

**First Session - Thirty-Ninth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**DEBATES**  
**and**  
**PROCEEDINGS**  
**Official Report**  
**(Hansard)**

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The Honourable George Hickey  
Speaker*

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Ninth Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BLADY, Sharon	Kirkfield Park	N.D.P.
BOROTSIK, Rick	Brandon West	P.C.
BRAUN, Erna	Rossmere	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
BRIESE, Stuart	Ste. Rose	P.C.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	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.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
GRAYDON, Cliff	Emerson	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
HOWARD, Jennifer	Fort Rouge	N.D.P.
IRVIN-ROSS, Kerri, Hon.	Fort Garry	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARCELINO, Flor	Wellington	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McFADYEN, Hugh	Fort Whyte	P.C.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PEDERSEN, Blaine	Carman	P.C.
REID, Daryl	Transcona	N.D.P.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
SARAN, Mohinder	The Maples	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELBY, Erin	Southdale	N.D.P.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, September 26, 2007

The House met at 1:30 p.m.

## PRAYER

## ROUTINE PROCEEDINGS

## INTRODUCTION OF BILLS

## Bill 18—The Forest Health Protection Act

**Hon. Stan Struthers (Minister of Conservation):** I move, seconded by the Minister of Health (Ms. Oswald), that Bill 18, The Forest Health Protection Act; Loi sur la protection de la santé des forêts, be now read a first time.

*Motion presented.*

**Mr. Struthers:** Mr. Speaker, The Forest Health Protection Act will give us the tools to protect the health of all trees and forests in Manitoba by enabling the Province to monitor and respond quickly with effective preventative measures to control forest pests in the event of an outbreak. Thank you.

**Mr. Speaker:** Is it the pleasure of the House to adopt the motion? [*Agreed*]

## Bill 19—The Fair Registration Practices in Regulated Professions Act

**Hon. Nancy Allan (Minister of Labour and Immigration):** Mr. Speaker, I move, also seconded by the Minister of Health (Ms. Oswald), that Bill 19, The Fair Registration Practices in Regulated Professions Act; Loi sur les pratiques d'inscription équitables dans les professions réglementées, be now read a first time.

*Motion presented.*

**Ms. Allan:** Mr. Speaker, this bill will provide that regulated professions and individuals applying for registration in Manitoba are governed by registration practices that are transparent, objective, impartial and fair.

In particular, fair registration practices will assist in breaking down the qualifications recognition barriers for internationally educated or out-of-town or out-of province individuals seeking work in their fields of expertise.

Thank you.

**Mr. Speaker:** Is it the pleasure of the House to adopt the motion? [*Agreed*]

## PETITIONS

## Provincial Trunk Highway 2—Glenboro

**Mr. Cliff Cullen (Turtle Mountain):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly.

These are the reasons for this petition:

As a result of high traffic volumes in the region, there have been numerous accidents and near misses along Provincial Trunk Highway 2 near the village of Glenboro, leading to serious safety concerns for motorists.

The provincial government has refused to construct turning lanes off Provincial Trunk Highway 2 into the village of Glenboro and onto Golf Course Drive, despite the fact that a number of businesses along Provincial Trunk Highway 2 have increased greatly in recent years.

We petition the Manitoba Legislative Assembly as follows:

To urge the Minister of Infrastructure and Transportation (Mr. Lemieux) to consider implementing a speed zone on Provincial Trunk Highway 2 adjacent to the village of Glenboro.

This petition is signed by Jill Nowazek, Henry Thornborough, Ron Book and many, many others.

**Mr. Speaker:** In accordance with our rule 132(6), when petitions are read they are deemed to be received by the House.

Provincial Trunk Highway 10—  
Brandon Hills Estates

**Mrs. Leanne Rowat (Minnedosa):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

Provincial Trunk Highway 10 serves as a route for an ever-increasing volume of traffic including heavy trucks, farm vehicles, working commuters, tour buses, campers and the transport of dangerous goods.

Provincial Highway 10 access travelling south to Brandon Hills Estates is not only unsafe for school students who must cross the busy highway, but also for the turning vehicles who must cross a solid line to enter the park community.

Traffic levels are expected to escalate further due to projected industrial expansions.

Highway upgrades of Provincial Highway 10 are occurring within a short distance of this site. Priority should be given to this community, based on the dangerous access to highways for residents.

We petition the Legislative Assembly of Manitoba as follows:

To urge the Minister of Infrastructure and Transportation (Mr. Lemieux) to act on the situation by considering construction of turning lanes that would reduce the danger posed in traffic access to Brandon Hills Estates, which is home to 85 residents.

This petition signed by Judy Stuckel, Larry Stuckel, Hazel Asham and many, many others.

#### **Cree Nation Child and Family Caring Agency**

**Mrs. Mavis Taillieu (Morris):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

Cree Nation Child and Family Caring Agency is a provincially mandated First Nation child protection and welfare agency. Operated under authority of the Provincial Ministry of Family Services and Housing, the mission is to keep children, families and communities safe and secure, and promote healthy citizen development and well-being.

Lynn Lake is located 321 kilometres northwest of Thompson, Manitoba on PR #391. There is no social worker living and working in the community. The goals of the ministry are implemented from a distance and supplemented with infrequent and short visits from a social worker located in Thompson.

The Lynn Lake Friendship Centre is a designated safe house and receiving home providing accommodations, services and care to children and families experiencing difficulties in a safe environment. The designated safe house and receiving home are forced closed at this time due to outstanding accounts payable due from Cree Nation Child and Family Caring Agency.

Failure to have a social worker based in Lynn Lake providing immediate and sustained services and forcing the receiving home and designated safe house to close, children and families experiencing difficulties in Lynn Lake and area have their health and safety placed in great jeopardy.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Family Services and Housing (Mr. Mackintosh) to consider re-staffing the social worker position in Lynn Lake in order to provide needed services to northwestern Manitoba in a timely manner.

To request the Minister of Family Services and Housing to consider mediating outstanding accounts payable due to Lynn Lake Friendship Centre and Cree Nation Child and Family Caring Agency in order to allow the designated safe house and receiving home to resume regular operations and services and continued utilization of these operations and services.

This is signed by Minnie Carberry, Mary Bighetty, Tom McCann, and many more concerned Manitobans.

\*(13:40)

#### **Provincial Slogan**

**Mr. Kevin Lamoureux (Inkster):** Mr. Speaker, I wish to present today the following petition to the Legislative Assembly of Manitoba.

The background to this petition is as follows:

That the NDP have authorized the spending of hundreds of thousands of tax dollars to promote the new slogan, Spirited Energy.

That Friendly Manitoba is a better description of our province.

We petition the Legislative Assembly of Manitoba as follows:

To request the Legislative Assembly of Manitoba to consider supporting the slogan, Friendly Manitoba over Spirited Energy.

To urge the Premier and his NDP caucus to make public the total cost in creating and promoting the new slogan, Spirited Energy.

Signed by Eric Miranda, Nellie Miranda, Jeric Miranda, and many, many other fine Manitobans.

## TABLING OF REPORTS

**Mr. Speaker:** I am pleased to table in the House the Reports of Members' Expenses for the year ended March 31, 2007, in compliance with section 4 of the Indemnities, Allowances, and Retirement Benefits regulations.

**Hon. Greg Selinger (Minister of Finance):** I would like to table the following, the *Manitoba Finance, Supplementary Information for Legislative Review: 2007-2008 Departmental Expenditure Estimates*.

**Hon. Diane McGifford (Minister of Advanced Education and Literacy):** I'm pleased to table the 2007-2008 Departmental Estimates for Advanced Education and Literacy.

**Hon. Oscar Lathlin (Minister of Aboriginal and Northern Affairs):** I'm pleased to table the 2007-2008 Departmental Estimates for Aboriginal and Northern Affairs and the *Annual Report of the Communities Economic Development Fund*.

## MINISTERIAL STATEMENTS

### National Forest Week

**Hon. Stan Struthers (Minister of Conservation):** I have a statement for the House.

This white spruce tree seedling is presented to you in celebration of National Forest Week, September 23-29, 2007, by Manitoba Conservation and the Manitoba Forestry Association (MFA). The white spruce is, of course, Manitoba's provincial tree, and these seedlings are locally grown at Pineland Forest Nursery in Hadashville.

In Manitoba, the Manitoba Forestry Association, or MFA, has marked this annual occasion by providing white spruce seedlings to my honourable colleagues. I commend the MFA for their ongoing efforts to celebrate and create awareness of our valuable forest resources and to provide forestry education to Manitobans of all ages.

Mr. Speaker, sustaining Manitoba's forests for environmental, social, and economic benefits is a priority for Manitoba Conservation. Thank you.

**Mrs. Heather Stefanson (Tuxedo):** I thank the minister for his statement today. On behalf of members of this side of the House, Mr. Speaker, we want to say how happy we are to celebrate this week, National Forest Week.

It should also be noted that today is Maple Leaf Day, a day when Canadians are asked to reflect on

the link between our lives, our Canadian heritage, and our symbol, which is historical and economic environmental link between these and the trees, Mr. Speaker.

I want to just take this moment, this opportunity, to quote a former colleague of mine, which I'm sure is familiar to many members in this House, one Harry Enns, the former member for Lakeside, who made a comment each year when he got up to thank members opposite for the trees. He said, and I quote: The trees seem to get smaller each year, Mr. Speaker. Obviously this government is truly conserving.

Mr. Speaker, I think, and I do have to say that at this time—

**Mr. Speaker:** Order. Just for information of the House, responses to Ministerial Statements should not take longer than the response of the ministers unless—

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order. If a person wanted to put more on record, they would have to have unanimous consent of the House by leave. That's just information for the House.

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

**Mr. Speaker:** Does the honourable Member for River Heights have leave? [*Agreed*]

**Mr. Gerrard:** Mr. Speaker, I rise to salute the importance of the forest industry and to speak out on behalf of trees and forests in Manitoba because of what they contribute, not only to Manitoba. Forests have often been called the lungs of the planet because they contribute so much to the well-being of our environment. Certainly from a perspective of global warming, forests can play a very important role and we need to acknowledge that. So I join with other colleagues in paying attention to trees and forests and make sure that we continue to do so. Thank you.

### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, I'd like to draw the attention of honourable members to the public gallery where we have with us today 47 retired teachers.

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

**ORAL QUESTIONS****Bipole Power Line  
West Side of Manitoba**

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Mr. Speaker, I would like to just pick up on what the Member for Tuxedo (Mrs. Stefanson) was saying. I want to just say that on this side of the House, all trees are equal. We don't discriminate between east-side trees and west-side trees. They all deserve equal treatment when it comes to their future.

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order.

**Mr. McFadyen:** Mr. Speaker, yesterday we witnessed a situation, a shameful situation, where perhaps the most significant policy decision to be made by this government in the term of this mandate or any other mandate was made by the CEO of a Crown corporation under the cover of another government announcement relating to a public statutory holiday.

Now, this decision to build the next bipole power line down the west side of the province of Manitoba, Mr. Speaker, is going to cost future generations of Manitobans upwards of \$500 million, a legacy of debt of half a billion dollars for future generations of Manitobans. That's not to mention the lost potential for sales arising from the line loss arising from an extra 230 kilometres of line that's going to be required, much of it through forest in the northern and western part of Manitoba.

Mr. Speaker, the Premier has admitted that no environmental study has been done to justify the environmental arguments that have been made. The CEO of Hydro says it's going to cost between \$300 million and \$400 million for the line alone, plus lost sales, plus other lost opportunities for Manitobans.

Now I know the Premier is concerned about symbolism. He's concerned about political legacies. He said yesterday in Estimates, he doesn't want to be accused of flip-flopping.

I'd like to ask the Premier today if he would set aside the short-term, personal political considerations and do what's right for the future of Manitobans. Don't leave them a legacy of debt, environmental destruction and despair for the residents of the east side of Lake Winnipeg.

\* (13:50)

**Hon. Gary Doer (Premier):** Unlike members opposite, we do believe that all people are equal and that's why, Mr. Speaker, I thought it was passing strange in the questions and points the members opposite were making in my Estimates that they did not deal with the starting point of First Nations people that reside and live and have lived for generations, in fact thousands of years on the east side of Lake Winnipeg.

In speaking in terms of trees are equal, Mr. Speaker, there is, I believe, some 800 kilometres of trees on the east side. There is much less than that on the west side. I believe the number is about 550 kilometres. Thirdly, it is clear that the east side is less developed than the west side in terms of other right-of-way areas for Hydro and, of course, other rights-of-way that have developed in mining, hydro-electricity, other developments on the west side.

Mr. Speaker, we made our feelings and preference known during the election campaign. When members talk about the timing of an announcement, the timing—

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order. The honourable First Minister has the floor.

**Mr. Doer:** The timing of the specific announcement was that of Hydro. The issue of the debate on the Tory vision, Mr. Speaker, which has been before their Cabinet in the early '90s and not proceeded with, our vision was well debated in the election campaign. We fully admitted that the cost of doing the west side transmission line was higher from a straight, straight-line basis. It's obviously cheaper to build a straight line than it is to have a more circuitous route. We admitted that during the campaign. And if you go to that logic, you would proceed with the line down the Interlake route because it is an absolute straighter line with already the right-of-way fully obtained. But that is not the most reliable route.

So there are issues of reliability, cost, ecology, First Nations, sustainability. I would also point out that there is the issue of long-term markets for the sale of hydro-electric power, and that's why we stated our preference in the election campaign. The member opposite stated his preference, and that was fully debated in the election campaign. The member opposite put his position out in the campaign. It was debated in every constituency, at least where we

were contesting the election. We were proud to put our position forward because it is the long-term visionary position for Manitoba, Mr. Speaker.

**Mr. McFadyen:** The Premier is wrong on so many counts in that answer, Mr. Speaker. I'm going to have to take full advantage of leader's latitude to go through it because he is absolutely wrong on every count, and he talks about debates and political campaigns. He was the one who was ducking live debates because he didn't want to have to justify his positions, and he didn't want to have to defend himself and respond to questions related to this very misguided decision which is going to have a long-term impact on generations to come of Manitobans.

We know there is no environmental study. The Premier talks about the equality of all people in Manitoba. There's been no consultation with people on the west side. He talks about consultation on the east side. He hasn't consulted with people on the west side who are going to be impacted by the development on that side of the province.

We have a quote, this morning in the media, from Elijah Harper representing people, Aboriginal people, First Nations people who have lived for thousands of years on the east side of Lake Winnipeg and he says, and I quote: We were devastated by today's announcement.

This is Elijah Harper. A movie has been made about Elijah Harper. He is a legend. He is a person who is trusted by First Nations throughout our province. He calls this decision devastating for his people. So the environmental case has not been made. The people who are concerned are speaking up and saying that it's wrong. They've done so much damage to Hydro in the past through their raids on its reserve, Mr. Speaker, that this decision makes the MTX fiasco of the Howard Pawley years look like child play. There's absolutely no comparison when you look at the comparison. He turns up the volume and shouts but if you look up the responses, they just don't stand up.

Bob Brennan, the CEO of Hydro, yesterday said that there was a case to be made in terms of reliability whether you went down the east side of the lake or on the route that has been selected. The reliability argument doesn't stand up, and he's contradicted by his own Hydro CEO, Bob Brennan, whose word I will take 10 times out of 10 when it's put up against the words of the member opposite.

So, Mr. Speaker, we've got a situation now where by Hydro's estimates there will be 78 megawatts of line loss running through the Interlake. That line loss will be increased by more than 78. It'll be more than 78 megawatts. We've got 99 megawatts of power coming from wind power. It'll wipe out in one move, wipe out the entire capacity of wind power in Manitoba, completely undo everything that's been done in wind power in Manitoba today.

Will the Premier admit he has made a mistake, back away from this terrible decision before it's too late and send a clear message that he's prepared to show leadership, admit a mistake, end the political hoax and do what is right for future generations of Manitobans?

**Mr. Doer:** Mr. Speaker, the member opposite did not listen to my answer. I said the most direct route was the Interlake route between the two lakes. That's the Interlake route. The east side is the east side of Lake Winnipeg. The west side is west of Lake Winnipegosis. The Interlake route is between Lake Manitoba and Lake Winnipeg.

So when I said that the issue of reliability—the line was shorter in the existing and the right-of-ways were better on the Interlake route. That was the issue of reliability. So the argument you're making is on the wrong route. I already answered that. Secondly—

**Some Honourable Members:** Oh. Oh.

**Mr. Speaker:** Order.

**Mr. Doer:** Mr. Speaker, that presumes that there will be no sale of hydro-electric power to Saskatchewan and Alberta, and I can assure the House that we are in negotiations with different provinces on the west side. We've just received a number of reports about the absolute demand on the west side, and it also presumes that the east-side line can be built.

There are serious licensing issues on the east side. The reviews of the east-side option raise serious image and market potential and liabilities in markets that we already export, i.e., places like Minnesota where there will be huge international opposition to the destruction or tampering with parts of the boreal forest.

I would also point out that we do know that on the east side there are two heritage rivers affected. On the west side there is one heritage river affected. Again, that's part of the analysis that's taken place.

But certainly Hydro has done a review. We've done our review. We've stated our preference, and we absolutely believe that the reliability issues dictate that the west side is the preferred option. That will go to public hearings with the licensing by the Clean Environment Commission. There will be lots of debate. Hydro will be required to scope the route that has been chosen by the Hydro board. It's certainly consistent with our view and we believe that the—*[interjection]*

The member who dropped his paper yesterday is now chattering at the back of the room, Mr. Speaker.

**Some Honourable Members:** Oh. Oh.

**Mr. Speaker:** Order.

\* (14:00)

**Mr. Doer:** Mr. Speaker, there is significant opposition to the east side. There is significant opposition not just in Manitoba but in places where we sell power. We always have to work on securing any power sale we have in international markets. So, we would argue that if you can't build the line on the east side, if you're denied a licence on the east side for all the reasons I've indicated, or if the east side becomes an issue for external and international markets or other markets in western Canada or eastern Canada, then the economics have to be adjusted accordingly.

This is a serious challenge for Manitoba to be dealing with international markets in Minnesota with the opposition that would be outlined by those people. They are able to put commercial pressure on Manitoba Hydro. The commercial pressure can exert different decisions with different agencies in United States, and those factors also have to be considered when looking at the two routes. I personally believe, Mr. Speaker, that the former government had a recommendation to proceed on the east side in 1992-1993. They didn't go ahead. Why?

**Mr. McFadyen:** The fact is that the Premier hasn't even made the effort to make the case to potential buyers based on facts rather than spin, in order to deal with the issues and opposition that might exist. He hasn't even attempted to take that proposal through the licensing process, Mr. Speaker, because, for reasons that are not entirely clear—presumably because of some political whim—he has landed on a decision that he now can't back out of and has decided to proceed full speed ahead against the evidence, contrary to the facts, and with the outcome that future generations of Manitobans will be left

with hundreds of millions of dollars in debt, added environmental degradation, and a loss of hope for people on the east side.

Mr. Speaker, I have confidence that potential buyers, such as Minnesota Power and others, will look at the facts. They won't be taken in by rhetoric when it comes to any proposal that's made by Manitoba. As an example, if the Premier was making the argument to Minnesota, he might want to point out that running the line down the east side, rather than the proposal that he's adopted for all the wrong reasons, would save, could save, in the range of 100 megawatts of line loss. That's half the capacity of the Taconite Harbor Energy Center coal-fired plant in Minnesota. He could shut down half the capacity of a coal-fired plant in Minnesota if he made the right decision. He doesn't care about coal-fired plants operating in Minnesota and the chance to displace that power. He doesn't care about the fact that with the added 200-plus kilometres of line, the trees are going to have to be cut. It's all about spin; it's all about rhetoric; it's all about a political hoax; and the result is that he is going to leave a triple-D legacy: a legacy of debt, despair, and environmental destruction.

I would call on the Premier at this point to take a step back, put this decision on hold, look at the facts, and make the right decision for future generations of Manitobans.

**Mr. Doer:** Mr. Speaker, the debt-for-debt ratios have gone down under our administration. The 86 percent we inherited from the Conservatives has been reduced consistently.

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order.

**Mr. Doer:** Thank you, Mr. Speaker.

The issue of the coal-fired plant. I would point out that we closed down the coal plant in Selkirk that was operating with one of the highest emission records anywhere in Manitoba. Members opposite were belching out smoke into their own constituents' backyards. We had the courage to close it down and we're proud we did.

We are also proceeding on a strategy to close down the plant in Brandon with redeployment of employees from that area and, Mr. Speaker, we have developed over 300 megawatts of renewable energy in Manitoba. A lot more than just a hundred

megawatts of wind power. Over 300 megawatts have been developed by our government by going from ninth place under the Conservatives in energy renewability to first place in Canada.

Mr. Speaker, there is an extremely active lobby in the state of Minnesota against hydro-electric development and sales. It is an important lobby to pay attention to. It is very important that we proceed in the most environmentally sound way with the majority of First Nations people on our side to develop export sales.

Members opposite have no experience in developing export sales. The only thing they developed was mothballing projects that we had brought forward. They're the mothball party of Manitoba. We are the only ones capable of developing export sales to take advantage of the transmission line that we are going to build on the west side of Manitoba, but we will do so in full awareness of the proximity to the west side, to Saskatchewan and Alberta where the demand for energy and renewable energy is going up every day. We will also do so with an eye to the south of Manitoba where environmental stewardship, the protection of the Boreal Forest and relationships with First Nations people will be paramount for the regulatory bodies to approve future hydro development sales. That's why we'll get it done, Mr. Speaker.

#### **Child Welfare System Government's Response to Problems**

**Mr. Stuart Briese (Ste. Rose):** Mr. Speaker, the child welfare system in Manitoba is in chaos. Children have been lost in the system, social workers are in very short supply and priorities have been misguided and misplaced. Children are being put at risk. The proof is in the growing list of children who have died tragically while in the care of a system that was supposed to protect them. In short, the minister has grossly mismanaged child and family services.

Mr. Speaker, will the minister take responsibility for his role in creating the chaos and confusion within the child welfare system?

**Hon. Gord Mackintosh (Minister of Family Services and Housing):** First, Mr. Speaker, I congratulate the member for his first question. I still remember my first question. I also reflect we were able in previous capacities to work together to solve issues for rural Manitobans, and I anticipate that we will look for opportunities to work together to better

serve the needs of Manitoba families in our current capacities.

Mr. Speaker, Manitoba, not unlike other jurisdictions, has for too long suffered serious shortcomings in the child welfare system. We know that, not just from too many tragedies, but also from the independent eyes of what has been an historical analysis by both the Advocate and the Ombudsman. The recommendations that were made challenges Manitoba to become a leader in child welfare. To meet that challenge we've introduced changes for children. It was introduced in October initially with a \$42-million investment.

**Mr. Briese:** Mr. Speaker, Gage Guimond, aged two, died while in the care of Child and Family Services. He died after CFS decided he should be removed from a loving foster home and placed with relatives. His best interests were not protected.

Mr. Speaker, the minister has failed to establish clear priorities for our child welfare system. Children are paying the price of this government's mismanagement. Will the minister take action today and issue a written directive to all child welfare authorities that in every instance a child's safety and well-being outweigh all other considerations?

**Mr. Mackintosh:** Mr. Speaker, I remind members that Manitoba has launched the most significant aggressive overhaul, if not transformation, of the child welfare system as a result of the Changes for Children initiative that began in October. We are not yet one-third of the way into this overhaul, but it holds out great promise for significant strengthening of the child welfare system.

The loss of Gage Guimond has weighed heavily on the hearts of, not only myself certainly, all Manitobans, I trust. When we have a loss like this, a tragic loss, it's important that we learn what went wrong and that we make changes accordingly. That, Mr. Speaker, we are committed to doing.

\* (14:10)

**Mr. Briese:** Mr. Speaker, the minister refuses to acknowledge that in practice the child's best interests are always being put first. He refuses to acknowledge that under his watch, other priorities are put first.

His mismanagement of the child welfare system is failing Manitoba children. I will ask the minister again: Will he do whatever it takes today to make it clear to all Child and Family Services staff that the

child's safety and well-being comes before everything else?

**Mr. Mackintosh:** Mr. Speaker, the Changes for Children initiative devolution is built on the essential component of the child protection system of Manitoba, which is child safety. That is the foundation of the child protection system. It is found throughout the legislation, and indeed, when the authorities legislation was introduced into this House and agreed to unanimously, it began with the important WHEREAS that the safety, security and well-being of children and families is of paramount concern of the people of Manitoba.

Mr. Speaker, when members opposite introduced changes to the legislation to recognize that aboriginal children be placed with family and extended family, even then there was no trumping of safety. Safety is job one, always has been, always will be.

#### **Addiction Treatment Availability of Programs**

**Mr. Kelvin Goertzen (Steinbach):** Mr. Speaker, in July the *Canadian Journal of Psychiatry* released a study indicating that 13.5 percent of Manitobans were dealing with substance abuse issues. Not only is this higher than the Canadian average, but it's twice that of the rate of Toronto. Workers with the Addictions Foundation of Manitoba are saying that the NDP government is cutting funding, closing treatment programs during the summer and reducing workers to treat addiction.

Mr. Speaker, why is it that when the province's addiction problem is getting worse, this government is doing less?

**Hon. Kerri Irvin-Ross (Minister of Healthy Living):** Mr. Speaker, our government has been committed to supporting individuals with addictions since being elected in 1999. Our support has increased over the years. The Addictions Foundation of Manitoba in 1999 when we took office received \$9 million. This year it is now \$14 million.

We've also continued to support the whole network, ensuring that Manitobans have a whole spectrum of services that are available for them from the point of prevention and awareness to recovery services.

**Mr. Goertzen:** Mr. Speaker, the minister's comments defy not what I'm saying but what the Addictions Foundation of Manitoba is saying. In fact, Barry Rudd, a prevention and education

consultant with the very same Addictions Foundation of Manitoba, said that while more youth are indicating that they are taking illegal drugs, treatment programs in Manitoba often have limited availability.

In fact, his comments are bang on: two months wait for a female to access the River House treatment programs; three and a half months wait to get into the impaired driving programs; a month wait for drug treatment at Gimli. It's a month wait for drug treatment in the community of Steinbach.

Mr. Speaker, a day is a lifetime for a drug addict. A month or two can mean death for those who are dealing with addiction. Why is it that this minister hasn't made this a priority for her government and those that are dealing with addiction in our province?

**Ms. Irvin-Ross:** Mr. Speaker, I'm proud to say that this has been a priority for our government. We continue to provide the services that are necessary. We have provided in-patient services as well as day program services to all Manitobans to ensure that they have the services that they need. The amount of money—\$17 million has been invested in the last two years for addiction services across the province of Manitoba to ensure that we are providing a continuum of services for all Manitobans.

**Mr. Goertzen:** Mr. Speaker, the minister refuses to adhere to what the experts are saying, the Addictions Foundation of Manitoba, when they say that there are long waiting times backed up by the fact that her own department provides. The City of Winnipeg recently said—the police department—that 80 percent of crimes somehow relates back to drugs or drug addiction, yet this government is not making it a priority to ensure that there's addiction treatment in our communities, on the streets or even in our prisons.

Mr. Speaker, when addicts finally open their minds to getting treatment, they shouldn't have to find a closed door at the treatment centre. When an addict shows up at that door, they should find help and not be given a number and told to wait their turn for a month or two. Why won't this government finally make it a priority and commit to when they show up at the door, they'll get the treatment they need.

**Ms. Irvin-Ross:** Mr. Speaker, the resources are being provided to all Manitobans. We've increased the budget by 50 percent. We continue to ensure that there is a whole spectrum of services for people that

have addictions. People that are needing addiction services need to have in-patient programs as well as day programs, as well as recovery programs. We make sure that that spectrum of service is available to all Manitobans. We take this very seriously, and we will continue to work with all of our community partners to ensure that services are available for everyone. Thank you.

### **Hollow Water First Nation Cottage Barricade**

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Speaker, last week the Premier (Mr. Doer) and the Justice Minister trotted off to Ottawa to ask the federal government to add more criminal laws. Also last week Hollow Water First Nation unlawfully set up a barricade on a public road to protest this government's mismanagement of the cottage lot draw system. It's now 12 days since that public road was blocked. No action from the NDP, no consequences for that unlawful act.

So I ask the Minister of Justice: Why would he ask for more criminal laws at the time when he isn't prepared to enforce the laws that he already has?

**Hon. Dave Chomiak (Minister of Justice and Attorney General):** Mr. Speaker, I want to remind the member that I was very proud to be part of a delegation that included the leader of his own party, the leader of the third party in the Legislature, the police chief of Winnipeg and Brandon, the mayor of Winnipeg and Brandon, and Chief Dennis Meeches of Sioux Valley, and a victim, who all unanimously agreed with the position that we have taken in Manitoba. The Minister of Justice, the Canadian Minister of Justice said how pleased he was that we could come together in Manitoba to work together to deal with crime and that he would carry our message forward to Parliament, which is responsible for making the laws that we are involved with enforcing.

**Mr. Hawranik:** Mr. Speaker, he's asking for more laws and at the same time he isn't even enforcing the laws he already has.

A week ago RCMP Sergeant Doug Ashton stated that blocking a roadway is illegal according to The Highway Traffic Act, and yesterday on CJOB the Minister of Conservation (Mr. Struthers) stated that the barricades are illegal and he wasn't going to stand on a barricade that shouldn't be there. Those were his words.

So I ask the Minister of Justice: Since the barricades are illegal and shouldn't be there, why has he failed to enforce the law?

**Mr. Chomiak:** I think that one of the most moving speeches that I've ever heard last week was said by Chief Meeches before the parliamentarians that youth have choices now: The gangs or the clan? I think that was the most moving moment that we all had in terms of the opportunities that we must provide young people.

Mr. Speaker, I do not direct the police. The police undertake these matters, and I rely on the police to determine their course of action in these matters. I suspect that there's no Solicitor General nor a Justice Minister in the country who would want to be in the position of say—

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order.

**Mr. Hawranik:** Mr. Speaker, the RCMP and the Minister of Conservation (Mr. Struthers) are clearly on the record stating that the barricades are illegal. However, the Minister of Culture, Heritage and Tourism (Mr. Robinson) is on the record this week as well, indicating that Hollow Water should be respected for their attempts to protect their traditional land. In effect, what he's saying is that Manitobans should respect an illegal barricade on a public road.

So I ask the Minister of Justice: Is he prepared to respect an illegal act or will he do his duty as Minister of Justice in this province and enforce that law?

**Some Honourable Members:** Oh, oh.

**Mr. Speaker:** Order.

\* (14:20)

**Mr. Chomiak:** Mr. Speaker, the function and role of the police, I think members indicated yesterday in their speeches that the role and function of police—and now I understand why members voted against our increases to police. Now I understand why they voted against the Prosecutions' increase. They want us to step into the position of police officers. They want us to step into the position of prosecutors and do their jobs.

Our job, Mr. Speaker, is to provide them with the resources and the direction; their job is to do their work. I would not want to be in the position of the former Premier of Ontario—

**Mr. Speaker:** Order.

**Mr. Chomiak:** I don't want to be in the position of the former Conservative Premier of Ontario, Mr. Speaker, who put on his police hat and went running out—that is not the position. In fact, if I were to cross that boundary, I would be in dereliction of my duty.

#### **School Review Process School Board's Authority**

**Mr. Ron Schuler (Springfield):** Mr. Speaker, yesterday evening, parents attended a public meeting where the process was outlined that would be followed in the viability review of Westview School, a process put in place by the provincial government that should apply equally to all schools.

I ask the Minister of Education whether his department school review policy is still, in fact, a 20-month process and whether school boards still have the authority to decide the viability of the school?

**Hon. Peter Bjornson (Minister of Education, Citizenship and Youth):** Certainly when school divisions are faced with issues such as declining enrolments, they do have difficult decisions to make with respect to the viability of the facilities, and we are currently reviewing the school closure policies and guidelines, Mr. Speaker.

It's rather interesting that members opposite would be raising this when you consider their election promise where they didn't see it necessary to increase any funding to the Education budget because of declining enrolment, Mr. Speaker. But we continue to support schools. We have small school grants; we have declining-enrolment grants. We know how important they are to the community, and school divisions have difficult decisions to make when it comes to school closures.

**Mr. Schuler:** What's funny, Mr. Speaker, is the Premier (Mr. Doer) said he would live up to the COLA for retired teachers. He never did, and they are sitting in the gallery right now.

Mr. Speaker, what's problematic about this issue is a senior member of this NDP government, the legislative assistant to the Premier, rose yesterday at the public meeting and said to the parents and members of the community that, and I quote: 2009 doesn't have to be *Apocalypse Now*. If we need more time, let us have more time. In other words, the process can be changed, assuming by him.

I would like to ask this Minister of Education whether the Member for Radisson's (Mr. Jha)

comments reflect a change in policy, and has he neglected to inform parents and elected trustees of this change?

**Mr. Bjornson:** Mr. Speaker, we have committed to review the closure policies based on a request by the Manitoba Association of School Trustees and we're certainly going to do that. As I said, the viability of schools is an issue that many school divisions wrestle with because of declining enrolment. There is declining enrolment. We have committed to review the policies. We will review the policies. But we continue to fund education at unprecedented levels, and that's what allows schools to remain viable in the communities and remain an important focal part of that community.

**Mr. Schuler:** Mr. Speaker, the problem is that the process of a school viability review needs stability. The Member for Radisson stands up and grandstands, saying the 20-month minimum is no *Apocalypse Now*, or, in other words, it can be changed. The Minister of Education must send a clear message to students, parents and the community on his school review policy, and while he's at it, will he please admonish the Member for Radisson on the irresponsible comments made last night at the community meeting.

**Mr. Bjornson:** Mr. Speaker, as I said, we continue to increase funding to support programming, to support the viability of schools. Talk about grandstanding, I've heard the member refer to the teachers' pension where they continue to masquerade as advocates on behalf of teachers. They did nothing to the pension during the 1990s. They cut 252 teachers because of a lack of funding in 1995. How did that impact the pension? They made a promise during the election to fund two-thirds COLA, and the numbers that they have thrown out are absolutely false with respect to how they could achieve that.

The member opposite should not lecture me about grandstanding, Mr. Speaker. We're the government that supports education. We support teachers; we support small schools in the province.

#### **Spirited Energy Campaign Involvement of Former NDP Staff Member**

**Mrs. Leanne Rowat (Minnedosa):** Mr. Speaker, yesterday the Premier (Mr. Doer) confirmed that Pat Britton, whose name is on a majority of the Spirited Energy invoices, is the same Pat Britton who was the former executive director for the NDP. I would like to table a sampling of these invoices, Mr. Speaker.

It seems pretty hypocritical for the government to say Spirited Energy isn't simply a partisan paint job when their former executive director is holding the purse strings.

Mr. Speaker, I would like to ask the Minister of Competitiveness (Mr. Rondeau): Why was the former executive director of the NDP so closely involved with the Spirited Energy campaign?

**Hon. Gary Doer (Premier):** Mr. Speaker, the individual in question did have another position in between the time she was working for government. *[interjection]* I just want to be factual.

I'll pass on her gratuitous comments about the Spirited Energy campaign that were made yesterday in the House and again today in the House. I'll pass that on to all the volunteer business people that have been involved. I'll pass it on to the Chamber of Commerce. I'll pass it on to Mr. Silver that is also spearheading this move. I'll pass it on to Mr. Starmer. I'll pass it on to the mayor of Brandon that endorsed the Spirited Energy campaign. I've got a whole list of business people that I'll pass it on to. I don't think they'll appreciate her gratuitous advice. If we have to take advice on a campaign, we'll take it from people like Bob Silver, not from the member opposite, Mr. Speaker.

#### Expense Claims

**Mrs. Leanne Rowat (Minnedosa):** Mr. Speaker, yesterday in this House I asked the minister about beer and wine that was approved as a taxpayer expense for the Spirited Energy campaign. In light of the confirmation of Pat Britton's role in the campaign, I would like to know, and I'd like to ask the minister if the former NDP executive director's decision was to approve the expenses of taxpayer dollars for the beer and wine consumed for the development of the Spirited Energy campaign.

**Hon. Jim Rondeau (Minister of Competitive Training and Trade):** I'm pleased to provide some information on the Spirited Energy campaign which is led by the business community. May I remind the people that it is not a partisan committee. The PEAC organization is led by Bob Silver, the president of Western Glove Works. We have Jim August who's the CEO of the North Portage, and all these people have provided their expertise, their guidance. Dave Angus. We have Irene Merie. We have all these people, a whole page of people who work on this campaign, and they do it because they want to promote Manitoba in a non-partisan, positive way.

And when we talk about the expense on beer and wine, we're talking about \$68. A lot of times we have people who are spending lots of time volunteering, they're spending their own time, efforts—

**Mr. Speaker:** Order.

Time for Oral Questions has expired.

**Some Honourable Members:** Oh, oh.

#### Point of Order

**Mr. Speaker:** Order. The honourable Member for River Heights, on a point of order?

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, on a point of order. I am asking for leave to ask my question and two supplementaries which I should be able to do in this Chamber when it's operating fairly.

**Mr. Speaker:** The honourable member has requested the unanimous consent of the House to pose his question and two supplementary questions. Is there leave of the House? *[Agreed]*

I will now recognize the honourable Member for River Heights to pose his question.

#### Power Line Development Agreement with Ontario

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I remember before and during the election that when the Premier (Mr. Doer) was asked about power transmission lines, he said: I like the option of a power transmission line going straight from Conawapa to Ontario, Sudbury or somewhere like that. I presume that line was predicated on agreement with Ontario, power sales to Ontario, support from the national government.

What happened, Mr. Premier, to the option of a line through Ontario, to the agreements with Ontario, to the national support?

\* (14:30)

**Hon. Gary Doer (Premier):** Mr. Speaker, there are two issues here. One is the issue of export sales and future export sales, and the other issue is an ongoing issue that would include both sales and reliability. The issue of reliability has been before the previous government from 1992 on. There is a view and advice that reliability must be enhanced. We are attempting to do that with enhancing sales at the same time. Future developments in northern Manitoba, there's a potential of a number of dams on the Nelson River. Over time, if there was a sale to Ontario, it could necessitate or allow for that route.

So it's not an either/or. There's one potential for reliability, which is, as I say, been before governments since 1992. Obviously, Hydro has reviewed the three options north and south, but there was other potential east and west. Certainly that's a site that is not being approved by the board of Hydro last week.

**Mr. Gerrard:** It seems to me, Mr. Speaker, that the Premier is essentially saying that the line to Ontario is essentially dead because Ontario is not a very reliable partner, Ontario is not coming to the table by buying sales, that there wasn't a reliable national government who was ready to support a trans-Canada transition line.

What is the problem with reliability here of a third line going to Ontario as an alternative to a line in western Manitoba?

**Mr. Doer:** Well, I don't want to be involved in partisan politics in Ontario, but just to talk about the federal government. I would mention that the Ontario latest energy report and the one before that and the one before that, and I'm sure the members opposite have read it, have referred to Manitoba and the potential of Manitoba. We are attempting to sell power south, which we believe is extremely positive and an extremely sensitive market. We are selling power to Ontario now, and we plan to sell more power to them if it's the right price. We are in discussions with Saskatchewan and the western provinces have already agreed to a grid.

In terms of funding for a grid, Mr. Speaker, there is more money from the existing federal government for partial funding of east-west connections than there was with the previous government. So I don't want to get involved in the back and forth between the Liberals and the Conservatives. I just want to state the facts.

#### Placement in Manitoba

**Hon. Jon Gerrard (River Heights):** My question to the Premier: I know that Manitoba Hydro is planning an alternative to the Dorsey substation, which is a Riel substation east of Winnipeg. I would ask: If the Premier is so confident that there may be sales to Saskatchewan or Alberta, why is he not putting that substation in western Manitoba where it would be much more convenient for serving people west instead of east?

**Hon. Gary Doer (Premier):** Well, Mr. Speaker, the Hydro is recommending—the chief executive officer is recommending, over time, two of them for

reliability. That, of course, makes up almost half of the issue of transmission.

I would point out in the election campaign we had clear positions. Our position was to support the option of the west side, with the additional costs and being up front because we thought that was the only viable option. The members opposite had a position for the east side, which was the position recommended to them back in 1992. The Liberals had no position. They were on the one hand and on the other hand. They liked to protect the boreal forests and they want the cheaper line. What's your position, sir?

**Mr. Speaker:** Order. That will now conclude oral questions and we'll move on to members' statements.

#### MEMBERS' STATEMENTS

##### Anola Centennial

**Mr. Ron Schuler (Springfield):** Mr. Speaker, it gives me great pleasure to congratulate the village of Anola on celebrating its centennial in 2007. Anola is located in the rural municipality of Springfield at the highway intersection known locally as "Twelve and Fifteen."

