262,800—pass; (2) Amortization Expense—Enterprise Software \$47,000—pass; (3) Enterprise Software Licenses \$105,600—pass.

6.(b) Amortization Expense \$118,200—pass.

6.(c) Interest Expense \$4,100—pass.

Resolution 14.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$537,700 for Culture, Heritage and Tourism, Amortization and Other Costs Related to Capital Assets, for the fiscal year ending the 31st day of March, 2003.

*Resolution agreed to.*

**Mr. Chairperson:** The last item to be considered for the Estimates of the Department of Culture, Heritage and Tourism is item 1.(a) Minister's Salary contained in resolution 14.1. At this point, we request that the minister's staff leave the table for the consideration of this item.

14.1.(a) Minister's Salary \$28,400—pass.

Resolution 14.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,782,500 for Culture, Heritage and Tourism, Administration and Finance, for the fiscal year ending the 31st day of March, 2003.

*Resolution agreed to.*

**Mr. Chairperson:** This completes the Estimates for the Department of Culture, Heritage and Tourism.

The next set of Estimates to be considered by this section of the Committee of Supply are the Estimates of the Department of Industry, Trade and Mines.

Shall we briefly recess for a few minutes to allow the minister and the critic an opportunity to prepare for the next set of Estimates?  
*[Agreed]*

*The committee recessed at 3:24 p.m.*

*The committee resumed at 3:30 p.m.*

### INDUSTRY, TRADE AND MINES

**Mr. Chairperson (Conrad Santos):** Will the Committee of Supply please come to order? This section of the Committee of Supply will be considering the Estimates of the Department of Industry, Trade and Mines.

Does the honorable minister have an opening statement?

**Ms. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** It is my pleasure today to speak on behalf of the Department of Industry, Trade and Mines. In looking at the events of the past year, it is still difficult to imagine how profoundly our world can change in the course of a day, but change it did. We are still, I think, dealing with how those changes will come to affect us in the coming months and years. Although our collective sense of security and safety has been profoundly challenged at times this past year, the Manitoba economy has shown remarkable resiliency.

In 2001, Manitoba's economy grew by 1.6 percent, slightly above Canada's growth of 1.5 percent, and employment rose by 3600 in 2001, building on the exceptional performance of previous years, particularly in 2000, when an additional 11 700 jobs were added to our provincial economy. The unemployment rate in 2001 averaged 5 percent, slightly up from the 4.9 percent in 2000, which was the lowest unemployment rate in Manitoba since 1976.

Manitoba had the second lowest level of youth unemployment in the country for 2001 at

9.7 percent. In the first six months of 2002, Manitoba and Alberta posted the lowest unemployment rate at 5.3 percent. Manitoba and Saskatchewan have the second lowest youth unemployment rate at 11 percent.

Overall, our labor market shows more Manitobans than ever, both numerically and as a proportion of the overall population, gainfully employed. In 2001, we had a total inflow of 22 068 migrants from other provinces and countries that arrived in Manitoba, the highest number of migrants from all sources in over 10 years.

Unfortunately, our net migration totals resulted in a loss of 2089 persons to out-migrations to other provinces and countries. As we know, over the past 30 years, many Manitobans leave the province each year and many former Manitobans return.

We must continue to work hard to not only ensure that there are enough employment opportunities for those contemplating leaving the province, but also aggressively market ourselves to numerous former Manitobans in other provinces and around the world.

In November 2000, we introduced the Provincial Nominee Program for Business. Building on the success of a two-year-old Provincial Nominee Program, the business program is aimed at attracting people from around the world to establish small and medium size businesses in Manitoba.

Since the launch of the program, we have received 312 applications and have approved 120 of them. This is significantly above expected levels of activity when the program was launched. The average level of proposed investment is approximately \$300,000 per approved immigrant.

Prior to the launch of the program, Manitoba was receiving 10-15 business immigrants per year, each one investing an average of around \$100,000. Approved applicants began receiving their landed immigrant status in January 2002, with the first ones landing in February. Each business immigrant has up to two years to establish their new business. This program has

positive impacts in two ways. It brings the much-needed immigrants with entrepreneurial skills to live in Manitoba, and it creates additional jobs for Manitobans through the investments made by each immigrant.