One-time and well-known residents of Anola include a baseball player, Corey Koskie, and entertainer, Al Simmons. The friendly and welcoming nature of all residents of this community has always impressed me. I was pleased to receive a copy of *Anola Past and Present*, a book written to celebrate and document the village's history. I would like to recognize the efforts of everyone involved in this project and centennial celebrations throughout the year.

The village was originally named Free Port by American businessmen from Freeport, Illinois, in 1912. The name was changed to Anola. Agriculture has been an economic and cultural mainstay in Anola, supported by the many family farms in the area.

Close-knit and hardworking families have benefited from local businesses, recreational sports and social clubs over the last century. Fond memories were formed at businesses like the small, one-room Bugyik's store started in 1915 to the more recent Anola Village Inn. Generations have shared many laughs and countless cups of coffee together. A popular social club is the still active Anola and District Over 50 Club. Anola has been blessed with

dedicated congregations that still gather to serve in worship at beautiful churches.

Anola is also home to the Selo Ukrainian Dancers and Mohutnity Ukrainian Dance Ensemble. These dance troupes have provided breathtaking entertainment for many and demonstrate how proud residents are of their cultural heritage.

The Anola and District Museum has done a tremendous job honouring Anola's history. Officially opened in 1975, it has continued to preserve the area's heritage with the dedicated assistance of volunteers. The museum features a pioneer house, chapel, school, blacksmith shop, and the RM of Springfield's first fire truck.

In closing, I would like to congratulate all past and present residents of Anola as they celebrate their historic centennial. Thank you, Mr. Speaker.

#### **Cranberry Portage Community Events**

**Mr. Gerard Jennissen (Flin Flon):** Mr. Speaker, apart from the large urban centre known as the city of Flin Flon, there are many unique, smaller communities in what constitutes the huge Flin Flon constituency. Cranberry Portage is one of those unique communities which, in 1928, mushroomed out of the northern soil almost overnight. This August, Cranberry Portage was able to showcase its talents and skills as the village hosted the sixth Annual National Aboriginal Arts Administrators and Funders gathering in conjunction with the second Annual Summer Arts Festival. Various colourful events were held in the park in front of beautiful Lake Athapapuskow. The big attraction was the world's largest canvas teepee.

I am pleased to announce that the former teepee height record was shattered. The world's largest canvas teepee now stands a proud 22.6 metres high and has a diameter of 21.6 metres. The opening ceremony was able to accommodate not only the delegates but numerous visitors, dignitaries, and the media.

Although the main teepee was the centrepiece of the gathering, there were 20 other smaller teepees, including my own. Each teepee was painted by a creative northern Manitoba artist. The event was an excellent way to have northern artists network and share ideas about how to increase their exposure and access to vital grants.

This gathering was also a wonderful way for the whole community to get involved. The artists offered

sessions and teachings in their craft. For example, residents participated in painting classes, sweat lodges, elders' teepee, and learned the use of natural products in art creation, among many other offerings.

Cam McLean showcased his beautifully restored Bombardiers. After all, Mr. Speaker, Cranberry Portage unofficially is the Bombardier capital of Canada.

The delicious community feast involved 538 people and was another great way for residents, delegates, and artists alike to share their experiences. In fact, some delegates commented that the town's hospitality made them feel regal. Northern hospitality is indeed special. Mr. Speaker, the event was so well received and organized that every artist in attendance has registered for the third annual arts festival next year.

Congratulations to the main organizers Lisa Gamblin and Irvin Head, the Cranberry Aboriginal Arts Committee, and the many volunteers that made this event a great success. They have shown that the people of Cranberry Portage, when they work together, can accomplish wonderful things. I call on all honourable members to join me in congratulating the whole community of Cranberry Portage. By hosting this important national conference, they've put a small village on the map with the world's largest canvas teepee.

#### **Stubble Burning Ban**

**Mrs. Mavis Taillieu (Morris):** Mr. Speaker, in late August, an inadvertent stubble fire caused dark smoke to drift across the highway just east of Elie in my constituency and, unfortunately, an accident ensued.

The knee-jerk reaction of this government was to slap a ban on burning instead of investigating and determining that this was an isolated incident. A week later, they lifted the ban, and what happened? Pent-up need for burning resulted in many burns, more smoke and, unfortunately, another accident.

I blame the mismanagement of the NDP government for this mess. If they'd investigated the first fire, found it to be an isolated incident, no ban would have been necessary, and the producers could have continued with the controlled regime adhered to in years past.

Burning of stubble is controversial, but we need to balance the need of those whose health is aggravated by the smoke and those who need to do it

for their livelihood, Mr. Speaker. Producers have done a good job of managing their fields, which has resulted in less and less burning over the years. Permits to burn issued on certain days have also been successful.

Mr. Speaker, this government's knee-jerk reaction to this situation is just another example of the mismanagement, lack of vision and leadership that they constantly exhibit. Thank you.

\* (14:40)

### **Bishop Grandin Greenway**

**Ms. Erin Selby (Southdale):** Mr. Speaker, the residents of south Winnipeg are able to breathe a little easier thanks to the Bishop Grandin Greenway. This greenway stretches from Royalwood to the Red River. The path encourages people to exercise and travel in an environmentally friendly way, and also provides a natural prairie habitat for Manitoba wildlife.

A dedicated group of volunteers have been working to enhance, maintain and connect the greenway to other trails. What better way to combat climate change, Mr. Speaker, than to encourage people to leave their cars at home. Over a thousand trees have been planted on this path alone, with more to come next year. There are plans for a community garden that will be home to Manitoba butterfly species and this path is an exciting addition to our community.

With support from Community Places, this dream was realized, and this initiative is an excellent example of how our government helps communities reach their goals. It is truly a pleasure to see the excitement this greenway has created with residents in the neighbourhood, as well as cycling and outdoors enthusiasts from all over Winnipeg. But the celebration is not yet over. There are plans to expand the path to Fort Whyte Alive and to Lagimodiere Boulevard, and I look forward to working with the volunteers to bring this next phase of their plan to life.

I would ask that all honourable members join me in congratulating the forward-thinking organizers and hardworking volunteers of the Bishop Grandin Greenway for their outstanding efforts in making this greenway a reality. Thank you, Mr. Speaker.

### **Hecla Island Causeway**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I want to acknowledge the efforts of Halli Jonasson, of

Riverton, in bringing forward his long-time concerns about the major impacts of the causeway to Hecla Island. The causeway was constructed in about 1970 and blocked much of the flow through the Grassy Narrows, the channel between Hecla Island and the mainland on the west side of Lake Winnipeg.

Halli Jonasson has lived, trapped and fished in the Grassy Narrows area for many, many years and he's very knowledgeable of the situation, both before the causeway was constructed and since. Al Kristofferson, who is the managing director of the Lake Winnipeg Research Consortium, has said of Halli Jonasson: "I think (Jonasson) has his head screwed on straight and has a lot of good information."

Mr. Jonasson has observed dramatic declines in the numbers of muskrats, minks, ducks, geese and jackfish in the marshes in the Grassy Narrows channel. Before the causeway was constructed, Jonasson observed that the marshes served to trap and filter out significant quantities of algal blooms. Today, because of the causeway and changes to the adjacent marsh, this is not happening. Mr. Jonasson has furthermore observed that the water flow both north and south in Lake Winnipeg has been significantly altered as a result of the Hecla Island causeway and this may have had an impact on the erosion along the shores of Lake Winnipeg.

Clearly, scientific work by the Lake Winnipeg consortium, and perhaps by others, is needed to investigate the impact of the Hecla Island causeway before further action is taken. But I think it's important to report today that, at a meeting last Saturday in Riverton, I found considerable support for the ideas that Halli Jonasson is putting forward. I understand that the MLA for Gimli (Mr. Bjornson) has been approached on this issue starting some time ago, several years ago but has declined so far to show any real interest. I would hope that the MLA for Gimli and his government would start paying more attention to the needs of Lake Winnipeg.

## **ORDERS OF THE DAY**

### **GOVERNMENT BUSINESS**

#### **House Business**

**Hon. Dave Chomiak (Government House Leader):** Mr. Speaker, I wonder if I might have leave of the House to change the hours for the Estimates committees in all three locations for Wednesday and Thursday. I wonder if I might have leave of the House to change those hours to extend

from 5 p.m. until 6:30 p.m. in all three sites today and Thursday.

**Mr. Speaker:** Is there leave for the Estimates to continue between 5 p.m. to 6:30 p.m. in all three committee rooms for the Estimates? Is there leave? Is there agreement? *[Agreed]*

**Mr. Chomiak:** Mr. Speaker, I wonder, also, if I might have leave of the House, with respect to these hours, to have the Friday rules apply to those sittings between 5 p.m. and 6:30 p.m. on Thursday and Friday and, presumably, the House will adjourn at 6:30 on Thursday.

**Mr. Speaker:** Is there agreement of the House for Wednesday and Thursday, between 5 p.m. and 6:30 p.m. to apply the Friday rules to those two days, which is no quorum and no votes. Agreed? *[Agreed]*

**Mr. Chomiak:** I wonder if I might have leave to change the order of the Estimates on the Estimate order sheet that was tabled in the Chamber yesterday, that I might have leave to move Education, Citizenship and Youth in the Chamber to be after Labour and Immigration but before Science, Technology and Energy, and that only for today, in Room 255, at 5 p.m. Conservation will take the place of Agriculture, Food and Rural Initiatives from 5 to 6:30, and tomorrow in Room 255, Agriculture, Food and Rural Initiatives will continue in Room 255 as per the schedule.

**Mr. Speaker:** For clarification for the House, the honourable Government House Leader, when you were proposing the sittings extend from 5 to 6:30 on Wednesday and Thursday, did you also include no sitting on Friday? Okay.

So for clarification of the House, there will be no Estimates sitting for this Friday. We ask for a clarification of the House.

Okay, for the information of the House, today from 5 to 6:30 p.m., there will be a change in the Estimates from Agriculture and Food to Conservation for today only. Also, to change permanently on the Estimates order, that Education, Citizenship and Youth will now follow Labour and Immigration, and that's a permanent change. Okay?

**Mr. Chomiak:** Mr. Speaker, I thank all members of the House for their co-operation and the Clerks and yourself for working a way through this.

I wonder if the Chamber might dissolve into Committee of Supply or resolve itself into

Committee of Supply or dissipate into Committee of Supply. Thank you, Mr. Speaker.

**Mr. Speaker:** The House will now resolve into Committee of Supply.

Deputy Speaker and the Chairs, please proceed to the respective rooms that you will be chairing.

### COMMITTEE OF SUPPLY (Concurrent Sections)

### INFRASTRUCTURE AND TRANSPORTATION

\* (15:00)

**Madam Chairperson (Marilyn Brick):** Will the Committee of Supply please come to order. This section of the Committee of Supply will now resume consideration of the Estimates for the Department of Infrastructure and Transportation. As had been previously agreed, questioning for this department will proceed in a global manner.

The floor is now open for questions.

**Mr. Larry Maguire (Arthur-Virden):** I want to welcome others that have come in for the day on water resources and water services—

**Madam Chairperson:** I'm sorry to interrupt you. I think all the individuals who were at the table are still the same.

Is there someone additional? Okay.

Just prior to that then, what I will ask is if the minister, just for a review of the members who are here from yesterday an introduction of any new members who have joined us at the table. That would be excellent. Thank you.

**Hon. Ron Lemieux (Minister of Infrastructure and Transportation):** We have the general manager of Water Services, if I am using the correct title, and that's Mr. Dick Menon.

**Floor Comment:** An engineer?

**Mr. Maguire:** I would like to welcome Mr. Menon as well.

Before we get to some of the questions, there was one that I got in just before the bell yesterday in regard to an upgrade or an update, I guess if you would, from the minister on, I believe it was the No. 10 bridge, No. 10 highway, bridge work that was done in the summer. I just wondered if he could indicate to us what was done, the final results, when

it was opened again. I know it is open, I was over it the other day. Just an update on it.

**Mr. Lemieux:** Two things: One, I'll comment on the bridge shortly, on No. 10 south of Brandon, but there was an outstanding question related to staff and the amount of people that the department has hired in '06-07. We hired 388 people in '06-07, and to date in '07-08, the department has hired 161 people.

With regard to the bridge, we replaced two sections of failed concrete on the bridge. The Member for Arthur-Virden is correct. It is now open and being used.

**Mr. Maguire:** Just for a little more clarification, when the concrete block fails like that, can the minister elaborate on just whether that's in the rebar that's in the bridge or just what structural defect becomes obvious or becomes aware or how do they become aware of those kinds of defects? Can he elaborate a little more on what they mean by failed concrete?

**Mr. Lemieux:** A point of clarification. Is that the bridge we're talking about on No. 10 or this just any bridge in the province?

**Mr. Maguire:** Mainly on this particular bridge. I suppose it's the same—well, actually, it's probably different in each case, but if you could give me an indication on this one.

**Mr. Lemieux:** In the case of this particular bridge, a hole was punched through the deck and the concrete piece or section failed and that piece had to be replaced. This is not always the case, but in aging bridges and other structures, this happens from time to time. That was spotted, and of course action was taken as soon as possible to rectify it.

**Mr. Maguire:** I was just wondered if the minister could comment on rebar failure or that sort of thing. Sometimes the concrete falls off with these issues, off the surfaces. Were there rebar failures?

**Mr. Lemieux:** Well, I've been advised that this was a case of just the concrete itself punching through. I can clarify that with staff, but there are various reasons why bridges are repaired. I'm sure the member appreciates this. I'm not in engineering with regard to the specifics or the technicalities related to bridge failures or deck failures, but I will enquire with staff to find out in this particular case was it more than just concrete or was it also rebar? I've been advised it was just concrete that was punched

through, but I'll clarify it while the member is asking his follow-up question.

**Mr. Maguire:** Yes, I'd just like to take a moment to let the minister get the answer. I would just say that, as I said earlier, there are likely differences in the reasons that there are failures in bridges every time something like this comes up, and if he could just confirm that for me. I would assume this is different than some of the other bridges that have failed around the province.

**Mr. Lemieux:** Well, I thank the member for the question. I've consulted with staff and they've said in this particular case it wasn't a matter of traditional rebar corroding, for example, the traditional rebar that's been used in our bridges, whereas the rebar and the concrete punched through as a result of a truck or another vehicle going over this particular section. In this particular case, I've been advised that it is the concrete that was just punched through.

Just to add to bridges, I'm not sure if the member is aware that today we made an announcement over the next four years of adding \$125 million that would be added to the Infrastructure funding. That \$125 million is added to bridges to improve inspections, to improve bridges, whether it's rehab or other work that needs to take place. I know he has an appreciation for bridges by virtue of raising this as one of his first questions today and how important he feels bridges are.

The major focus of our restructuring of the Department of Infrastructure and Transportation is renewal. Renewal is what we feel is very, very important to our system, and I know that the priority is evident in today's announcement that allocates funds specifically to maintain and support Manitoba's bridges. This will lead, of course, to more inspections and more regular maintenance and more repairs overall as needed.

This is a huge amount of money because we're talking about, not only the \$400 million, \$2 billion, five-year plan, we're talking about an additional approximately \$30 million being added per year, so it's approximately \$430 million per year now that will be part of Infrastructure and Transportation's budget.

It's a large announcement. We feel that it's a proactive way to address our structures in the province of Manitoba. Again, with today's announcement, it'll mark a first in Manitoba's history, a total investment average of about

\$430 million per year. During this time, we will see that average of \$30 million invested in preserving, maintaining, and inspecting our bridges, but it's a 40-percent increase over current levels. Investment in Manitoba's bridges is possible because of an aggressive \$4-billion multi-year highway plan that we put forward.

I know that all key stakeholders, including the Heavy Construction Association, Association of Manitoba Municipalities, and others are all working together just based on the 2002, 2020 Vision consultation process. We've moved forward since then, not as a result of recent incidents that have taken place in the province but as a result of consultations that took place in 2002. We realize that we have an aging infrastructure as do the other provinces in Canada, as does the states in the United States, with regard to not only bridges but our highways. So, with that answer, I look forward to the member's question.

**Mr. Maguire:** I absolutely knew that sometime this afternoon the minister would have a chance of remaking his announcement. I appreciate that announcement, and I think all Manitobans will in regard to the kinds of dollars that are being made available. I may have a few more questions in that area later.

But yesterday I had indicated that I wanted to have a few questions and some time on the Water Services Board, and so, with the minister's indulgence, I would try to go to some of those questions just a little bit on that department.

I appreciate Mr. Menon taking time to be here today as well as the lead staffperson in that area. I note with interest in this department that there are a great many projects. There're always more requests for projects than there are funds to go around on these issues, and as our aging infrastructure continues to age, there will be more need for, I believe, the kinds of waterfication that we're seeing in some areas of Manitoba and the kinds of sewer and water needs that we have, never mind the over a billion dollars that we need in the city of Winnipeg alone to take care of some of the needs there.

As I've stated publicly a number of times, we can have the best roads in the world leading to all of our communities, including Winnipeg, but if we don't have good water and sewer facilities in those communities, then it's very unlikely you're going to attract new citizens, retirees, or businesses to those regions. So I think it's doubly important that we

have, I guess, a sound plan on how to develop and proceed with the development of water and sewer needs that we have throughout the province of Manitoba. I know that those are some of the major projects that this area of the minister's department deals with.

First of all, I wondered if the minister could just provide me with the number of projects that perhaps Water Services is presently dealing with across the province of Manitoba.

\*(15:10)

**Mr. Lemieux:** Well, let me just say first of all, before I answer the member's question, I just want to thank him very much for allowing us to ask Mr. Menon to come in from Brandon, and that's important, but even though we're willing to go global, you know, to give us a heads-up as to who we would need some assistance from to help us with the answers. That was important because Mr. Menon would be able to plan his day and so on. So I thank the Member for Arthur-Virden (Mr. Maguire) for that heads-up as I am sure Mr. Menon does.

There are a lot of projects, a huge amount of projects, and as a provincial government, I would agree in total with the comments made about how important water is and sewerage issues are and water treatment is to the province of Manitoba. We've taken many initiatives, whether we're dealing with phosphorus or nitrogen into our great lakes or whether or not we're talking about sewer and water projects in each community. We know that if we're asking people to retire and stay in their communities—whether it's in rural Manitoba, northern Manitoba or indeed, Winnipeg—we would, and they expect to, receive services dealing with water and water treatment and sewage treatment.

Just to directly mention some of the projects, and when I say they're almost too numerous to go through all of them, I will try to go through some and maybe highlight some.

The sewer and water projects again, these are currently being worked on: the one in Gimli we're talking about, waste water treatment, the phase 2 completion as well as waste water treatment phase 3 start-up; and we're also talking about Grandview, Manitoba, a new waste water treatment plant; also looking at Lansdowne and Arden, a water and sewer system. Also, we're looking at MacGregor, a regional water supply; Melita, which the member will be familiar with in the corner of the province that he is,

resides, new waste water treatment plant and reservoir as well. Also, we're looking at the park in San Clara, a lagoon; the city of Portage, a waste treatment plant upgrading; also, in the R.M. of Portage la Prairie, water and sewer system at Peony Farm; St. François Xavier, water and sewerage system extension.

Also, we're looking at Springfield and Anola, which is, I understand, the community celebrating an anniversary. This is related specifically to a boil-water order that took place in that particular community and that's being addressed. Also, Springfield regional waste water treatment system and the community of Whitemouth is also receiving a water supply booster station, and there are water development issues related to regional water lines and this is very, very important in Westbourne and Wallace and Stanley and Portage and Grey, Yellowhead region as well. There are other miscellaneous water development and regional water line supplies as well.

New projects, Gimli phase 4 we're currently looking at, Minnedosa as well as Flin Flon, and the projects that I've just mentioned are very important to these communities. We take a look at the community of Roblin, for example, a water treatment plant upgrade; Shoal Lake, Manitoba; The Pas; Plum Coulee; Lac du Bonnet; Franklin; Dominion City. A lot of these projects are truly important to these communities, and we know that the communities, generally the ones that need more work, this program is oversubscribed. It always is, no different than community places grants or other programs that we have in place in government.

We talk about aging bridges, aging infrastructure, overall aging transportation networks, but we also have a system that's aging, that many people do not see and that could be sewer lines under the ground. People don't see that. They might see a bridge that is having some difficulty and is in stress, but you don't see the sewer lines and water lines that are running under the ground that have corroded over years of time and of use. It's something that's very important to us as a government and we know that a program like this is oversubscribed. Yet I know that Mr. Menon and people in Water Services branch as well as the Water Services Board are trying to make long-range capital plans as well as taking a look at the short-term issues they need to address. They need to be thanked, and I'll publicly thank them now for all the hard work they've done with managing a

budget that is often oversubscribed by many, many times the amount they have.

Water has become an important issue. I would argue not just recently but over the last numbers of years, and we as a government are not only interested in taking care of the roads and highways and bridges in our province, but also feel that water lines and sewer lines and treatment are also equally as important to the citizens of its province. They expect us to be investing. I use the word investment because it's not cost; it's an investment that we place in the future of our province and with young people in our province. Thank you.

**Mr. Maguire:** Madam Chairperson, I know I didn't expect the minister to go through a plethora of the listing of them, but I would ask him if he could provide me with a list of the present projects that might be on the go in Manitoba from his department. That would be helpful to help follow as well.

**Mr. Lemieux:** I would just like to make sure I give the member an updated list, and we'll try to get that to you in the next number of days just to make sure the list is updated and everything is correct.

**Mr. Maguire:** I know there are particular projects that I and some of my colleagues may want to ask a few questions on this afternoon. I wonder if we could do that for both the waterfication projects that are on the go in Manitoba as well as some of the sewer projects and lagoon work that's being done as well.

**Mr. Lemieux:** Certainly, Madam Chairperson, anything that's part of the public record. I'll be pleased to do so.

**Mr. Maguire:** Which raises some concern by the minister stating that it's anything that would be available to me from a public perspective, does that mean that there are—could he just qualify that? I mean I'm assuming that there are projects on the go that they're in negotiations with. Is that what he means, that those aren't available?

**Mr. Lemieux:** Well, there are communities that have come forward. I've mentioned the program, as he has, that it's oversubscribed. There are many communities that are coming forward all the time, you know, raising issues related to water or sewer, or sewage treatment that are really in a state of discussions. I mean there is no—you know, I mean they've either applied and have not been approved or indeed they may be actually looking for a bump-up in infrastructure because costs have gone up, whether it's dealing with steel or concrete or asphalt. All costs

have gone up and these costs have also—you know, people have been challenged with these costs of their projects going up.

So there are a lot of discussions going on. That's all I meant by that. I mean, we're going to provide the member with everything that we have.

**Mr. Maguire:** Can the minister indicate to me whether there's a set sharing program that he has with municipalities and the federal government on the costs of these projects in regard to the sharing of the cost of the projects? Is there a formula that's used in the sharing of those? Are they all a third, a third, a third with rural municipalities and the federal government, or are they negotiated.

**Mr. Lemieux:** Well I understand the sharing is on rural pipelines, for example. There is that kind of sharing. That's my understanding, the one-third, one-third, one-third.

\* (15:20)

**Mr. Maguire:** I just wanted to clarify that, Madam Chairperson, as well.

Can the minister indicate to me with all of the projects that are coming forward what sort of mechanism he or his department uses in regards to which ones would go forward, which ones would wait? Is it a first come, first served on the list, or is there a—I know there will be emergencies and priorities that might come into that sort of thing, and so can he just indicate to me the pecking order, I guess, that's used in regards to how you determine which ones will be done first?

**Mr. Lemieux:** Well, thank you for the question. I think it's good for the citizens of Manitoba to know that there is a point system that's used. How the point system really works is that there are issues related to public health, environmental issues. For example: documented problems and water shortages; boil water; septic breakouts; septic breakouts, as I mentioned, in different emergencies. Also, there are first-time services for some, potential concerns and problems to meet legal requirements. There are also economic benefits; there's also a point system related to applications; benefit to the province, for example; benefit to the municipality; water conservation measures; innovation wetlands and effluent irrigation. That's another area.

There's another category which talks about meeting certain standards. Also, water and sewer maintenance extensions are part of it, water and

sewer main renewals. Once the point system is looked at, it goes to the Water Services Board, and the Water Services Board makes the decision. Now, it's not an easy decision, obviously, because if it's over-subscribed, you're taking a look at some issues related to the point system that address the challenges these communities have. But the board also needs some flexibility, because there might even be emerging issues that they have to deal with in an expedited way, so there is some flexibility built into it. But the point system has worked well. I would say that most municipalities really appreciate the work that Dick Menon and his staff do on a day-to-day basis. I can't stress the fact that not only he personally needs to be thanked, but they do a tireless job trying to work on behalf of our communities.

**Mr. Peter Dyck (Pembina):** Just the comment you made regarding the sharing of the water and rural municipalities, I'm thinking specifically of the R.M. of Stanley which—now, the other side of it is they were designated as the fastest growing rural municipality in all of Canada last year. But, anyway, regarding the waterfication of the rural municipality, my understanding from the local council is that the federal government has their money there. They have their money ready to go, but it's the Province who is not prepared to continue with the water bringing it to the rural residents. Now, is that accurate or is that not accurate, or where are you at with that one?

**Mr. Lemieux:** Well, I thank the MLA for the question. I know that his federal cousins appreciate the question, but, quite frankly, the federal money is not there, PFRA money for this particular project. Parts of it have been done, as I understand it, but the federal portion of the dollars currently are not there.

**Mr. Dyck:** Okay, just to clarify then, the provincial money is there, and they would be able to, if they could access the federal money, then they could move ahead. Am I understanding this correctly?

**Mr. Lemieux:** Today's dollars and the dollars we have have already been prescribed. But, you know, if they do come up with the money or if their money is there, they certainly would go through the processes that they would have to go through. It's not a slam dunk. It's not just automatic just because someone has the money, just saying, yeah we've got the money now, let's get it done. Thank you.

**Mr. Dyck:** The other question I would have is regarding the Pembina Valley Water Co-Op and the need for water in order to be able to service the residents along that—there are all the communities,

and that's anywhere from Emerson through to Altona and Morden and Winkler. I think even Carman's a part of that whole loop.

But, anyway, could you tell me where they are? I know that at one point in time they were looking at drawing from the Sandilands, I believe it is. Can the minister tell us where that is at right now, please?

**Mr. Lemieux:** Thank you very much for the question. Just wanting to clarify this issue, they have not come to PFRA or to the federal government agency or to the province with regard to this project. There are groups that are pursuing this, but, as I understand, there's a lot of discussion going on, but they have not come officially to the Province or to the federal government with regard to this project.

**Mr. Dyck:** Just one more question then. So would you suggest that they come to your department and pursue this? Because I know that in discussions with the city of Winkler and the Town of Morden, and you know the growth that's taken place there that this is really one of the concerns that they have. So, if we need to look at another ministry as to where it's been at, we'll do that, but, just was asking for a suggestion.

**Mr. Lemieux:** Well, as a provincial government, we're open to having dialogue and discussions and consultations with all communities in Manitoba. If they have challenges around water or sewage treatment or effluent reduction, I mean, we're open to having those conversations. I know the people from PFRA and the federal government are as well. But we don't have a crystal ball and we can't—you know, we're not able to read into that what they want or what their needs are. So we'd be pleased to talk to people about it.

As the member knows, on these issues related to Water Services branch or the Water Services Board many, many projects are oversubscribed and have been for a while. Yet we know how important water is to communities all over the world, quite frankly, not just in Manitoba. It has become and will become a more important issue in days and years to come.

**Mr. Maguire:** I just wanted to follow up on that. The federal government makes the dollars available through the PFRA and I know that there's an oversubscription of those funds.

In regard to that, when the prioritization of projects takes place because there are federal dollars involved through PFRA, does PFRA or the federal government become involved in much of a say in

regard to the prioritization process that the minister was pointing out to me earlier?

\* (15:30)

**Mr. Lemieux:** Well, before I deal with that question directly, I'll state this: that agreement is coming to an end. I believe it's March 31 '08. So anything the rural MLAs can do—and I know the Member for Arthur-Virden was a strong advocate dealing with issues of agriculture in days before he became an elected provincial politician. He knows how important these issues are. Yet this program, I believe it's called the National Water Supply Expansion Program. I know the member opposite knows how important this is as well as his other rural MLAs, as I am, and this program really needs to continue. Anything he can do or his colleagues can do to speak to his political cousins in Ottawa to stress the importance of this, or even to members of Parliament of the governing party in Manitoba, would really be appreciated because we've tried to stress from our side how we want this program to continue.

No different, actually, quite frankly, than Prairie Grain Roads. I know he has an appreciation for that as well. The Prairie Grain Roads Program expired. Now you've got this Water Supply Expansion Program expiring. So we see a lot of these programs going by the wayside, and I'm just wondering how the member opposite feels about this program overall, or what he knows of it, or what does he think, whether it's worthwhile pursuing.

**Mr. Maguire:** I guess my comments would only be that in order to support our rural waterifications as well as those in the north and in the city of Winnipeg, all of our urban regions as well, it's more important that we look at the province as a whole in those areas.

But the federal dollars that the minister gets, albeit if this program ends in May, have they been able to obtain the dollars from the federal government for the projects and the work that's been done so far? Has it come in as the work is done or does it come in at the beginning of the project to be used by the Province at that time?

**Mr. Lemieux:** We get the money essentially up front from the federal government, which we're very much appreciative of. Then we match projects up against that.

There is a working committee, a working group, I'm not sure of the proper name, but Manitoba puts two people on this management committee, and the

federal government puts two people on the management committee, and then they are able to approach the dollars and projects in that manner. We do appreciate—don't mistake what I'm saying, but we do appreciate the money that the federal government is allocating to this program. I wouldn't want to leave the impression that we're not. But in my travels throughout the province of Manitoba, whether it would be north or rural Manitoba, I hear how important this is to the Association of Manitoba Municipalities, as well as to rural Manitoba, northern Manitoba. They really feel this program has served us well.

We, I believe, have taken advantage more than other provinces. That's why it's more specifically important maybe to us than other provinces with regard to these dollars. That's why I think it's imperative that we as elected officials, no matter what political stripe, really push for the extension of this program, not just an extension but the revitalization of this program. I think it's really important that we pursue it.

**Mr. Maguire:** I'm looking on page 117 in the Estimates book in regard to the sub-appropriation 15-5, just in regard to the minister's comments. It says: "Less: Recoverable from Rural Economic Development." There's \$2.9 million; to be exact, \$2,984,000 there.

Can the minister indicate if any portion of those \$2.9-million recoverable comes from any of those particular programs that he just alluded to?

**Mr. Lemieux:** On that page 117, the money we're talking about is Manitoba money. There is no federal money within this package. Last year there was approximately \$5 million that we had received from the federal government.

**Mr. Maguire:** Can the minister just indicate where the 2.984 then—I know it comes from rural economic development, I'm assuming. Can he just outline the nature of those funds?

**Mr. Lemieux:** These dollars come from MAFRI. These are MAFRI dollars. They come from Agriculture and rural economic development. These are dollars that go toward the water and all the issues related to water that we're talking about on this page 117.

**Mr. Maguire:** Yes, as these dollars come from the Manitoba agrifood and rural initiatives, then would they be—I'm assuming, they would all go into sewer-

water projects as opposed to drainage or that sort of thing.

**Mr. Lemieux:** Yes.

**Mr. Maguire:** The comments in regard to PFRA, the federal dollars that would go in there, those would be national dollars that would go into the Prairie Farm Rehabilitation Administration assistance across Canada. How does the minister negotiate with the federal government in regard to how many dollars Manitoba's share would be of those dollars? Is it based on population, need, miles of line or can he indicate to me what the prioritization mechanism would be?

**Mr. Lemieux:** The dollars were part of the Ag Policy Framework agreement, and it was a five-year plan. There were so many dollars allocated into it. We were allocated, essentially, I would think, because of our rural needs and the high needs we had in rural Manitoba. That's how we were able to access these dollars through this five-year Ag Policy Framework agreement. It was initially about \$15 million we received out of a larger pot. The agreement stated that if other people aren't using the money, you could try to tap into other dollars if you can. But we do have a large need in Manitoba and that's how we accessed it, through this five-year agreement.

\* (15:40)

**Mr. Maguire:** I appreciate that. It gives the minister about \$3 million a year then, the \$15 million received through Manitoba, roughly to work with. I know that if that's the federal third and we match that as a province and the municipalities work on it as well, it gets a small portion, every year, done of the kind of work that we need. But it is certainly, I'm assuming, a help to get those projects on the go.

The minister has indicated to me a little bit about prioritization. I know that there is a need for more funds to continue with this type of project, and I know as much as the minister's just earlier elaborated on his announcement of \$125 million for infrastructure for these kinds of projects on bridges and not on water and sewer albeit, another type of announcement, I believe it was from the federal Minister of Environment, yesterday talking about \$30 billion in regard to some environmental uses for those funds. I'm assuming that from that there will be funds coming forward, not from Manitoba, not all obviously, and if it's based on the similar kinds of need, there'll be, hopefully, large dollars available

there for the city of Winnipeg and all of rural Manitoba as well because of the huge need that's there.

I think they named Montreal, Victoria and one other city, I believe, in today's news about dumping raw sewage still right into the rivers, into the main waterways, and the number of those areas. I think we could include Winnipeg in that, as it happens from time to time with heavy rainfalls and one thing and another in the province here as well.

So my question is just how the minister will be following up on trying to attain some of those dollars, and how can we use those in water services to the best of our ability?

**Mr. Lemieux:** Just to clarify what Minister Baird was talking about, that \$33 billion is a national infrastructure program overall. It's not just to deal with environment. That's the large pot of money dealing with all kinds of issues and all kinds of challenges that we have in Canada. So, obviously, Manitoba wants to receive its fair share.

We talk about in Manitoba, for example, on the Transportation side where we've allocated gas tax or motive fuel tax dollars back to Transportation infrastructure. It's been talked about now almost two years. It will be two years this January, I think, that the last federal election was held, and now-Prime Minister Harper then was Leader of the Opposition, mentioned that provinces would be getting dollars very similar to what was announced by the Martin government to municipalities in that these dollars would be used for various infrastructure programs. Now what Minister Baird was talking about is tapping into that large pot of money that the Prime Minister and their government have made the previous announcement on.

**Mr. Maguire:** Yes, in regard to specific projects, my colleague from Carman, I'm going to defer to him to just ask on a specific project in his area.

**Mr. Blaine Pedersen (Carman):** Madam Chair, specific programs, our project is the Lavenham community, southwest of Portage. They have a community well in place which services approximately 20 families. They've been told that under the Water Services branch, they will not be able to use a community well unless it is treated properly and monitored. They are willing to treat it. However, the cost of having someone certified to do the testing and travel costs are always a significant

cost. They have been in touch with the R.M. of South Norfolk in terms of testing the water.

I should also add that there is a rural water line coming from Rossendale, but it'll cost each individual household about \$10,000 to hook up which is very significant when they have an excellent source of water right now. So can you give me an update as to what's happening for Lavenham?

**Mr. Lemieux:** Madam Chairperson, first of all, let me just say, before I answer the question, I just want to thank the MLA for Carman (Mr. Pedersen) for the question. This is the first time in Estimates that he's had the opportunity. I will just make a quick, brief comment prior to getting involved in the politics of his own party, but I can tell you that the MLA for Carman before was a strong advocate for the area, raised all kinds of issues with regard to transportation and infrastructure issues. I just want to say, having talked to him briefly, I know that the current MLA will work just as diligently and as hard for his constituents. So let me just make that—without getting into the politics of all this, I just want to put that on the record.

Dealing with the community of Lavenham, we're certainly in discussions with them, with the R.M. of South Norfolk, which they're part of, and to extend water from the Yellowhead regional water supply. So discussions are ongoing and, as the member can appreciate, there are discussions going on on a daily basis with many, many R.M.s about their water quality.

Now, as I understand it, in a lot of cases it's not dealing with E. coli or the kind of contaminants that are in the water. Sometimes the water is just not a good quality of water. I guess I would ask the representative for Carman to maybe pose the question to the Minister of Water Stewardship (Ms. Melnick) because this is an area that the drinking water people I believe are involved in this particular area and this discussion. So it may be a question more appropriate to the Minister of Water Stewardship to address it.

**Mr. Maguire:** Well, Madam Chairperson, I just wondered if, from the minister's perspective, this wouldn't fall under water services. I don't know whether the Member for Carman can correct me, but, in regard to many water projects across the province of Manitoba that are being done on waterfication right now, they are dealing with drinking water as well. Wouldn't they, under the Water Services Board

be certainly dealing with drinking water in some cases, if not all?

**Mr. Lemieux:** Just a point of clarification, if nothing else, is that the Department of Water Stewardship deals with the regulatory part of the water, but the capital infrastructure piece of doing the capital side, the infrastructure side is related to my department.

**Mr. Pedersen:** Madam Chairperson, in this particular case, it's not a question of water quality. The water quality is deemed to be safe; however, there are regulations about multiple use on a community well. I believe that falls under Water Services branch. The water quality is not an issue.

**Mr. Lemieux:** The issues around drinking water are truly important, and The Drinking Water Safety Act is under Water Stewardship. They're the ones to determine whether or not the quality of the water or the water itself reaches is at that acceptable level. That's Water Stewardship that determines that. We deal with the capital side of either transporting water or dealing with that capital infrastructure piece, but it's Water Stewardship that's responsible for The Drinking Water Safety Act. As the member pointed out, there's plenty of water. The quality of water is at issue, and it's Water Stewardship that is responsible for The Drinking Water Safety Act.

\*(15:50)

**Mr. Maguire:** Just to follow up, I believe the Member for Carman indicated that it wasn't a water quality issue. It's delivery of the product and that sort of thing, so it looks forward to the future development of it.

I wanted to just, while I have a few comments in regard to the prioritization that we talked about earlier, and I know that we've got to be fair around the province in regard to the minimal dollars. Regardless of however many dollars they are, they're a minimal amount of dollars because there's never enough to go around in these projects as has been pointed out.

In regard to waterfication programs in rural Manitoba, in a lot of cases, industry may develop lines that would go straight to an industry in an urban or a rural community area. But in regard to human need, the water will go on to, perhaps if I could use the example of farm yards as well as industries, the water all goes down the same lines in rural areas because, of course, that has to be how it's put in from a cost perspective. Can the minister indicate to me

just if there's much of a difference in how urban lines or projects are chosen over rural?

**Mr. Lemieux:** Just on clarification, there are two pieces to this. The one that's dealing with rural, PFRA plays a role and has a pot of money that can be tapped into; dealing with urban, it's provincial monies only, and it still goes through the management committee and then goes on to the board which will make decisions. My understanding, anyway, is that we primarily looked at existing homes and existing development, not at new development, for example, new developments that may be coming up and need water supplies and so on, so it's always been geared to current or existing development.

**Mr. Maguire:** I guess, when you're looking at things, it's simplistic to look at just the population base. You've got a rural municipality with not a huge population, and some of them are pretty thin, in regard to a community that might have a thousand, 2,000, 5,000 people living in it which would sort of get a priority because you can hit more people with better water and that sort of thing. Of course, that would be an ultimate objective as well.

But I know in some cases most of the water that would go through some of the rural lines will end up in livestock or some of the smaller processing facilities as opposed to being used for human consumption. That's where I was going in regard to that. I would hope that we don't look at the number of people, I suppose, that may need the water in those areas as opposed to on a population basis as determining priorities in those areas because that's how we need to sustain the rural areas is to provide these kinds of infrastructure needs in their communities.

As I said earlier, you can have all the good roads you want leading to a community or a rural area or the city of Winnipeg for that matter, but without good water and good sewer facilities you're not going to attract the people or the business.

I know my colleague from Minnedosa has just a question in regard to a facility in her region. I would just turn it over to her to ask that question.

**Mrs. Leanne Rowat (Minnedosa):** Madam Chair, my question is brief, but I wanted just to get the minister's comments on record so that I know how to proceed with this issue.

I met with the R.M. of Whitehead on September 10. It's general practice for me before I go

into session that I meet with my municipalities. In our discussion on issues, the water infrastructure project in Alexander or in the R.M. of Whitehead had been raised and there seems to be a grey area. There seems to be now an item that could be very costly, and the community is really concerned about how they fit in the costing of a plastic liner that has to be put in a lagoon.

So I'm wanting to know if the minister has had some discussions with staff on this and if he can provide me with some background on where the province is going in discussions with the community on this because I don't believe that, based on what I'm hearing, they really should be looking at an additional cost for the project based on decisions that were made outside of their control.

Another point with regard to the community is the fire hydrants. They really were of the understanding that they were going to be and wanted to have a town grade 1 and that would have definitely had an impact on their insurance costs. Apparently, when that part of the project was complete, they remain a town grade 3. So their underwriter standards were not met and obviously the ratepayers within that area will not see the benefits of an increased or an improved system of fire safety.

Those are the two points that I'd like just a comment from the minister on, if he can, in consultation with his staff.

*Ms. Sharon Blady, Acting Chairperson, in the Chair*

**Mr. Lemieux:** Madam Acting Chairperson, allow me to say that it's a pleasure to have you as an MLA for Kirkfield Park. This is your first occasion to be dealing with Estimates so just wanting to say congratulations to you personally.

Just a clarification about the community of Alexander and Whitehead, it's done. You mentioned about the lagoon and waste water, it's finished.

\* (16:00)

**Mrs. Rowat:** The community is asking—there seems to be an issue of the liner cost that was outstanding on September 10. Has that been resolved? The community has not received any correspondence and are concerned that there might be additional costs associated to their project.

**Mr. Lemieux:** Well, there could be some discrepancy with regard to payment and so on, but we'll follow it up and see what's happening because,

my understanding—I've been advised that everything has been taken care of.

**Mrs. Rowat:** Could the minister elaborate on discrepancy with payment? Is there an issue with the costing of the liner and the responsibilities of the municipality or the province on that?

**Mr. Lemieux:** We'll follow this up and see what's happening with regard to this issue because, as far as we understand, everything's been resolved and that's where it stands.

**Mrs. Rowat:** I will follow up with the municipality as well, but this definitely was their No. 1 point of issues when I met with them the other week. So I just wanted to determine, since we have the staff here and the minister really wanting to check on the status of this. But if he's saying that things have been resolved, then there seems to be a communication issue and I'll go back to the municipality on that.

**Mr. Maguire:** Madam Acting Chair, I, too, would like to welcome you to the Estimates process, as well as we did yesterday, with the Member for Fort Rouge (Ms. Howard) as well, I believe it was.

So I want to just go back to the minister in regards to some of the issues around prioritization of the various projects and, of course, I would put a comment in that, you know, people want extremely healthy food today. It's becoming a bigger issue in all areas all the time, and so in regards to waterfication projects, I'll put my two cents' worth in for some of the rural water projects that are going on today because it probably—not probably—it has on environmental programs that I've looked at in the past, helped out in regards to healthier livestock and a number of other areas in certain cases, and so I would encourage the minister to continue to look at as many of those projects as he possibly can.

I know he does continue to work with the ministry and his department on making sure that we maximize as much as we can on those and also dealing with the dollars from the federal counterparts. I know that, at the present time, where he is indicating that there is about \$3 million a year coming from the federal department which gives him about \$9-million worth of projects. If I am correct on that, can he just expand on whether that's accurate or not?

**Mr. Lemieux:** Well, at the end of March, the program's over, and that's why I would ask the Member for Carman (Mr. Pedersen), Member for Ste. Rose (Mr. Briese), Member for Arthur-Virden

(Mr. Maguire) and many of the MLAs who are from rural Manitoba, to talk to the members of Parliament and to stress to them how important they feel a program like this is, because the program ends and it's done.

**Mr. Maguire:** I appreciate the minister's concern, but the question is to do with the \$3 million would be roughly \$9-million worth of projects this year and in the past?

**Mr. Lemieux:** I thank the Member for Arthur-Virden for the question. Last year, in fact, we spent more than what was the norm, probably almost I guess \$15 million or five times the three. But I can tell you that, as I mentioned about being oversubscribed, the importance of this program shows there's about \$200 million to \$300 million out there that there's a request for. That's the kind of need that's there on the waterfication of Manitoba and so, again, I just want to reiterate. I'm sure I know he does know how important this is and that's why we need, quite frankly, all-party support to ensure that this program continues, very similar to Prairie Grain Roads. And it worked well.

I know that we have the MLA for Ste. Rose here at the table, that he knows from wearing a previous political hat on how important Prairie Grain Roads was and how that worked well with the input from Association of Manitoba Municipalities and others. So we look forward to all parties pushing, quite frankly, for the resumption of this program.

**Mr. Maguire:** I know that some of the projects that are on the go, and I just wanted to refer to one in my area and that is; well, there's two, and the minister alluded to one of them earlier. That is the community of Melita getting water coming into Melita from the R.M. of Albert, a good project. I know the town appreciates it and the work that's going on there. It looks like they may be at least looking at starting to get some of the infrastructure in place this fall before freeze up if they can and that's, I believe, ongoing.

There's also, of course, a major project in the R.M. of Wallace that's been undertaken and moving forward very well from their perspective, I think, at this point. There're always concerns about trying to link up with others to look at projects like that. I wonder if the minister can give me an update on both of those projects in regard to where they stand at this time.

**Mr. Lemieux:** Well, the member mentioned the R.M. of Wallace, and not to put a fine point on it, but

there's about \$8 million that has been spent with regard to the R.M. and there's an additional \$73 million we're looking at, and so this is a huge project for that particular R.M. I know the member raises the point that how important it is that these projects are for rural Manitoba. I just wanted to reiterate that these projects are taking place all over the province, not in one particular area, but all over rural Manitoba.

\*(16:10)

**Mr. Maguire:** Yes, I understand that. I guess the question that I was looking at was can he provide me with, just with a little bit more detail on where each project is at? I know that there've been dollars spent on each of them, but I believe—actually I should clarify that, on the Melita project just to know where it's at in regard to how much work will be done this fall.

**Mr. Lemieux:** As of about the middle of September, about 75 percent of the Wallace project is complete. But I think an important point to make as well is that when you're looking at Wallace and the completion of Wallace, there are many R.M.s that have been looking at regional water systems and that includes Pipestone and rural water for Pipestone. So there are many opportunities. Once these lines are completed, you start looking at regional water supplies, which more and more R.M.s now are looking at. Of course, R.M.s are also looking at sewage treatment on a regional basis, which, for many R.M.s would make good financial sense to look at water treatment or sewage treatment, effluent treatment on a regional basis.

So I trust that answers the question with regard to what the Member for Arthur-Virden asked. So Wallace is about 75 percent complete.

*Madam Chairperson in the Chair*

**Mr. Maguire:** I appreciate the comments of the minister. I know that sustainable development is of huge importance. It's on everyone's mind these days, and I appreciate the initiative taken by the R.M. of Wallace and the people in that region and the co-operation so far from both levels of government on that. Certainly, I know that the Water Services Board has done an admirable job in regard to trying to accommodate the needs of this group of persons putting this project forward. But sustainable development—the more people you get hooked onto the lines and that sort of thing, the sooner we can

make them, I guess, more self-sufficient, if you will, Madam Chair, from that end of it.

The minister has alluded to the R.M. of Pipestone, and I know from speaking with Reeve Tycoles there that they have, I think, proposals forward that they'd like to work with as well. My assumption is that, from what I'm told, they would get their source of water from Pipestone as it comes through the R.M. of Wallace. I wonder if the minister can just give me an update on where that proposal would be at.

**Mr. Lemieux:** The project that the MLA for Arthur-Virden is talking about is about an \$8 million to \$10 million, probably closer to \$10-million project. Right now that PFRA program is coming to an end. It was always anticipated that there would be cost-sharing involved in a lot of these projects so the projects are in the mix. The dilemma is there's a huge question mark right over top of where the dollars are coming from. Mr. Tweed is the member of Parliament, I believe, for the area, and I would strongly recommend that the R.M. of Wallace and the R.M. of Pipestone talk to their member of Parliament about PFRA dollars and what's going to be happening to the program. I just asked that and I know that the member is a rural MLA as I am, and we're all concerned with a program like this because it truly benefits directly primarily rural Manitoba.

**Mr. Maguire:** I thank the minister for that. I know it's been kind of talked about here that we would take a bit of a break, I think, in 15 or 20 minutes. I know the Chair and I have chatted about this just as a situation with staffing for five or 10 minutes only, briefly. I'm just raising that now instead of doing it at 4:30 roughly, see if the minister has agreement in regard to a short break at that time, just five or 10 minutes.

**Mr. Lemieux:** Well, I don't know about the Member for Arthur-Virden, but I drank my quantity of water over the last little while, so I know I would have an appreciation for taking a short break, as possibly others would. But since we're dealing with water issues, I'm not sure what time that would be. Maybe we could just get some clarification from the Chair as to what time that would be.

**Madam Chairperson:** If it's the agreement of all members, we will take a 10-minute break at 4:30, from 4:30 to 4:40, just to allow members to have a short recess in light of the fact that we are going later this evening. Is that agreed?

**Mr. Maguire:** That's agreeable, Madam Chair. We may have a few questions of Water Services after that, but I think we'll move forward. Not being one to want to relieve the pressure off the minister here, I want to keep the pressure on him, but I appreciate the answers that he's been giving us as well.

We've spent quite a bit of the afternoon talking about water and the need for good water, so all humour aside, let's move forward.

The Member for Minnedosa would also like to ask a question on waterfication issues in her region. I'll turn it over to her.

**Mrs. Rowat:** My question for the minister is in relation to the R.M. of Saskatchewan. As I had indicated earlier, I've been meeting with my communities, and, as I'm flipping through my folders, I'm coming across the issues that relate to your area.

They're looking at establishing a rural water pipeline and did a survey within their community and asked the community to get back to the council by September 1. They've indicated to me, and I've been aware that they've been working with Water Services Board and PFRA for a number of years on this. I believe that water is obviously something that is very important for any community. I would like to know if the minister can provide me with some feedback or the status of this initiative for my municipality. Then I would take whatever he has back to my municipality and work with them to make sure that this project does become a reality for them.

**Mr. Lemieux:** I thank the Member for Minnedosa for the question. There are large issues in rural Manitoba in this particular case with trying to do joint projects and trying to tap into different water sources, whether it's R.M. of Saskatchewan trying to get water from Minnedosa or whether or not they have to come from Oak River or a different direction. I know the Water Services branch has been working and meeting with the R.M. of Saskatchewan trying to get this nailed down.

We're talking about a \$5-million project, which is huge money, but there are so many communities in Manitoba that all have their \$5-million, \$3-million, \$2-million projects. Certainly, Water Services branch and Mr. Menon and others are trying to address this. But they're certainly working with the communities trying to find out which is the best source, where that water should come from, and then, once that process

has taken place, to look at where the dollars are going to come from.

There is a process that I talked earlier about and a prioritization system that we use. When I say we, I mean Water Services branch and Water Services Board. How do they determine the projects and where they fit. I won't go through the criteria or the point system, it will be on Hansard and people can look at that. I went through the whole list of how projects are determined and how they're selected. Just to capsulize it, it's the water source. Where is it going to come from for the R.M. of Saskatchewan? Is it going to come from Minnedosa or does it have to come the other way from Oak River? That's where the discussions are right now.

\* (16:20)

**Mrs. Rowat:** Madam Chair, I appreciate the comments. I will reflect back on *Hansard* to the previous question that was placed, and I will work with my municipalities to make sure that due process is followed in that regard.

Yes, I do understand and appreciate that there are different ways, there are different sources of access for those communities for water. But, again, I know that there are a number of communities that are looking for high-end infrastructure. But these are my communities, and it's my prerogative to fight for them. So, I do appreciate that.

**Mr. Maguire:** I just wanted to return to the questioning that I was doing in regard to that R.M. of Wallace project, in Pipestone.

I know, like the Member for Pembina (Mr. Dyck) where he was looking at the type of project that was coming forward there for sustainability, the projects here—I guess I would ask the minister that—you know, I get the picture that he's talking about, with the PFRA wants everybody to lobby the federal government on that effort, and I have no problem doing that.

I guess the question there is, though, municipalities need to know that if they're lobbying the federal government hard as well—and I'm sure they would do that through the minister as well; he's probably been in touch with them to do that—where would the province be in regard to moving that forward? I know that certainly priority No. 1, I believe, would be to see the Wallace project finished. It's 75 percent complete now, and having that completed, making that project more sustainable, would be, of course, a benefit from having Pipestone

on-stream, as—literally—I guess, from my perspective, that's how I would see it at least anyway. I wonder if he could just comment on being able to move forward with those.

**Mr. Lemieux:** Just on the point about dollars and pockets of dollars: you don't like to start a project and leave it half finished or three-quarters completed and not totally finished. There is a challenge, though, around the dollars, the PFRA dollars specifically, is that not knowing what's going to happen with that, because as the program's coming to an end has created a huge challenge for us—and I'm sure he can appreciate that; I know he has stated that this program is valued, and I believe all his colleagues in rural Manitoba would say the same. As we've gone through a number of questions from different R.M.s, so I can tell you that we have made—municipalities are aware of this issue, quite frankly, and they're very concerned with it.

AMM is also aware of this issue. I'm not sure where they've gone with it, whether or not they've officially written or verbally contacted the federal ministers to make their case, or federal members of Parliament, but I know that AMM certainly is aware of it. They're very concerned about the issue that the PFRA's program is going to be finished and completed as of March of '08. The municipalities are as well, because they can see how many projects are out there and they realize that there is a priority system, there's a good due diligence process laid out, but a big question mark over the dollars from PFRA.

**Mr. Maguire:** Just for clarification: these are not funds coming out of the Manitoba-Canada Infrastructure Program through the PFRA?

And can the minister give me some indication of his responsibilities in regard to whether he can use those funds in the areas of water and sewer as well?

**Mr. Lemieux:** I appreciate the question that the member is asking. Certainly, PFRA was one avenue, but it was the Agricultural Policy Framework agreement that was covering a lot of the water extension, the water projects we have been talking about.

Dealing with the Canada-Manitoba Infrastructure dollars, certainly, it's always possible, but there's a huge list of projects that we're talking about when we're talking about the Canada-Manitoba Infrastructure Program. There need to be some criteria, I guess, developed around that. But I understand where the member is coming from, that

he's looking at where is there another pocket of money for this, and currently there is a huge demand, of course, on the Canada-Manitoba Infrastructure grants themselves as well.

There's a secretariat. There's a secretariat very similar to the working group we talked about that goes to the Water Services Board and then presents what they have found and their recommendations. Also, there's a secretariat, a Canada-Manitoba secretariat, that also looks at Canada-Manitoba Infrastructure monies as well.

**Mr. Maguire:** I guess I'll come back to that later, but I just have another question from the Member for Minnedosa.

**Mrs. Rowat:** I'm not sure if this falls under your area. If it does, I hope you have a good response for me. It was another community, the R.M. of Minto, and there have been a couple of issues. One of them is integrated water management plans. Does that fall under your jurisdiction? I guess that's the question and then I'll proceed.

**Mr. Lemieux:** It's actually the Department of Water Stewardship that the question is better directed to on this particular issue.

**Mrs. Rowat:** I'll still put on the record, though, the concern that they've faced. Obviously, these development plans are highly technical. There are a lot of issues or a lot of things that need to be dealt with, water flows, et cetera, and I guess what their concern is is that there seems to be a breakdown in resource supports. There seem to be challenges every time they need to get references or supports in a different area, staff change.

I want to put on the record that this is a serious issue when communities are trying to move forward and trying to meet the plans the that government has set out, and there seems to be some challenges in supports available to them.

**Mr. Lemieux:** I thank the Member for Minnedosa for the question. I'll pass this on to the Minister of Water Stewardship (Ms. Melnick), just in case she doesn't have the opportunity to raise the question. I'll certainly mention it and pass it on to the minister, that she's raised a concern about it. I'll definitely take it upon myself to pass that on to the Minister of Water Stewardship.

**Mr. Maguire:** We have another question from our Member for Emerson (Mr. Graydon) as well, if we could go to him, please.

**Mr. Cliff Graydon (Emerson):** A question for the minister: We all realize that the limiting factor to development in any area is water and more especially in the Red River Valley. We depend a lot on the Red River, but we know that the Red River can get quite low and may not be able to supply the water that we need. Droughts we find are a lot more devastating than what floods are.

So, Mr. Minister, as an alternative, I understand that the Red River Valley co-op or corporation, Pembina water corporation applied for a licence to pipe water from the eastern side of their constituency to the valley. Could you tell me where the status of that application is?

**Madam Chairperson:** The time being 4:30 p.m., as previously agreed unanimously by the committee, we will take a brief recess until 4:40 p.m.

As announced in the House, the committee will be sitting until 6:30 p.m. As a reminder to all members, the time from 5 until 6:30 p.m. we will be operating under Friday rules, meaning there will be no votes and no quorum. Thank you.

*The committee recessed at 4:30 p.m.*

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*The committee resumed at 4:40 p.m.*

**Madam Chairperson:** Will the Committee of Supply please come to order. The floor is now open for questions, and the honourable Member for Emerson had asked a question prior to our recess. You can restate it if you wish or I can just turn it over to the minister.

**Mr. Lemieux:** Thank you very much and thank you very much for the short break. I think a lot of us appreciated it, including staff and others, and thank everyone for their co-operation.

A quick answer to this is that the Pembina Valley Water Cooperative, PVWC, handles water for—some people around the table are not familiar with the area, primarily west of the Red River, but there's a portion that's in the south just on the east of the Red.

They applied for an environmental licence from the Minister of Conservation a while back, and it was referred to the Clean Environment Commission. The problem with the water, as I understand it, is that

when you pump, you're going to draw up a lot of saline water. I guess there's and intrusion into the good water so what's happened is the PVWC has pulled their application for the accessing that aquifer. Basically, that's as much as I know of it, and I'm not sure if the MLA for Emerson has more to add on it, but I understand that because it was referred to the Clean Environment Commission and the problem was with the saline water intrusion and when you do the pumping, and there was a whole issue related to that. Now they've pulled the application with regard to accessing that aquifer.

**Mr. Graydon:** Mr. Minister, does that mean that the Clean Environment Commission would not issue the licence because I'm not aware of it being pulled?

**Mr. Lemieux:** Well, I've been advised and I understand that it was referred to the Clean Environment Commission and that it never—I don't think it ever got there. I think that the PVWC pulled their, you know, they essentially pulled their application and then—well, the point I should make is that this is probably a better question that should go to the Minister of Conservation (Mr. Struthers), quite frankly, because he has more details for the MLA for Emerson (Mr. Graydon), but because of that saline, the saline getting into the good water, to the good aquifer, because of the pumping that would be necessary and the kind of water that they need to draw, that created, you know—once people were understanding of this, they had to re-evaluate. Where do they go with this? The MLA for Emerson may want to ask the Minister of Conservation because I don't have any further details and nor does my department on where this is at or the process itself.

**Mr. Graydon:** I thank the minister for that. I am sure that if that pumping was going to pollute that aquifer, I would agree that it should be pulled. However, having recognized that fact or learned that fact today, the fact remains that the valley is in desperate need of a stable water supply for any future development. They are basically nearing a crisis situation, and the dependency of the Red River is, as you know, not a stable source of water.

Has the minister's department looked at any other alternatives, and I'm going to suggest that they may have, and if they have, what would those alternatives be for that valley?

**Mr. Lemieux:** Well, there are many Manitobans, unlike some of us around the table here, who live and are close to the Red River and constituencies border on the Red River. They would be surprised by the

fact we're talking of lack of water. They're too familiar with hearing in the media and sources that say, like '97 and other years, that there is an overabundance of water, even just this past spring. People are more familiar with that side of it than realizing, you've got the Pembina Valley and you have other communities that have been there, because we know that it's cyclical, the water cycles, and the Red River may not always be full. In fact, it does get fairly low and people who draw off of it, as well as use the water in the region, know that there are challenges about this.

So your point and your question is right on. We know it, but there are many that would not, you know, have this understanding because they're not familiar with the concerns of the area. But my constituency of La Verendrye does border on the Red, and I do have an appreciation for that, and yet we're talking about further south. I know that—I believe it's called the PVWC—is looking at possibly Morris as another alternative, I understand, for a water source.

Now, to the best of my knowledge, we haven't been asked. No one has approached Water Services Board or staff about, you know, what's another alternative? Where do we go then? Again, I've been advised that that saline, the pumping they needed to do, would—I don't want to use the word contaminate—but would alter the kind of water that they would be getting, but again, its Conservation that would have more answers with regard to this, to that application and process.

**Mr. Graydon:** I'm getting there. Thank you.

Would it be appropriate, Mr. Minister, to look at some alternatives and one of them being the Pembina River through the Pembina Valley? It seems that it is a flooding issue. If I understand right, there has been a study done on this particular river at one time. Is that an alternative to the valley?

\* (16:50)

**Mr. Lemieux:** I have to tell you, as a minister of the Crown, and one of my first years in this building—which, it's a privilege to be here and I want to congratulate the Member for Emerson (Mr. Graydon) on your election—but I just want to say that Harry Enns, and you probably are familiar with Harry Enns, the Member for Lakeside. So Harry Enns, one of the first opportunities I had of discussion with Harry Enns, was to talk about putting up a dam across the Pembina River or possibly putting a dam

structure on the Assiniboine and diverting water to the south, dealing with water retention and talking about those issues.

So I recall this well, because he, and yet he's not from the region but has a huge interest in trying to, well, raising the issue, highlighting the issue about water retention, as opposed to—we're always talking about expanding the floodway, dealing with floods. We often don't talk about the other side of the coin which deals with water retention. I firmly believe, in years to come, if the scientists are correct—maybe we won't be here in that time; some of these young MLAs may be around at the time—but we will, I think, have a challenge about water, you know, the water retention issue about holding water back, keeping water for days and years that are dry and how do we manage that.

So PFRA is not involved, of course, in dam building or putting up dams across the Pembina River and looking at that kind of an alternative. The reason why I mention that is because the Pembina River and the Pembina River Valley is very important, but PFRA is also important on how we work with water issues to the Water Services branch and board.

So I think everyone is looking at alternatives but I just reflect, I digress slightly, but just wanting to raise this issue that Harry Enns approached me one of the first days in this building and he raised this as something that possibly a new government may want to look at, and may want to consider years down the road. So here we are eight years later and there are still people raising this issue about water retention and possibly building dams, diverting water, those kind of things.

So I do appreciate your question, and government is looking at alternatives and taking it seriously as to what do you do about water retention.

**Mr. Graydon:** In regard to your comment on Harry Enns, he did come from that area. He was more familiar with the Red River probably than you are because he grew up against it.

However, on a point of water retention, I can only agree with you. The Pembina Valley has had a study done one time before and I would ask the minister and his department if they would be interested in sitting down with myself and some of the people in the Emerson constituency to go over that type of a proposal and see if it has merit today. It would involve working with our American

neighbours as well. I know that sometimes you don't look forward to that; however, the water does flow north.

The Pembina River does cause a great deal of flooding from time to time and that water causes a great deal of problems in our province. So I think there's a dual benefit that could come from this type of a development. One of those would be recreation. The other would be water retention for the valley, and the other one would be for flooding and could also be used for irrigation.

So there're a number of possibilities that could arise from this type of a discussion, Mr. Minister. Would you be prepared to meet and to discuss that with you and your department?

**Mr. Lemieux:** Well, we've always, as a government, prided ourselves in consultation. Not only the consultation process, I know the MLA for Transcona (Mr. Reid) is here and he participated in our 2020 Vision consultation process on transportation and transportation infrastructure, and came forward with a great recommendation that we have used as a blueprint and a guide for where we've gone right now.

So consultation is not foreign to us. I don't want to burden staff or overburden them with extra meetings and so on, but I'll certainly consult and talk to them about, you know, is there an opportunity to open discussions. But if you're talking about a study, I would see the federal government having a huge role to play in this whole issue.

I just want to clarify something. I don't mean to be rude to the MLA for Emerson, but I have a lot of good friends in the United States, as we all do. We consider them friends and have a great friendship with the United States, whether it's North Dakota, South Dakota, Montana, Wisconsin, Missouri, and so on, so I don't mean to miss out any states. But I have to tell you that we do have a lot of friends, and we look forward to working with our neighbours to the south. Without having clear dialogue and open dialogue, which we have had on a number of issues, I mean this is not to discuss the issues about the lake that currently often makes the press, but all of us have an appreciation for our neighbours to the south and have a lot of friends there.

So I just want to make that clear, that we do have conversations and open dialogue with our neighbours to the south of us. They have their water challenges, so do we. But, without federal

involvement of any kind dealing with international waters, dealing with—I mean the Souris River dips in and out of the United States, comes back in, so we have a common tie, quite frankly, with our neighbours to the south, and that is water. We continue to have dialogue with them, but that's a role that the federal government, I believe, does play, an important role with regard to participating in something like this.

I didn't know Harry Enns, by the way, was from the area. And you're right; Harry Enns will know and knows a lot more than I will ever probably know about the Red River, so I grant the member that.

**Mr. Graydon:** I didn't mean to leave the impression, Honourable Minister, that you didn't have friends in the United States. I also have friends there, and I'm married to one. So I'm actually handicapped in what I can say at times because I can't cook. But thank you for your candor.

**Mr. Maguire:** Yes, I would defer, Madam Chair, to the Member for—where is he?—Turtle Mountain.

**Mr. Cliff Cullen (Turtle Mountain):** Well, Madam Chair, I just want to add some words to what the Member for Emerson (Mr. Graydon) has said. I have the Pembina Valley. The Pembina River flows through my area, too, and a number of communities are looking at some opportunities that we think going forward could be very positive for the area. We've endeavoured to have the Minister of Water, two ministers of Water Stewardship in the last few years, come out to that area and tour the area, particularly Pelican Lake and Rock Lake. We haven't been successful in getting them out there, so we would certainly entertain members of your department if they'd like to come out and look at the options that we think could be beneficial to the area.

In regard to your comment about our American neighbours, it seems that when we talk about water issues south of the border, the Province of Manitoba, at this point in time, seems to be more interested in lawsuits than actually any negotiations which we think could be positive. Clearly, we talk about water retention. We know there are areas in the province that are going to require water, and I think it would be very, very useful to enter into some serious and, hopefully, positive dialogue with our neighbours on how we're going to use that water.

In terms of the Water Services Board, I see the budget is about \$10 million. I'd just like to get a bit of a feel for what kind of money or applications

come forward from jurisdictions across the province on an annual basis.

\* (17:00)

**Mr. Lemieux:** Well, the budget is about over \$12 million, I believe, just over \$12 million or around \$12 million, I believe, but I stand to be corrected by a few dollars here or there. So the programs are overprescribed. We talked about contributions coming from elsewhere, but the totals are about \$30 million for water services and Water Services branch, but the provincial contribution is around \$12 million, as I understand it.

A program like this, not unlike a Community Places grant, where you have many, many more multi-millions of dollars worth of programs or applications that come in for all kinds of—you know, it's not a case of saying that they're not worthy. All these projects have some true benefit for rural Manitoba, and not just for rural Manitoba, any community that is applying. But the criteria, which I won't go through, I did this for the Member for Arthur-Virden (Mr. Maguire). You'll be able to see it in *Hansard*. I tried to go through that and lay out the criteria that are there.

So the Water Services Board and the Water Services branch have a tough—it's a very difficult situation, quite frankly, because you have so many projects that are worthy and yet you have to prioritize them somehow. You have to be able to put good projects forward. That also comes from the application process from the communities.

To your point about not wanting to work with people, I don't mean to misquote you, but the Province of Manitoba has always worked with our neighbours to the south and always has had open dialogue. Sometimes that's not always what you read or what you hear on the radio or see on TV, but there are always discussions happening with our good friends from North Dakota and other states of the United States.

With regard to the comment that the MLA for Emerson made, congratulations on your marriage and hopefully everything goes well.

**Mr. Cullen:** Well, thank you very much, Mr. Minister. The municipalities and towns and communities around Manitoba are facing a lot of pressure with the drinking water regulations that have come forward and I guess the fact that a lot of their waste water treatment facilities and lagoons are quite dated. So we have the Department of

Conservation on one hand regulating them and telling them what they have to do and then saying, okay, here's what you have to do. Go to the other section here, go to the other department and ask for money to get it done. Quite frankly, as you said, we don't have the money to cover what's needed there on an annual basis. So it's very frustrating for those jurisdictions going forward.

Having said that, are you looking at increasing the money that's going to be available for those particular facilities that need upgrading? I guess the second part to that question: I'm assuming that you're having some kind of dialogue with our federal counterparts as well, our federal government as well.

**Mr. Lemieux:** Well, first of all, even though different responsibilities lie with different departments, I can tell you that the ministers work very, very closely together and so do departmental officials. I don't like to use the word "bureaucrats" but people within the bureaucracy work closely with each other to ensure that they're not duplicating what each other is doing but also working hand in hand to ensure that they work closely with each other.

The question you ask is a budgetary question in the sense that, you know, where are we going with regard to finances in the future. That's something that there's ongoing dialogue with regard to water and also sewage treatment and effluent treatment and looking at phosphorus and nitrogen and all the impacts on our water system overall.

So, to answer your question, the third piece, is there dialogue with the federal government, we have had dialogue, certainly as I understand it. I know we talk about these issues related to PFRA. Agriculture, because there's an agriculture agreement, they are ones who are certainly looking at issues related to PFRA and extension of water lines and so on. So we would want to make sure that dialogue is continuing.

Infrastructure overall, absolutely, we've told the federal government. AMM have told the federal government, I think even going back certainly to when your MLA for Ste. Rose was involved with the AMM. Everyone was telling the federal national government we need some vision here on infrastructure and I believe the vision is there. I think we all are on the same page. We just need to have some cash flowing.

The Department of Conservation, as you rightly point out, is involved, and also Water Stewardship,

too, when you're talking about water sources and different regulations involved with water.

But we do work closely together. With regard to the budgetary item, we're certainly reviewing on an ongoing basis as to whether or not there's more dollars needed and how do we approach this whole issue.

**Mr. Cullen:** Madam Chairperson, seeing that we have the Water Services Board people here, just a couple of updates in my constituency, if you would. The first one is in regard to the Yellowhead project there. I know that MacGregor-Austin is currently being hooked up, but if you could kind of give me a little status of where that project's at just briefly. I guess the second part of that, too, is potential expansion up into that Gladstone district, I believe is in the works. So, if you could, kind of, give me just a brief synopsis of where that project is headed and when you might see that being finalized.

**Mr. Lemieux:** Just to deal with the Yellowhead regional water supply, I can let the member know that the water supply pipeline, MacGregor to Austin, is under construction and 85 percent complete. The booster station, Yellowhead to Bagot, is under construction at 60 percent complete. The water supply pipeline from Gladstone to Ogilvie is certainly on stream and it's about 98 percent complete; there's just some clean-up to do. Also, the water distribution pipelines 2007 Norfolk has been awarded. It's at the tender stage.

The other comment I'd like to make is dealing with the kind of dollars that have been spent totally right now with Yellowhead. About \$15 million have been spent kind of to date. This connects Gladstone, MacGregor, Austin, but there are future plans to extend to the R.M. of South Norfolk and also to the R.M. of Lansdowne. So, people in the department and water services have been working diligently on this, trying to make sure there is a good plan in place to try to connect a lot of these R.M.s. I know the MLA for Arthur-Virden (Mr. Maguire) has mentioned it a couple of times, but the PFRA piece is very important here, and I would hope that all MLAs in the opposition would support making sure the PFRA dollars are flowing because they play an important role in a lot of these projects for rural Manitoba and, specifically, ones that are in the backyard of the MLA for Turtle Mountain, as well.

**Mr. Cullen:** Madam Chair, I know you said it was in the works in terms of the expansion going toward Gladstone, I believe. I just kind of get a bit of a time

frame on that and, in addition then, all that water that will be going north and also into South Norfolk, maybe you can just give a bit of an idea where you're thinking that's going to go. Is that just a farm area? Then all that water, I'm assuming, will be taken out of the Assiniboine River at Portage for that entire project.

\* (17:10)

**Mr. Lemieux:** Just a point of clarification that the water does come from the Assiniboine but through the city of Portage la Prairie. But all funding in future projects is also tied to PFRA or federal monies, and that's why the urgency about the PFRA program through the ag agreement expiring in March of '08 shines a huge spotlight on the importance of what we've been discussing, quite frankly, for a couple of hours now.

**Mr. Cullen:** Just on another project then, it's a lagoon project. It's going to be a shared lagoon, I believe, between the R.M. of Riverside and the R.M. of Strathcona. There were some land issues related to the existing lagoon, and they were going to build a lagoon just adjacent to their old one. I'm just wondering if your staff are familiar with that particular project, and if we cleared those legal hurdles to move that project forward.

**Mr. Lemieux:** I thank the member for the question. The lagoon project, the Riverside-Strathcona one at, I guess, Ninette, is what the reference is being made. There are some land issues but the Canada-Manitoba Infrastructure monies are involved in that particular project.

Just to talk about Pelican Lake, I know that he may have invited people. I don't know if they went there for formal meetings, but many MLAs have visited the Pelican Lake area and know how beautiful it is. I'm not sure what ministers have or have not gone there for official meetings, but I know we've all seen Pelican Lake and know how beautiful it is and what a great tourism attraction it is for our province.

But, to make my answer short and brief, the Canada-Manitoba Infrastructure money is involved with that Riverside-Strathcona project, as I understand it, and also land issues are a huge concern. *[interjection]*

They have been settled? I have been advised that the land issues have been settled.

**Mr. Cullen:** I appreciate the information and the update on those projects, and certainly, as the MLA representing Pelican Lake and Rock Lake, I would invite you out any time at all. We're certainly working on restocking that lake with fish so that's maybe another issue we can bring up with the Water Stewardship department, but if you could pass that information along to the powers that be, that we'd be certainly grateful. So thank you very much for your time.

**Mr. Maguire:** I just had a couple of questions in regard to—I know we wanted to get as many of the questions in regard to Manitoba Water Services as we could today, and I appreciate Mr. Menon being here.

I just wanted to go back to a question that my colleague from Turtle Mountain asked. I know the minister, right from the text here, it's the sewer and water projects for about \$12 million. Just for clarification, that would be the \$12 million that the Province of Manitoba would make available, so it gives you a much greater—by the time these projects are partnershiped, you could end up with three times that in actual project value?

**Mr. Lemieux:** Yes, the Member for Arthur-Virden's correct. It expands it a fair bit from 12 to approximately 30.

**Mr. Maguire:** As these are projects that are to be done this year, can the minister share or provide me with a list of the projects that are already up and running? We're doing these estimates a little bit later in the year than we normally might have, and you know, the year's half over. I'm assuming that there are roughly—and I didn't use that as a means to say that half the money should be spent by now. I'm just saying: Could the minister provide me with a list of the sewer and water projects and their dollar value around each one of them that he has to date, that have been agreed upon to date, at least?

**Mr. Lemieux:** Yes.

**Mr. Maguire:** I wonder if I could get a similar list for the 2006-07 year, for the whole year because those projects will be completely completed by now or not completely completed, but the funds will have gone toward all of those for the past few years. I wonder if I could get a list of those for '06-07.

**Mr. Lemieux:** Well, we believe in open government. It's on our Web site, but I will provide a hard copy. I think we can do that.

**Mr. Maguire:** I'm going to make a note to myself. Thank you, I appreciate it. Just for the record, the minister is a member of the Treasury Board?

**Mr. Lemieux:** He is.

**Mr. Maguire:** I just wanted to touch base. I know that there are a host of projects, as I said. One of the key areas that the Province is concerned about, and I know that the minister is concerned about it as well because some of them have taken place in his jurisdiction, and that is just the—and I know it falls into his jurisdiction at some point because all of the infrastructure projects do come in there. It's sort of around what my colleague alluded to earlier today in regard to the Lansdowne project, I think it was, that he had commented on. That is around the issues of boil-water orders. There are some 60-plus in the province of Manitoba today.

I wonder if the minister can confirm that for me, and what his dealings are with the boil-water order processes.

**Mr. Lemieux:** No, I certainly can't confirm it. I cannot confirm it. I mean, that's probably a question for Water Stewardship or another minister. You're asking about the boil-water orders. I can't confirm that.

**Mr. Maguire:** Can the minister indicate then what kind of interaction there would be between Water Stewardship and themselves in regard to—I know Water Stewardship was responsible for the boil-water orders, I assume, from that end of it. I'm just trying to piece the different water pieces under different ministries. The minister's indicated earlier that he's responsible for sort of the projects that go, all the infrastructure.

So how often does he commiserate with his colleagues in regard to the issues of boil-water orders and their infrastructure needs, if I could add that?

**Mr. Lemieux:** The staff meet on a regular basis, as I certainly do with all my colleagues, all my ministerial colleagues. So we have dialogue often. I wouldn't use the word commiserate. I would just say we share a lot of information back and forth about the issues. But, just with regard to the boil-water orders, at least what we're looking at is possibly three or four municipal systems under boil-water orders. The numbers that the MLA for Arthur-Virden's thrown out, you know I'm not sure where these numbers come from or, you know, what it's based on, but that's news to me.

\* (17:20)

**Mr. Maguire:** It comes from the open government that the minister referred to earlier, I believe. I haven't done it in the last few weeks, but, earlier, it was on a Web site. I was just looking at it under Water Stewardship. I've been told that there's in that neighbourhood. I do know of one that has been outstanding since 2000, and that's the community of Medora. That's in the village of Medora. That is probably one of the oldest on record now. I know that's in my constituency. I keep bringing it up in regard to the requirement and need for that area. I know there was a water project ongoing, as the member here earlier indicated. Financial outlay of each individual in regard to the project ended up being somewhat higher than the local persons, I believe, were willing to go with, but it became a much bigger project as well. So Melita, of course, it wasn't part of that particular Medora project, but I am happy to see that the community of Melita is going forward with the project that they are, in regard to the waterfication of their community, bringing in the source and treating it in the community as well. I look forward to that being finished next year, I believe it is, and await as a response to their needs. I'm sure it will help them in regard to not only the individual homes, but the maintenance of their hospital in the future and other community businesses that are located in that fine community.

It is a growing community at this point. We've had some situations in the past, flooding in '99, where some issues of concern were raised by town council and others in that area. They have done a tremendous job of coming back on their feet, I believe, in regard to travel and asking the government for future encouragement in regard to roads and bridges in that area.

I just wanted to make the comment that there are a very minimal amount of homes for sale in the community of Melita now. I'll let you know that the oil industry has been a benefit in that area, and young people are moving into that region, you know, to some extent, and it's certainly been a plus for that community. So the water going into that community is going to be a valuable asset for that community in their whole future.

I guess I want to move forward in regard to any particular grants that Water Services might have on industry and development of industries anywhere in Manitoba, if the minister can inform me of what

might be available there through his department, the Water Services, I know, in regard to finding of water, quality as Water Stewardship issues we've talked about earlier, but in regard to infrastructure grants to develop some of those projects. I wonder if he could elaborate on that for me.

**Mr. Lemieux:** The dollars that come for different industries or different businesses, they are not provided by grants through Water Services Board or Water Services branch or Infrastructure and Transportation. They come from other departments. It could be from Agriculture, Food and Rural Initiatives or from different departmental grants that may be available. But the department, through Water Services branch, manages a lot of these projects for these communities or in consultation with the communities whatever the projects are. So the dollars come from different departments as far as grants that may be provided to the different companies or organizations that are looking for assistance. But we just project manage often, but don't supply. At least I've been advised we don't supply dollars directly to companies or corporations or agencies looking for monies to assist them in developing.

**Mr. Maguire:** I know that there was a situation in the Oak Lake community in regard to a sewer and water project, I think the R.M. of Sifton and the town of Oak Lake, and also some concerns in the futures with some of the cottage lots, not just at Oak Lake, but around the province of Manitoba. I wonder if the minister can respond as to any information that he can provide me on the particular project with the R.M. of Sifton around water, and I believe that they've been contacted on that, and some progress has been made?

**Mr. Lemieux:** Just to, I guess, maybe a point of clarification on the Water Services Board that the dollars don't necessarily go to recreation lots or cottage lots, they go to residential property. So that has been a policy that I have been advised that has been used. Since we're talking about Oak Lake, or Oak Lake Lagoon, this, again, would be the policy that we've adhered to consistently.

**Mr. Maguire:** Can the minister indicate to me just the position of that lagoon at this time, at the Oak Lake Lagoon?

**Mr. Lemieux:** In consultation with staff, we'll have to get back to the MLA for Arthur-Virden just to give you kind of an update where it sits or where it's at. I'm not familiar with that at the moment, but

definitely we'll get back to you and let you know. I've asked staff to make sure they do that just to follow it up.

**Mr. Maguire:** I thank the minister for that, Madam Chair. I know Reeve Harrison and Mayor Sigurdson have had discussions on that issue with the department. I appreciate that update.

I want to, at this time—there may be more questions that come up in regard to Water Services and the board and that sort of thing over the time that we'll have left in Estimates, maybe not today, but tomorrow as well, as we cannot vote on this later today—but I want to particularly thank Mr. Menon and his department, Mr. Menon for coming in today, personally, and taking the time to be here and answer these questions for myself and my colleagues this afternoon.