While we welcome and actively pursue investments from those outside our borders, we are pleased to see that Manitoba firms have continued to announce significant new projects in 2002. Examples include Standard Aero Limited is building a \$60-million repair facility designed to service the growing regional jet market. Biovail Corporation has announced an \$11-million expansion to its Steinbach plant. Maple Leaf Distillers is undertaking a \$6.4-million expansion. Air Canada and the Manitoba-based Acsion Industries announced a strategic partnership that will create 60 jobs in our aerospace sector in the coming year and 270 over the next six years.

In the transportation sector, securing new investment to retain our local bus manufacturers has presented some unique challenges. New Flyer Industries Ltd. was sold to KPS specialty fund of New York in March, 2002. New Flyer's Winnipeg plant as well as its head office and core business functions will remain in Winnipeg. The Province provided a \$20-million loan to New Flyer from the Manitoba Industrial Opportunities Program, known as MIOP, to facilitate the transaction. About 1000 workers are employed at New Flyer Industry's Winnipeg plant, and another 1225 jobs have been created indirectly by New Flyer's Manitoba-based operation. The Province is satisfied with the outcome of the sale transaction which has saved Manitoba jobs and ensures New Flyer will remain in Manitoba for the foreseeable future.

The future of Motor Coach Industries in Winnipeg has been a major news story and a source of intense interest and focus for our Government in the past few months. Motor Coach Industries has outlined an expansion project to produce all models of its luxury coaches in one major assembly operation. Although MCI recently announced temporary reductions in its workforce, as the expansion project unfolds, MCI's Winnipeg operations will be able to fully respond to increased demand in the months and years ahead. The final stages of the development

of the financial contracts are nearing a close, and I am confident we will bring this project to a successful conclusion in the near future.

Manitoba's future prospects extend well beyond our manufacturing sector. Our province has one of Canada's fastest growing biotechnology clusters. Manitoba is currently home to 37 biotechnology companies generating more than \$200 million in annual revenues and employing in excess of 1600 people. Ten percent of Canada's biotech industry has operations right here in Manitoba. Moreover, in the past two years, the province has witnessed the launch of 10 new biotechnology companies. These companies have resulted from the commercialization of technologies originating in one of the province's 20 research centres.

Manitoba's expertise in biomedical and agricultural research is helping to establish the province as a strategic location for life science enterprises. The province is home to the Canada Science Centre for Human and Animal Health, the first and only global centre with a level 4 biocontainment capability for the study of both human and animal disease; The National Research Council Institute for Biodiagnostics, IBD, the most state-of-the-art facility in Canada for studying and developing NMR and MRI technologies; three of the most profitable biopharmaceutical companies in western Canada, Cangene Corporation, Apotex Fermentation and Biovail Corporation. In addition to in-house R & D activities, all three companies manufacture product for export worldwide. Vita Health Products Inc., Canada's largest manufacturer of over-the-counter drugs; Agriculture and Agri-Food Canada Cereal Research Centre, the national headquarters for R & D within the areas of cereal, genomics, pathology, biotechnology related to the development of improved wheat and oat varieties; Monsanto Canada's crop research centre, the company's only R & D facility within Canada; Advanta Seeds Canada, world headquarters for the company's Canola breeding program; the National Centre for Agri-Food Research in Medicine, a unique facility in Canada which examines the effects that nutraceuticals, functional foods, and food components have on human health and well-being.

\* (15:40)

To promote the province's central North-American location, world-class biotech infrastructure and low R & D overhead costs, my department participated in various outreach missions in 2001. These missions focussed upon attracting biotechnology companies to Manitoba, securing investment dollars and establishing new strategic partnerships to expand the province's biotechnology industry.

In conjunction with the Team Canada trade mission to Russia and Germany in February 2002, the Province was successful in securing a commitment from a German company, NPZ Lembke, in collaboration with the Manitoba ag company Agri-Progress to establish an operation in Morden focussed on developing new varieties of Canola for the Canadian Prairies.

A strategic research partnership between the St. Boniface Hospital Research Centre and the world-renowned Max Delbruck Centre for Molecular Medicine was also signed during this mission. This research agreement will provide Manitoba researchers with access to the latest scientific techniques on cardiovascular illness and cancer.

Industry, Trade and Mines also led a 27-member delegation comprising venture capitalists and business people to BIO 2001 international biotechnology conference. This event helped to profile the province's biotech industry and investment opportunities to the European and North American biotech companies in attendance.