There might be a colleague that just walked in that might have a question on water in some of those areas, and before I turn it over to him—I don't know if he has or not; I could go there myself—but I want to thank Mr. Menon for coming in, for being here, for providing the minister with support in regard to the questions we've asked today, and my colleagues. And also to take back to his staff and department our sincere thanks for the work that you do throughout the year in regard to providing all of Manitoba with a better environment and better water and safer sewers and lagoons. It's a big job to keep it all straight, to try to appease everyone's needs. I think it's only right that, I, as the critic in opposition, thank you as well, as the minister has, for that level of dedication that you've provided.

I know that the Member for Brandon West (Mr. Borotsik) has come in, as I was referring to him earlier, not earlier, just since he came in, but we've talked about some of the major projects that are on. It reminded me of the project between Maple Leaf and the City of Brandon, and the Province's involvement in that. Is there anything that we can get from the minister before we end that discussion on that particular project and where it's at?

**Mr. Lemieux:** Well, I thank the member for the question. Maple Leaf, as the member knows, there are discussions ongoing. There is a huge price tag associated with that particular project. I would only be guessing with regard to the kind of dollars that are involved, but you're talking about—I don't know if this is an exaggerated or inflated number—but you're talking about anywhere from \$75 to \$100 million, which is a huge amount of money. So I just know

that it's ongoing dialogue, ongoing discussions going on.

*Mr. Daryl Reid, Acting Chairperson, in the Chair*

\* (17:30)

**Mr. Rick Borotsik (Brandon West):** I appreciate the opportunity, Mr. Minister. Certainly, I'll echo Mr. Maguire's comments about Mr. Menon. He and I go an awful long way back. We appreciate the fact that he resides in Brandon and that he has provided a reasonable service to the department over the past number of years.

Two questions, actually. I don't know if Mr. Menon is the one who's prepared to answer this one or not. I don't know if it's even been questioned at this point in time, but one of the major concerns of the environment, certainly at the present time, and it's been mentioned on numerous occasions, is the combined sewer system in the city of Winnipeg. Has that been brought to this table at this point?

We recognize that there are several environmental problems with respect to Lake Winnipeg and, I don't know, is Dick prepared to answer some of these? Or to the Chair?

**Mr. Lemieux:** Well, let me just say, first of all, congratulations to the MLA for Brandon West.

**Mr. Borotsik:** Thank you.

**Mr. Lemieux:** Welcome. I know he is an experienced politician and has had opportunities at the federal level and municipal level, and I just welcome him here.

With regard to issues around the city of Winnipeg, Water Services just deals with issues outside the perimeter; maybe that's the best way to describe it, rural and north, so that's all that we can answer with regard to that. Of course, there are other departments like Conservation and Water Stewardship that also have a role to play with regard to water issues, so it's a—sometimes the questions have been overlapping, and we've had to say, well, ask the Minister of Water Stewardship (Ms. Melnick) when you get a change or the Minister of Conservation (Mr. Struthers) whenever they get into their Estimates, so that's kind of where it stands.

**Mr. Borotsik:** Thank you, Mr. Minister, for that explanation. I do know that Mr. Menon is responsible for the rural water services, which brings me to another issue. I don't know whether Mr. Maguire, and I do apologize for coming in late, but I

was listening to the discussions between the Premier (Mr. Doer) and my leader, which were probably more interesting than Mr. Maguire and the minister.

**An Honourable Member:** No, no.

**Mr. Borotsik:** That would be your opinion. Certainly, I was enthralled. The issue with rural lagoons, and, again, I apologize if this has already been dealt with, but there have been a number of rural lagoons in southwestern Manitoba, particularly that have had some of their standards changed and capacity limits changed on those particular lagoons. This has caused some difficulty, some grave difficulty in some of those smaller communities not having the capacity that they once had. Now, that doesn't mean that the hydraulic capacity's not there; it's just simply the capacity that has changed with standards of effluent.

Is the government prepared to look at these particular lagoons where they've changed the standards and help those municipalities fund to a greater degree than the normal infrastructure of funding that has been put forward previously? Is the government prepared to fund a greater portion of those lagoons to assist some of the smaller rural municipalities and, certainly, some of the smaller communities who don't have the financial wherewithal with respect to the taxation to help fund those infrastructure requirements?

**Mr. Lemieux:** Well, first of all, let me say that I'm not privy to the discussion that took place between Her Majesty's Royal Opposition, the Leader of the Royal Opposition or the Premier, but the issues we're discussing here with water have been highly engaging and very important. So, just to clarify that the discussion around water and sewage may not be very sexy to some people, but, as a rural MLA, I'm sure the Member for Brandon West as well as the other members know how important they are. So I will have to look at *Hansard*, I'm sorry, to take a look at what conversation has taken place in a different room between the Premier and the Leader of the Opposition (Mr. McFadyen), but the discussion here has been a good one.

Just to talk a little bit about the point that the MLA for Brandon West made. This program is hugely oversubscribed, you know, a huge need, and the PFRA program that we tap into is coming to an end in March, March of '08, sorry. And I've been asking MLAs around the table of all political stripes to talk to their members of parliament, whether it's Mr. Tweed or others to ask them to take a serious

look at keeping that program in place, because that has a huge impact on what we can do and what more we can do, quite frankly.

The comment that staff made was that we work with rural municipalities and towns and villages to bring to using today's standards, quite frankly. They're funded at a 50-percent level from Manitoba Water Services Board. The point I want to make, though, is that, because they are so oversubscribed and the communities are small, some of them, we are looking at issues around funding, looking at issues—not only did I mention PFRA but our own internal funding as to the need that's out there. And infrastructure, not only roads and bridges are aging but the sewer lines under the—you don't see them and the water lines under the ground, you don't see them, but time has taken a toll on them as well, as well as on lagoons, whether it's population moving in, you know, needing expanded lagoons because of populations that have grown in some communities, other communities just by virtue of age of some of the lagoons.

So it's a huge challenge and we're trying to head it and meet it straight on and trying to deal with it, and now more communities are looking at a regional approach whether it's dealing with lagoons or with water systems now. We've talked about this over the last four hours or so, I believe, about how they've got many communities trying to tap into water pipelines to make it work for each community. It takes a lot of co-operation between towns and villages, and it takes a lot of patience to work and time to work and money actually to work through this.

I'm sorry for the long-winded answer but I just wanted to kind of lay out what we've been talking about over the last little while and just to let the MLA from Brandon West know that.

**Mr. Borotsik:** Thank you for that explanation. In fairness it may not be sexy, Mr. Minister, but I can assure you that if you've tried to flush your toilet and it doesn't go anywhere, the requirement definitely is one that's necessary.

I appreciate the fact that it does take co-operation within municipalities. I guess the point I was trying to make—and I'd just like to reiterate it right now and get a comment—is we recognize that PFRA had a program. We recognize that it's oversubscribed. We recognize that the feds have only thrown so much money at it. What I was trying to get at is sometimes or on occasion it's the province that controls and regulates the lagoons of the

municipalities. It's the province that then will set the standards of those lagoons. It's the province that will then dictate to the municipality as to what capacity they can have and to what requirements there are for change to those lagoons.

The point I was trying to make, if in fact there is no money from the PFRA or if it's oversubscribed, and we know that there are certain programs across Canada that the PFRA funds and Manitoba only gets a certain portion of it, my question to you was, and I appreciate the fact that you did indicate that there is a review of funding. My concern is, with a lot of the municipalities that I've talked to, is that when restrictions are placed on those municipalities, they do not have the financial wherewithal to achieve their contribution, that the province, because they're making the changes to the lagoons themselves in capacity, should it not be a provincial requirement or could it not well be a provincial policy that would fund those infrastructure improvements to a greater degree from the province, granted there should be contribution from the municipalities themselves. I don't think there's any question about that and I don't think there's a municipality that I've ever talked to that wouldn't agree to having their requirement there for their own capital improvements, but should the province not be, because the province is making the requirements for change, should the province not come to the table with more funding to the municipalities?

\* (17:40)

**Mr. Lemieux:** We do work actually very, very closely with rural municipalities and also the communities within those municipalities. To a certain degree it's based on their financial wherewithal. You know, we don't impose certain funding challenges to them when we know that their ability to raise, or their tax base is not as large as the next community a few municipalities over, and so on. So there is some flexibility that Water Services Board uses with that regard, and we work closely on finding solutions too. Sometimes it's not just replacing someone's lagoon and the big brand-new, you know, kind of spanking brand-new lagoon. It's tying in, trying to have a regional approach as to what can you do with your neighbours.

So there is that approach and we try to work with the communities and I think that it's not only, when we talk about infrastructure, lagoons, water, those issues are often forgotten, and roads and bridges get a lot of the public attention and have a lot

of the public attention, and yet the others do not. These are budgetary items that we discuss about what do you do about dollars, and we review that on an ongoing basis, and we take a serious look at that and whether or not we can increase the amounts of dollars because there are many different programs. There's not just Water Services Board; there are all kinds of different programs, whether it's agriculture or industry or other departments that also help contribute to some different challenges they have. So we do take a look at it on an ongoing basis, and we review it with staff and also the input we have from AMM and other people.

**Mr. Borotsik:** One final question; I'll become a little bit more parochial on this one. It's to do with the city of Brandon. I do appreciate, Mr. Minister, that there are substantial infrastructure projects that are out there. Not only are the lagoons and the water services oversubscribed, but I can assure you that I know and others know that the infrastructure requirements out there are oversubscribed at the same time.

However, in saying that, the city of Brandon—and I do appreciate the fact that you're putting substantial infrastructure in there with respect to bridges at the present time and some roadway work that's going on. But there are two major projects that have been identified. One of them is the eastern bypass, the extension that is to be completed, and I know it's a priority. The second priority in Brandon—and I know you've been there on numbers of occasions—doesn't particularly have a prime entrance. It doesn't have a double-lane highway coming from No. 1 into the community. Eighteenth Street and First Street are both major entrances but they are not of the same calibre that I would like to see for a community of our size. In saying that, we do know that the eastern access is a priority, and I know that your department has been working very hard to complete that project, although it's been on the go for quite a number of years now.

I guess my question is, I've seen the drawings for the 18th Street access from Highway 1. I'm told that those drawings are basically placed in a potential of a 30 to 40-year timeline. Thirty or forty years, Mr. Minister—I don't think you or I will ever sit at this table—but I would love to drive on that road. I would love to drive on that road, and I don't think I have the 30 or 40 years left in me to be able to accomplish that. I would ask you at this time if, in fact, any consideration from your department has been given to accelerate that timeline with respect to 18th Street

access up to the No. 1 highway. I do know that there are some land requirements. In looking at the drawings, I do know that there's some dedication or some land acquisition that's required, but again, my simple question is, do you consider accelerating that particular project within the community of Brandon?

**Mr. Lemieux:** I thank the member for the question. I just want to say that first of all, we're very, very proud of the fact that, as a government, we're putting in the new bridges in Brandon. It's necessary; it's a growing community. The region, it's a regional community, and the bridge is very, very important. Now, the documents the MLA for Brandon West is talking about are planning documents—the documents that the department will use when a decision or if a decision is made to improve the stretch of road.

I can tell you that the land was purchased for the northeast Perimeter in the 1960s, before, actually, our government decided to complete the Perimeter around the northeast side or the east side of the city of Winnipeg. So these documents are planning documents, and they're documents that are used to look ahead into the future as to what we want to do.

To answer your question specifically, we are considering what to do certainly with Highway No. 10 or that entrance into Brandon. The new bridge is going to be going in there. So, we are looking at it in a serious way. No decisions have been made as yet, and I try to be forthright about that, but Brandon is a growing community and will continue to grow. So those challenges will always be there.

**Mr. Maguire:** Just a last question to the minister while Mr. Menon is still here.

The Member for Russell (Mr. Derkach) has asked me to—he is at another set of Estimates right now—has asked me to ask a question in regards to the Decker Hutterite Colony in regards to the water supply to that particular location.

It's going to need the waterline coming in and I think the choice is either Miniota or Hamiota or somewhere in those areas. I just wonder if the minister is familiar with it, and if he can give us any kind of project report or commitment as to what's required there.

**Mr. Lemieux:** Just wanting to talk about the Decker Colony project. It's something that they approached the department 10 years ago and wanted to look at alternatives. And actually, there was a solution given, but they turned it down. Now they've re-engaged dialogue with Water Services to see what

kind of solutions are there. So, I understand that meetings have been arranged and discussions are going to take place as to what possible solutions are there.

Back to the MLA for Russell, you're certainly, you know, you can pass this on back to him, that there are conversations going to be taking place in the very near future as to looking at solutions. What those are and costs—I am sure you have an appreciation that costs have gone up substantially in 10 years. It may look like quite a deal compared to what 10 years ago would have been, but I will just conclude my remark at that. That is, that they will be talking.

**Mr. Maguire:** Thank you, for that answer.

Mr. Acting Chair, I thank the minister for his answer. Apparently now that there is a greater need, and I don't know if the water is contaminated in that particular location right now, they are hauling drinking water as I understand it, and they have the facilities to treat water that will come in, from my understanding, and so I'll leave it at that.

I want to turn it over to my colleague from Springfield (Mr. Schuler) in regard to any, some particular questions on that and I'll close by thanking Mr. Menon again for being here. We would, I believe as I said, be able to answer if there's any other questions on water, we'll just have to ask and have the minister get back to us. But I thank you again for your time here today and for coming all the way in from Brandon. Thanks.

**Mr. Lemieux:** Well, again, I just also want to thank Mr. Menon. He's been a very loyal civil servant, very well respected by municipalities and citizens of Manitoba and I think we all would want to pass that on to him. So, I appreciate the Member for Arthur-Virden's comments and we know his role and his job is very, very important to the citizens.

I just want to ask my critic whether or not we are going to proceed with transportation issues at this point, or where my colleague would like to go with regard to questions.

**Mr. Maguire:** Yes, I believe I'll just proceed with transportation issues, and my colleague from Springfield will be next.

**Mr. Ron Schuler (Springfield):** Minister, I have four questions, and I understand that these do involve some technical answers and I would be fine if they were taken as notice and the department could

afterward send a letter. I don't know if you want me to give them one at a time. I would just love to have a response at some point in time; it doesn't necessarily have to be tonight.

The first one is PTH 15, the bridge over the floodway. That's the Dugald bridge over the floodway. What kind of a retrofit is the department looking at? Like, what will that involve? One of the questions that we would clearly want to know is what kind of traffic interruption there would be? I believe PTH 15 is one of the most travelled, single-lane, feeder routes into the city. It carries an enormous amount of traffic. So it's not something that need be answered right now, just at some point in time, if I could get that information.

\* (17:50)

**Mr. Lemieux:** Well, I certainly can answer part of this. We're taking a look at the options with regard to, certainly, the bridge crossing the floodway at this time, also the intersection with regard to the Perimeter and Highway 15. There are a lot of challenges with regard to traffic, of course. The Rosser Road, for example, has more traffic than Highway 15 or Dugald Road does. It might be a moot point, but there is a lot of traffic anyway on Highway 15 as we all know, and I use it as well.

We are very pleased, of course, that the work we've done in the northeast Perimeter is coming along very well. There have been some weather-related issues. I know the Member for Springfield has put out a couple of mailers saying that it's a great thing that the northeast Perimeter is being done, and I thank him for that. We're also pleased to do it, and we look forward to when it's going to be completed. But there are some challenges with regard to the bridge that crosses the floodway at Highway 15, and our department continues to work on some solutions for that.

**Mr. Schuler:** If the minister could, at some point in time or the department could let me know what kind of a retrofit they're looking at, we don't have to take any more time from the committee.

Great segue, minister, into my next question, that's the Highway 59-Perimeter intersection. When is that bridge, that intersection, that interchange going to proceed?

**Mr. Lemieux:** Just a clarification, that's Highway 59 where it meets the northeast Perimeter. That's going to be a multi-year project because not only is it going to be costly, but it's going to take a number of years.

The intention right now, the department is looking at starting on that project, hopefully, in the next couple of years, hopefully sooner, but that's something that we're looking at. We know that, again, there's a need there in the northeast Perimeter and the amount of traffic that goes around the city now that the number of different lanes have been twinned. So, we do appreciate the question, and I can tell the MLA for Springfield that we are proceeding internally at looking at design and looking at those kinds of things that need to be done. Again, it's a very costly project, but we're certainly committed to it, and we've said that all along.

*Madam Chairperson in the Chair*

**Mr. Schuler:** Yes, and on that one, obviously, a lot of trucks are tipping trying to get from one section of the Perimeter to another because it's a very sharp corner, but the minister, I'm sure, knows that.

On to my third question. Back to Highway 15, east of Anola fire hall to Eastdale Road, the road is in really rough shape, and I was wondering if the department has had the opportunity to have a look at it, and is there any plan to do some resurfacing work there?

**Mr. Lemieux:** The department is aware of it, and staff from Steinbach in the regional office, they monitor our highways on an ongoing basis, all the highways in their jurisdiction. They're continually looking at the kind of needs that are out there and trying to balance that off with greater needs, I guess if I could put it that way, because they have to prioritize, and it has to be a balance. But they are certainly looking at it, and they're aware of the situation of not only the traffic, for example, on Highway 15, but certainly aware of the shape that the roads are in.

I have to point out, too, that the department also is wanting to ensure that roads are safe; they always do that. That's paramount with regard to any of their planning and any suggestions that they pass on to the deputy minister's office or through the deputy minister to me. So there's ongoing monitoring of all of our roads around the province. So just to let the MLA for Springfield know that they are very much aware of it and are certainly monitoring that particular stretch of road as well as they monitor 15 on an ongoing basis.

**Mr. Schuler:** My last question is: Highway 15, I take it there are no plans for twinning of Highway 15. The department a while back had looked at the

Oakbank corridor. Is that still something that is an active file, or what has happened with the Oakbank corridor?

**Mr. Lemieux:** A point of clarification. Is the MLA asking about Garven Road and those kinds of connections or is this a new, like a different route as opposed to Oakbank?

**Mr. Schuler:** No, the Oakbank corridor is a mile road past Oakbank. It is actually Cedar Lake Road, which then would cross the floodway. It crosses the Perimeter and clips into Gunn, and then afterwards it meanders Gunn and then meanders over to Springfield and would come out at 59. The reason why it doesn't take Springfield is because then it would cross right at the railroad tracks because Springfield sort of shaves into the railroad track. That's why it was always Cedar Lake Road. The department did an open house on this. It was agreed that it would be Cedar Lake Road and then it sort of meanders over eventually to Springfield. Then it just sort of quieted down in the late '90s. Is there any discussion in the department on the Oakbank corridor?

**Mr. Lemieux:** No, there is no serious consideration being given for it right now.

**Mr. Gerald Hawranik (Lac du Bonnet):** Yes, I have a question with regard to a small bridge that is on PTH No. 12 south, specifically as it intersects with Oakwood Road in the Rural Municipality of Springfield. While it isn't in Lac du Bonnet constituency, many of my constituents are affected by it. I notice that this spring I've had a number of complaints about it because it was restricted to a greater level and extent than the road itself. As a result, and because it's on a provincial trunk highway, I'm wondering what plans the minister has either to replace it and when that will be done or perhaps maybe even be replaced with culverts because it's not a large bridge on PTH 12.

**Mr. Lemieux:** I thank the member for the question. I'm not sure if they call it Oakwood bridge or what the term is, but I'll certainly ask the department to look into this to find out what the status of that is, or what condition it is. I mean, we're running regular highway weights on No. 12. I'm not sure where the dilemma is because the regular highway weights are being run on over the bridge. I don't know if someone has raised this and said there were flags there or something, but regular weights have been run over the bridge and run on that road.

**Mr. Hawranik:** That's fair enough. If you could check into that in any event because I've had a number of complaints from truck drivers, particularly saying that it's restricted even more than the road itself. I think, in fact, the signs went up, haven't been there over the last couple of weeks over that particular portion, but the signs went up apparently in May restricting that bridge just after the election, in fact, a couple of days afterwards. So it was toward the end of May, beginning of June, somewhere in that neighbourhood.

Secondly, there's a concern in our area about Provincial Road 302 and, of course, the restricted portion from the CPR railway tracks going north, pretty much to Pescitelli Road as it enters Beausejour. That particular stretch of highway is in poorer shape than the rest of Provincial Road 302. I note that the Rural Municipality of Brokenhead has, in fact, approved a rezoning for a Robert Small Agri-Tel industries along that particular stretch for a biodiesel plant, which means that there's going to be heavier trucks likely going along that stretch of highway.

I've also had had conversations with the reeve of the Rural Municipality of Brokenhead, who's indicated that because that particular stretch of road—it's about four or five miles of roadway—has greater restrictions than the rest of Provincial Road 302 that they're using the gravel roads of the Rural Municipality of Brokenhead to get around that stretch of road. He told me he's considering, in fact, restricting the municipal roads, and that poses a real problem for some of the truck drivers in that area, particularly since LSL Sand is just north of that stretch and so on. So it can create a major problem. I'm wondering what plans the minister has, if any, to upgrade that particular portion of 302.

\* (18:00)

**Mr. Lemieux:** Knowing that the request is for RTAC and carrying heavier weights, there is no consideration being given to that at this time, but we're certainly looking at doing some repairs on that road, whether it's seal coating and so on, but we're not looking at making it RTAC currently.

The R.M. of Brokenhead has raised this. I've met with them on a number of occasions and I know they've raised it. It is a concern for them, and they're, of course, concerned with rural economic development and how highways tie into that. It's been something that's been raised to us.

Can I just, if I could follow up, actually, just with a question on clarification of the Oakwood bridge. Where is that located, just trying to get a better idea where that's located on No. 12?

**Mr. Hawranik:** It would be approximately four to five miles north of Anola on PTH 12 at the intersection of Oakwood Road. In fact, all the roads in the Rural Municipality of Springfield are named so I believe it's at the intersection of Oakwood Road and PTH 12.

**Mr. Lemieux:** We've not known it as that name of a bridge, but we know the location now and we'll certainly look into it. Thank you.

**Mr. Stuart Briese (Ste. Rose):** Madam Chair, I want to refer to several roads in the north end of my constituency that I would like to know if there's anything planned on them. One is a PR and the other two are market roads. It's my understanding that in the former LGDs, there's a cost sharing with the municipalities on market roads of 50-50. I believe that's the way it works with the province and the former LGDs. These are in the R.M. of Alonsa, one being the Birdinia Road between Highway 50 and Highway 68; that's one of the market roads, another one being east of Rorketon from Rorketon to PR 481, and the third one being PR 481 between Highway 68 and PR 276.

These are all roads that are in terrible shape most of the time, and in the spring of the year almost impassable. It's an area where there are very few roads of any sort and they're not all that well maintained. There's a safety factor, certainly, there. One of those roads goes to the Crane River First Nation and the Crane River Northern Association of Community Councils. I'm told by people who live up there that they have to replace tires on the car twice a year. That's just a kind of a standard because the roads are in such rough shape. I would like to know if there's any plan to do any work on those particular roads.

**Mr. Lemieux:** Maybe the dilemma that we all face, quite frankly, as rural Manitobans, as Manitobans, is no clearer depicted than questions around transportation, around roads. Each MLA will have a series of roads that are important to them, and it's very difficult to say that the MLA for Ste. Rose's (Mr. Briese) roads are more important than the MLA for Morris (Mrs. Taillieu) or the MLA for Steinbach (Mr. Goertzen), yet, clearly, there has to be a balancing act, even though we have a \$4-billion 10-year plan of \$400 million a year. Actually, with

regard to that, just that we've added on additional today, made an announcement, and an additional \$125 million adding to that particular budget.

Even with that expansion, there are some huge challenges around infrastructure and transportation in the province. We are adding, around Highway 68 in the MLA for Ste. Rose's area, about \$7-million worth of work just on that Highway 68 in that one stretch. To be frank and forthright with the MLA and, again, this is the first time I have an opportunity to talk to him across this table dealing with Estimates, so welcome and congratulations.

The challenge is still great. There's ongoing maintenance. I'll be frank with you. Ongoing maintenance will take place with regard to those roads, but I'm not sure if the MLA's asking to make sure all of them are paved up to a higher standard or just need more basic tender loving care with regard to these roads. So I'm not sure what the MLA's asking.

**Mr. Briese:** There are areas on at least one of those roads where the water ran over this year till the end of June. It's below grade level. I believe it's the Birdinia Road at the north end.

You referred to Highway 68 and the amount of money spent on it. Most of that was, I think, spent on the east side of the Narrows, was it not, under the Prairie Grain Roads programs. I believe that's what it was because I was involved in it. I know there was some spent on the west side, but, anyhow, I think the people up there would be happy with just a higher level of maintenance. They're very upset about the quality of those roads. Thank you.

**Mr. Lemieux:** The \$7 million I'm talking about is really, I'm trying to think of Ebb and Flow or the corner that it's at. There's a stretch of 68 that's actually fairly close to Ste. Rose. It's about \$7 million. That's a huge amount of money, but 68, again, has been designated as an important route for trade and so on. But the point is well taken from the MLA about roads and the quality of them.

With having 19,000 kilometres of roads in Manitoba to be responsible for, I'm sure he has an appreciation, being involved with the AMM. What we used to call it was the hot seat or the bull pit, the sessions that happened at AMM, and numerous roads are always being discussed. There's a huge oversubscription with regard to ask as to what to do with different roads in the province.

Not unlike other provinces—other provinces across Canada are facing the same dilemma. Our infrastructure is aging, our bridges are aging, infrastructure with regard to sewer and water and so on. We have a huge balancing act as a government, but I believe we're heading in the right direction with this \$4-billion 10-year plan. I believe this initiative will take us a long way to addressing our infrastructure challenges that we've got.

\* (18:10)

**Mr. Kelvin Goertzen (Steinbach):** Irrespective of the fact that I know that the minister has many miles of roads to take care of, I'm still elected to lobby for my miles of roads. So that's what I'll do. With the one question that I have, I'm going to lump in two roads.

The minister knows, being a neighbouring constituency of mine, the growth that we have in the Steinbach region with traffic. He might want to suggest that's as a result of good government; I might say it's good local representation. Probably the truth is that neither of us have anything to do with it, but the fact is it's there. There's lots of vehicle traffic and it's growing as a result of the immigration. I know that he's had many meetings regarding Highway 12 north in the Steinbach area. I believe that highway is actually part of a different report, which designated the intersection of either 12 north and Park or 12 north and Clearspring the most dangerous intersection of its classification in the province, so the need is obviously there in a higher key of other needs.

While there have been some changes to that road as a result of the Superstore being built and Safeway being built—we're running out of grocery stores. I don't know how many other grocery stores are going to put money into redeveloping Highway 12 north, but I would ask the minister, as part of my first question or the first part of my one question, whether or not the council meetings that he had with the City of Steinbach, previous councils, just to see where No. 12 north is on the radar of expenditures.

The other issue that I'll raise and I ask him to address simultaneously is the issue of Highway 311 between Blumenort and Highway 59. The restrictions on there, I believe are at 65 percent. It's caused significant problems for businesses like Bothwell Cheese, for example, who have a difficulty getting their product in and out of the business.

I understand also that more recently the Manitoba Pork Council, it was announced they'll be doing assembly of hogs along 311, so that's going to be causing issues of restrictions. Also, the R.M. of Hanover passed a resolution regarding those restrictions because both the Manitoba Pork Council, who wants to do the assembly of the hogs along that highway through one of the businesses, and Bothwell Cheese—now there are a few others that are in some ways getting a road restricted out of business.

So those two questions: Where Highway 12 north of Steinbach fits onto the minister's radar, and also the restrictions on 311. I want him to be aware of it because the resolution from council has come forward, and there will be a meeting, I understand, with local highway department officials on that issue.

**Mr. Lemieux:** I thank the MLA for Steinbach for the question.

Steinbach has grown tremendously over the last number of years. I've lived in the region for over 30 years and I know that the MLA, of course, knows it very well equally, certainly, and possibly even better than I. But it has grown and will continue to grow.

Sometimes, and this is not to dodge the question, but sometimes we take announcements of what government does in certain areas in an isolated way. If you take a look at what we've been able to do as a government with regard to Bethesda Personal Care Home, CT scan and so on, the point I'm trying to make here is that often we take what a government does for communities or working with communities in an isolated manner. The point I'm trying to make is that Steinbach is not forgotten by this government.

We have, on the highways side, looked at fixing Clearspring. I believe there's about \$2 million budgeted for doing something about that particular stretch, met with recent council, and will continue to meet with council in Steinbach, the newly elected mayor, Chris Goertzen, and others wanting to look at the challenges we have along No. 12.

The reality about the challenges of No. 12 is that businesses have continued to build along No. 12, and they want access to No. 12. So as you start to look at whether it is Penner International, Penner trucking, now they're looking for a new space. Where are they going to put that? They would like to plop it right next to No. 12 highway where you have a lot of traffic going north-south on it on 12 north of Steinbach.

So there are a lot of challenges around the growth, but we're working with the community. We've made a commitment, a budgetary commitment, within our five-year capital plan to address some of them. That's not to say that all of them are going to be addressed, but we're certainly working with council and also wanting to work with the R.M.'s in the area. Hopefully, the R.M.s as well as the City of Steinbach will be able to work in a co-operative manner on a number of different issues, but this particular one is important to the community of Steinbach. We are dedicating dollars from our budget, our five-year capital plan, toward making some changes for the better with regard to safety issues and so on.

With regard to 311 from Blumenort to 59, I've had occasion to speak to some people and people with the R.M. of Hanover. The road is restricted. I'm not sure if it's at 65 or 90. I can clarify that. I think it's 65. Yes, I've been advised that it is 65 percent. Yet it's not that the road is unsafe, but because they're wanting to haul more product with regard to the hog industry related to that road and wanting to get onto Highway 59 they have asked that we consider doing more upgrades. Now I've asked the person who's our regional head to meet with some of the industry to have the discussion as to is it at certain periods of the year that's really hurting them or is it all year round or trying to work around some solution. So just to let the MLA know that there is dialogue going on. We recognize that there are some challenges there with regard to the industry and being able to use larger trucks on those roads.

I understand that Pansy is still on the map, the Manitoba map; it's been put there, just on a lighter note. It was removed accidentally. Now I know that the MLA for Steinbach (Mr. Goertzen) has roots there, so we want to make sure that that community is taking its rightful place on the province of Manitoba map.

**Mr. Kevin Lamoureux (Inkster):** I wonder if the minister can give indication on when Manitobans can anticipate that the Inkster Boulevard and the construction of Inkster Boulevard would commence.

**Mr. Lemieux:** Just on that particular project on Inkster, we are very pleased, of course, to be doing a lot of work with regard to that road. We've talked about that particular project on a number of occasions. It's a multi-year project; there's not going to be any hard construction. The design of the project is going to be taking place over the next while.

There's not going to be any construction taking place next year, as I've been advised. But the design is one aspect that has to take place first and the functional design and so on. So just to let the MLA for Inkster know that's really where it stands right now.

**Mr. Lamoureux:** So we can actually anticipate construction beginning of—you know, in the spring of 2009 roughly?

**Mr. Lemieux:** There are always challenges around new roads. The challenge, of course, is utilities, land acquisition, those kinds of things. But it's a project that we're doing—and I have to say—in co-operation with the federal government. On occasion I've wanted to hold the federal government's feet to the fire, but in this particular occasion we work very, very closely with the lead minister of the province of Manitoba, the Honourable Vic Toews, as well as Minister Cannon, to ensure that some Asia-Pacific dollars and other monies would come to Manitoba. That particular project was one that we had put out as being very important. I have to take this opportunity to thank the federal government for putting monies into the province of Manitoba on that project. That's not always the case; I won't always be thanking the federal government. But I'll tell you that when it's deserved they will certainly get it from me because I really want to use this opportunity to say so. So we are tied in with them.

The reason why I want to mention to the MLA for Inkster why we're tied in, why this is important and why I raised the Asia-Pacific, because there are some time lines there with regard to spending of monies. So, to make my answer as succinct as possible, we look to start in '09. We're looking to get going as long as the land issues and the issues related to utilities—and once that can be clarified, we'd like to get, and I know the federal government would like to get, moving on this as soon as we can.

\* (18:20)

**Mr. Lamoureux:** I ask in part because I know not only Manitobans but a number of MLAs are directly affected because of where it's located. To be able to say that at this stage we're looking at engineers and drafters getting together, sometime by the end of 2008 that should be complete, and we're hopeful that in 2009 it will be under construction, that's just to give out kind of like a ballpark explanation to people that might be asking.

What about the portion between Route 90 and Keewatin? I know the City of Winnipeg had talked

about it, and there are some trucking companies that are actually in that portion. Is the department aware of what it is the City is doing with that portion?

**Mr. Lemieux:** To address the question specifically, that portion belongs to the City of Winnipeg that we're referring to. We included that piece within our proposal for the Asia-Pacific monies that the feds would contribute. That was not considered, just the stretch that was provincial road was. To this date, I'm not sure, and the department has advised they're not clear on what the City is going to do with that piece. You're right. It's not a huge stretch, but it is an important stretch, and I know they're considering it.

**Mr. Lamoureux:** Then I would look to see maybe through the department if they could do all of us a favour and get some sort of a formal response from the City because what we're talking about is right from Main Street, Inkster is virtually doubled. There's just that little section between Keewatin and Route 90. I think that it would be beneficial for all of us, all interested stakeholders, just to understand where the City is at in regard to it. If I could be cc'd a copy of the correspondence, I would appreciate it, in particular if the City responds. This way, it's not the department approaching the City and me approaching the City. I know that they would be very receptive and responsive to what the department requests.

**Mr. Lemieux:** Well, certainly, the MLA for Inkster can contact the City himself. We are in dialogue with the City on a number of different issues, but there is nothing restricting the MLA for Inkster from contacting the City and saying: Look, what are you going to do about this piece? In fact, it would hold, I am sure, a great deal of weight with the City and the local city councillor to know that the MLA for Inkster is very interested in ensuring that, for safety reasons and other reasons, this piece is addressed.

**Mr. Lamoureux:** I'll do just that, and I'll cc it to the minister so that he is aware that it has been done, but I do believe it is important that the department should be aware of what is actually being done in that section of Inkster Boulevard, because it would be nice to see that it was done in some form of a co-ordinated effect to minimize traffic problems when construction does get under way. So there should be some sort of co-ordination. That is the reason why I suggested the department needs to also communicate with the City on that point.

The other quick question that I had is in regard to the taxi industry. Recently, I was approached by a

cab driver indicating that, you know, they have the cameras inside the taxis. He had indicated that there was a report that was done on one particular incident, and they said, well, because the incident occurred in the front seat, the clarity of the picture isn't as good as it would have been if the incident would have occurred from the back seat. I would have thought that the camera would have had a better reception or more clarity in the front because it is actually on the front windshield. To what degree would the department be aware? Does the minister have staff? I can appreciate he might not have the staff here to answer that question. If that is the case, maybe, again, the minister could get some sort of written response to me.

**Mr. Lemieux:** Well, I thank the MLA for this. This is something that hasn't been raised to me as an issue or even raised as a point of comment about the clarity of cameras and so on, but I will endeavour to get back to the MLA for Inkster on this. It's the Taxicab Board that, of course, is that regulatory body that works with the cab industry, taxi industry, but I'll certainly look at talking to the chair. There isn't anyone here today to assist me in the answer or to provide me with some clarity, but I will check into it, and I will certainly get back to the MLA for Inkster about it.

**Mrs. Mavis Taillieu (Morris):** A couple of questions. I, first of all, just want to acknowledge the work on Highway 75, which was necessary, and, I'm sure, will be ongoing. Looking forward to seeing it completed right from the city of Winnipeg down to the border.

Having said that, I wanted to ask a question in regard to the shoofly on Highway No. 1 just west of Headingley. This looks like it is, say, a diversion to allow for a culvert that is going under the highway. If the minister's not familiar with the term "shoofly," it's just a bypass. But I want to question about that because, as we saw the work proceed on Highway 75, the traffic, of course, and it's a larger area, of course, but the traffic was diverted to the opposite side of the highway for quite some time. In this case, it looks like another road or a diversion, a detour is being built specifically to divert the traffic. It also appears that the culvert will be have to be done on the other side of the divided highway as well. I know that there could be issues around turning radius and this kind of thing. But I'd like to ask the minister: What is the cost of this project in the short on the one side of the highway, and then, again, will it be done

on the other side of the highway, and how much will that cost?

**Mr. Lemieux:** Well, thank you to the MLA for Morris for the question. If the MLA doesn't ask these questions, who else is going to? But I just wanted to respond by saying that there are a couple of culvert jobs that need to be done, not on both sides necessarily. I've been advised that we're not looking at doing both sides. The culvert has taken stress more on one side than the other, so it looks like we may be just doing one side. So it won't be necessary to do both sides.

But we haven't tendered the jobs out yet, so I'm hesitant to talk about the kind of monies that are involved in the big project to do both. We're actually doing two culverts at different sections of No. 1. But it's in the millions of dollars to do both of these, and a substantial amount of money is being spent.

I know the MLA didn't purposely leave out all the work that's been done around the community of Headingley and the stretch between the Perimeter and Headingley and the weigh scales. But maybe I can use the opportunity of just mentioning how much work has been done and the tremendous amount of work that's been done on No. 1 west and near the Flying J. We appreciate the co-operation we receive from Flying J as well as others to fix that intersection up, as well as the reeve for the R.M. of Headingley. It's always a pleasure to work with him. We know that there are a lot of other projects we have to work on, but Highway 75 will continue. We made a commitment to ensure Highway 75 would be improved. So I know the MLA for Morris will be pleased to hear that.

**Mrs. Taillieu:** I do recognize the hard work of the Rural Municipality of Headingley in getting and procuring a Flying J restaurant to that stretch of highway, and the work that has ensued to upgrade the road there.

Just in regard to this particular shoofly on the highway, it's a small detour, but would it not have made sense—and I'm just simply asking the question—to divert the traffic down the other side of the highway? I know there are a number of mile roads that could have happened. I also do recognize, of course, that the turning radius for larger trucks could have been a problem, but it just seems to me that there may have been another alternative.

**Mr. Lemieux:** I thank the member, the MLA. I know neither one of us are engineers, and we leave it

up to the professionals to make those decisions. So we trust their decision is the right one on behalf of the taxpayer and all of us.

**Madam Chairperson:** The time being 6:30 p.m., committee rise.

### AGRICULTURE, FOOD AND RURAL INITIATIVES

\* (15:00)

**Mr. Chairperson (Rob Altemeyer):** Good afternoon. Will the Committee of Supply please come to order.

This section of the Committee of Supply will now resume consideration of the Estimates for the Department of Agriculture, Food and Rural Initiatives. As had been previously agreed, questioning for this department will proceed in a general manner with the resolutions to be passed once all questioning is completed, with the exception of resolution 3.2, which will be passed once questioning on that section of the department is completed.

Now I'd also like to remind everyone, as agreed to in the Chamber just now, that we will be discussing Estimates for this department until 5 o'clock and then from 5 to 6:30 we will switch to deliberation on Conservation Estimates.

I also understand the minister has a comment to make at the beginning, so we allow that to proceed.

**Hon. Rosann Wowchuk (Minister of Agriculture, Food and Rural Initiatives):** Mr. Chairman, I would like to provide some information to a question that was asked yesterday, if I could.

The Member for Lakeside (Mr. Eichler) asked a question about how many untendered contracts over \$25,000 did MAFRI enter into, in '06-07. During the fiscal year '06-07, MAFRI entered into one untendered contract over \$25,000. That contract was with a University of Manitoba Ph.D. student who has extensive expertise in the type of information we were requesting, and that is science-based risk assessment for bovine tuberculosis. We have used this individual in the past, and he provides excellent information.

There was also a sole-source contract in 2006-07 over \$25,000, and that was for the rental of all the audio-visual equipment used at Rural Forum in Brandon. This is a sole-source supplier contract with

a local business in Brandon. There is another sole-source untendered contract for survey maps, and there is only one supplier for those maps.

**Mr. Ralph Eichler (Lakeside):** I thank the minister for her information, and her staff. Just for the record, the Ph.D. student for the science-based study, who was that individual, Madam Minister?

**Ms. Wowchuk:** The student is Ryan Brook.

**Mr. Eichler:** Thank you, Madam Minister.

Mr. Chair, my colleague from Russell, the critic for Rural Development, has a funeral tomorrow, and we've asked the minister earlier if it would be okay to leave the MASC for now and come back to it tomorrow. The rest of the afternoon will be dedicated to Rural Economic Development Initiatives by the Member for Russell, and I'm sure I'll probably have some questions as well. So, if it's okay, we'd like to proceed on that basis with the minister.

**Ms. Wowchuk:** Mr. Chairperson, certainly that's okay. I would like to introduce Dori Gingera-Beauchemin, who is the Assistant Deputy Minister of the Agri-Food and Rural Development division, who has now joined us at the table, as well as my deputy, Marvin Richter.