The department has recently participated in a provincial exhibit at the BIO 2002 biotech conference this June in Toronto. A provincial delegation in excess of 60 biotech stakeholders, including nine companies, promoted Manitoba's biotech expertise, infrastructure and activities to companies and research institutions that want to develop or expand their activities in Canada.

BIO 2002 attracted more than 14 000 delegates from over 30 countries. As an outcome of BIO 2002 mission, representatives from Berlin, Germany, and Dundee, Scotland, visited Manitoba at the conclusion of the conference to explore research and strategic partnering opportunities with the province's biotechnology sector.

Another way that we preserve and create jobs for Manitobans is by exporting our goods and services to other parts of the world. By expanding our markets beyond our provincial borders, this permits our businesses to grow in excess of what they could potentially achieve just by serving our own needs.

It is particularly interesting to note that while Manitoba's exports have increased dramatically over the past several years, the change in the nature of those exports has also changed significantly. Manufacturing, which accounted for 57 percent of Manitoba's exports in 1996, now accounts for 64 percent of all exports in 2001.

In 2001, in spite of the economic downturn in many countries, market access issues related to security concerns and increasing competitiveness in the global markets, Manitoba's trade performance strengthened from the previous year. For 2001, Manitoba's exports totalled 9,324,000,000 versus 8,714,000,000 in 2000. In comparison, in 2001, Canada's total exports to world markets and also those to its No. 1 trading partner, the United States, decreased while Manitoba experienced export growth. Manitoba is well known for its industrial diversity, and this diversity allowed Manitoba to record an increase in total exports of 7 percent over a comparable period for 2000. Our key market continues to be the United States, which accounts for nearly 80 percent of our total exports and has also recorded an increase in exports of 6.7 percent.

The good news continues in other priority markets such as Japan, Mexico and China, which also recorded significant increases in Manitoba exports. Clearly, Manitoba companies are benefiting from the strength of our economy, Manitoba's strategic location and transportation infrastructure and the skilled and knowledgeable labour force which makes our companies' products and services competitive in world markets.

Last year, I talked to you about the opportunities associated with Manitoba's energy resources and the growing importance that power cost, availability and quality are playing in industrial development throughout North America. Our department has created a new fast response unit called the Manitoba Energy

Development Initiative to deal with both energy, economic development and energy policy. To provide resources for this group, we have re-assigned staff from Manitoba Trade and Investment, the former industry development consulting services branch and the Manitoba conservation energy policy group. In addition, we receive considerable support from Manitoba Hydro's Industrial and Commercial Solutions division.

The main activities for the upcoming year include rolling out an ethanol program to encourage new production in Manitoba in developing a hydrogen economic development strategy. As exports continue to play a greater role in the sustained growth of our provincial economy, ongoing developments and national and provincial trade policy will continue to have increasing impact on our province. One of the concerns that is emerging is the increasing tendency of the United States government to practise a la carte free trade. The U.S. seems only to be interested in free trade when it comes to serve their own interests.

Over the winter, Manitoba worked closely with other provinces and the Government of Canada in engaging the U.S. government in discussions aimed at developing a long-term solution to the softwood lumber dispute. Canadian provinces, including Manitoba, made a concerted and sincere effort to develop proposals that addressed U.S. concerns with the provincial forest management practices. It was with great frustration and disappointment that these efforts failed to conclude an agreement, and, on March 22, the U.S. Department of Commerce announced the final determinations on anti-dumping and countervailing duties, totalling 29.01% duty on softwood lumber imported from Canada.

All Canadian governments believe we have a strong case against the U.S. Trade actions are committed to legally challenging them through the World Trade Organization and under NAFTA. While trade actions are underway, potential relief from these legal remedies is not likely to come before the end of the year, at the earliest. In the meantime, governments are examining what measures might be available to any Canadian workers that are displaced by these harmful and unfair U.S. actions. I am

pleased to see the recent tentative or preliminary ruling by the WTO, which, by majority of clauses, conferred and confirmed Canada's position in regard to the softwood lumber.

The U.S. also has taken protectionist action to protect their steel industry when they recently announced safeguard measures against the imports of steel. Fortunately, working with the federal government, we reminded the U.S. of their NAFTA obligations to exclude Canada from this action and succeeded in having Manitoba's rolling mills exports excluded.

The U.S. has passed a new farm bill which would increase subsidies and support for U.S. farmers by a whopping \$73.5 billion over 10 years, over and above the \$90 billion a year that U.S. farmers already receive. This increase in support to U.S. farmers comes at the same time that the U.S. is continuing to harass the Canadian Wheat Board with their threat of further trade actions.