**Mr. Chairperson:** Very good. The floor is now open for questions.

**Mr. Leonard Derkach (Russell):** Let me, I guess, begin in a general sense by stating somewhat of a disappointment in terms of how the Rural Development side of this department has been, I guess, responding to the issues that are in rural Manitoba, although I note that this is not a reflection on staff because certainly staff of the department have done everything they possibly can, given the constraints that government has put on them.

This is a direct comment on the policies of the government by diminishing the importance of rural economic development in Manitoba and folding it in with the Department of Agriculture and also stripping a lot of the department budget that was formally in the Department of Rural Development to a point where it has become an ineffective tool, if I might add, in terms of addressing many of the needs of rural Manitobans.

I want to ask the minister first of all whether she can separate and identify for us the global budget for rural economic development in Manitoba.

**Ms. Wowchuk:** Mr. Chairperson, under the Rural Economic Development Initiatives, the budget is \$21.108 million, but that does not include the 11 business development specialists that are outside this amount. They are included in the Go Team alliance. So that's the amount that we have budgeted here.

**Mr. Derkach:** So a department that used to have a budget of \$50 million has now been diminished to a \$21-million department. Is that correct?

**Ms. Wowchuk:** Mr. Chairman, when the reorganization was done, the time that the member refers to was a time when there were other responsibilities under Rural Development, responsibilities such as conservation districts, Water Services Board. We have made some changes and the responsibilities, the Rural Economic Development Initiative is under this department, so it would be inaccurate to say that it has diminished from over \$50 million to \$21 million. Some of the responsibilities are in other departments and the dollars went with them.

**Mr. Derkach:** Mr. Chairman, if that is an inaccurate number, can the minister tell me what the accurate number is in terms of how the department has diminished over the course of the last eight years?

**Ms. Wowchuk:** Mr. Chairman, if you look back to 1998-99, the Rural Economic Development Initiatives had a budget of about \$21 million. It was \$21 million in 1999-2000. When it came to our department in 2002-2003, that budget was at \$16.225 million, and since that time it has come up and it is \$21.305 million. So the member is referring to a time when they were in government, 1999, it was at \$21,000-\$21 million, I should say—and it is at \$21.3 million now. So the Rural Economic Development Initiatives are at about the same level that they were in 1998-99.

**Mr. Derkach:** Well except that the minister forgets that some of the programming that was eliminated also eliminated the dollars with it.

First of all, I'd like to ask the minister where the dollars that were identified for and designated for Grow Bonds, where did that money go to?

There was, I believe, \$40 million in total for Grow Bonds at the time. My numbers might be a little dated, but nevertheless that was money that was set aside to guarantee the Grow Bonds program. The government eliminated the Grow Bonds program. The money that was in that file came from video

lottery terminals. There was a promise by the former administration, of course, that money generated from VLTs in rural Manitoba and Winnipeg would be split 50-50 and the money that was used from VLTs for rural Manitoba would be used for economic development initiatives.

I'd like to ask the minister where the money from VLTs that was designated for the Grow Bonds program was redesignated for.

\* (15:10)

**Ms. Wowchuk:** Mr. Chairman, when the member talks about \$40 million being available for Grow Bonds, that was the provision for capital authority. That was not the actual amount that was there; that was provincial guarantees, but that would not have been the amount that was budgeted every year. There would have been a budgeted amount, but the whole \$40 million would not have been the amount that was budgeted.

So we have gone from a grow bond to a CED tax credit that supports investments in communities and there are some good results with that. I could say to the member that there are still some outstanding provincial guarantees under the Grow Bonds, so there is still money provided there. But we have moved to a system of CED tax credits, Mr. Chairman, and we feel that this is a tax credit that encourages local private investment in Manitoba-based opportunities by providing community-based enterprise development projects with the means to raise the necessary equity capital. That's the purpose of it and it is working.

So there is economic development money available, but it is in a different form than under the previous administration when they were offering the Grow Bonds program. There are also the Community Works Loan Program and the Communities Economic Development Fund that are also available through the funds in this program.

**Mr. Derkach:** We are getting into the same realm that we were last evening when we adjourned here. Is the minister telling me that the tax credit program is now somehow utilizing VLT dollars? So are we now saying that VLT dollars are being used to shore up a tax credit program for businesses in rural Manitoba? Is that what I'm hearing from the minister?

**Ms. Wowchuk:** Mr. Chairman, just as the Grow Bonds program uses tax dollars to make grants to raise money for CED, a tax credit encourages local

private investments in Manitoba-based opportunities by providing community-based enterprise development projects with a means to raise the necessary equity capital. Just as they raise capital under the grow bonds by selling shares, they raise money under—they use the tax credit as a vehicle as well.

**Mr. Derkach:** Well, this is getting more interesting as the minister answers the questions. The minister is telling me that we use the Grow Bonds program as a tax credit program. We never did. Nobody ever did. The Grow Bonds program was one where local capital was guaranteed by a Grow Bond, by the VLT money that was set aside for that purpose. Nowhere in that program was there ever a tax credit program given to businesses utilizing VLT money. But the minister here is telling me is that there's somehow, now, a tax credit program developed for economic development in rural Manitoba utilizing VLT money as tax credit dollars. Is that what she's telling us in the House or in this Chamber?

**Ms. Wowchuk:** Mr. Chairperson, under the previous administration, Grow Bonds or VLT money, as the member opposite talks about, VLT money was used to raise local capital and then VLT money was used to pay off the losses from the Grow Bonds projects that weren't successful. That's what the money was used for.

In this case, it is just a different vehicle that we have chosen, and the CED tax credit encourages local private investment in Manitoba-based opportunities to provide community-based enterprise development projects with a means to raise the necessary equity capital. It's the same used under your administration. You were using VLT money to guarantee Grow Bonds and pay off the losses if there were any. In this case, we are using it to encourage people to invest in their community.

**Mr. Derkach:** Well, there is a very distinct departure here, Mr. Chair. I'm not an economics major, but I can tell you there's a very, very big difference between using money from Grow Bonds, from the VLTs, to use those monies as a guarantee for money that is invested by local investors into an enterprise and using money from VLTs as a tax credit shore-up for businesses that are starting up.

Can the minister tell me, if I am a business, today, starting up, and I enter the CED tax credit program, I get a tax credit for starting up the business? How is that shortfall made up to government? Is that where the VLT money is used?

**Ms. Wowchuk:** Mr. Chairperson, the business does not get the tax credit. It is the individual who makes the investment in the local venture and they have to get approval before they can move forward with their tax credit. But, yes, the individual who makes the investment earns a tax credit that they collect on their income tax. Just as under the previous administration, if there was a loss, money was used to pay off the loans.

**Mr. Derkach:** Excuse me for my lack of understanding as to how the process works. I'm going to ask the minister to explain it once again. As I understand it, the individual who invests in an enterprise gets a tax credit. If that tax credit is \$5,000, that individual gets a receipt from the Department of Finance that would give them a tax credit on their income tax of \$5,000. Where does the VLT money come in then? How is the VLT money used then? Is the VLT money then used to pay that \$5,000 to the government for the tax credit that they give to the individual?

\* (15:20)

**Ms. Wowchuk:** Yes, this money is targeted for projects in rural Manitoba. So that is why the appropriation is under the rural economic development system. It is a tax credit system and the money flows through the tax system, but, just to say in this case, they get a tax credit. Under the Grow Bonds, if there was a loss, it was a direct payment to the individual for the losses that they might have had on the Grow Bond. It is a different mechanism, but in each case the money is used to encourage rural economic development.

**Mr. Derkach:** Mr. Chair, let me just try to put this in perspective.

Under the Grow Bonds program a local investor invested in a project. He invested in the project at a particular interest rate. The business that he was investing in had to pay him back the principal and whatever interest rate was determined in the agreement. If the business failed, the province through the Grow Bonds program, through the VLT money, guaranteed that the investor would not lose his or her principal. The interest would be lost but not the principal. That's it. Not every single person who invested in projects got money. They earned their money from investing in the enterprise.

What the minister under this program is telling us is that now individuals can invest in local businesses, and that individual then gets a tax credit

on his personal income tax when he files it. That tax credit that that individual gets now, apparently, is shored up to the government, to the tax department, to the provincial treasury, by VLT money. Is that what is really happening under this program?

**Ms. Wowchuk:** The member surely knows that one of the challenges that people in rural Manitoba face when it comes to starting up a business is to raise equity. That's why, Mr. Chairman, under this program it is just a matter of flowing the, of advancing the money to the individuals sooner rather than later because they make the investment, they get their tax credit up front and then they have the ability to raise more money. The member talks as if some money, paying off somebody's debt if a bad investment is made is different than giving an advance up front. The member may think that that's different, that's fine, but I can tell him that there have been projects that have looked at the CED tax credit and have been able, because of this tax credit, to make viable business ventures in rural Manitoba. This is about looking at ways that we can help people raise money.

I look at Pilot Mound co-op committee. They were able to take advantage of this. Bowsman community store, a grocery store, where there would only have been one if it wasn't for—but they were able to use this tax credit and raise their money. Clearwater Development Corporation used it. Biodiesels were able to use this vehicle to raise the money that they needed. There are many groups that are looking at this as a way to raise the equity that they need in order to build viable projects and viable businesses in rural Manitoba.

The member may not agree with this approach, and he seems to be saying that we are using this money to offset taxes. In reality we are using this money to start businesses, and of the \$15.2 million that have been approved, the program—

The member talks about how Grow Bonds didn't pay out as much or this might be paying out money up front. I'm not sure what his concern is, but of \$15.29 million approved under the Grow Bonds they paid out \$6.689 million in net guarantees. There was money paid out under Grow Bonds, and under this program there is money that is being paid out through a tax credit system to encourage investment in rural Manitoba, and the investment is taking place.

**Mr. Derkach:** I should illustrate this for the minister if I might. Under the Grow Bonds program, if I use her numbers of \$50 million—

**An Honourable Member:** Fifteen. Fifteen.

**Mr. Derkach:** There was over 50 invested, I know that. But okay, out of 15, \$6 million dollars she said was paid out in loans. Under her program, if that were the budget, \$15 million would be paid out, not 6, because under the tax credit program you would have to pay that out.

I want to ask the minister: What rate of interest or what tax credit rate is used when an investor invests? What rate of tax credit do they get? Is it at 10 percent, 15 percent, 30 percent? What is it?

**Ms. Wowchuk:** A Manitoban who invests in an eligible local enterprise will earn a 30 percent income tax credit on a maximum annual investment of \$30,000 or get \$9,000 in tax credits, and no individual can acquire more than 10 percent of any issue.

**Mr. Derkach:** Mr. Chair, the individual who invests gets a 30 percent tax credit and on top of that tax credit that individual then takes a share in the company and would receive a dividend from the company as well. The principal of that individual who invests in a business whether it's \$30,000 or \$10,000, is there any guarantee on the principal that is invested in that company?

**Ms. Wowchuk:** No, Mr. Chairman, there is no guarantee under investment, but they can get a 30 percent personal income tax maximum amount.

**Mr. Derkach:** Does the individual who takes a share in that company, does that individual then get eligibility for dividends from the company, or then is that individual also allowed to share in the profits of the company?

**Ms. Wowchuk:** If the company is successful then they would be able to share it. I don't think you could get people to invest if they thought that they weren't also going to share in the profits if those profits become a reality.

\* (15:30)

**Mr. Derkach:** So what the minister is telling us is that the individual gets a 30 percent tax credit, is able to capitalize on the project if in fact the project is a successful one, can earn dividends from the project as well, and can share in the profit if the business is sold.

**Ms. Wowchuk:** Mr. Chairman, that's what investing is about. That's what all investors expect. They invest because they think a project is going to be

successful. They don't invest because they think they're going to get a tax credit. They invest because they want the business to succeed, but they have no guarantee that it will be successful, and that is the risk that they're taking, but ultimately they and we want these projects to succeed.

**Mr. Derkach:** Mr. Chairman, can I ask the minister how much money has been set aside from the VLT program for this tax credit program.

**Ms. Wowchuk:** \$300,000 in this budget, Mr. Chairman.

**Mr. Derkach:** So, Mr. Chair, is that what the annual budget is for this program, \$300,000 a year of VLT money?

**Ms. Wowchuk:** That's the amount that is budgeted this year. We could make an adjustment when we're doing the next budget, but that's what it is this year.

**Mr. Derkach:** So can the minister tell me where all of the VLT money that had been designated for the guarantees now flows?

**Ms. Wowchuk:** Mr. Chairman, as I indicated, the Rural Economic Development Initiative is at \$21.305 million and in that line there is also sufficient provision that has been made for the Grow Bonds that are still outstanding should there be need to pay out that money. It is in there as well.

Oh, I'm sorry. There is also a provision, but it's not within the 21. That's been put aside in previous years.

**Mr. Derkach:** Well, Mr. Chair, I did not get an answer to my question. It appears that the minister is somewhat confused here, but we need to move on, and I'm going to ask the minister how much VLT money went to the provincial treasury this year. Was it the \$300,000, or was that what was set aside from the VLT program to compensate for the tax credit program that was invested in by individuals in Manitoba?

**Ms. Wowchuk:** I will try to answer the member's question and I hope I'm getting it right, but \$300,000 has been set aside out of the budget that I referred to for the tax credit. If I'm not getting the question right, I would ask the member to repeat it.

**Mr. Derkach:** In simple terms, can the minister tell me how much of the \$300,000 was spent?

**Ms. Wowchuk:** In the last fiscal year we spent \$310,510 on the tax credit. This year we have budgeted \$300,000.

**Mr. Derkach:** Surely this can't be for all of rural Manitoba. That number is just too small. Can the minister review that number and tell me whether this meagre amount is for all of the businesses that have started up under this program in rural Manitoba for one year?

**Ms. Wowchuk:** Mr. Chairperson, last year was the first year of that program. There were three successful applications for the program and that is the amount of the tax credit. We anticipate and in fact there are more applications this year for the program, but we budgeted according to what we had last year. We anticipate that we will probably be over budget because there is an increased number of applications this year, but in the first year that we had the program there were three applications.

**Mr. Derkach:** A province as large as Manitoba, I don't know how many rural communities, and we have three projects in the province for one year. Is that what the minister's telling me?

**Ms. Wowchuk:** There were three projects that were approved for a tax credit. There were many other projects of economic development that have taken place in this province. What I'm telling the member is three projects were successful in getting a CED tax credit program and that resulted in a tax credit of \$310,500.

**Mr. Derkach:** Can the minister tell me the disclosed businesses that received part of the program—whatever it was, \$310,000, who the businesses were and where they're located?

**Ms. Wowchuk:** There was a Clearwater Development Corporation in Clearwater, Bifrost Bio-Blends in Arborg, and Intermountain Forage Limited in Dauphin.

**An Honourable Member:** What is it?

**Ms. Wowchuk:** Intermountain Forage in Dauphin. Those were the three that were successful in the first year of the program's existence.

**Mr. Derkach:** I'd like to move to another area because my time is limited, Mr. Chair, and although we could spend hours debating this, I want to ask just one more question on this. The tax credit that is provided, is that a one-time tax credit?

**Ms. Wowchuk:** Yes, Mr. Chairman.

**Mr. Derkach:** I'd like to move to another area and that is the area of the cattle slaughter facility in Dauphin, again another failed attempt by this

government to do anything constructive in the whole area of product processing in this province. I want to ask the minister if she can explain how it is that that project failed so miserably.

\* (15:40)

**Ms. Wowchuk:** Mr. Chairman, the cattle slaughter facility in Dauphin grew out of the whole BSE crisis. There was a real recognition that there was need for slaughter capacity in this province and a group of producers got together. This government was very supportive of the project, made a significant amount of money available, took the steps to be sure that the investment in infrastructure was there. But I guess the members opposite could also, I would remind the members opposite that their critics were saying that we didn't need slaughter capacity in this province. They didn't do anything to encourage producers to participate.

At the end of the day, despite the significant support that was put in place, the Ranchers Choice group had been doing fundraising and were not able to raise adequate money to meet the producer's share. I would remind the member that when this got started, the producers told us clearly that they did not want the province to be building a slaughter facility. They wanted support from government. We were there to support them. Unfortunately, they were not able to raise enough of the producer equity that was required, and I guess, I would say, I feel very saddened that this didn't become a reality.

But the slaughter industry is a very tough industry, and there have been others who have attempted to build slaughter processing facilities since the time of BSE and others still look to do it. We will continue to work with the producers of Manitoba or the processors of Manitoba as others look at opportunities to increase slaughter capacity in this province.

**Mr. Derkach:** Well, Mr. Chair, I don't have to recite history for the minister because this whole project went from bad to worse under her watch.

First of all, it wasn't just the capital that needed to be raised by local producers because I believe that if the government had had the climate correctly, there would have been the investment in the project. You can't create questions in the minds of investors and expect them to invest.

When the Securities Commission pointed out to the government and the project that they had erred horribly in—yes, you were part of that, Madam

Minister, and the error that was made with regard to the registration of the project, and the collection of money, and the purchase of equipment before the Securities Commission had actually given the green light; this caused a big question in the minds of people who were wanting to invest. Then, when you had to re-structure the entire project, once again, that raised questions in the minds of people.

Today, government's money is lying in a pile of rubble in equipment that can't be used, and I'd like to ask the minister how much provincial money was wasted on this project to date.

**Ms. Wowchuk:** I have to correct the member because the issues at the Securities Commission were not our issues. The decisions were made by the board. With their legal counsel they made the decision on how they should apply to the Securities Commission. There was an error made. They had to reapply and work through it. So that's what happened with the Securities Commission. The member, of course, can spin it anyway he wants that this government is responsible for that, but the members opposite are also responsible for a lot of language that they put into the media about no need for slaughter capacity in this province. Issues like that did not help with investments.

With regard to this facility, the member asked about how much money was wasted. Well, you know, it's just like some Grow Bond projects that the member opposite was part of when they thought something could work. It didn't work and money had to be paid out. I think there was a significant investment in Elie that did not work and there was a huge write-off on Grow Bonds. That was a decision made by the previous government. The member asks specifically. I would say that we are in the range of about \$4.8 million that was invested in this project. When it is all finalized, the equipment will revert back to the province, and I'm still hopeful that there are others who will be interested in this project.

I can say to you, just last weekend, I met with an individual who was asking about the equipment and whether there is a possibility of him acquiring it. So there are still people that are interested in slaughter capacity in this province, but it was a significant investment and I regret that it did not come to fruition.

**Mr. Derkach:** I think we all regret that it didn't happen, Mr. Chairperson. But there were other projects on the table that the Province refused to look

at. One of them was the proposal by Natural Valley to build a slaughter facility in Neepawa.

When we asked questions of the minister in the House, she refused to even acknowledge that this was a project that they were anywhere interested in and continued to refer to the Dauphin project. Not that the Dauphin project was a negative one, but there was also a desire by people who were investing in Natural Valley to see their infrastructure needs in Neepawa enhanced so that they could proceed with their project. That never happened also.

In addition to that, I understand that when it came to the Dauphin infrastructure issue, both the federal government and the City of Dauphin had made commitments to the infrastructure, whereas this government did not.

Can the minister tell me whether or not their commitment was on the table and how much it was for the infrastructure and the upgrading of the effluent and water treatment plant in Dauphin?

**Ms. Wowchuk:** I hate to tell the member this, but he is wrong on both counts. On the Dauphin infrastructure, the federal and provincial governments made the announcement at the same time. It was a \$10-million project. It was a three-way split between the federal government, the provincial government, the city and the R.M. Our money was on the table.

\* (15:50)

With regard to Natural Valley Beef, I would support Natural Valley Beef. We've told them time and again to come forward with a business plan: Tell us what you're going to do. They have not come forward with a business plan to this point on building a slaughter facility. They are working on another business plan at the present time, but they never came forward with a plan on building this facility. They talked about it, but when you came down to the nitty-gritty they were not able to provide us with the plan and the member would know, from his time in government, before you invest in a facility you have to know what their business plan is and work through it with them as well.

**Mr. Derkach:** I thank the minister for her response and I stand corrected. She is right about the \$10-million announcement that was made. I just forgot, but I know that the Province was dragged into it kicking and screaming in a way. But let me ask a question about the hemp plant in Dauphin now.

Can the minister tell me why it is, here's a plant that was also, I guess designated for the area, significant dollars were invested by producers and now this project has, once again, for about the third time, fallen down and mothballed because, as has been reported in the papers, had the government come in early, the speculation is that we would've helped to attract the balance of money. The delay—that was a comment made by Don Dewar as a matter of fact, and he is a community member of Dauphin. I don't know. Maybe the minister has a cynical view of him, but indeed he is a significant contributor to the community and an investor in the project and so I have to take his word at its face value. I ask the minister why it is that once again we have another failed project under her watch.

**Ms. Wowchuk:** First of all, I would like to say that we're now joined at the table by Allan Preston, who is Assistant Deputy Minister for Agri-Industry Development and Innovation division. Welcome to the table.

When groups try to raise money and when they run into difficulties, there are some that will say, well, if the government had been at the table we could have raised money. When this group went out to the market, they had a plan to raise money. They didn't say to the producers, well, we are getting this much money from government. When they couldn't raise their money, they looked for additional money, but, had we funded that amount that they wanted, we would have been well over 50 percent of the project and that was just, you know, a significant amount of money.

However, it was the producers that made the decision that they would close their share-offering and return the money. That was a producer's decision, and we are still working with them, looking for a way to redesign the project so that it can fit in with what they are able to raise. So there is a certain point that you can go to and there is a certain amount of money that government can contribute. I could say to the member that we made every effort to get the project scaled down to size, but if you're going to go start scaling down the project, then with their share offering they would be having to refund anyway so rather than—because you're changing the project. They made the decision that they would close their share offering, and we are still working with them to redesign that project.

**Mr. Derkach:** Mr. Chair, in an article, Mr. Dewar indicates that they were looking for the Province to

take an equity position in this hemp processing plant similar to the position that the government had enunciated for Ranchers Choice. Was the province prepared to take the same position with this hemp processing plant as they were with Ranchers Choice?

**Ms. Wowchuk:** Mr. Chairman, every project has to be dealt with in an individual way because every project is different. When the individuals first came to us, they came to us for a MIOP loan, and the MIOP loan was supposed to help them secure their investors. We made the commitment of the MIOP loan and they went out to the investors. When they weren't able to raise as much money as they thought they were able to, we made a commitment to assist with equipment, with purchasing some of the equipment. That would reduce their capital plan.

So we looked at every way that we could help them, and we met what they had asked for, a MIOP loan and then an investment in equipment, but even with those investments, they could not raise enough local capital so that they could then do the borrowing that they had to do.

**Mr. Derkach:** Can the minister tell me whether the investors in this project were given the same opportunities as investors in the CED tax rebate program, whether investors in the hemp plant were eligible for a tax rebate program?

**Ms. Wowchuk:** Mr. Chairman, the group did not apply for a CED tax credit, and I think part of it is they didn't want to make their application complicated, but the other issue is that some of the investment by producers is straw. So that's how they were building up some of their investments and that wouldn't have qualified but, basically, they did not apply for a CED tax credit.

\* (16:00)

**Mr. Derkach:** I just want to make sure I heard the minister correctly. Did the Province offer the tax credit system to the investors? Now, this is not offering it to the project; you're offering it to the investors in the project because, as the minister said, this is an individual tax credit on an investment in a business.

There is no particular size, as I understand from the minister, in terms of the business, but worthy individual producers or the individual investors, whether it's straw or money, were they offered a tax credit program to try to entice and attract investment into the hemp project, and is that still available to them if they were able to apply for a tax credit for

the money that they have invested thus far in the project?

**Ms. Wowchuk:** The program was discussed with the producers, and if they were going to take advantage of the program, the project would have to make an application through their local economic development board. Yes, there is a cap on the amount that could be used for this. They were aware, but they did not make application.

**Mr. Derkach:** So the minister is telling me that the project could not attract enough investment, yet there is a 30 percent tax credit program available to people who invest in businesses of this nature. She is telling me that the people who are on the board of the hemp plant chose not to apply for the tax credit program, yet they were seeking investment from investors without offering them a program designed by the government to give them a 30 percent tax credit. Is that what the minister is telling me?

**Ms. Wowchuk:** Mr. Chairman, this program is targeted at smaller projects. It's targeted. I said to the member opposite they were made aware of the program and they could have applied but there is a cap to the amount. The eligible investment right now is to a maximum amount of \$500,000.

So this project would have been greater than that, so if they would have been able to raise it—*[interjection]* So they could have applied for up to that amount of money, but they chose not to.

**Mr. Derkach:** Can I ask the minister whether or not people who are investing in Ranchers Choice were made aware and given the opportunity to take advantage of the tax credit program?

**Ms. Wowchuk:** On the hemp project, I can say to the member, this project isn't over. They have talked to us and they have said they want to return their share offering but we continue to work with them. There are further plans to work with them that I'm not at liberty to talk about. But they are working at trying to bring this project to reality.

With regard to Ranchers Choice, this program was available at the time, but I think we have to remember that when they first started Ranchers Choice they were talking of commitment of cattle. They weren't talking about dollars. They were looking for producers; they were signing up cattle. Some of the amounts were very small amounts that were being put in. I guess I can't tell you. They didn't apply. They could have applied, and they were

working with people who were aware of the program, but, no, they did not apply for the program.

**Mr. Derkach:** Again, the minister points the finger at everybody else but herself.

I was approached to be an investor in Ranchers Choice. Our family was. It wasn't cattle that we were initially investing. It was money.

Had the project come to me or to any investor and said, if you invest a thousand dollars you can get a 30 percent tax credit on your money because this is a program that the government has in place, I don't think there would have been a great difficulty to collect the money. The government either completely hid the opportunity for people to get the tax credit who were investing in these enterprises, or somehow misled the enterprises themselves, because I can't see why an enterprise that wants to attract capital would reject the opportunity for people to have a 30 percent tax credit when they invest some money in it. That just doesn't make any sense.

I would like the minister to explain why Ranchers Choice or the hemp plant would reject a 30 percent investment credit program for people who invest in their projects. Can she explain that?

**Ms. Wowchuk:** Mr. Chairman, it's very difficult for me to answer for a board as to why they didn't apply. There is a producer board. They were given legal advice, and I cannot tell the member why they didn't apply for the tax credit. The program was just getting started at the time. It had been brought in December of '04. That was just about the time that they were starting to raise their money. It may have been the structure. It may have been that they were, I cannot answer the question as to why that board made a decision not to take advantage of the tax credit.

\* (16:10)

**Mr. Derkach:** I don't want to dwell on this too much more, but I think what is on *Hansard* is important.

Mr. Chair, I just want to ask the minister whether or not this program was offered by the government. The minister knew that there was difficulty in raising capital, both at the hemp plant and at Ranchers Choice. Did she direct her staff to offer the tax credit program to people who were investing in either Ranchers Choice or the hemp plant?

**Ms. Wowchuk:** Mr. Chairman, when investors come to the government to talk about projects, our staff make them aware of all of the programs that are

there. They're made aware of them and then it's up to the individuals to decide which programs they want to take advantage of. Some will come and look for a MIOP loan. Some will come looking to the government to take an equity position. But everything is made available to them, and this program was made available to them as well. They were aware of all the programs we have to offer.

**Mr. Derkach:** I'm happy that the minister has answered that question because, indeed, this is something that I will pursue because in all my discussions, I had never ever been aware. Even though I was approached as a potential investor, no one had ever offered a program or made me aware that there was an availability of a tax credit program on a personal income tax basis if I were to invest in a project.

**Ms. Wowchuk:** Remember, that isn't available to an individual. There has to be a sponsorship of the project by the local community development corporation. So maybe they went to the local community development corporation and it wasn't endorsed. I'm not sure whether they went there or not. But they could not come to an individual and say there is a tax credit available if they do not get the endorsement of the project.

**Mr. Derkach:** Well, Mr. Chair, this is all a question of awareness, because I'm sure that I could go to people whom I know who have invested in the project and ask them whether they were even made aware of the tax credit program availability. I'm sure that in 99 percent of the cases, I will get the answer that they were not aware of the fact that there could be. So how could they even go and lobby their corporation, their community development corporation, if they weren't aware that this project could qualify for a 30 percent tax rebate program?

I can't see, Mr. Chair, how it is that anybody would reject investing in a project that they wanted to see in their community, knowing that they could get a 30 percent tax rebate if they were offered that opportunity. I know that investors around the Dauphin area, if they knew that they could have had a 30 percent tax credit had they got the approval of their local community economic development office, will go to that community economic development office today and ask them why that project was not approved by that community development office, because that's what the minister is saying.

**Ms. Wowchuk:** That's not what I said. What I said is, when there's a project, it is up to the proponents of

the project to take it to the community economic development committee and seek approval. I do not seek endorsement for the project. I do not know what steps they took, whether they went to the economic development—but the individuals would not know about it unless it was approved, endorsed by, and then an application was made for approval.

**Mr. Derkach:** Well, this is a truly bizarre issue, Mr. Chair, because here we have struggling enterprises who are trying to raise capital from individuals, who are approaching individuals to invest, and yet here is a program that was supposed to have been designed for these very types of economic development initiatives in rural Manitoba that people don't know about. I think it's the minister's responsibility to ensure that, for example, Ranchers Choice had every available tool at their disposal to be able to attract as much capital as they could to the project to make the project viable and successful.

So I regret that that issue is one that wasn't taken advantage of, and I know that in the future I'm going to ensure that Manitobans know that these types of programs are available and they need to be applying through their community economic development office to take advantage of these programs. This is not the end of the world, but certainly it does indicate a management issue on the part of the minister here.

**Ms. Wowchuk:** Mr. Chairman, when people come to us with projects, our economic development officers, our staff make them aware of every available tool that is there. They were, I'm sure, made aware of this, but there are limitations to this program, and their program, they may have looked at it and the size of their project may have been beyond what was available through this program. But I can assure the member that all of the programs that we have available through government, the proponents were made aware of them, our staff worked very closely with them and indeed spent countless hours as they worked on this project.

**Mr. Derkach:** Mr. Chair, I don't doubt anything that the minister says in terms of the staff commitment to it.

I want to go to another project, and I'm sorry that we're—*[interjection]*

Mr. Chair, I would like to ask whether or not there has been any discussion with Pizzey Milling regarding the sale of the technology to an Irish firm.

**Ms. Wowchuk:** This is a sale between Pizzey's and the Irish company. It's a private sale, they have not

approached us and we have not had any discussion with them to this point.

**Mr. Derkach:** Mr. Chair, I'm just interested, and it's only for information. I'm seeking information whether or not any of the departmental staff have had an opportunity to discuss with the Pizeys in the last six months how it is that we could perhaps retain the intelligence, the knowledge and the development of the products that the Pizeys have developed over the course of time where the growth and benefit of Manitoba industries rather than this technology now escaping the country for that matter and going to an Irish firm. Or whether or not there's an opportunity for the Irish firm to indeed continue to develop the technologies with regard to flax products here in Canada. I know one of the hurdles is going to be the tax credits that are provided for research and for the development of new products.

I think this is such an important initiative in Manitoba that it would do us all good if we could perhaps enter into some discussions, either with the new company or with Pizzey's, regarding the future of the enterprise for Manitoba and for Canada and also the retention of that plant within this province.

\* (16:20)

**Mr. Chairperson:** Order.

**Ms. Wowchuk:** Thank you, Mr. Chairperson. The member raises a very important and interesting issue and the sale has just recently taken place. I can tell the member that we haven't talked directly to Pizzey's or the new company since the sale took place but we have had very close working relationships with Pizzey's.

Our staff had a meeting with them where they did a presentation on rural entrepreneurship. There is a group, a project called Flax 2015 that engages the federal-provincial government and the industry in looking at how you can further move the flax industry along, and Mr. Pizzey is on that board so our staff has regular discussions with him.

We were driving out to Souris the other day and we were having this discussion about how we have to make contact with the new company and see what steps we can take because surely if there's anything we can do to keep the jobs here and advance the technology here in Manitoba, it's what we would want to do.

**Mr. Derkach:** I thank the minister for that, and I think that's an important initiative for us to undertake

on behalf of Manitobans because the innovation that has taken place in that particular industry is important, I think, to us in this province. And I know that we can't interfere in a private deal between two private companies, but if there is something that we can do to retain the technology, to retain the processing here in Manitoba I encourage the minister and her department to undertake to do what they can in that regard.

I certainly don't have the answers, but I am somewhat anxious about the fact that this sale could in fact over time spell the, sort of the closure of that plant here in the province, because there are some real issues facing the location of that particular plant, in that access is the one thing that I think has been enunciated. They have to get their product to market on time and when they face the kind of restrictions that they are facing in terms of bringing their product in and taking it out because of road restrictions, it just is not very business-friendly to a company that has some time-sensitive issues in terms of delivery of product and that sort of thing.

So all I can say to the minister is, I encourage her to continue to do what she can in that regard.

I indicated to the minister in my opening remarks that over the course of the next few weeks there are some exciting projects happening out in my end of the country that I need to talk about. One of them is an ethanol—the potential, I would say right now; I wouldn't say it's a fait accompli, but certainly the potential of—an ethanol plant being located in the area.

In talking to the proponents, there's some frustration with our provincial government in terms of commitments to the capital that is going to be required for infrastructure. I don't think the company is asking for investment by the province into the project itself except that there is a need for the expansion of rail and road work and also the—as I understand it, the hydro is there but the expansion of the gas line is something that is required and that is where the company expects that a province will contribute.

I want to ask the minister if she can update us as to what the status is since this company is quite anxious to get started on the project as soon as possible. It's a commitment I think that I heard the Premier (Mr. Doer) make in terms of expanding the biofuel industry in this province.

Manitoba lags desperately behind other jurisdictions in the development of this industry, and

I'm wondering whether or not the minister can give me an update on the commitments that have been made with regard to this particular project.

**Ms. Wowchuk:** Mr. Chairman, I want to let the member know that, in fact, I, along with staff, have met with the Russell group and representatives of the group from Florida. We talked about their plan. We asked them for a copy of their business plan. I believe some staff are working with them but we have not received the business plan from them yet. The specifics we have not, but we're quite willing to work with them and the ball is really in their court right now. There is outstanding information that they have to provide us with so that we can continue to work with them. *[interjection]*

The staff may have received the business plan but they haven't worked on it to the point where it has come to me or to anyone in government for a decision yet. So they could have got it at the staff level. I have not seen it and we are, as I understand—there's still some outstanding information that we're looking for.

But I can get back to you on this and find out exactly at what stage we are at and whether, in fact, we have received the information that we have been looking for.

**Mr. Derkach:** I would just encourage the minister to perhaps do some follow-up on this because it appears that I'm getting two messages here, one from the development side and one from the department here. We should try to put this together so that the project can move ahead. There's some, I guess, desire on the part of the company to move ahead with at least some of the earth work as soon as possible—or the proponent or the developer.

So, therefore, I think it's an emergency, and I don't want to see the same thing happen here as has happened in other projects where there's a lot of finger-pointing at the end of the day and it's difficult to sort out where the issues really are.

So I'm just encouraging the minister to do some follow-up on this. I know staff in the department will, but certainly this is an important project I think to the province.

**Ms. Wowchuk:** I will certainly endeavour to follow up and I can over the next couple of days let the member know what it is we've found and what we're waiting for. But my understanding is that there was a sod-turning planned and that's been postponed. So we'll do some work and I'll get back to you.

\* (16:30)

**Mr. Derkach:** I'd like to turn to food commercialization, if I might, Mr. Chair. I want to ask the minister, with regard to food commercialization, whether or not the minister has in place a strategic program to assist those producers and processors of functional foods and nutraceuticals to give them some prioritization in terms of having their projects looked at by this province so that they can proceed. I'm speaking specifically of projects that have been in the development phase now for about three years. Because of delays in Manitoba, proponents are moving outside of the province to have their products tested, to have their products commercialized, and to have their products examined for the various components that those products may contain.

So I ask the minister whether or not her department has put any priority on ensuring that these types of projects are given the fastest time possible to do research on their projects and to get back to the proponents, because we've seen some fairly significant delays in Manitoba whereas outside of the province, those results are coming back within a matter of a week or two.

**Ms. Wowchuk:** The straight answer is, yes, we do put a priority on these kind of products and have made significant investments in development and commercialization so that these products can move forward. Sometimes individuals come to our facility and if we haven't got the equipment, we direct them to another facility that may have a higher or a different level of equipment, and there is a sharing of knowledge across the country. In the case, I believe, the member is talking about, we in fact did direct him to go outside the province because there was better equipment somewhere else, and in fact he is back now, I believe. He is running into difficulty and having his product tested, developed in Alberta, and now he is coming back to work here.

**Mr. Derkach:** I'm not talking about a specific project. Just to tell the minister, I've heard that our nutraceutical centre in Manitoba is vastly underutilized in terms of what they're capable of doing and in terms of what they are doing. So I want to know from the minister whether or not there is a direct link between our Food Commercialization unit with the department and our nutraceutical centre at the University of Manitoba and at Portage la Prairie to ensure that those entities are used to the maximum

possible capacity for the enhancement of products in Manitoba.

**Ms. Wowchuk:** The member is right. There is a lot of capacity at the nutraceutical functional food centre. It's a new facility. They've come here with a wonderful team of scientists and they are just getting started; hopefully, we will see more activity there.

The Manitoba agrifood health network has been established. This is established to link the three facilities together, the nutraceutical functional food centre, the St. Boniface Research Centre, better known as "R camp", and the Food Development Centre. They have just been established. There are two people working there; they're located in our urban GO team, our urban GO Centre, but we have been—I believe very much that we have to do this kind of joint marketing.

We have a unique cluster here in this province, one where you can develop a product, test a product, and take it to commercialization. As we move forward, I think that this will be an opportunity to attract many projects here. But you are right when you say that it is underutilized because right now, they are just getting started. But I can also say that, under our ARDI program, nutraceuticals are our top area of funding.

**Mr. Derkach:** Mr. Chair, I note that in total the grants and transfer payments to facilities for food development are in the range of \$2.2 million per year.

Has the minister got any intentions to invest more money into this area since it is—since she says it is—a priority area? Two million dollars to me is not a lot of money invested in something that is as important as nutraceuticals. Are there monies in other places that need to be identified?

**Ms. Wowchuk:** Mr. Chairman, when you look at the \$2.2 million per year, that's just the operating money of the Food Development Centre. We made an investment of \$13 million into equipment and we're working on that one. So there is a lot more that's in there. So that's for the Food Development Centre. But there is money for the Richardson Centre and the St. Boniface Centre coming from the ARDI side of it from the federal-provincial agreements and that's where the money comes, from those.

\* (16:40)

When the Richardson Centre was being built, we made a significant investment into it as a province.

The St. Boniface Research Centre had just last year got an investment of around \$17 million from the federal government. On top of those things we have—since we reorganized the department, we created the Food Commercialization and Marketing Branch of the department. So it's created in Portage la Prairie. There's additional staff that will be working in that department to work on food commercialization and move it along. So, to say that we're only spending 2.2, that is just for the operation of the Food Development Centre.

**Mr. Derkach:** I think I recognize that, but I'm still not clear on how much money is being invested by the Province into the Richardson Centre for operating on an annual basis. ARDI provides money and that's a provincial-federal program, but how much operating money goes from the province to the nutraceutical centre at the University of Manitoba?

**Ms. Wowchuk:** When the business plan was put forward for the Richardson Centre there was a request or a commitment of \$1.5 million in operating money for five years. The goal is to get them to the point where they're operating without supports. So we give them \$250,000 a year per year for five years. As well, we have \$2.5 million in ARDI and about 21 percent of that goes into projects there—but that's projects driven—but the operating is \$250,000 per year for five years. That was the agreement.

**Mr. Derkach:** Where is that found in the Estimates book? Because I don't find the line in here for that.

**Ms. Wowchuk:** You won't see a direct line because that's coming out of ARDI money. That's coming out of ARDI money, but there is a portion of annual grants that cover the lab operating costs for the Richardson Centre, for functional foods and nutraceutical, for the operation of other facilities. But those come through the university budget; it won't show up here. That's where that fund will be identified.

**Mr. Derkach:** That's exactly my point. I was wondering what the department itself, the department responsible for commercialization of food products rural economic development, is investing in the Richardson Centre to enhance, whether it's small business who want to be processing or large businesses that want to develop production.

I know there are grants that go to the university; there's a partnership in ARDI. I'm talking about specific monies flowing from this department to the Richardson Centre for operating and ensuring that

we enhance the ability of people who want to develop products to use the Richardson Centre.

**Ms. Wowchuk:** When we talk about food commercialization, that does not happen at the Richardson Centre. Food commercialization happens at the Food Development Centre. That's their role. Richardson Centre is research on functional foods and nutraceuticals. So we provide funds to the university, and from the university they make a decision where those funds will go.

For example, we provide a grant of \$868,300 to the university and that is used for research in different projects. When this facility was built, what they came to us and asked us for was a specific amount for operating, and that's what we committed to, operating dollars. But we also have created the Department of Science, Technology and innovation, and most grants are allocated out of that department.

So there is what we provide here, but there are many more research grants and supports that come from another department. It is the way we have organized our government, and by creating this new department, that is where additional money would come from.

But certainly Commercialization is Food Development Centre, but this department does not provide direct funding for the universities. That comes from the Department of Advanced Education as well, and there would be funds for research coming from STEM. We provide the amount, as I said, of \$868,000 for programming.

**Mr. Derkach:** I'm running out of time, Mr. Chair, and I have to move on to other little areas that I want to touch on.

One of the areas is the local economic development corporations. We have had significant concerns expressed by the local community economic development officers and the community development corporations that, in fact, their funding is not increasing, it's decreasing, and they're having difficulty in operating.

I want to ask the minister if she can identify for me the area where we can find the grants that are provided to community economic development boards for the enhancement of economic development in the communities.

\* (16:50)

**Ms. Wowchuk:** Mr. Chairman, the information that the member is looking for is on page 125. It is under

Grants and Transfer Payments, where there is \$957,000. It's included in there, and the amount for development corporations is \$544,986, and the amount has not gone down. It's the same amount that it was.

**Mr. Derkach:** So can the minister tell me how much, or what the formula is for economic development officers and development corporations for funding for their particular areas?

**Ms. Wowchuk:** These grants are following the same model that was established about 10 years ago. It hasn't changed. They were negotiated with the RDCs and no specific formula is followed. It was what was negotiated and it is the same model that's being used now as then. There has been some—*[interjection]*—no, there hasn't. I'm looking at the wrong line. So the amount has basically stayed the same.

**Mr. Derkach:** So is the minister telling me that over the course of the last eight years the monies afforded to the RDCs has not changed at all?

**Ms. Wowchuk:** That's right.

**Mr. Derkach:** The minister's department is getting increases on an annual basis to run her affairs and her offices and her department. How is the minister expecting these RDCs to continue to operate on the same monies that they were given eight years ago?

**Ms. Wowchuk:** These are municipal entities and they don't only get money from the Province. They have the ability to get money from other sources. There are municipal contributions that go to help them operate and we have not reviewed them; we have not put additional resources in, but we are not their sole funder.

**Mr. Derkach:** I know that the Province is not the sole funder. I mean it's never been thus, but my issue here is that we have development corporations that are trying to enhance the opportunities in their communities through the hiring of an economic development officer, yet the Province's formula has not changed in eight years. Now this isn't any different than any other entity. If there are increased expenditures because of inflation, because of cost increases, certainly, that has to be reflected in the grants that are given to these organizations.

I want to ask the minister why money hasn't changed over the course of eight years. That's a long time. I can see something staying stagnant for a year or two. We're talking about eight years here, Mr. Chair.

**Ms. Wowchuk:** The member knows that when we reorganized the department we put additional economic development staff into each of the offices; we hired additional people. These people work very closely with the development corporations. When you have these kinds of corporations and you put in development officers in each region of the province then you have to do some review. I can say to the member that we are doing some review of the corporations, of how do we get them to work more closely with the staff that we have, and they are working more closely. We are doing a review of all the different levels of economic development support that's out there and looking at how we might work more closely together.

**Mr. Derkach:** Well, Mr. Chair, unfortunately, that doesn't answer the question.

I'm supportive of the concept that was developed regarding the GO centres and the way that they have been operating. I think it's a reasonable concept, one that hasn't diminished the services in the communities. I will put on record that I congratulate the department and the minister for taking that initiative and developing those centres, because I do believe just from watching the operations thus far that they are continuing to work with local community ag offices and economic development offices. I think we need to have a higher level of expertise in these GO centres in the areas of rural development. I believe that we should be utilizing graduates from the Brandon University master's program in rural economic development for those programs, and also utilizing more frequently the expertise of local developers. I think there can be some enhancements there, but I think that will come over time. I do believe that the GO centres are entities that can enhance the ability of rural Manitoba to grow.

I want to end by asking the minister whether she has any commitment to increase the youth program that used to be called the green program, specifically for rural communities and rural Manitoba. The only way that rural Manitoba is going to retain its youth is by ensuring that the employment opportunities are there for them. The Green Team program and the youth program were ones that were, I think, quite readily endorsed by local communities, and we need to enhance that part of the rural development program, and also the round tables that were established to look at the strengths and the weaknesses of communities. I'm just going to give the minister a quick minute for a response.

\* (17:00)

**Ms. Wowchuk:** I thank the member for raising some important issues. The Green Team is a very important program. I believe that we have about \$1.8 million budgeted for that program, and there has been an increase in that program.

On the round tables, I believe that we're moving to the next round of them where we're doing community vitality indicators. There are four communities that we're working with, trying to develop a new model of how we might be able to work and have round tables, but we're piloting it in four communities.

**Mr. Chairperson:** Order, please. The hour now being 5 o'clock, as previously agreed in the House, this section of the Committee of Supply will now move on to consider the Estimates of the Department of Conservation.

Shall we briefly recess to allow the minister and critics the opportunity to prepare for the commencement of the next department? [*Agreed*]

Five minutes? We will recommence at seven minutes after 5 o'clock.

*The committee recessed at 5:00 p.m.*

*The committee resumed at 5:09 p.m.*

*Mr. Andrew Swan, Acting Chairperson, in the Chair*

### CONSERVATION

**The Acting Chairperson (Mr. Andrew Swan):** Will the Committee of Supply please come to order. We will now be considering the Estimates of the Department of Conservation. I would remind members that, also, as agreed in the House, we are now operating under the Friday rules regarding no quorum requirements and no votes. This means that any vote today which is not unanimous will be deferred until the next sitting of Supply.

Moving on to Conservation, does the honourable minister have an opening statement?

**Hon. Stan Struthers (Minister of Conservation):** He sure does, Mr. Acting Chairperson, thank you very much.

I want to say that I'm very pleased to embark on a discussion of the Estimates for the Department of

Conservation, and I'm very happy that we can put forward such a progressive conservation agenda on behalf of the people of the province of Manitoba.

\* (17:10)

*Mr. Chairperson in the Chair*

I want to begin by acknowledging the hard work of staff in the department. I don't think we can say enough for the kind of work that the civil servants across government, but, I may be a little biased in saying this, specifically the folks that work in Conservation, from my deputy minister right through to all of those who are in the front lines day to day conversing with the people of Manitoba, protecting the resources of the province of Manitoba. I can think of no other department, from Antler, Manitoba to Churchill to Middlebrow in the southeast that are out on the rivers and the creeks and in the forests and in the communities dealing with issues, issues that are far-reaching and important to Manitobans.

In a few minutes I'll be introducing some of the staff that will be assisting me today. One person that I want to pay some tribute to was a person who won't be joining us here today, who is retired since our get-together on Estimates last year; that was Dave Wotton. Dave was our assistant deputy minister. Dave put a lot of years in with the department and I really enjoyed working with Dave. In particular, one time at Whitehorse, when Dave led up the cause on behalf of all of the ministers in terms of humane trapping and dealing with the federal government on a specific issue that I thought Dave really did well, so I want to wish him a happy retirement.

I want to be really clear that this summer was extraordinary. A number of extraordinary events that were dealt with by extraordinary people in our department, in other departments, right across Manitoba. I toured through the southern part of our province just after the tornadoes—a system of tornadoes, really—went through that area, the one that hit Elie and other areas. I stood in the middle of a farm south of Baldur, a farm that was in that family's name for 126—it was a century farm. After being in the family for 126 it got smashed within 30 seconds. That farm, a number of farms throughout the south—I toured with the EMO officials from Baldur right through to pretty much the Saskatchewan border. I came across emergency officials, municipal officials, Conservation officials, folks from Manitoba Hydro, all going above and beyond the call of duty in making things as good as they could for the people that we all represent.

That same storm went through our Whiteshell Park. It blew down a whole pile of trees. I toured that area and from the air it looked like a combine had gone through and laid over one poplar tree after another. Huge amount of damage to our park. We were lucky that nobody was hurt. But we had fire crews and other officials from the eastern region and around the province step up to the plate and really do a yeoman's job in getting that park up and running again for that July long weekend. That was after the blowdown and after a huge amount of rain that also complicated the work that they were doing there.

We had some very good work done to repair damage and replant trees at the International Peace Gardens, the Peace Gardens, which mean so much to our province and to the state of North Dakota, and we moved very quickly to make sure that we helped out there.

This year I think another very successful, very significant step was in terms of contaminated sites where we set aside \$39 million to begin that kind of very important work and I'm very proud of the MOU that we've signed at Grosse Isle with the R.M. of Rosser and their reeve, Alice Bourgoquin, and we got some movement on that.

We helped out in others and not just our own jurisdiction, but our officials were called upon to help out fighting fires in Québec. We had a couple of requests that we came through with, and sent 40-some firefighters, forest firefighters, to the States to help with some fires—I believe it was in Montana. That was something that I was very proud of as a Manitoban, seeing Manitobans helping not only each other out, but helping out people in other parts of the country and the continent.

It was a year of success for our parks reservation system. When we inherited the old system, we knew we could do better than that and boy, did we ever. I'm glad that the Member for Lakeside (Mr. Eichler) is right with me on that. We increased by 36 percent the number of reservations that Manitobans and people visiting our province booked. For the first time ever, we exceeded the number 50,000. We're well over the 50,000 mark. But most importantly, we have a system that is built by Manitobans, run by Manitobans, staffed by Manitobans. Manitobans can make decisions from one year to the next, make decisions like multiple reservations, which was a question actually at this table last year in Estimates, and we heard the request and responded in such a

way that Manitobans could make multiple reservations.

In the area of protected areas, there are two things I want to just very quickly touch on. One that I'm really proud of is the protection of Little Limestone Lake. Nowhere on the face of this earth is there a better example of a marl lake, a lake that changes colour as the temperature of the day increases. I've been there a couple of times; it's absolutely spectacular. It's a stone's throw off of No. 6 highway, about 40 minutes north of Grand Rapids. We're working with the Mosakahiken Cree Nation and with the folks at Grand Rapids to protect that lake, and I think that is something that is very worthwhile doing.

We also have a Memorandum of Understanding that we signed with the City of Winnipeg. I was really pleased to get together with Mayor Katz and make sure that we were able to take a look at some of the very significant green spaces within the city limits, some parts of our capital city that deserve protection, and we're going to work with the city to make sure that that happens.

The other part of our Estimates, of course as well, is an analysis of the Sustainable Development Innovations Fund, and I look forward to talking about some of the good programs that that fund contributes to in every part of our province.

I think the last thing that I'd like to do is welcome the new critic, the Member for Tuxedo (Mrs. Stefanson). Welcome to the wonderful world of Conservation. I think you'll find that the people that are involved in it are great and that the issues we deal with are varied. I know that you know that these are important issues to Manitobans.

If I myself or our staff can be of assistance to any issues, whether they be the kind that grab headlines or the kind that simply need to be worked on, just contact me. The Member for Tuxedo knows where I hang out here at the Leg.

So, with those few words, I look forward to a discussion on my Estimates, Mr. Chairperson.

**Mr. Chairperson:** We thank the minister for those comments.

Does the official opposition critic, the Member for Tuxedo, have any opening comments?

\* (17:20)

**Mrs. Heather Stefanson (Tuxedo):** Thank you very much, Mr. Chair, and I thank the minister for his

kind words about my recent appointment as the critic responsible for the environment, actually, which, of course, the Department of Conservation falls under the purview of that.

I have had the opportunity already to meet with a number of stakeholders in various communities across our wonderful province, and a number of issues have arisen as a result of those. Certainly, I understand that throughout the course of this Estimates process various colleagues of mine will be coming forward to ask many of those questions as well, because there are a number of issues in our various communities that we would very much like an answer to.

Having said that, I just want to also thank our leader, the Member for Fort Whyte (Mr. McFadyen), for giving me this opportunity. I have found all of the portfolios that I have had the honour of being the critic for challenging and I'm very much looking forward to the challenges within this portfolio as well. I look forward to the days and months and maybe years ahead of questioning and essentially holding the government's feet to the fire and this Minister of Conservation's (Mr. Struthers) feet to the fire when it comes to issues that preserve our environment, that preserve our forests, our wildlife and our lakes and just make us a better province and make us, hopefully, working towards achieving having a much cleaner environment within our province.

So I very much look forward to the challenges that lie ahead. The minister did have a statement earlier with respect to this being National Forest Week, and, unfortunately, in the House I didn't get the opportunity at the time to finish my response to his ministerial statement. I think our leader actually got into some issues after, which I think are of concern certainly to members on our side of the House, but indeed to a number of communities across Manitoba.

I find it somewhat passing strange and a little bit alarming that the Minister charged with the administration of The Manitoba Hydro Act (Mr. Selinger) would come out in the same week with an announcement of their decision to extend the lines down the west side of Lake Winnipeg at a time where it's National Forest Week. There's a number of forests that will be affected as a result of that announcement, and I do have a number. I just think the timing of that announcement is unfortunate. Obviously, a priority is not necessarily placed on our

forests and wanting to preserve those but we're looking at making an announcement which makes no sense from an environmental perspective and from a fiscal perspective. Certainly, I think that there are going to be a number of questions surrounding that in the days ahead, that we will have the opportunity to be questioning this minister.

So, having said that, I know that time is limited when it comes to our Estimates process. We have a number of issues that we would like to jump into and question the minister on with respect to various communities across this wonderful province of ours.

I thank the minister again for his kind words on my appointment. Having said those few brief words, I'm looking forward to getting into the Estimates process.

**Mr. Chairperson:** We thank the critic for those opening remarks.

Under Manitoba practice, debate on the Minister's Salary is the last item considered for a department in a Committee of Supply. Accordingly, we shall now defer consideration of line item 12.1(a) and proceed with consideration of the remaining items referenced in resolution 12.1.

At this time we invite the minister's staff to join us at the table, and I would ask the minister to please introduce them once they've arrived.

**Mr. Struthers:** Thank you, Mr. Chairperson.

I'm joined by my deputy minister, Don Cook. I'm also joined by four assistant deputy ministers: Bruce Bremner, Regional Operations; Bruce Gray, Finance—we share Bruce with Water Stewardship; Fred Meier, with Programs; and Environmental Stewardship, Serge Scrafield, at your service.

**Mr. Chairperson:** Does the committee wish to proceed through the Estimates of this department chronologically or to have a global discussion?

**Mrs. Stefanson:** We would prefer, and I know the minister and I had a brief discussion about this before, and I think he was amenable as well to have a global discussion if possible.

**Mr. Struthers:** Discuss globally, act locally. I'm agreeable with it.

**Mr. Chairperson:** All right. Second that.

Just to be clear, we're going to do a global discussion. Thank you.

My faithful assistant here who keeps me on track as Chair has also pointed out that this now means

that all resolutions will be passed once all the questioning has been completed. Understood.

**Mrs. Mavis Taillieu (Morris):** I want to thank the minister for the opportunity to have some questions here, and thank the new critic, the Member for Tuxedo, and certainly congratulate her on her new critic responsibilities. Also, I want to say hello to the staff here and thank them for the job that they do.

I do have a couple of questions from my constituency. In regard to contamination sites, I'm informed that there is a site in St. Malo termed Parc Esso in which there was a service station on the site. It's very close to the water source for the town. I'm informed by the local council there that they have been questioning about this and the removal of this site and have been told, in fact, and I will ask the question because I'm told that this one of the five worst contamination sites in the province but that it's going to take at least three years before they get to cleaning this one.

I'd like to ask the minister in regard to the Parc Esso site in St. Malo if it is in fact one of the five worst contaminated sites in the province, and what is the time line for cleaning up this site?

**Mr. Struthers:** We have booked \$39 million to deal with the contaminated sites that are found around the province. Our specific mandate here, mostly it is to deal with those abandoned gas sites that may have a tank and may be polluting into the environment. The basic premise that we've accepted is that the polluter needs to pay for the mess that they've left behind, and one of the first things we do when we deal with a site is we try to make a determination as to who is responsible to pay for that clean-up.

\* (17:30)

That's where this particular site at St. Malo is. We're trying to assess responsibility for this. I want the site to be cleaned up. I don't want the people of Manitoba to subsidize, in this case, Esso, for the mess that they've made. If we determine that we can't trace that to Esso, we can't in any way pin that responsibility, that liability, onto them, then we as a Province have stated that we would pay for that. We don't want to leave it out there leaking into the water table, and that sort of thing.

So we're at the stage with this right now where we're trying to make that determination at the site. My instruction is that we do that as thoroughly but as quickly as we can, because I don't want the people of Manitoba to unnecessarily have to clean up for a

company who has a responsibility to do that. So that's where that one is.

**Mrs. Taillieu:** Mr. Chair, can the minister confirm then, that it is in the top five contaminated sites in the province?

**Mr. Struthers:** No, Mr. Chairperson, at this stage, given the work that we've done there, we can't make that determination as to a ranking. It is booked as one of the ones that we need to be moving on. For example, we've got an MOU in Grosse Isle, where we know, where we've done that work, where it's kind of like the No. 1 that we're moving on and there's others that we're doing that and we need to prioritize these. But this one's still at the point where we're figuring out the liability and then making sure that if we can't do that then it does become something that we would pay for a cleanup.

**Mrs. Taillieu:** Mr. Chairperson, it sounds to me then, that you've prioritized the one in Grosse Isle as the worst one, so you're dealing with that one right now. Is there any way, then, to determine where in the ranking this one is going to fall and how long? Like what time frame is the community looking at here?

**Mr. Struthers:** In relation to the one at Grosse Isle, when we look at prioritizing, there are a whole number of factors that come into play: the kind of damage, the kind of impact on human health. In that particular case, there are people that have got these—I've seen them, I've been there—these big ugly looking filters that's in the community hall there. It's in some residences. Part of our analysis is the impact on human health: is there a direct line between the contamination and people living in the area? Those sorts of things.

The other part of this is—and part of my job is—to make sure that we've got the resources in place to do these kinds of analysis. We have added five resource staff particularly to do these kinds of evaluations at each of these sites. One site may be smaller than another, but it might have a bigger impact on human health. If there's a school that's over top of a site, that's different than if there's a—oh, I don't know—if there's a golf course over the site. Or whether there's a pasture over the site. Those kind of determinations need to be made on a case-by-case basis. So it really depends—the ranking of this one that my colleague from Morris is interested in—depends on that work that we do in the beginning to analyze the site and its human health impact. That is the assessment that we're doing.

We're looking at about 239, I believe that we've got booked for assessments. So that's going to take some time to go through that, but I understand that some of that work is beginning at this site already.

**Mrs. Taillieu:** Mr. Chair, the site I'm referring to, the site of the former Parc Esso in St. Malo, I'm told it's very, very close, within a few blocks of the school there. I know that it's very close to the source of the town's drinking water.

I know that the government is concerned about clean drinking water, but, you know, we see a lot of boil-water advisories around the province. We certainly don't want to see any further contamination into any water supplies for the town, for the surrounding area, and, certainly, if there's anything leeching into the soil, it's going to be close to where children are playing. I think that's an issue that needs to be dealt with fairly quickly. I think the rural council of DeSalaberry has written to the minister, so I know he's familiar with this particular site, and I've written as well. I do not think that I have received a reply yet, but I will look forward to that.

I would like to move on to another question and this relates to the strawboard plant at Elie, recognizing that that plant has had many difficulties over its lifespan. However, something was brought to my mind very suddenly just in the last month when we saw an issue of stubble burning that was very close to where those bales are. So I'm thinking, what would happen should those bales catch on fire, because if you think you saw smoke across the highway from a fire in a ditch, you can imagine the fire and the smoke that would arise when there's 160,000 rotten bales sitting there. It would not be a clean burn. It would be an ugly black smoke that would probably blanket the city and blanket the province for a long, long time.

Now, I recognize, of course, that this is a privately owned enterprise at the time, and Dow Chemical has committed to doing something with these bales. However, we do know that they are not operating the plant, so they're not decreasing the number of bales that are stored there. There has been some attempt to decompose those bales and to use them for other purposes, but the fact is there are so many of them that it's going to be a hazard and it is a fire hazard. Not only is it a fire hazard, it's a health hazard.

I guess what I'm saying is that should Dow Chemical or any future owner of that property, should it just revert to the Municipality of Cartier, it

is going to be something that I believe the Province will have to deal with as an environmental issue because should there be a fire or anything related to those bales, it will become an issue for the Province and not just for the town of Elie or the Municipality of Cartier.

I'm wondering what kind of emergency plans or has the minister looked at the possibility or the repercussions of any disaster that would result from these bales catching fire.

**Mr. Struthers:** I think my colleague from Morris has her finger on a very—it's a complicated issue but it's one that she's exactly right, could end up really becoming a problem for a lot of people in that area and throughout the southern part of our province.

The role that we have in this is working with Dow in terms of a decommissioning plan that they had to have in place when they assumed ownership of the site. We've been working with them in implementing that decommissioning plan.

\* (17:40)

The other part of this is that there's not just the bales we're dealing with, with Dow, but there's a private individual with some of those bales on his land as well. I think the Member for Morris (Mrs. Taillieu) is aware of that. So we have to try to not only work with Dow, but we also have to work with that private individual. They've been working at taking apart some of those bales and trying to work it into the land, but that's a lot of bales to work into land. That's going to be part of the solution that they come up with.

Our responsibility is to make sure that Dow Chemical and the private individual follow the decommissioning plan through to the end so that we don't end up with that kind of a smoky hazard that none of us around this table want to see happen. That's the role that Conservation plays in this.

On a bigger picture, I'm hopeful that some day we can find a more innovative process to deal with straw bales, whether it's a 160,000 or 190,000, whatever the total number of bales is. Not to just take care of the bales that are there which are of varying degrees of quality, but also that we can put some people in rural Manitoba to work adding value, not just taking care of a stubble-burning, hay-burning kind of an issue, but also adding value to something that many of our constituents produce, i.e., straw. I think, from a bigger picture, that's where we have to go on this.

But specifically, we work with Dow in terms of their decommissioning plan. The other part of this, too, of the decommissioning plan, is to work with Dow in terms of rodent control. One thing I notice when I drive by there, back and forth to home to Dauphin on the weekends, is a huge number of hawks and other birds of prey licking their beaks as they sit on top of a great big round bale, or a pile of round bales, as they watch for mice and rats and whatever else is down there that they are interested in turning into lunch. Part of our decommissioning plan has to be a rodent control plan to go along with a disbursement of those bales angle to the plan.

**Mrs. Taillieu:** I do recognize that there has been some work done to try and decompose some of those bales. Of course, the issue is not so much with the straw as with the twine that's holding the bales together. It doesn't decompose and it gets caught up in any kind of machinery that tries to take the bales apart.

I know that there's been some use of those bales for erosion control, for example, in the floodway. Certainly, they've tried to turn them into pellets, I think, that would be used in burning in stoves. I'm not too familiar that, but I've been told about it.

I think, though, that the issue may become one that the bales are going to be left there. You can always fight over about who's responsible for them, but in the end if they should catch on fire, there needs to be a contingency plan to deal with the issue should that arise.

I know that I spoke with the minister in the House a while ago now. It was probably just after the Dow Chemical plant was closing or decommissioning or beginning that process about alternate uses for that plant because it is a plant that's sitting on the Trans-Canada Highway. It's in a good location: rail, highway, energy sources. It's close to the city of Winnipeg as well. There have been a number of proposals, I think, for looking at what can be done in that plant.

This is just some of the things that people have been talking about, but one of them is the use of these kinds of bales as cellulosic material in the production of ethanol, straw bales that can be used in ethanol production. I'm just wondering if the minister has had any conversations with interested parties, or if there's any will on the part of the Department of Conservation to look at doing something in this plant.

**Mr. Struthers:** Our prime focus in this is as the regulator and overseer of the environment licence and decommissioning plan. From a department's point of view, that is by far our main focus. The Dow reports do us on a quarterly basis. They update us on what they've been doing in a number of angles, I guess, on this, and they do keep us informed of the negotiations they're having with other companies. Maybe another company that might come in, they could have a better use for those bales than having them sit there and be a fire hazard or a house for rodents. So I know that the company itself has been active. I know that they've been in conversations with some of my colleagues in other departments in order to try to facilitate a sale to somebody else or better use for those bales, but our focus really needs to be as a regulator. That's our department's No. 1 job in this and making sure that a decommissioning plan is unfolding as it should.

**Mrs. Taillieu:** Well, thank you very much for that, Mr. Minister.

Just another question on a different topic again, and this will not come as a surprise, but I need to talk about the deer population. I am speaking both for myself and for the Member for Charleswood (Mrs. Driedger). I know there is an increasing population of deer in that area, and when she speaks about moving the deer out of that area, you know, that moves into my area, and when we move them out they just, you know—they need to go farther away from populated areas because there are a huge number of them. They are causing a number of accidents on roadways, I think, which is a major, major concern. With the number of accidents, car collisions with animal life, particularly deer on the roads, I think that MPI premiums probably are going to see a rise because there have been so many deer accidents.

So I guess my question is: What can be done? What is the Department of Conservation looking at doing to curtail the deer population or move them?

**Mr. Struthers:** Yes, I kind of thought the Member for Morris might bring this to the Estimates procedure and I've got to say, if I were in her shoes, I'd do the same. I'm not saying this in a way to discourage her from bringing it forward or to excuse the number of deer that she's dealing with, but every single region of our province is experiencing tons of deer. We became aware of many problems in terms of the deer, so much so that we actually did a deer survey in the Capital Region.

**An Honourable Member:** How many responded?

\* (17:50)

**Mr. Struthers:** Well, we mailed them all letters and we're taking the response that if they don't respond to us, then there's no problem, and then the Member for Morris doesn't really have a concern. But we're counting the deer, let's put it that way. We divided the city up into grids just like you would do over the Duck Mountain to count moose or elk or deer or bear or whatever you're doing, and I don't know if that's ever been done over the city of Winnipeg before, but just the volume of calls that we were getting about deer indicated to us that we had to do something like that, No. 1, so that we could share that information with agencies like MPI, the City of Winnipeg and others, so that we could all sit together and talk about some things that we have to do.

One of the things that was very clear that we need to do is that we needed to get, fairly quickly, into the hands of people living where the deer numbers are high, some very practical advice to people about what they should and shouldn't do. There were some people who, well, they like the fact that maybe a deer wandered through their lawn; they put a little food out for the deer and next thing you know, they got 30 in their backyard. So we've had to get some very practical tips to people on what to do and what not to do.

So we did get a pamphlet out. We did get a pamphlet, a brochure, into mailboxes here in the city of Winnipeg and we—I guess what maybe one of my worries over the long haul is that, with what we see projected in terms of climate change, every winter seems to be getting milder and the one person that can do the most to help us in this is Mother Nature. We haven't had a cold winter and we haven't had the kind of losses in deer that we've seen in a while and that's part of the natural cycle. What we end up with is, I think, an unnatural cycle where you end up with too many deer and not enough controlling factors that are just natural controlling factors.

So part of my worry is that this is a problem that's going to be with us for a while and we've got to work out ways in which us and the City of Winnipeg and other municipal leaders in the R.M.s that form the Capital Region can work together on to try to minimize the damage that these deer do.

**Mrs. Stefanson:** I know the Member for Morris (Mrs. Taillieu) was asking these questions on behalf of her constituents and the constituents of

Charleswood and my constituency in Tuxedo. About a third of the constituency is actually in Charleswood and I think there is no question about the fact that there is a problem with the deer population there. I know the minister has sort of talked about, you know, how they're sort of trying to come to realize that there is a problem, but there's lots of these sort of studies and round table discussions and all of these sorts of things. We already know that there's a problem and I guess, the question is, what are you going to do about it?

**Mr. Struthers:** Part of what the member refers to as studies and discussions is centred around what other communities have done that have been successful. Between us and the City of Winnipeg and others who we've been working with on this, we've been looking at other communities to see what they have tried. The first lesson that has come out of that is to get information out to people as quickly as you can. Useful information. The city of Philadelphia tried some sort of a euthanization/sterilization scheme that landed everybody in hot water who had anything to do with it, and didn't really prove to be all that effective.

So our approach is to draw from other jurisdictions who have been into this some useful information that we can then get into the hands of people who are living in the city with a lot of deer. I think that's the most useful thing that we can do to help residents who are putting up with deer in their lawns and in their gardens. I think that's the best approach.

**Mrs. Leanne Rowat (Minnedosa):** I have a couple of just quick housekeeping issues from my communities and then I have a couple of issues that reflect my critic area.

The first issue is with regard to the provincial park in the Chimo Beach area in the R.M. of Daly. I understand that there's some development happening in that area. I'm curious to know what type of consultation that has taken place with the municipality and the town of Rivers and the development of some of the lots in that area.

**Mr. Struthers:** Could my colleague from Minnedosa clarify? Is it a consultation that we are doing in terms of more campsites or is it cottages? And this is at Rivers Park?

**Mrs. Rowat:** Sorry, it's near the dam up toward Chimo Beach, so it's on the highway heading west. No, sorry, east. Out of town.

**Mr. Struthers:** We're very much in the planning stages in terms of electrifying some campsites that are in there. We're at a very early stage, and at the appropriate time we'll be including the R.M. and the town. That's standard practice that we do in an area. It's part of our camping initiative.

What we've found is that we have many campsites that are unserviced go unused, and we have people being turned away because there's not enough electrified sites. So this is one of the parks where we want to provide more accessibility for Manitobans, for her constituents. But as per normal course, we would be talking to the local people that she has talked about.

**Mrs. Rowat:** Mr. Chairperson, I have met with the R.M. of Daly and the Town of Rivers prior to coming to session, and this was an issue that was raised by those municipalities just wanting to know what was going on. They didn't seem to feel that they were being included in, you know. They don't own that property or that area, but they do definitely have an interest in what's going on in their district. So I would encourage the next opportunity, that staff can take some time and meet with the municipalities and just give them an update. They're very curious and they're very supportive of any initiative that would increase or enhance the quality of campsites within their community. They appreciate the park there and they would really like to be a part of "the know" of what's going on.

On another point, provincial park signs: The community has indicated that that is an issue and they would strongly recommend that the minister consult with staff and determine whether that is a viable option. They feel that there's not enough signage indicating there's a provincial park just on their doorstep. So they would like to see your involvement and your support in providing better signage for that park especially along No. 10 highway where people may just want to scoot off No. 10 and come down the highway and enjoy the park.

Just wanting to know what the status is of any discussions that have occurred there and whether a decision has been made, and if there has been a decision made, is there an appeal process if the decision has been negative?

\* (18:00)

**Mr. Struthers:** Well, first of all, just to add to what the Member for Minnedosa said about the approach

to provincial parks. We find that quite often when we sit down with the neighbouring R.M. or the neighbouring town, we get some good ideas on what we do. We've improved our park system a number of times by talking with local First Nations, local R.M.s, and have been able to offer something that's much more in tune with what the local area believes would be successful. So that's good advice.

We have been dealing with the signage, not just at this park but at others. I think we've got some great parks and I want more people in them. I don't want people driving past them on the highway, not knowing where to turn off. We've initiated that in terms of this park and others. We worked with the department of Transportation who, I understand, ultimately sticks the sign in the ground. Our instructions have been clear that we want people to know where our parks are and we work with Transportation to make sure that that happens.

**Mrs. Rowat:** I would like to know what the status then is of the Town of Rivers and the R.M. of Daly's request to have signage. Can you give me a time line?

**Mr. Struthers:** I think I should undertake to get back to the Member for Minnedosa on that. My view is the sooner the better on that one and others. It is a regulation that falls within the Department of Transportation so we have to work with them on that. They know that our wishes are to make sure there are signs showing where are parks are, but if there's any more detail on it, I can get back to the member.

**Mrs. Rowat:** Thank you. I'll hold the minister to that and I'll be tracking you down on that issue. I appreciate that.

Highway 1 bridge near the Grand Valley Road: This has been on my radar screen now for two years. There's debris that was in under the bridge. We've asked staff to remove the debris. They've removed it out of the water and they've put it on the side of the bank. I don't know if this is your area or not, but I'm raising it.

That debris is now on the side of the bank. As soon as the water levels increase this coming spring, that debris will just go back right into the river. It's a continuing issue. I've had several people call me on it. The debris is on the side of the bank under the bridge. It needs to be removed. It's a hazard. It's an eyesore. So I don't know if this is your area, but I

would strongly recommend somebody move the wood.

**Mr. Struthers:** I'm trying to understand just where it is, under a bridge on the highway over a river. If we could get some more details, I'd like to get our guys out there to lead the clean-up of that. But, again, it's almost like what we were talking before with the polluter pay. I know R.M.s, I've had people come to me, a farmer who's bulldozed a bunch of trees into the ditch and then refuses to clean it up. Then the R.M. will send him a bill. They very consistently follow the polluter pay.

I'd like to know exactly where it is but also who's responsible for cleaning that mess up. I don't want it to end up back in the river. That's not good, but I don't want somebody just tossing out debris into the river and letting the provincial government come to clean it up.

**Mrs. Rowat:** I agree, and there have been carcasses found in some of that debris so there is a major issue with, you know, health issues as well with that. This has been ongoing for two years. I can send you the e-mails. I probably have a good dozen from, you know, at least two individuals that have continually e-mailed me and saying, I'm driving down No. 1 highway, I'm crossing the bridge, that debris is still there. I will gather up my e-mails, and I will get them to the minister. Hopefully, we can get rid of the debris and rid of the health concerns regarding carcasses and move on. So I will get that to you and hopefully get that debris moved out of the river bank.

The next question is regarding health inspectors. I know that at one point, about a year ago or so, there were vacancies which were fairly alarming in the area of health inspectors. I just wanted to know what the present number of health inspectors are in the province and if there are any vacancies and where they are, and we'll go from there.

**Mr. Struthers:** In my opening remarks, I was talking about some of the successes that we've had over the course of the year. This is one of those that we can put in the area of a success, not because we transferred it over to Health but because, before we transferred it over to Health, we offered an incentive package and some salary improvements that encouraged some people to apply for some PHI positions, and we filled those vacancies.

What has happened is that those health inspectors have been returned to the Department of Health where they came from in about 1973, I think,

'72-73, and that's now under the purview of the Minister of Health (Ms. Oswald). It was felt that that was a better fit, that there were a lot more advantages to being in Health with some of their other colleagues that they could have some synergies with, such as the Medical Officer of Health, for example, out in the regions. So that has taken place. I don't want people to think that it's successful because we transferred it. It's a success because we did have some people step up and fill those positions.

**Mrs. Rowat:** Mr. Chair, my understanding is there were 30 positions, 30 public health inspector positions, under your watch or within your department. Did you transfer 30 staffing years to the Department of Health?

\* (18:10)

**Mr. Struthers:** When PHIs are part of our department, they work closely with the environment officers. Between the public health inspectors and the environment officers, there were 62. There was an overlap and a co-ordination of jobs between the two.

What was felt was necessary to transfer over to Health was 27 FTEs on the public health side. The thinking was that on the Health side, there was already staff there that would complement the 27 PHIs. I believe that their belief was that they came out ahead on this because of that. We still have within our purview the environment officers. The work that they do is more suited to the mandate of our department and public health inspectors were more suited to the mandate of Health.

**Mrs. Rowat:** So, just to clarify, there are 27 positions that moved into the Department of Health. My question would be which area in Health did they get transferred to and have their roles remained the same, if you have that information. Also, are these full-time positions that have transferred over?

You've also indicated that—Oh, I'll leave it at that, and I've got one more question regarding the number of environment.

**Mr. Struthers:** Yes, first off, they are full-time. They're full-time; they are FTEs, so that they're full-time. The advantage that they saw in being part of Health is that they are now able to concentrate on, to do the jobs that they were intended to do, the jobs that they were trained for as opposed to an overlap with environment officers. Now they could do their

job 100 percent of the time. So, that was a real advantage to them. But, yes, they are full-time.

**Mrs. Rowat:** Thank you. You've indicated there were 62 in total between the two areas, the health inspector positions as well as the environment positions. How many positions now would be considered in the environment role of the leftover?

**Mr. Struthers:** Yes, if the Member for Minnedosa would permit me, I could get back to her with that information. Part of the problem is the environment officers are spread out throughout the regions, over four divisions. There are livestock people; there are people who work on Environment Act licences. These are all environment officers: on-site waste water management, disposal grounds, petroleum, the contaminated sites that we had worked on before. We've got people working on emergency response and the dangerous goods and handling transportation stuff, plus the ones in the regions. I don't have a total number available to me right now, but I can commit to come back with that.

**Mrs. Rowat:** Thank you, I will follow up on that. I am very curious to see where these positions have moved around to and the roles that they play and what type of responsibilities these individuals have. So, thank you.

**Mr. Cliff Graydon (Emerson):** Mr. Minister, in your preamble, you spoke of a tornado that did extreme amount of damage throughout the province recently. The question I would pose: has there been any payment to individuals or municipalities for the damage that was caused by that terrific windstorm?

**Mr. Struthers:** I hate to sound like I'm going to pass the buck, but I'm going to pass the buck. The minister responsible for disaster financial assistance, the Minister of Intergovernmental Affairs (Mr. Ashton) is responsible for those. The R.M.s that I met with and the towns that I met with, I encouraged all of them to get their resolutions to the Minister of Intergovernmental Affairs. I saw a list of those who did and it was a fairly—I think all of the ones that I'd heard about had put their resolutions forward. Then the minister responsible for that would then be following up with those R.M.s. I hope I didn't sound too much like I was passing the buck, but that is another department.

**Mr. Graydon:** In the situation of the blowdown in the Big Whiteshell, is there a salvage project underway for the timber that's there?

**Mr. Struthers:** Yes, that was a massive blowdown. Our worry is, first of all, when those trees dry out, they become prime area for a fire to start and to move in an area that is surrounded by cottages and recreational facilities and lodges and a whole lot of infrastructure that's important to us all.

The other thing we're worried about, of course, is that that's prime area for disease. We do not want to give any opportunity for pests to be getting a foothold and causing damage as well. I was really proud of my staff who worked really hard to do the clean-up out in that area, and also worked with the southeast quota holders to give them an opportunity to make use of that wood rather than just letting it hang around as a fire hazard.

Yes, we've actually estimated a half a million cubic meters of a blowdown. That's a pretty sizable annual allowable cut for any quota holder. There are multiple quota holders that we're working with to provide them with some economic opportunity, but also provide us with some of the safeguards against fire and disease.

The other thing we've done is we've had an open house in the area, so the people in the area could understand exactly what we're doing with that blowdown. I think it's important to assure people that we are acting promptly with that so that we minimize any kind of danger that exists.

\* (18:20)

**Mr. Graydon:** In regard to that particular blowdown in regard to the quota system that you made available or the quota that you made available to the logging outfits in the southeast, is it my understanding that the roads leading out of there will only carry a half load and become an economic deterrent to doing any logging in that area?

**Mr. Struthers:** Yes, the member has got his finger on a challenge that we face in this. We actually faced it in his riding in the Sandilands, I believe the year before last, where there was a blowdown there as well. On these kind of issues, we work very closely with the Department of Transportation.

The roads, and it's not just the roads, it's the bridges as well that we need to be creative with. We want to get that wood out of there for all the reasons we stated earlier, but we don't want to beat the daylight out of the roads and the bridges and cause even more of a problem on the way out.

I've really been pleased with the approach that our people and Transportation have had. I think they're trying to be creative in getting that wood out of there. My understanding is in the winter it'll be a different story with the road conditions, but we want to get that wood out of there as quickly as we can. So Transportation and us have been working on ways in which we can do that without causing irreparable damage to our bridges and roads.

**Mr. Graydon:** Thank you for that, Mr. Minister. The reference that you made to the Sandilands brings to my attention that on Friday there will be a tree planting with Manitoba Forestry and Qualico Group of Companies who will be doing a tree planting there.

I would like to also bring to the minister's attention that although there has been a certain amount of logging done in that area, there was a lot of the timber that was not logable or not usable, and I would question his department for not cleaning that up. It still remains to be a fire hazard. The trails through the Sandilands are not usable at this time for either snowmobiles or ATVs and the question would be: When would the minister see that that problem and fire hazard is rectified?

**Mr. Struthers:** Yes, I said some kind words today about the Manitoba Forestry Association and handed out the seedlings. We're aware of the tree planting that's taking place.

At the time of the storm at Sandilands, I was really very proud of how quickly our department got in there, quicker than any other agency involved in that particular event. We also went in there quickly with the southeast quota holders again, and what we did was we looked at the trees that were closest to the community that represented the biggest threat to the community and worked. I was pretty impressed with the kind of planning that went into it, starting at a small circle closest to the community, getting rid of the trees that were down, and then working our way out to a bigger radius around the community.

If there are other areas there that need to have that attention, then I'll see to it that that happens. But we prioritized in terms of the trees that were of the most danger. They had to be out first, and we did really do a good job of that, but I'll follow-up with the suggestion that the Member for Emerson has made.