\* (15:50)

While the U.S. is clearly becoming more protectionist, we believe there remains hope for the future progress on the trade front. World trade ministers managed to launch a new round of trade negotiations at their meeting in Qatar last November. Manitoba is hopeful that these negotiations can lead to substantial progress on the issue of agricultural subsidies. The mandate agreed to by ministers in November calls for the reduction of, with a view to phasing out, all forms of export subsidies and substantial reductions in trade-distorting domestic support. Manitoba will continue to work closely with the federal government in these and other trade policy areas to ensure our interests are effectively promoted and properly reflected in Canada's negotiating strategies.

I know that, in the comments following the tabling of the provincial budget, several commentators expressed concern regarding the creation of opportunities to retain our young and skilled graduates here in Manitoba. While it is important to try and encourage those who have left to return, it is also important to lay the foundation for those who are recent graduates to stay here in Manitoba and continue to contribute

to our economy. One of the best ways we can ensure that we do this is to provide opportunities for our graduates to learn and earn a living here, now and in the future.

We have already made a great deal of progress in our innovation agenda in the areas of education, technology commercialization, and innovation infrastructure. This includes the following accomplishments: frozen university tuition fees for two consecutive years, resulting in a 14% increase in enrolment in each of those years; established a capital fund for renewal of university infrastructure; established a program to double the number of graduates from the computer science faculty; implemented a comprehensive strategy to double the enrolment in our community college system; established a downtown campus for our Red River College to focus on information and communication technology education requirements, including the training needs of Manitoba's developing new media industry; implemented a broadband strategy based on utilization of our provincial data network as the backbone for a comprehensive provincial high-speed network; implemented a capital market strategy that has resulted in the formation of three new capital funds focussed on our priority sectors for economic development. With regard to our access to capital strategy, we have made significant investments in privately managed capital pools.

In December 2001, we announced the establishment of a \$45-million Western Life Sciences Venture Fund. This new fund will focus on the commercial development of health sciences research. Most recently, the Crocus Investment Fund announced it was entering a partnership with an international biotech venture capital fund that could inject as much as \$30 million into the province's biotech and life sciences fields. To generate even more opportunities for wealth creation in both private and public sectors, we are supporting infrastructure essential to the continued growth and prosperity of our universities, institutes and new commercial enterprises.

The Virtual Reality Centre is a state-of-the-art facility offering users the opportunity to view a design in process through a three-dimensional experience. The centre was opened on December

14, 2001, and is the first virtual reality centre in western Canada that is open for private industry. The centre has conducted demonstrations for a wide range of manufacturing, consulting and architectural firms. Staff at the centre, along with our IT consultants, are working with a number of clients to help prepare them to start using the facility.

The broadband project office has been active on a number of fronts in terms of partnership development with the private sector and community-based organizations to provide broadband, high-speed Internet solutions to regions of the province where the service is not currently available. One project, the Churchill community network, is scheduled to begin operations on July 30. This community-owned ISP model will be a first for Manitoba.

Last year I announced that in partnership with Industry Canada we were going to develop up to 440 public Internet access sites throughout Manitoba. This year I am pleased to tell you that we have supported over 550 new community organizations with hosting access sites in their own neighbourhoods. This brings the total public access sites in Manitoba to over 700. These organizations are also busy organizing into community resource networks to develop local community home pages. These sites are supported by youth employees and help desks operating both in French and English. I invite you to visit the Community Connections Web site at [www.communityconnections.mb.ca](http://www.communityconnections.mb.ca) to learn more about this exciting initiative and to be able to direct your constituents to an access site near them.

The department also continues to support the Canadian Technology Network's Manitoba chapter. In this way we foster the growth and development of small and medium-sized Manitoba firms that focus on technology and innovation. Through CTN's technology council we actively engage Manitoba technology businesses in developing solutions to their highest priority innovation gap issues.

Statistics Canada estimates that in 1999 almost 200 Manitoba businesses were involved in R & D programs and that these firms spent \$134 million on in-house R & D, an increase of 40 percent from the previous year, employing

1227 personnel. Our research and development community is growing through new and exciting projects, including the establishment of a \$25-million state-of-the-art functional foods nutraceutical research centre to be located at the SMARTpark at the University of Manitoba. About 90 researchers will undertake a range of research projects involving better extraction of the beneficial components of food, food quality, safety, packing, delivery, as well as identifying opportunities for Manitoba products to be processed here as value-added functional foods.