**Mrs. Stefanson:** Just to jump into the cottage lot draw process which is obviously being affected by the blockade set up by the Hollow Water First Nation. Originally, as I understand, according to the government's Web site, the lot selection meetings were to be held in the order of eastern Manitoba, western, northwestern, Interlake, et cetera, et cetera. Now this being the eastern area which was scheduled for Sunday, September 23, I gather it's been postponed until further notice. The next one is scheduled in the western area for this Saturday, September 29.

What is happening with respect to the meeting that was scheduled for September 23? Will that meeting be held prior to the meeting that will be held in the western area on September 29?

**Mr. Struthers:** Because of the events that we've been reading about in the paper and the member has put her finger on, we decided it was prudent to take any of the lots that were associated in this draw with the eastern region, to take them off, to postpone that for now. So we're moving forward with the west, the Interlake, Lake Manitoba area, and some of the north. In the west, we've got, I believe we have about 120 lots in the western region, with about 200 or more people interested in them.

The other thing that I want to note is that for this draw we've made a change, I think, that will help people move these lots, and that is they can put their names in for lots in a number of these different regions, and we will draw until those lots have all been claimed. We thought it would be prudent, given the timing, to postpone the lots that are involved in the eastern region.

**Mrs. Stefanson:** Well, as I understand that in the cottage lot process, various applicants will choose first choice, second choice lots. If people have chosen lots in the eastern area as their first choice and maybe the western area or another area as the second choice, they're obviously placed in a very serious predicament. Obviously, the entire process is sort of turned upside down. I think that it's obviously going to be very unfair for those people who fall into this kind of a category.

I'm wondering if the minister could answer. Obviously, we need to resolve this—

**Mr. Chairperson:** The hour being 6:30, and as previously agreed in the House, committee rise.

## EXECUTIVE COUNCIL

\* (15:00)

**Madam Chairperson (Bonnie Korzeniowski):** This section of the Committee of Supply has been dealing with the Estimates of Executive Council.

Would the First Minister's staff please enter the Chamber.

We are on page 31 of the Estimates book.

**Hon. Gary Doer (Premier):** Yes, there were a number of issues I took as notice yesterday.

Did the budget reflect the decrease in positions from 44 to 36? Yes, the transfer is reflected in the '05-06 budget. The budget was \$3.4 million in the '03-04 and \$2.6 in '05-06. This reflects a transfer of eight FTEs from the Executive Council.

There is a discrepancy, the question of a discrepancy would be Public Accounts and the printed vote. Public Accounts adds \$950,000 to Executive Council as essentially the flow through, as I indicated yesterday, from the international MCIC grants of \$950,000, so the matter is reconciled, I think.

Which political staff, quote-unquote—because they're all working for the public, of course, in the political office—Alison DuBois, Mark Veerkamp and Jackie Friesen are three political staff appointed in the last 12 months that are presently working in Executive Council.

Pay increments on Mr. Balagus: No, there are no bonuses, standard pay increments. The salary was \$131,000, not \$135,000. The increases reflect, as previous practice in the Premier's office, the payment in lieu of pension; the vehicle allowance, which is attributed to and accounted to in the Public Accounts; and the increments in regular pay increases, one of which was retroactive, so there's been no extra increment or similar provision.

The Hydro, I was correct, paid for the charter flight to Nelson House for that announcement that I was on. It was with the Executive's Hydro. I believe the CEO of the corporation and at least one of the vice-presidents, if not two, were on that flight. I think the other people came from Thompson who were there for the announcement.

If there were any positions in Executive Council being reclassified: No.

What is the Goldin contract? We talked about that. Actually this is a Canadian firm. There was some controversy in the past about the pins we hand out. The pins typically cost about 25 cents apiece, tremendous demand from Legions, sport teams and other community groups.

The projects under Hydro, I don't think I took that as notice, but it was Kettle project. It was the first one in '66-67, and there were further ones negotiated in the seventies. That would be under, I presume, Ed Schreyer, Jenpeg and Long Spruce, so the Kettle and Jenpeg were separated by different governments.

**Mr. Hugh McFadyen (Leader of the Official Opposition):** Thanks to the Premier for those clarifications. There are a couple which remain outstanding from yesterday, and I just wonder if in addition to the, quote-unquote, political staff that joined Executive Council in the past 12 months, if he could indicate the names of those who left Executive Council, and just indicate where those individuals are employed currently?

**Mr. Doer:** I made a mistake. Alison DuBois left, and she is gone to take her Ph.D., and Jackie Friesen was appointed to Executive Council. Mark Veerkamp was transferred from Executive Council to CEDC. And in terms of the list that you've got, Andrea Coulling worked in government before, in January '07, and she has departed for the private sector.

**Mr. McFadyen:** The transfer, it was Mark Veerkamp, I think the name was, to CEDC. Is that a transfer into a permanent civil service position as contrasted with an Order-in-Council serving at the pleasure position?

**Mr. Doer:** I'll have to take that as notice. I'll report back tomorrow on that. I don't know the how-to. *[interjection]* Pardon? *[interjection]* Is it a yes? Okay. Well, I'll double-check. I always like to double-check.

**Mr. McFadyen:** The beauty of double-checking with Estimates is eventually you get to the last day and then there's 12 months before we get to follow up again. But I'll leave that as an aside. *[interjection]* It does fly, actually, when you're having fun.

I didn't quite understand: the Premier said something to the effect that Jackie Friesen had been transferred within Executive Council, or was an employee of Executive Council but left. It wasn't clear to me where she went to.

**Mr. Doer:** Jackie was doing her part for population increase in Manitoba. She left government and was reappointed to government in a position she held most effectively in Cabinet Communications.

**Mr. McFadyen:** Well, in that case, I want to extend my congratulations to her.

Madam Chair, I just want to come back. There was one other response the Premier provided as a follow-up to questions that were asked yesterday, and I would just note before I get to that question that he indicates salary was \$131,000 for Mr. Balagus, not \$135,000. The \$135,000 reflected other benefits that were non-salary benefits, which I understand, which means that there was an increase of roughly \$26,000 over three years from a base of about \$101,000, which still sounds like something in the range of 8 percent. The Premier says those are related to standard merit increments.

It sounds high to me, an 8 percent increase from one year to the next, average of eight years, when you consider what's going on with cost of living in other sectors. I just wonder if he could just provide some additional explanation.

**Mr. Doer:** In essence, there are close to four wage increases because one is retroactive. We apply the public service settlement to all excluded people in the public service after the contract is negotiated and ratified.

I'm just recalling, but in '03, the contract was not negotiated before the election, and it certainly wasn't negotiated quickly after the election. There was a certain lag time, so there would have been that retroactively and, of course, we didn't start Mr. Balagus at the top of his range. We started him in a position where he got increments, a very comparable practice to when the Leader of the Opposition was in the former premier's office. The increments flowed to the staff, and then you could sometimes get increases. Obviously, the increment and the general wage increase can produce results that are higher for a short period of time until the increments are over.

I can get even a further delineation, but that's the explanation of it, and, again, it was exactly as Mr. Sokolyk had received in the sense that he'd been there three or four years, I believe, and got increments and general wage increases. There was no adjustment. I would require an Order-in-Council to adjust the salary from 2003 to add an increment. I would require an Order-in-Council, and if I did that, it would be fully divulged to the opposition because

they're public documents. I don't recall, and I've asked people to double check, whether there was any increase beyond the regular increases that do not require statutory approval, and there just wasn't an extra payment.

But there was an extra situation with the salary increase that did come in retroactively, so he would have had, in a very short period of time, the increase. I think almost every civil servant in 2004 got a 2003 retroactive increase. If I recall correctly, the MGEU filed for arbitration. Then there was a subsequent settlement, so that delayed, during the period of time that we may or may not have gone to arbitration, there was a definite gap of time which would result in the increase being—you'd have to go back to '03 because it was higher because of the retroactivity.

I did not sign an Order-in-Council. I got the nod. I'm pretty sure I would remember that. Actually, I'm pretty sure somebody would ask a question about it the second—before the ink dried, as you would expect.

\* (15:10)

**Mr. McFadyen:** I assume when the Premier talks about somebody wanting to ask a question before the ink dried, he's referring to members of his Cabinet. I leave that as an aside, Madam Chair. I know that members of senior staff are not always popular with other members of Cabinet, so that's why I make that comment, not that I ever had conflict with members of Cabinet in the day. *[interjection]* Well, that's what I saw on the ad. I did see that in an ad.

Back to the Premier again, just coming back to the staffing numbers within Executive Council. He indicated, and this name is reflected on a chart that we were provided that's dated September '07, Andrea Coulling as a member of staff. He indicated one member of staff who left and then returned and then two others who departed.

I wonder, is there a vacancy created by virtue of that? You've got one new staff and two departing staff over the last 12 months or was that vacancy filled? Is there another new member, I guess is the question, from the past 12 months?

**Mr. Doer:** On September 28 when Andrea leaves, we will have a vacancy, both in person and in spirit.

**Mr. McFadyen:** Thank you for that clarification. I thought that you had said that she had joined within

the past 12 months. *[interjection]* She did and she's departing. Okay, all right, it's a revolving door.

Madam Chair, I just want to ask the Premier, just to come back on one other question. I asked yesterday whether there were any other departments or Crown corporations or provincial government agencies that covered the Premier's travel expenses. He was good enough to confirm that Hydro had paid for the expenses, which makes sense to me, for the flight to Nelson House in connection, I presume, with the Wuskwatim announcement.

I just want to ask the Premier whether there were any other departments, Crown corporations or provincial government agencies that covered any other travel expenses in the course of the past 12 months.

**Mr. Doer:** I mentioned Intergovernmental Affairs. I'll double-check the other departments. The total will be provided consistent with FIPPAs. The quantum will be provided. The source, I can also get to the member. It's primarily Intergovernmental Affairs, but it may have been other departments from time to time, giving speeches, et cetera. But I'll get the exact—I'm just thinking of the internal trade discussions that Bernard Lord and I led. Sometimes the budget came out of the Trade department. But the quantum, the total, would be obviously disclosed, including any memberships in Davos.

**Mr. McFadyen:** I wonder if, just to go back over the period of time since our last Estimates which were in May of last year, May of 2006, which in some respects seems like a lifetime ago but really wasn't all that long ago, if the Premier can just give an overview of the—before I get to the question, I just want to premise it by repeating what I said yesterday, that travel is an important part of the Premier's job. Representing Manitoba is a critical component of the Premier's responsibilities, so there's no issue at all with respect to the need to travel from time to time on important trips.

But I do want to just ask if the Premier can provide a summary of his travel from last year's Estimates, May of 2006, until the present, his official travel. We don't need to hear about Lac Lu.

**Mr. Doer:** Well, I can provide that. I'll get that. I think it's going to be available. I actually like to read it sometimes. I've noticed the odd time there's been a double-counting of something, not by anybody. I sometimes want a reality check to make sure it's accurate.

We also are subject to FIPPA obviously on the travel and I believe we're looking at having a regular disclosure of that information similar to members' allowances and expenses.

**Mr. McFadyen:** Madam Chairperson, I wonder if, when he returns with that information, the Premier can just outline the purpose of the trip, the destination, and who accompanied the Premier on those trips in terms of the delegation.

I just want to ask the Premier, going back beyond the previous 14 months, if he, in any official capacity, has travelled with a Mr. Costas Ataliotis.

**Mr. Doer:** No. I don't even have to check that.

**Mr. McFadyen:** Madam Chairperson, I want to ask the Premier whether he's travelled, going back to 2000, with either the chair of Crocus, Mr. Rob Hilliard, Sherman Kreiner, and/or James Umlah over that time period.

**Mr. Doer:** No.

**Mr. McFadyen:** Thank you. Just coming back on the issue of Crocus. This is the first time we've had Estimates since the Cabinet document was made public. That was the November 2000 Cabinet document that contained within it two fairly startling statements: one that Crocus was headed towards a liquidity crisis, and, secondly, that it was operating outside of its prospectus.

I want to ask the Premier if he could explain what direction he gave to his Minister of Finance (Mr. Selinger) when that paper came forward to Cabinet, given the very startling and serious nature of the statements in that document that were signed off by his then and current Minister of Finance.

**Mr. Doer:** Well, it's also the first time since the member opposite argued that the government withheld those documents from the Auditor General and the Auditor General's office confirmed that it made up the Auditor General's report. It was considered by the Auditor General. I still haven't got an apology from the Leader of the Opposition to the Minister of Finance.

I'm also quite concerned that the member opposite has had correspondence with the legal team suing the Government of Manitoba. Of course, our concern is for the taxpayers of Manitoba. The lawsuit goes back prior to our administration in government. It's not just the Province of Manitoba. I know that that's a fact conveniently overlooked, but I'm going to be very careful on any comments I make here

because we're fully accountable in any lawsuit and we'll be judged accordingly.

We also have the Auditor General's report which, contrary to allegations made, did have the document, did consider the document. So I'll be dealing with issues in a lawsuit before the whole provincial government back to 1992 and I'll be very careful.

**Mr. McFadyen:** Thank you. I agree on the need to be careful, which is why it's important to get the chronology right in terms of the Cabinet document that the Premier is referring to, that there was a rushed letter issued by the new Auditor General who was not a part of the Crocus audit, the contents of which were leaked to the media by the Minister of Finance (Mr. Selinger) before the letter was released the next day.

At the next Public Accounts meeting, the gentleman, whose name I will double-check, who actually oversaw the audit issued a document which backed away from what the new Auditor General had said about that document. In fact, the individual within the Auditor's office who issued the statement indicated that the document had not been provided to the Auditor's office by the Premier (Mr. Doer) or the Minister of Finance (Mr. Selinger), which is exactly what I and the leader of the third party had said.

\* (15:20)

In fact, what had happened was that the Auditor's office stumbled upon the document in the course of reviewing monitoring files within the Department of Industry and, when confronted with that document, chose to not make reference to it in the Auditor's report. It was background knowledge that was possessed by the Auditor's office, but it was not referred to in the report.

The problem that the Auditor's office was confronted with when coming across the document was that in 2001 the Premier and Minister of Finance had amended the Auditors act to prevent the Auditor General from having access to Cabinet documents without the prior permission of Cabinet. That permission was never sought, and the document was therefore not specifically referenced in the Auditor's report.

Anybody who has read the Auditor's report in its entirety will know that the specifics of that document were not referenced in that report. So it is important, as the Premier says, to get the record right and be factual about what actually happened, which is why

I would suggest that if anybody owes anybody else an apology, the Premier may want to apologize for not proactively giving the Auditor access to the Cabinet document and for not proactively granting permission to the Auditor's office to make use of that document in the course of their audit.

So, coming back to the question, because that's a long diversion but I think important to correct the record. Coming back to the question, I wonder if the Premier can indicate why he didn't direct his Minister of Finance to warn Crocus investors of what they were aware of along with a public plan for getting the fund back up on its feet and heading off its liquidity problems and instead chose to keep it secret.

**Mr. Doer:** I would point out that the former Auditor General said, and I quote, in the *Winnipeg Sun* that the documents would not have made any difference to the findings in the audit. The Auditor General did comment on issues of pacing, and we did take responsibility for that when the Auditor General reported.

I would point out that we're aware that the member opposite has had—his office has had communication with the defence lawyers or the lawyers from the group that is suing the government. It is our responsibility to protect taxpayers. It is the primary responsibility to protect taxpayers and we have the Auditor General's report.

We have a civil suit that is proceeding or before the court. It goes back to 1992-93 when the legislation was passed. The Province of Manitoba is defending the lawsuit that goes back to the previous Premier and the Auditor General report stands. I certainly support the findings of the Auditor General, accept responsibility for them and accept the fact that we took a proactive approach when Crocus was balking at the documents being released. We wrote a letter to Crocus, said that the new legislation we brought in allows for the Auditor General to go into private companies, i.e., Crocus. The Auditor General has the authority to do that, and we will back up the Auditor General in court. So we did take a proactive approach.

The law provides access to every document, every file in every department dealing with any audit. That's just plain and simple, and the Auditor General, of course, has access, power, subpoena and anything else so it's completely open, but the Auditor General report stands. It's a document for this Legislature and the member opposite may want to

join the legal team of the plaintiffs. That's his right, but I'm not here to try the court case in Estimates of the Premier.

**Mr. McFadyen:** We certainly share the frustration of all Manitobans, which includes the 34,000 Manitobans who lost money in Crocus who are the plaintiffs in a lawsuit, at their inability to get at the facts and the truth and to shed some light on exactly what happened in the lead-up to the fund's collapse and for that reason make no apology for communicating with advocates for those 34,000 plaintiffs, with a view commonly to get at all the facts so that we can establish what happened and allow Manitobans to know what happened and ultimately arrive at a fair settlement for those who have been impacted—fair both to taxpayers who are funding the defence of this lawsuit, the protracted, expensive "Russian winter" defence that the government is mounting to the lawsuit, which is at the expense of taxpayers. We think that full disclosure of the facts to the people of the province of Manitoba is in the interest of both taxpayers and Crocus shareholders and make no apology for working with others who may have information that is relevant.

We certainly contrast that with the witness tampering that went on by his former Minister of Health and Minister of Family Services in the 1990s which was the subject of some comment, and we certainly are not in the business of trying to influence the testimony of witnesses. We are simply interested in gathering information as it becomes available, Madam Chair.

So the Premier (Mr. Doer) hasn't responded to the question. They've launched a cover-up strategy for more than four years after they became aware of the problem. Shortly after the Cabinet discussion in November of 2000, in fact, the first opportunity after that discussion, they introduced amendments to the Auditor's act which did two things: one is open up labour-sponsored funds to scrutiny; secondly, to close off access to Cabinet documents. So, certainly, the government was prepared to allow the funds to be held accountable and to be scrutinized but wasn't prepared to be scrutinized itself. So, when the Premier says that all documents are available to the Auditor, the fact is that the Auditor is not in a position to make use of Cabinet documents without Cabinet's permission. That sets up a barrier to the Auditor. It slows down the audit and creates a vacuum in terms of the information that's available to the public.

I just want to ask the Premier because it would have seemed—the Premier is known for being a smart political operator—it would've seemed to me that it would have been politically prudent at the time of that Cabinet discussion to have made disclosure of the problems, and I certainly would have expected they would have made every attempt to blame the problems that were coming to the surface on the previous government. That does happen sometimes after governments change and then embark on a program of attempting to correct the problems. I don't understand why they wouldn't have taken that course of public disclosure, outlining what the problems were, providing some explanation as to what might have caused them, and embark in a public process of working out the problems in full view of those who were to invest in the fund. I wonder if the Premier can just explain why the choice was made to take a cover-up strategy as opposed to an open and transparent strategy.

**Mr. Doer:** Well, we have full accountability with the Auditor General's review; we'll have full accountability with the lawsuit. I'm surprised that the member opposite is working in concert with people that are trying to sue the previous government and this government when he confirmed that he is working with the advocates for the plaintiff. I think that there is a—I guess our concern is the taxpayers. The member opposite, a year ago, said he would settle the lawsuit after he urged me not to settle it in the House. We are defending the position and we're actually defending the former government. Part of the allegations in the lawsuit deal with the existing legislation that was passed as far back as '92-93.

So, my job here is—and the member opposite is working in concert with the plaintiffs' lawyers, you know. I'm working in co-operation with defending both our government and the previous government on the lawsuit. We believe that taxpayers are our responsibility, and we're fully accountable and we will continue to be accountable.

The member opposite used the White Russian metaphor, the "Russian winter." I hope he's not Napoleon in this regard and I think he might be.

\* (15:30)

**Mr. McFadyen:** Without getting bogged down in the confusing historical reference, I want to just come back to some of the things the Premier said which are just dead wrong. This defence is about protecting the Premier, members of his Cabinet and his friends at Crocus. It's got nothing to do with

protecting Manitoba taxpayers because if he was interested in protecting Manitoba taxpayers, he would have been prepared to get to the bottom of what had happened and then work out something that's fair instead of this protracted defence which is now being undertaken. The lawyers representing the government are very good lawyers. They bill accordingly.

I just want to ask the Premier if he can indicate what the cost of the defence to taxpayers is to date.

**Mr. Doer:** I'm sure you could have your critic ask in the Department of Competitiveness. I'll double-check who the actual authority is for the expenditure of money. The member opposite indicated that he was willing to settle. That in itself is expensive. That's his position. Our position is to defend, not only our government but the previous government. The case goes back to '92-93. It goes back to the original legislation. It goes back to the directors appointed. The original directors were appointed under the legislation. The original team of directors goes right back to an initial document signed off by one Eric Stefanson. It includes our time and the previous government's time.

We certainly know that the cost was \$12 million for an inquiry. We asked that question, which is also expensive. I've called inquiries before when I thought that some of the other checks and balances were not adequate. Driskell is one, Sophonow is two, and I promised to have an inquiry on the unfortunate death of Phoenix Sinclair after the alleged murder charges have been dealt with. But I'm conscious of the costs and the benefits of any inquiry. Obviously, I will be accountable in court, as we said before, and we will provide our answers under cross examination with no fear of providing those answers. I'm certainly knowing that the member opposite has confirmed that he's working with the plaintiff's lawyers. Just to say that this court case is before the courts and it goes back to the previous government and our government, and we'll defend our actions.

**Mr. McFadyen:** Thank you, and I know that his lawyers are in communication with the plaintiff's lawyers, and I've said that we are interested in gathering facts wherever we can so that the people of the province know what happened, and we can get past the cover-up.

The Premier has made some incorrect statements in his response. He indicated—or misleading statements, I guess may be a better way of describing them—that the lawsuit goes back to the former

government. If you read the statement of claim, which I know he has, he knows that the allegations of negligence and abuse of public office and the serious allegations arise from 2000 forward under his government. Certainly, the statement of claim lays out facts in order to provide some contextual background that goes back to the 1990s in terms of the start-up of the fund, the legislative framework and other things. But the allegations relating to negligence and other serious abuses of public trust, all are directed at his NDP government. I think that's important to have that on the record.

It's not surprising, when we consider what we know to this date, which is that the warnings were coming forward through 2000 in terms of the looming liquidity problems at the fund and the fact that the government was aware that the fund was operating outside of its prospectus and not disclosing that to the public. Clearly, it doesn't take a lot of common sense to view that as outrageous behaviour when it comes to protecting the public interest, and now, as a result of that, Manitoba taxpayers are faced with a \$200-million claim, with legal costs mounting and interest running on that claim as well.

So my advice and my position is that we should get to the facts as quickly as we can, stop paying the lawyers, cut off the interest payments, and, on the basis of the facts that are available, cut taxpayers' losses. What the Premier's decided is to put himself and his friends at Crocus first, allowing the interest to climb, allowing the legal bills to mount, so that Manitobans are left in the dark, and I think that's unfortunate. But, clearly, the Premier's not in any mood to make any admissions, and so it will go on and on and on, I would assume, Madam Chair.

I just want to come back to a statement the Premier made with respect to the motion the government had brought to strike the claim, and the Premier made a statement in the media that he could pretty much guarantee the government was going to win that motion and have the claims struck out. As we now know, Justice Hanssen rejected the government's motion, did not strike out the claim, believed there was enough merit to the claim that the lawsuit should continue, so I wonder if the Premier wants to apologize now for wrongly predicting and trying to suggest that the government had an easy case on this motion to dismiss.

**Mr. Doer:** Yes, in fact, the member opposite, when he first took the position, he said that we should move to the motion to dismiss, and then he took a

different position four weeks later that we should settle. So it's a very convenient legal position on the one hand and on the other hand. So we've been consistent in terms of defence. The issues will be resolved in the court. There are appeals, potentially, Wellington West and Pricewaterhouse, the Securities Commission, a number of individuals. I would point out the seven, quote, so-called "insiders" to Crocus that were named in the lawsuit were all under the—six out of the seven were under the Conservative regime. I know the member opposite only focussed in on one in his questions and the media accordingly did the same.

The lawsuit's statement of claim goes back to March 21, 1992. It covers seven and a half years of the previous government and four years of our government and, as I say, six out of the seven, quote, "insiders" were obviously appointed by the previous government. The legislation that arises, the first allegation is dealing with the legislation, the Auditor General already raised that issue. So we'll be accountable in court and we accept that.

**Mr. McFadyen:** Well, the Premier conveniently, in giving the chronology, again fails to make the point that the allegations of negligence and abuse of public trust and other issues all arise from the period 2000 forward. Certainly, there's contextual background going back a number of years, but certainly none of the serious allegations relate to anything that happened under the previous government. I know that, if they had evidence to support that position, they would have produced it by now and they haven't. So I would suggest that—he's cast aspersions on Mr. Stefanson and other members of the former government routinely in his defence on this case—rather than doing that without any evidence to support it, the Premier might want to be cautious and careful in terms of how he tries to spin the chronology that's laid out in the lawsuit.

But, moving on to a related question, I want to ask the Premier whether he had discussions with GrowthWorks and was privy to any of the discussions or played a role in connection with the GrowthWorks takeover of the management of ENSIS that was recently announced.

**Mr. Doer:** I didn't have discussions with GrowthWorks. I mean, GrowthWorks was in the public domain in terms of even Crocus back in—a few years ago, I guess, '05.

\* (15:40)

Just in terms of chronology, the lawsuit's statement of claim goes back to March 21, 1992. That's not something that's spinning; that's the fact of the case. Secondly, on aspersions, I just stated the fact—and I'll table in the House tomorrow—the Memorandum of Agreement between the Manitoba Federation of Labour and the provincial government at the time that was signed off as the basis for the genesis of the legislation, and that is a factual statement. It was in and around the time of March 21; I know it was 1992. I'll provide it to the member. I'm not casting aspersions. I'm just stating the chronological facts when a case begins.

The case is against the Province of Manitoba. The Province of Manitoba is cited from March 21, 1992 until its seven and a half years under the Conservative government, four years under our government, and it's still the Province of Manitoba. We've had other cases before where lawsuits emanate from different administrations and carry on from one administration to the other. The initial allegation is dealing with the initial legislation that has already been commented on in the Auditor General's report.

**Mr. McFadyen:** Again, not to continuously go over the same ground, but the allegations of negligence and other serious misconduct related to the period from 2000 until 2004.

I want to just come to statements that the Premier made in the House in response to questions prior to that Cabinet document coming to light. He made a statement in this House that all representations to us were that Crocus was strong. Given the Cabinet document that he had seen six years earlier that said it wasn't strong, I wonder if the Premier wants to take the opportunity to apologize and correct the record.

**Mr. Doer:** Well, you're taking my comments out of context as usual. I know they do that in moot court at the university. But if you read the whole statement you'll find that I was talking about my dialogue with Mr. Chipman. I was dealing with him on the development of the proposed MTS Centre, which was opposed by the Conservatives. I was also discussing with him—informally he mentioned the great success of National Leasing. But if you go back in *Hansard* there's a context. If you want to keep taking things out of context, don't expect me to answer out-of-context questions.

**Mr. McFadyen:** The Premier, I will acknowledge, is very good at parsing and picking the part of the

question that he wants to respond to and giving half-answers. So that's why we have to sometimes keep coming back on these issues. That's a common tactic of people who don't want to be candid. He'll provide a narrow response to a question but is certainly not prepared to be candid on the issue of what they were told. *[interjection]*

Well, there was an exchange that went back and forth over what he knew about Crocus, and the statement was deliberately narrow. In any event, we now know that he didn't think Crocus was strong and that he had had representations from his own Minister of Finance (Mr. Selinger) that it wasn't. Presumably he takes the advice of his Minister of Finance seriously and doesn't completely disregard it. There are times when probably he should, but presumably he takes it seriously, and it's interesting that he would choose to leave that out of his response when we're talking about his knowledge of what was going on.

Just moving forward on this issue to recent events. The Premier indicated he didn't have any communications with anybody at GrowthWorks with respect to their takeover of ENSIS. I just wonder if he can indicate whether any members of his staff or any government staff had such communications who may have then reported those to him.

**Mr. Doer:** I'll check to see if anybody had. I heard the media reports on it.

I think GrowthWorks was something I was aware of in the media with the different options that the former board of Crocus was looking at. There was an issue there of liability and the government. We did not proceed to protect the board members with liability. We did proceed to have the tax reduction extended. But I'll double check on GrowthWorks. I'm trying to—I saw Bill Watchorn a couple times socially, I don't think he—I'm trying to recall our conversations—it was a golfing fundraising event. I'll check with my staff, but I certainly knew the announcement when it was made, and it was a private deal.

**Mr. McFadyen:** I just want to ask the Premier whether he shares the concern that we have expressed that the takeover of the management of ENSIS by a Vancouver-based firm in effect shifts head office decision-making responsibilities out of Manitoba.

I know in the short run, other than Mr. Watchorn who's joining the board of GrowthWorks, the

officers and staff at ENSIS are, at least in the short run, protected, but the decision-making power, broadly, has been shifted out of Manitoba consistent with a trend that we've seen over the last number of years in the number of head office jobs declining in Manitoba.

I want to ask the Premier whether he is concerned about the fact that the transfer of head office responsibility to ENSIS has left Manitoba.

**Mr. Doer:** Well, if the member opposite will recall, I was concerned that the pension decision on teachers back in the '90s, prior to my election, was transferred to the head office and management of that fund. So I think it's Greystone, or I'll try to get the right name. I'm just trying to remember. The company was transferred to Regina out of Winnipeg.

To be consistent I would prefer the management and ownership in Winnipeg. Having said that, I listened to Mr. Watchorn's explanation in the media about the need to get bigger funds to survive. I don't know whether it's, quote, a red flag, but I was aware in the media that there were financial statements about ENSIS, before Crocus, dealing with some companies that were losing money. After Crocus it certainly accelerated in terms of the participation rate.

Mr. Watchorn also talked about the performance or lack of performance of other labour-sponsored funds, but I believe that there have been some positive developments with funds in Manitoba, the Canterbury fund that was established by a number of prominent Winnipeggers in Manitoba. Mr. Weinberg, of course, has been involved in that fund initially.

I also know that the Richardson fund has established again a venture fund here in Manitoba, an investment fund rather, in Manitoba and there is more head office capital here now with the creation of that new fund in Manitoba over the last four years. I think those are positive developments.

Obviously Crocus and ENSIS, Crocus is a very negative development, and ENSIS, I would have preferred it to be managed here in Manitoba. But I did listen to Mr. Watchorn's reasons for making that decision, and his view was, as the manager of the fund responsible for private-sector criteria, that this was in the best interest of the shareholders. He therefore made that decision as he saw fit, and I assume it was ratified by a body that is responsible

for the ratification of those decisions, not by government.

**Mr. McFadyen:** I would just note the Premier's acknowledgment that the Crocus fiasco played a role in the problems that ENSIS faced and contributed to a need on the part of ENSIS to find a manager or a partner that had national reach in terms of marketing.

I certainly want to acknowledge the success of Marty Weinberg's fund as well as the Richardson fund. They've done a good job of raising capital, important to note, of course, that they're not restricted to investing here in Manitoba, although my understanding is that they're either looking at or have invested in Manitoba companies. But much of it is invested outside the province. Notwithstanding that, it is a strength of our province that we've got people with the capability to manage funds of that size.

\*(15:50)

Danny Bubis is another individual in our city who has taken on significant responsibilities in managing mutual funds, very significant ones. So certainly we have some talent. It is disheartening, however, when the focus is outside the province in terms of the investment targets for those funds.

Just back to the topic of head office jobs, I wonder if the Premier can indicate, and if he would be prepared to table the log of, any communications he had with Mr. Schmidt, the CEO of the former Sask Wheat Pool, now CEO of the new merged company with Agricore, about head office jobs here in Manitoba.

**Mr. Doer:** Well, they are private correspondences, but I have met with Mr. Schmidt on the Agricore-Sask Pool decision. Obviously, they're keeping all their operations here including the malt plant in Portage la Prairie, the oats plant rather. The head office jobs, some of them have remained in Manitoba. We've met with Mr. Schmidt. We know that some of the jobs were purchased by Richardsons to deal with competitive issues. Other jobs were purchased by a second company, and we certainly are worried that he's made it very clear publicly in Regina and in Winnipeg that the merger would reduce head office staff. He's been clear about that.

He's also made it very clear that there would be a process of reviewing all operations in both places over the next 12 months to determine the staffing and the location. Obviously, if we were quite worried when a Regina-based company purchased a Winnipeg-based company, we were quite worried

about that. We see mergers the other way, though, you know, all the time. When Great-West Life buys another company and merges it and reduces its staffing, or Investors buys another company—and I was just meeting with the principals of those two companies this summer as well—it is a net gain. In fact, in the financial services sector, there's a considerable amount of gain in jobs and employment over the last number of years with the successful mergers that have taken place.

But this one, the head office right now is in Regina, of the company. If it was a bidding contest between the Richardsons and Sask Pool, obviously we're working with the successful bidder because they won, but, you know, when there're two companies bidding, one located in Regina and one located in Winnipeg, we start from the belief that—and I'm not talking about this situation because I don't want to offend Mr. Schmidt in my discussions with him—but my general principle, not with this case, of course, it doesn't apply to this case, but the general principle is we prefer Manitoba companies to be the buyer not the buyee.

**Mr. McFadyen:** The numbers that we see on a net basis on head office jobs in Manitoba are disconcerting in that there's been a steady decline in the number of head office jobs, an increase in the number of actual head offices, but the number of jobs declining. It's the job number that's the relevant one when a person is looking at where they want to have their future. Whether they're a graduate of engineering or commerce or any other faculty or a graduate of a community college, they're looking at their opportunities to progress up through the ranks of companies. As head office jobs move to other places, it's certainly discouraging for people who are trying to make decisions about where to go.

I'm not suggesting that as of today we are in, by any means, a crisis, but we have a concern with the direction things are moving in, relative to other places and, in particular, the recent decision by James Richardson International to locate their Canola crushing operation in Saskatchewan rather than Manitoba.

The movement of jobs by the successful bidder in the wheat pool bidding contest of head office jobs from Manitoba to Saskatchewan and so many other indicators of growth in Saskatchewan in that economy and relatively poor growth in Manitoba, and in the case of head office job numbers, negative growth, decline in terms of head office job numbers.

I wonder if the Premier can indicate what, if anything, he has in mind as a strategy to reverse this trend.

**Mr. Doer:** The member opposite mentions a couple of examples.

I would point out that the Canola crushing plant in Yorkton has not proceeded. I would point out that the regime of attraction in Brandon, from the community of Brandon and from ourselves, was as attractive, if not more attractive. But the whole issue of transportation costs with the number of Canola producers has put the cost benefit closer to the majority of Canola producers—or the number of Canola producers—in Saskatchewan. We didn't agree with the decision, but we certainly believe that—and we've had, from Mr. Richardson, confirmed that the bids were positive.

We've had a couple of other value-added jobs in plants announced in Brandon just recently in the food processing industry, particularly related to the health food industry. Just a few years ago, we were competing, with the Simplot operation, against Saskatchewan, Alberta and Idaho for potatoes, which went ahead. We've been competing on value-added jobs in hemp. We've been competing on value-added jobs in the hog industry; Maple Leaf has announced and then shelved their plans to expand dramatically, even with considerable public money, the Mitchell plant in Saskatoon and has proceeded with their own amount of money in the expansion of the second shift in Brandon. I talked about Great-West Life with its takeovers of other companies and the additional jobs, considerable jobs, in this community. Investors, with its takeover of the Mackenzie Financial services, and the movement of jobs to Winnipeg. I'll have to look at the financial services jobs numbers.

The overall job creation situation is extremely positive in Manitoba. The GDP is predicted to be positive. The earning rates are positive. There's still a lot more work to do. Every possible opportunity comes available. There are some that argue that the government should not put any, quote, money, in. I notice that some of these investments, like Motor Coach, with a small investment in the composite location, has ended up producing hundreds of jobs, some at Boeing, 300 extra jobs at Boeing. I was just talking to Minister Prentice about it last week when we were in Ottawa, besides the other issues that the member and I worked on together. We talked about the composite potential for the C17 repair and what it could mean. So that has been a very positive

investment in manufacturing. But I'll check the actual jobs in the financial services sector.

Obviously, we are getting growth in a number of very, very major companies that are producing very significant careers. Just recently, as I said, I met with the principals, with the Power Corporation people in terms of their long-term planning, their long-term success and their great belief in Manitoba.

In terms of strategy, we believe education and training is the No. 1 priority for any government. I note that the Member for Brandon West (Mr. Borotsik) was just recently at an announcement where we further announced developments in the ACC college, the movement to the mental health site with expanded courses. We also are providing investments, seven percent to universities, to try to continue to invest in the future from where we were in the past, where cuts were the order of the day.

*Ms. Erna Braun, Acting Chairperson, in the Chair*

\* (16:00)

Of course, the member opposite pretty well duplicated the tax reductions we made to the corporate sector, the corporate tax reduction that we brought in. We had the highest corporate tax rate in Canada at 17 percent in 2000. It's now moving down to 12, and it's still more work to do. We had no change in the corporate capital tax. We've had no change in the manufacturing tax; we've reduced that. We've had no change on the machinery depreciation which we have matched the federal government's budget of February 2007, which to some degree has been helpful with the dollar and its rise of 15 percent in just less than a year and, of course, we pledge to eliminate the small business tax in Manitoba. We have the lowest small business tax in Canada, and we have pledged to eliminate that tax over the term of this mandate.

So we continue to chip away at the taxes on the corporate side, the education side, and on the personal side. You know, we've started from a pretty high base, and we continue to try to lower them on the corporate side but we don't believe in just the policies on taxes. We also believe in policies dealing with regulations. I think we've been evaluated to have the third best, but not the best in regulations. We're trying to continue to move in that area, behind B.C. and Alberta. We think we should do better. We believe in internal trade agreement in Canada, and we also believe in education and training as a key part of an economic strategy.

**Mr. McFadyen:** Well, the Premier likes to cite examples of companies and I know he likes to, any chance he gets, assign blame to previous governments for things that have gone wrong, but I note the list of companies that he indicated that are performing well in Manitoba are companies that were established here well before his government was elected. To be sure, the insurance companies controlled by Power Corp, Great-West Life, Investors Group and others—I find it surprising that you would be trying to take credit for the success of those organizations given how long-established they have been in Manitoba. I don't think that it would be entirely honest to say that it's as a result of any great initiative by his government that they have managed to be successful in this environment.

I also note the credit for the Maple Leaf expansion in Brandon and the reason for that is that Maple Leaf has the most modern plant in the country in Brandon. That was a plant that was built under the previous government, and so the rationale for Maple Leaf consolidating in Manitoba is because the previous government took steps—many of them opposed by him when he was in opposition—to create a good environment for those investments. Certainly, we're seeing the fruits of that today. In the case of Maple Leaf we see, in so many of the other examples he cited, companies that were established well before the life of this government.

So he talks about jobs. I would only note that we've gone from having the lowest unemployment rate in the country, now we've dropped four notches on that front, we now have the fourth lowest. We have discouraging numbers according to Stats Canada on the head office job front on a net basis. You can single out examples where there's been growth, but you have to subtract from those where we've lost jobs such as in the case of Agricore and in other cases where there's been a shift in head office responsibility.

So I wonder if rather than going over existing companies that are performing well in Manitoba, performing well because of the growth in the North American economy, not because of anything happening here, if the Premier can just outline what significant private-sector investment has taken place in Manitoba over the past 24 months.

**Mr. Doer:** First of all, I want to make it clear that there were two—there were about three or four questions posed by the member opposite in his

previous question and one was "what are we doing" and the other question is "what is the status."

On the status side, I mentioned the issue of some of the companies that I've been meeting with this summer, and I want to give credit to the management, to the ownership and to the employees of those companies that continue to grow, and I would certainly want to ensure that that is the obvious case. There are issues on a go-forward basis when people are locating employees and manufacturers are interested in the manufacturing policy, which includes energy costs, which includes issues such as costs to compete in terms of education and training and other tax policies related to manufacturing, and they do make decisions every day about where to locate future work as does the financial sector.

On the financial side, I think one of the areas in our budget that we did announce two years ago and we implemented in the current budget, which the member opposite has basically adopted in his election campaign, was to eliminate the non-banking capital tax. That is an extremely important issue for companies going forward because there's no such thing, even though companies that have been established in Manitoba they make decisions on an ongoing basis of where to locate, and it's not just in Canada. It's at minimum, you know, a North American market, at minimum.