A new \$25-million cardiovascular research centre, one of only three in Canada, will conduct human trials on cutting-edge pharmaceuticals for heart disease and stroke. This facility, to be known as the I. H. Asper Clinical Research Institute, will provide a bridge between the basic medical research programs at St. Boniface General Hospital Research Centre and patient care.

A new \$10-million National Research Council facility is to act as an incubator for spin-off companies in the high tech sector; a new \$3-million breast cancer research and diagnostic centre supported by the federal and provincial governments in partnership with CancerCare Manitoba foundation. My department continues to be active in creating partnerships and building synergy among the Manitoba firms specializing in knowledge development. Our staff have facilitated a number of partnerships between firms, such as TR Labs who, with St. Boniface health research centre, are collaborating on e-medicine research, specifically in the area of filmless radiology. We expect to continue to take a lead role in developing partnerships of this type over the next year.

While much has been started in the area of innovation and research, there is much left to be done. An important role of Research, Innovation and Technology (RIT) Division of my department is to provide focus for research, innovative and technology policy development and coordination. The department is developing a Manitoba innovation framework that will guide future policies, strategies and activities. The purpose of the innovation framework is to foster an environment favourable for sustainable economic growth, job creation, quality of life for

Manitobans, by enhancing the innovative capacity of all participants in the economy.

As it is important to create new opportunities for research and innovation services to exist in small business community, they continue to be an important facet of our department's efforts. Small business and entrepreneurial development, the Canada/Manitoba Business Service Centre, a federal-provincial partnership, has recently completed its fourth year as successful operations, and continues to expand its services with 20 satellite offices throughout Manitoba. These satellite offices will make business information and resources more accessible to all entrepreneurs throughout Manitoba. Three new satellite offices are currently opening, including an office in the St. Boniface bilingual government service centre as well as new offices in St. Laurent and Swan River.

E-business service centre has recently completed its first year of operations and has successfully contributed to the support, growth and development of e-business and e-commerce industry in Manitoba. The e-business service centre offers the information that small and medium-sized business enterprises throughout Manitoba need to enable them to adopt e-commerce and e-business technologies within their businesses.

The Small Business and Co-operative Development Branch provides business development services for Aboriginal entrepreneurs, women business owners, youth, entrepreneurs in the cultural industries, and entrepreneurs with disabilities. The branch continues to focus on entrepreneurial development and training, and has developed and delivered seminars and workshops to individuals, entrepreneurs throughout rural and northern Manitoba. A co-operative development strategy has focussed on the promotion of the co-op model of ownership and providing access to education and training in respect to co-operatives. We continue to assist groups and communities to develop viable co-operative enterprises to meet the wide range of social and economic needs of Manitoba communities.

Mineral resources. It is no secret that the historically low metal prices over the past years

have significantly impacted the mining sector in Manitoba. In June, Ruttan Mine in Leaf Rapids closed, impacting 360 workers and the community at large. Our department has been working closely with the community to develop strategies to help with the adjustment process. We have recently announced \$2 million in funding support from the Mining Community Reserve Fund to assist with worker relocation and other community adjustment initiatives.

But impacts of a closure of this magnitude are not restricted to the local community. Mining operations are significantly integrated into the regional economies they support. The mining sector is characterized by high wages, high productivity and large capital investments. This sector is also a highly significant contributor to net exports, representing approximately 12 per cent of Manitoba's total exports.

Mining operations have important backward and forward linkages within the economy that significantly broaden the impact of the mining activity in many other sectors, including transportation, construction, chemical and electrical

power systems. It has been estimated that the \$1 billion in new capital investment in mining generates an addition \$772 million in additional output in other sectors.

Manitoba's major producers are moving forward with their large-scale capital expenditure projects. In Flin Flon, Hud Bay is well advanced with the triple seven project, the largest investment in the company's history. Inco continues with—

**Mr. Chairperson:** Order please. The hour being 4 p.m., when consideration of the Industry, Trade and Mines Estimates is next considered, the honourable minister will have 29 minutes remaining in her opening statement.

The hour being 4 p.m., committee rise. Call in the Speaker.

#### IN SESSION

**Mr. Speaker:** As previously agreed, the hour being 4 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Tuesday).

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# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, July 29, 2002

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