I'm not saying that that is the reason. I want to make it very clear. I think one of the areas that really is good for Manitoba has nothing to do with politics or government, and that is the whole issue of getting a well-trained person that is very loyal to the company that they work in. You hear this over and over and over and over again in Manitoba. This is a culture of loyalty and hard work that goes back to our parents and grandparents. I want to give credit long before this generation of political figures, and I want to make that very clear. If I said anything to do the opposite it's certainly my belief any time I'm dealing with a competitive issue that it starts with the hard work and skilled work of people, whether it's in the financial sector, the manufacturing sector. When I go on a shop floor at Motor Coach or when I go on a shop floor at Boeing or I go on a shop floor at Flyer or I go on a shop floor in a company in northern Manitoba, and I go to a fair amount over the year to keep in touch, it's always what comes back to me from management, and it includes managements moved in from the United States, is the creativity of people and the work ethic in this province. We

debate about, you know, the cup being half full and the cup being half empty or full or empty, and the credit goes to a lot of really smart people that are working around Manitoba.

From time to time we do have competition. I mention the Simplot potato plant that was predicted to never proceed in Manitoba. I acknowledge that the former government proceeded with the Maple Leaf processing plant. We supported it in opposition, and we have worked with Mr. McCain to improve both the employment levels at the plant, but also the water protection, the new water protection that the Maple Leaf company has put in place. Another possibility to combine it with other companies in the area, adjacent to the area, is a market improvement from where it was in 1997-98 when the licence was improved, and I think that the Assiniboine River and the watershed will be better off for it because Maple Leaf has gone to the new nutrient and phosphorus levels. I applaud them for that and I think it's obviously the right decision, and the initial investment in that expansion was made entirely by them. They want to have a more co-operative proposal with the city of Brandon and other companies adjacent to it. But I do want to acknowledge the hard work of people, and I just wanted to make that very clear.

On the specific question of the financial sector, I said I would get those numbers. I would point out that the unemployment rate fluctuates with the labour force numbers on a monthly basis. The latest numbers are different than fourth in Canada. Just on average, we're averaging close to 7,000 jobs a year on average in the last number of years. We were averaging 3,000 a year in the '90s so we're moving in the right direction, and the public knows this. We can sit here and talk stats all day long. People know whether their economic situation is better today than it was before. They actually know that. No amount of statistics between politicians is going to change the reality of people's lives, whether it's better or worse.

\* (16:10)

On the issue of private-sector investment, between 55 percent and 60 percent of the new jobs this year, in 2007, are I believe in the private sector. I'll double-check that number, but I think it's close to that in terms of private-sector employment

**Mr. McFadyen:** I'm pleased the Premier is acknowledging the energy and ingenuity of business leaders in our province, many of whom have had success over significant periods of time and continue

to adapt and excel in what they do. We do have a conversation in this Chamber about the environment within which they operate, the political environment which includes tax policy and a variety of things, and there are very often companies that will succeed in spite of a negative environment, and from time to time you'll have companies that fail in a good environment.

The debate is really around our assessment of the environment in Manitoba in comparison to other places which is really the most important consideration because people have so much freedom and this is a good thing, that they have so much freedom now to make decisions about where they want to invest and live and do business, that we are in a competitive world. I know the Premier will certainly acknowledge that in comments, but sometimes we note that it doesn't seem to be backed up by action and policies, and that's where we have concerns.

I know that lots of Manitobans today feel reasonably comfortable, but we also know that some of the early indicators of problems can arise and are very often flagged by people who are in leadership roles in different companies and organizations. I know, and I think the Premier can probably candidly say that he is hearing from people more often now, particularly in the last short while, concerns about where things are going in Manitoba but also how things are going more broadly. But the concern focusses to a large extent around Manitoba's position to weather difficult times.

Our Finance critic has certainly had the opportunity to touch on the point in Question Period, but it bears some further discussion here because it is so significant, every aspect of what goes on in the province if the economy turns down and we don't have the money for health care and education and universities and Family Services and all these other areas, roads, all these things that are important to us.

So I would say and I think would have a hard time finding anybody to disagree with me that having an economic strategy with the foresight to prepare for these negative developments has got to be a very, very high priority because of the fact that the economy underpins everything else, including funding Family Services and other areas.

So I asked the Premier the question whether he could list significant private-sector investments made in Manitoba in the past 24 months. He took the question as notice. Normally, when there's a major

private-sector investment in a province, it doesn't take very much recall, especially for a skillful politician like the Premier, to recall those success stories and happily trumpet them at every opportunity.

So I want to ask him again if he could just, without taking the question as notice, list off new significant private-sector investments that have been made in Manitoba over the past 24 months.

**Mr. Doer:** Well, there was just one a couple of weeks ago in Brandon dealing with omega-3 products.

*Madam Chairperson in the Chair*

There's potential new development on hemp in Dauphin. I mentioned the Maple Leaf investment. I think they put \$11 million into the existing plant. There's considerable amount of conversations on other major developments. There's of course OlyWest, an operation the member opposite is aware of, that was proposed and is still proposed in Manitoba.

Those are just a couple of examples. I can get a full list for the member. But we get advice about operations that are contemplating new investments all the time. Sometimes that's confidential and I respect that. But those are just a couple of examples.

**Mr. McFadyen:** I appreciate the requirement for confidentiality on things that are not yet announced, but the four examples, again Maple Leaf consolidating, because they've got a modern plant in Brandon built under the previous government. I was in Dauphin recently. There is frustration at the slow rate of progress on the hemp investment in Dauphin and a sense that there isn't a lot happening in terms of government attention and support in moving that investment forward. There was a reference to a Brandon investment which I'd be curious to know more about.

Then OlyWest, which is taking the position that they'll invest in Manitoba notwithstanding the negative environment that's been created by the moratorium, but because Manitoba, geographically, is well positioned for such a plant, and to take advantage of other developments in places like Québec, Saskatchewan and other places where they're going through downsizing and restructuring. Given our centrally positioned geography, there's logic in developing in Manitoba. We're glad to see that development. We think that OlyWest are very good corporate citizens and have served Manitoba

well, and we look forward to that investment happening. I want to, in the spirit of non-partisanship, assure the Premier that we'll certainly applaud that investment when it is announced and confirmed.

But the four examples are not very compelling. Not very many of them have anything to do with action taken by government. This brings us back to our concern about a lack of focus and energy going into developing and encouraging private investment in Manitoba. We look at the jobs being created. A lot of them are spin-offs from major public investments: the floodway, the Hydro tower, highway construction. All things that are public sector investments, which obviously contribute to stimulating the economy in the short run, but don't form the basis for any new wealth-creation in the province which will sustain us going forward.

Obviously, our increasing dependence on transfer payments from Ottawa is a signal that Manitoba's capacity to support itself through its own source revenue is not as good as it could or should be. So I would just ask the Premier and suggest and put on the record our concern about the fact that there seems to be a lack of focus on economic development and a lack of strategy. Certainly, it shows up when we have such tepid reports of interest in investors here in Manitoba in major private-sector investments.

Now we see the dollar on par. The Premier talks about Motor Coach. We see the layoffs at General Motors in Ontario. We see a downturn in the U.S. housing market which, obviously, creates issues for companies in Manitoba like the strand board, Louisiana-Pacific at Swan River, and all of those companies engaged in manufacturing and exporting to the United States.

So I wonder if the Premier can indicate whether his thinking in terms of current economic policies, the incrementalist approach to dealing with taxes; the lack of energy going into attracting private investment; and the environment here, which is a difficult one with respect to labour laws—and in particular when you see situations like Mayfair Farms—whether he wants to revise his thinking and adopt a more pro-investment approach, and more energetically position Manitoba to be successful, because, certainly, we fear that these developments in the United States and the upward movement of the Canadian dollar will, down the road, start resulting in job losses and insecurity here in Manitoba. Even if

people don't feel it today, our concern is that if the action isn't taken today, that they are going to feel it tomorrow and down the road.

I wonder if the Premier is prepared to, for example, take a more aggressive approach to dealing with property taxes in Manitoba, to dealing with the payroll tax, and in dealing with income taxes in the province of Manitoba, in addition to those other taxes as one part of that strategy, but also to be more aggressive in outreach and attracting potential private-sector investors.

\* (16:20)

**Mr. Doer:** I expect you do and are aware of the Husky plant that's now been multiplied by 10 times their ethanol plant. It's not open yet. It's open soon, but it's gone from 10 million litres to 125 million litres in Minnedosa. The company I was thinking of is Shape Foods in Brandon.

I want to come back to Boeing because they now have 75 engineers working on the 787 aircraft, and, again, this is work that you don't get automatically just because you did the previous aircraft. And the composite centre that we invested in here in Manitoba is being utilized by Motor Coach and other manufacturers, which was an idea that we developed in the early 2000s. We'd been told directly that that co-investment between the private sector and the public sector has made a considerable difference, the 300 employees on the shop floor in Boeing, and there is more work coming to that plant in Manitoba.

So there's an example where it's private sector driven, private-sector creativity, but the training facility at the airport, the college credit course, and the example that I raised with the composite centre has been very, very important. Light manufacturing is important for a more energy-efficient transportation product, whether it's a bus or an airplane, and it's going to continue to be very, very important.

The private capital investment in Manitoba will rise 6.5 percent this year. It's the second best in Canada and three times the national average. So when you talk about private capital investment, it's considerably higher than in previous decades and certainly it's doing quite well. The manufacturing capital investment in Manitoba will grow by close to 30 percent in 2007, the third best in Canada and again considerably higher than the national average of 5.3.

We've had record numbers of building permits in Manitoba, and we continue to believe that this is extremely important. So, you know, you could talk about these issues but I know that business feels, yes, worried about the rising Canadian dollar, but feels that things are doing quite well in Manitoba. The economy's doing quite well, and the numbers—well, again, the stats are not as relevant as people's opinions about their place in the economy.

On the issue of the dollar, we met with the manufacturers when the dollar was at 65 cents, and it looked to us like it was going to rise. We were told by the manufacturers of Manitoba that they could sustain up to an 80 cent dollar with the exports to United States. They were quite concerned and remain concerned when the dollar goes up so high, particularly when small short-term interest rates are higher in Canada than United States. They were in the past when the fiscal policy, the financial policy was to raise the short-term interest rates and really increase the rapidity of the rise of the dollar, and many companies lost their accounts receivables in a very short period of time. They may have shipped something 60 days to pay their bills and then lose the money in that period of time.

We agreed with Jerry Gray when he chaired a committee on the manufacturing sector. We joined with him in a proposal called Lean Manufacturing which dealt with labour costs, dealt with energy costs; it dealt with the manufacturer's tax credit which we've accelerated in three budgets. It dealt with the depreciation of equipment in a more rapid state.

I was just talking to Jim—Minister Flaherty—and I mentioned to him that we matched that when he brought in his budget last year or this current year, current fiscal year. We are concerned about where the dollar's going to go. One of the advantages we have is energy costs. One of the advantages we have is labour productivity in terms of the work ethic of employees. One of the advantages we have is education and training. More of the recent reports indicate that Winnipeg was the third most competitive community in Canada. Many companies that are small business companies that feed the manufacturing sector is where the biggest growth is taking place. And that's why we've gone from the highest small business tax to the lowest small business tax in Canada. The rate is now below Alberta. When we came in we were double that of Alberta, and we think that that is stimulating not those high-profile, ribbon-cutting kinds of

announcements, but every day making a difference in terms of the economy because small business is extremely important to the Manitoba economy. We have had discussions on the dollar at par, you know, the U.S. financial policies. I'm sure members opposite followed Mr. Greenspan in his discussions. I haven't read his book yet.

**An Honourable Member:** You're still reading Mulroney's.

**Mr. Doer:** What was that?

**An Honourable Member:** You're still reading Mulroney's.

**Mr. Doer:** Still reading Mulroney's? Well I've read portions of Mulroney. I haven't read the whole thing yet. I've cherry-picked the CF-18 discussion and some of the ones that are more topical to Manitoba, a little bit of the Meech Lake. I haven't read the appendix yet, but I understand it's interesting. Everybody's got a book on it, Mrs. Carstairs and now Mr. Mulroney. I'm sure there's more coming over time. So I've read part of that, but I want to read Mr. Greenspan's book. I think it would be enlightening. I saw his interview with Mr. Russert this weekend and it was an interesting interview.

I mean, I've always been worried about the U.S. economy. I could say, well, I've always worried when conservatives are in charge of an economy, but I won't say that. But I've always worried when there's a combination of—you don't have to be a Ph.D.—I always worry when I hear that, I mean, the elements of a lack of medicare sustainability. Again, if you listen to Mr. Russert's interview with Mr. Greenspan, he says the social security gap is not as great as what people purport it to be. It could be managed with a small percentage of GDP over the medium term. But he indicates that there's a huge and growing problem in the United States on health care and the health care gap, both in terms of the sustainability of the existing system and the coverage of that system, which by the way when we meet with companies from different countries that are looking at either Canada or the United States, the issue of a medicare plan is a competitive advantage for Canada relative to the United States.

Another issue of competitive advantage is less lawyers in Canada. I want to say that, and I don't mean anything personally to the member opposite, but this is not a litigious society, as litigious a society as United States. So those are two of the competitive advantages we have.

The U.S. dollar is depreciated against the Euro, against the Australian currency, against many other currencies, and to some degree the Canadian dollar rise is to do with, according to Mr. Flaherty, all governments running surpluses and investing in productivity. But one could argue the other side of that. It's also to do with the fact that the United States has a situation where they're running a huge deficit. They're decreasing taxes—and you know my opinion about decreasing taxes and running a deficit—and also trying to finance a very expensive war and those are just the current economic realities of United States. You've got the sub issues and the sub prime issue and how it affects capital in the markets and the availability of capital in the markets. You've just got some retail numbers yesterday from companies that should concern all of us. It concerns me even though the stock market went up because the energy prices went down. I think the whole issue of the currency parody is going to remain with us because of the challenges on a go-forward basis with the U.S. fiscal situation.

\* (16:30)

So I think that we have to live with the dollar and that's why we adapted and adopted the lean manufacturing strategy in Manitoba with the manufacturers. We didn't sit in an office; we went with them a number of times and came up with a number of recommendations that they gave to us. We're going to continue to work with them because we recognize that it's extremely tough for them, and it's been extremely tough to compete. As I say many of them have exceeded what they thought they could do when the dollar was—they said to us they could live till 80 cents, 85 cents, but now it's going up and it went up 15 percent just in less than 12 months in Canada. So we're quite worried about it, but we're going to continue to work with these sectors that are established. What may be not a real problem for one sector, like the financial sector, may be a real problem for another sector.

**Mr. McFadyen:** I'll withdraw the point of order, Madam Chair. I was going to rise on the length of the response. It was getting dangerously close to the length of the clerk's Ph.D. thesis. I haven't read it, but I assume it's a weighty document.

In any event, I just want to come back that everything the Premier said is acknowledgment of the fact that we have economic problems in the U.S. which could have a negative impact on Manitoba. Our concern, when you look at the private

investment story in Manitoba over the past 24 months, is that it hasn't been a great story. We could talk about an increase projected for this year. Projections don't always come out in reality, but when you're starting from a relatively low base compared to other provinces it is sometimes possible to have misleadingly high numbers in percentage terms when you start from a lower base. I would just leave that as a comment on the record.

I would also just indicate that representatives of small business, as an example, within small business, the restaurant and food service industry indicating disappointment at the sluggish situation within that industry, the lack of growth. We get new restaurants that come up from time to time but others are closing. These are businesses that have very narrow margins, and many of them are run by people who are not wealthy people, or people who are real entrepreneurs and who put up capital at their own risk. Sometimes they borrow money against their mortgages on their homes. In many cases, they're new Canadians who have come here and are going into business and taking risks to support themselves and their family and to provide a service to their community.

What I hear from people in that industry is concern about the fact that, while there's been tremendous growth in other provinces, there hasn't been such great growth here. There's a sense of stagnation. That's one industry that's highly sensitive to people's after-tax incomes. It's one of the first things you cut out, if your income is stagnant or goes down, is restaurant eating, and it's a good bellwether. I would just say to the Premier for the record that, when you hear those sorts of reports coming from people in that industry, it is time to be more alarmed and more concerned and to consider it a red flag that calls for more energetic and more significant action from the government to head off what may be a downturn in the Manitoba economy.

The Premier talks about this being academic in nature. I don't know if he used the word "academic," but something that people don't relate to at present because they think about their own circumstances. But the fact is that, when you see warning signs on the horizon, this could very well and very quickly move from being an academic discussion to being a discussion about people's lives and jobs and mortgages and homes and ability to get by, with an impact on health care and education and family services and these other areas.

We've certainly made the point, I've made the point, about the urgency. We think the government should be doing more, should be more pro-business, should be pursuing lower taxes and a better regulatory environment. We're on the record saying that, and I guess we shall see what transpires in the months and the years ahead.

Just coming back on a specific issue that came up last spring, there was some media around the fact that Ainsworth was looking at investing in Manitoba. I wonder if the Premier can just update us on the status of that proposed investment.

**Mr. Doer:** I just want to deal with a couple of issues. One, in the election campaign—I assume that's still your platform—the member opposite did not promise dramatic decreases in business taxes in Manitoba. He actually made a statement. After we had promised to eliminate the small business tax in this term, he basically said that the tax reductions on the corporate side, the small business side, the capital tax, would all be honoured by his "government." He then made a further adjustment uncosted, or not costed, on the payroll tax deduction being moved up moderately. So, really, where he blew his money, his income was a potential revenue issue. He spent \$200 million on a proposal to lower the sales tax by one point.

Now, I'm not giving the member advice for the next election campaign, but if you wanted to get a bigger bang for your business buck and consumer buck, I would argue strongly that that was a very uneconomic proposal. I could think of four or five other proposals that business trying to compete with other provinces would prefer more than that.

So you have \$200 million out the window in the first couple of days of the campaign, out the window in terms of ongoing revenue. Then you had other promises that were interesting to say the least. You never did cost the marina in Point Douglas. You know we didn't know how many houses you were going to bulldoze there and how many boats you were going to park there and all kinds of other things, but I would suggest that you, sir, have copied—can't use Xerox, that's an old term—but have taken off the electronic press, release of our business announcements and budgets and virtually brought them forward as your own.

We're flattered. I know that you had to work fast because we made the small business tax reduction in Brandon at the Chamber of Commerce luncheon, the independent Chamber of Commerce luncheon that we attended at that meeting. We certainly were

happy that the member ran quickly to catch up but, you know, I would like to have some of those taxes lower. I wish we would have started on the corporate tax side. It's at 14 percent and now we'd be equal to Alberta. We started at 17 and we've lowered it every year since 2001, every year.

We've lowered the small business tax every year, every year. I wish we didn't start at eight percent. My brother's an accountant, and he tells me that we had the highest business taxes in Canada when we came into office.

**An Honourable Member:** They were during your time.

**Mr. Doer:** Well, you had no change in the corporate tax since the second World War. No change, so I take responsibility. I guess Premier Bracken was in, but it was 17 percent, including under NDP governments from 1945 to 2002. We started lowering it in 2002. We had it in the 2001 budget. Maybe we lowered it in 2001, but we lowered it down each year, and we have to do more. We have to do more, I acknowledge that.

**An Honourable Member:** Ainsworth.

**Mr. Doer:** Yes. I'm going to get to that, but you go on in a five-minute statement. You make statements and I have to have—this is a debate. This is not moot law school at Robson Hall. This is actually a two-way conversation, and I get to respond to some of your issues as opposed to—I know the member opposite loves that profession and someday he might go back to it, but here we have a discussion and, if you make a statement, I have the responsibility to deal with statements made. So I would point out that the—

**Madam Chairperson:** Order, please.

I'd just like to take a moment to remind all members to speak through the Chair and there'll be less temptation to respond.

**Mr. Doer:** Yes, Ainsworth is still interested in investing. They are still consulting with First Nations. They are slowing down all of their North American investments with the market the way it is, but they're still consulting with First Nations.

\* (16:40)

**Mr. McFadyen:** The Premier has completely left out in his response several points of importance. One is that it was he that raised the sales tax from six to seven points on June 1, 1987, when he was in

Cabinet, and it was his government, NDP government, that set taxes at the record-high levels they were at. Certainly, with deficits and cutbacks in transfer payments through the 1990s, a recession in the early 1990s, there was limited room for tax reductions, and the Premier, I think, has said already that he doesn't think we should reduce taxes if it's going to create a deficit. So that's why he voted for the Filmon budget in 1999 and why he supported all of the Conservative economic policies when he ran successfully in 1999. He had to run as a conservative in 1999 to win the election. So I hope he'll at least be honest enough to acknowledge that.

We've also said that property taxes, education property taxes, should be reduced in Manitoba. This is a huge driver of property values which has an influence on one's ability to borrow against that value to invest in new businesses and create jobs. It was the Saskatchewan NDP that cut their sales tax by two points. Prime Minister Harper, whom the Premier has praised many times, is a Prime Minister who's cut the sale tax at that level. I think, every now and then, that regular people deserve a tax break, and that's why we think that sales taxes are worth going after.

But not alone by any means, Madam Chairperson, we think the payroll tax should be reduced. Over a longer term, the government should look at eliminating it completely. We're one of three provinces that still has one. It's a major issue with anybody we speak to in the business community that is investing in growing, particularly as you hit the threshold and the tax is applied retroactively to the full payroll. It's a significant blow, and it's a significant disincentive to invest. The proof is in the record. That's why the Premier can't name a significant new, private-sector investment in the past 24 months, and why he doesn't seem to be able to offer us any sense of optimism but what might be in the pipeline in terms of new investment in Manitoba. Even Ainsworth, which was rolled out in the middle of the damage control campaign last May, when the Crocus lawsuit was filed, appears not to be moving forward. The Premier blames North American conditions, but, again, we're discouraged by the fact that we don't see very much good news on the horizon, in the pipeline, and lots of reasons to be concerned. We see a poor record of private-sector investment and a lack of commitment going forward.

I want to just come to the issue of the Spirited Energy campaign, which, I think, was meant to be the government's substitute for an economic

development strategy. I want to ask the Premier whether he continues to believe that the Spirited Energy brand is the right way to go. Is it creating the sense of excitement in the province that he said it would, and does he feel good about the millions of dollars in taxpayers' money that have been spent on that campaign to date? So I'll stop there with those questions, and we'll ask more when we hear the response.

**Mr. Doer:** Well, I mentioned a number of private-sector investments. You talk about pipeline; the Tundra Oil and Gas company has quadrupled their investments in Manitoba. We changed a number of tax policies on oil and recyclable materials in the extraction of oil. We're now working with Tundra on carbon sequestering. When you talk about pipelines, it's another development in southwest Manitoba.

I would point out that in 1999 I did vote for the budget. In fact, one columnist accused me of being co-opted by the former premier. In fact, the premier didn't just drive away with me, or he didn't just co-opt me; he put me in the back of a Jimmy and drove off with me. But I won't cite who that author was because you never want to admit you read any of it. So it's very important that you never admit you read anything because never let them see you sweat.

**An Honourable Member:** You do read his articles.

**Mr. Doer:** Oh, it was a lot easier to read them in opposition.

I did make a certain set of promises in 1999. We voted for two budgets, and I don't have any apologies for that. I actually think from time to time, if you agree with the majority of what's in a budget and if it's mostly what you've been saying in Question Period, you should vote for it. I didn't have any problem voting for, I believe, it was the 1999 budget or '98 budget, and the member opposite I know he—

**Some Honourable Members:** '88, '89 and '99.

**Mr. Doer:** No, we didn't vote for the '88 one. We voted for two budgets of the Conservatives, and I'll check the dates when they were introduced.

I don't have any difficulty with that. I recall one Liberal member who's no longer in this Chamber saying, why are we voting against this budget? Basically, it was some tax reductions that I certainly supported. It was for middle income families, lower income families. It actually was sensible in a minority government. We voted for it.

I remember some of the members saying, oh, why aren't we voting against it, or why are we voting for it? Some of the Liberals were huddling around the NDP, and I know that the member opposite was one of the gurus of Madam Carstairs' team, part of the small elite group that advised her, but I remember some of the people that said, why are we voting against this? I said we're voting for it; I don't know why you're voting against it. You know, they were out of this Legislature, the majority of them, after following that advice when they collectively poured gasoline on their head and lit the match. They were out of this Legislature months later, but they were able to go around, we voted against the budget we're great. You know, in this House, I want to tell people, the public is smarter than all of us, and never lose track of them.

On the '99 issue, we did change some things that I didn't agree with in the past. It had been implemented. One was actually the flat tax. We got rid of that flat tax in the income tax rates, and we didn't campaign on this, but we started to reduce business tax. It became obvious to all of us within the first year of office that we really were being in a negative situation with small business tax, corporate tax, and eventually we got around to the capital tax.

On the education property tax, the record is clear. You can find these numbers out. The taxes went up on average 68 percent in the '90s on education tax for home-owners, and it is now, CBC argues, up until the last budget it was 9 percent. We think it's 10 percent. We believe this latest budget advanced it further, and we're going to continue to lower the education taxes for home-owners in Manitoba. We're going to continue to do that. We've also promised to eliminate, or not eliminate, but to go to 80 percent reduction of education tax on farmland. You know, members opposite raised the farmland portioning. We lowered it. We think those are very good developments.

On Spirited Energy, we had a recommendation from the business community to allow them to run a campaign. We knew there would be low-hanging political fruit from members opposite if we allowed the business community to come forward with a campaign. We also felt that other provinces and cities were spending a lot more money, and we, basically, said to the business community that we're volunteering that we would fund a campaign. They said they would go out and get gifts in kind, and some gifts in contribution, and when it became an issue that it was perceived to be part of a pre-election

campaign, even though the second stage was to be out of province, we put it on hold, and we put it on hold until after the Auditor General will report. We supported the idea of sending it to the Auditor General, and we don't think we did it perfectly, but we think that many other municipalities have signed on to the campaign. I know that there's controversy any time anybody agrees to a campaign. I also knew that it would be, as I say, low-hanging opposition political fruit, and it has been. You know, we're just prepared to take the advice of the Auditor General and some of the allegations that were made and take the advice of the business community. I have great faith in the people that are driving this. I have great faith in them.

\* (16:50)

It's not inconsistent with how we've operated in tourism. The former government used to have the Tourism portfolio close to their chest, or vest rather, and have a situation where they would have decisions on advertising made close to the government. We don't make decisions on advertising for any of the tourism campaigns. We have a group of business people in a committee volunteering their time to try to decide what is the best market and what is the best way of advertising that market. We created a council of people chaired by Mr. Robson, who used to be the ADM of Tourism. It is made up of prominent people in the business community in the tourism sector. We took the issue and decision, which is usually perceived as a partisan decision, you know, whoever advertises for you during a campaign gets the advertising contract of tourism, and that's gone back over a number of years. We took it outside of government and we moved it to—well, the money is from government, but the decision making is removed from government. So that's what we did with the tourism business.

We did the same thing with Spirited Energy, and I'll await the Auditor General's report. But I just want to pay tribute to the business people who have been involved in it and have supported it through thick and thin. We all knew—I said that it would be really easy to criticize this and it's going to be attacked from different quarters all over the place because it's easy to do. They wanted to do it. They felt it's in the best interests of Manitoba, and they recommended it to us. They recommended the two stages. We put the second stage on hold and we'll await the Auditor General's report.

**Mr. McFadyen:** The business community certainly has an interest in seeing our province prosper and succeed and be well positioned to outsiders. I certainly know that, when people volunteer time, they do so in good faith; I have no doubt about that. They are naturally inclined to take things at face value. I don't begrudge them that one bit. But, when we dig beneath the surface and look at the facts as to who's driving this campaign, who's paying for it, who's driving it, who's administering it, it is very much a political NDP operation. It's not disrespect to the individuals, but they're all political NDP operators that are running the day-to-day operations. We certainly have volunteers from different sectors come in for meetings from time to time, and I respect them for doing that, but the facts are that we've got millions of tax dollars that have gone into the campaign. We have a former communications director to the Premier overseeing it. We have a former executive director of the NDP administering the invoices and the payments with respect to taxpayers' dollars, and I don't blame Manitobans for being as cynical that this is really all about politics and not very much about what's best for the province and getting value for tax dollars.

So the Premier talks about the wisdom of the people and that they are smarter than us. I agree with that statement. So that's why I would ask the Premier why he ignored the advice of the real people who attended the focus groups who said that they didn't like Spirited Energy. It left them cold. They thought it was weird. Those were some of the comments. When the idea was tested with real Manitobans, it didn't achieve the objective that you would want to achieve with a branding campaign.

I know the Premier knows something about market research and focus groups, that you sometimes come forward with ideas and sometimes they test well, sometimes they don't. This one didn't test well. So why did they go ahead and spend millions of dollars in taxpayers' money on a campaign that real people were telling them wasn't going to work?

**Mr. Doer:** Well, here we have three examples of where we have given responsibility in terms of decision making to an outside body, in this case, Mr. Silver, Mr. Angus, Mr. Starmer, I believe, Mr. Modha.

Yes, there has been staff support, but the people that—I'm shocked to hear the list of people that have been involved in the committee and making the

decisions, Mr. Ziegler, were, quote, "NDP hacks." That is just quite a dismissive term.

It came out of a recommendation, including where the existing mayor recommended, said that Winnipeg and Manitoba's absolute image has got to be modernized. They came out with a number of recommendations, some on small business taxes, some on education and training, some on using Hydro, an Aboriginal employment summit. They came out with at least 10 good recommendations, and one of the agreements I had with them is that we weren't going to have them operate as business people, have a meeting, pat them on the head and ignore their advice. So they cited cases after and examples of where documents are prepared, they work hard on it, they go out and have sector meetings, they get all this work done, and then reports gathered dust. They cited that to me. So I promised them at the outset that we would look at and we would try to make sure that this is a body that had not only the leadership from the business community and labour and universities, but also have not only the leadership responsibility but the authority to do so.

I used the same model that we used in tourism. We took tourism experts and allowed them to cancel the old patronage practice of putting out advertising and having focus groups and whatever else. I don't read the focus groups on tourism. I mean, we use business people to do it, and we also used, in the case just recently of Louis Riel, where we said that the students would have a set of meetings and discussions and come out with names. We didn't say that we were going to overrule them, and we didn't.

With the case of Spirited Energy, we supported the idea of the business community, who said, "We don't want government to run this thing. We want to run it and develop it ourselves." So I didn't micro-manage it; I didn't read the focus groups, didn't attend the focus groups, and they asked for and got the authority.

Madam Chair, I have to take a one-minute break.

**Madam Chairperson:** Is it the will of the committee to recess? [*Agreed*]

We are accordingly recessed.

*The committee recessed at 4:57 p.m.*

*The committee resumed at 5:01 p.m.*

**Madam Chairperson:** Committee of Supply will continue.

**Mr. McFadyen:** Back on Spirited Energy, I wonder if the Premier (Mr. Doer) would provide some clarification. One of the pieces of information that was released when the government finally, after months of asking and weeks and months of stonewalling, when it finally released the documents related to the Spirited Energy campaign, it showed that there had been retainer payments made on a monthly basis to the advertising firm, which is a good firm, but what would appear to be unusually high monthly retainer payments to the firm. I can't recall the exact number, but I think it was something in the range of \$30,000 to \$35,000 per month.

I wonder if the Premier would be prepared to inquire as to whether any of those payments were then used to pay subcontractors who may have worked underneath the advertising firm, and who those subcontractors were and what amounts they received, because it's common that firms, as he will know, will use subcontractors on these sorts of projects. I think in the interests of full public disclosure, would he be prepared to ask for disclosure, who the subcontractors were and how much they received under those payments?

**Mr. Doer:** Well, thank you. I'll inquire whether the Auditor General has that information. I'm not aware of any timing issues, but I'll ask the question as well. The contract was tendered, that's all I know.

**Madam Chairperson:** The honourable Leader of the Official Opp—

**An Honourable Member:** I'll be just a few minutes.

**An Honourable Member:** Brandon West.

**Madam Chairperson:** The honourable Member for Brandon West.

**Mr. Rick Borotsik (Brandon West):** Thank you very much. Thank you for the opportunity to speak, first of all, to the Premier. I do appreciate that, and thank you for acknowledging me as the Leader of the Official Opposition, which isn't, in fact, the case—which is not the case, I can assure you of that.

It is a pleasure, certainly, to be able to question the Premier. I do know that the Premier does have his heart in the province of Manitoba. I recognize that, and I certainly accept that. During the last election, he did spend an awful lot of time in Brandon, and I appreciated that as well.

As he was spending the time, the Premier had an opportunity to make a number of promises, election promises to my constituents in my constituency, and I appreciate that. I do know that the Premier is a man of his word. One of those election promises was very important. It was a redevelopment of a sports field at Vincent Massey High School. In fact, it was well publicized. It was a very good photo opportunity for the Premier at the time, and everyone, including the school board and the school trustees, was certainly very appreciative of that.

I do know that the Premier did put some financial terms on it. However, I found out now that it seems that it's not quite what it was going to be. It seems that now the school board has been requested to submit an application under Community Places grants, which was not the vehicle by which the school board was originally believing it to be. There are two issues here: No. 1 is, did the Premier at that time believe that it should be Community Places grants, or was there going to be another opportunity to fund this from another funding pool? If, in fact, that isn't the case that it was Community Places grants, does he not believe that the community of Brandon itself would be affected by having other projects that would be looking at those funds under Community Places not then having their projects approved?

**Mr. Doer:** I went through the list of commitments in August and I was told that that was on track, so if the interpretation of on track is different than what I intended it to be, I'll check that.

I made a promise to Mr. Grindey and the football team and I intend on keeping it, so I will raise it with my staff tomorrow morning and follow it up. I intend on keeping that commitment. It's interesting that not only has Israel Idonije come out of that program, but also I notice the receiver from Hamilton was a prominent member of that football team and I think his name is—they've obviously got a good football team. I think it's safe to say we don't want kids playing on fields that injure their ankles before they even start tackling.

**Mr. Borotsik:** Thank you, Mr. Premier. I do appreciate you taking that under advisement. This did come to my attention just recently from the school board themselves, and I should say that having Community Places as being part of the criteria was certainly not what their intention was, it certainly was the impression during that announcement.

Second thing is, and again, it's a very exciting project for the city of Brandon. I see the Member for Brandon East (Mr. Caldwell) here as well who was very involved in the project with respect to the relocation of Assiniboine Community College from its current site to the Brandon Health Centre, and certainly there's been a lot on this. As a matter of fact, the Premier's alluded to that on a number of occasions, even in the debate with my leader.

It's very positive. We all recognize that a post-secondary education is extremely important for Manitoba, for, certainly, the people who are coming through the high school system. They require post-secondary education and, certainly, the community college in Brandon is a very positive step for them as well as Brandon University.

In saying that, I have some concerns, I suppose, and perhaps the Premier could speak to those, is the lack of a plan. We do know that there've been an awful lot of announcements, and I appreciate that, but politically there's going to be a lot of sod-turnings and a lot of announcements and a lot of photo ops, but there doesn't seem to be any really well thought-out long-term plan as to how the facility will be relocated to the BMHC.

One of my concerns, and the Premier can hopefully deal with it, is that at some point in time the government may well say that the funding is not available for the complete relocation of ACC at the BMHC, which certainly is not what the original plan was intending. When I say there's no plan it seems to be only one building or one function at a time, and it should lay out a complete schematic as to the time line, as to when the full facility will be relocated to the new site. Thank you.

**Mr. Doer:** Well, there is a plan. It has been amended to include an increase in the number of trades and apprenticeship positions or spots which we announced an overall increase in the province, and we did announce a plan. We said that that would go for two reasons: One, we have a shortage and a waiting list in Brandon and across Manitoba; and two, there's a real gap for purposes of businesses at the ACC site and across Manitoba in terms of skilled workers. So for those two reasons we moved up the apprenticeship building and trades building.

We also were originally going to co-locate it in the Parkland Building, but there is more work necessary on the Parkland Building. These are historic—well, the nurses' residence is historic and it's come in on time, on budget; the Parkland Building

was originally going to have the trades centre moved to it, but because we have to expand it and because of the inadequacies of part of the Parkland Building we have to alter that. So, rather than Parkland Building being phase 2, it's now phase 3, but the real gap is phase 2, the trades and apprenticeship program for which I announced the time lines in Brandon.

\* (17:10)

We're still awaiting the final number on the renovation on the Parkland Building, but, certainly, we intend on moving courses and students to that phase 3. That should complete the transfer from Assiniboine College. One of the great advantages of colleges is that they're more agile, perhaps, than universities. If there is something else like the trade shortage that we see, it may alter or amend parts of the phases.

But the phases are phase 1, the nursing residence. Well, I guess, phase 1 was making the decision, and that was not easy because the original numbers would not have supported it. I want to congratulate the mayor because the original decision, if we didn't have the operating costs down like we do at Red River College here, it would be the added cost of an historic building, environmental-lead technology and the student costs; it would have been too prohibitive to do it. But all things came together with the discussions and the costs.

The third phase will be the Parkland Building, and it will be after the trades building, which we are working as quickly as we can to get it going because right now there is a line-up. I think it is very unproductive to have youth interested in a trade or an apprenticeship, businesses needing them and a gap because we don't have the space to do it. That's why we're expanding the space in Brandon and in Winnipeg and in the University College of the North.

**Mr. Borotsik:** As I mentioned in the preamble from the last question, we all agree, I'm sure, everyone in this Chamber that education is extremely important, not only for the province of Manitoba, but for the children that we have coming up through the high school system. As part of that opportunity, the post-secondary education is Brandon University. Brandon University as well as two universities here in Winnipeg are certainly well suited to accept the students coming out of the high school system.

However, when dealing with the administration of universities, all universities in Manitoba, the one

thing that continually comes up, obviously, are the shortcomings of funding from the Province backfilling the funding requirements that are there because of the tuition freeze that has been put into place. Of the administrators that I've talked to in the universities, this is one area that they certainly would like to see rethought, retooled. Tuition freezes, currently, are affecting the students, the classes, the ability to acquire capital for the programs, for the labs. Certainly, the tuition freeze is having an impact on the ability for the universities to provide the education that they should provide for their students.

I wonder if the Premier would like to share with us now, in fact, from a policy perspective, he and his government would look seriously, over the not-too-distant future, perhaps as early as the next budget, with respect to the lifting of that particular freeze so universities can get on with the business that they were intended to do, and that was to educate our children.

**Mr. Doer:** Well, thank you very much for the question. Is it the advice from the Member for Brandon West to lift the tuition freeze?

**Mr. Borotsik:** The question was posed to the Premier as to what his policy changes may well be with his government in the next budget with respect to the tuition freeze.

**Mr. Doer:** Well, I'm curious to know whether the member opposite has a different position than his leader who campaigned on a tuition freeze. So, if he talks about the weakness of that position, he is talking about the weakness of the Tory platform, by definition.

The other part of his question was dealing with the budget. The budget will be presented in due time. All things will be revealed to the member opposite at that time.

**Mr. Borotsik:** I would like to, certainly, for the record state that I have not said one way or the other. All I said is I've talked to—

**An Honourable Member:** You're a Liberal now.

**Mr. Borotsik:** I have talked to the administrators. The Liberals left. That's not even a good heckle at this point in time. The Liberals have gone.

The fact is I've talked to administrators. I've talked to the administrators. I've talked to the president of Brandon University. I do know the position of the University of Manitoba. I do know what their position is, and the question simply was

placed to the Premier: Is he prepared to look at the policy that is currently in place, by himself and his government, with respect to the tuition freeze? I do know and I can bring data and information from my own president at Brandon University and what his views and his thoughts are with respect to the tuition freeze. I'm sure that he has imparted those views to the Premier himself, personally, and, on behalf of my president of my university in Brandon, I would like to know whether in fact the Premier certainly is prepared to stay with this policy, or if he's prepared to look at any changes to that policy.

**Mr. Doer:** I've had a consistent policy over the years. I'm curious to know—I actually thought the one thing we'd get from the Member for Brandon West was a kind of a frank, open, you know, kind of being-his-own-person kind of approach to politics, and I see he's a wishy-washy Liberal in his second day in the Chamber.

What are you recommending to me, sir? I'm listening, I always listen to everybody here in the Chamber. Are you recommending that we lift the tuition freeze, or do you want us to maintain the tuition freeze?

**Mr. Borotsik:** I could give you the recommendations that have been forwarded to myself. I have also talked to the president of Brandon University, who has, in his own words, suggested that—not only suggested, has demanded that the tuition freeze be lifted.

I can tell you of the position of my president at Brandon University who has suggested in strong terms that the tuition freeze be lifted. I've talked to administration in the University of Manitoba who have suggested quite strongly that the tuition freeze be lifted, so I can impart that information to this particular individual, the Premier.

As for wishy-washy, I suspect that the answer coming back to my question is probably equally if not more wishy-washy than the question that the Premier suggests is put to him.

**Mr. Doer:** Well, I already campaigned on a tuition freeze and that's pretty clear. We campaigned—in our budget, we brought in a tuition freeze again.

I would point out to the member, I'm glad he's the surrogate for one part of the stakeholders in Brandon. There are students. What are the opinions of students there? What about families in the Brandon community? I think that, when people went

to the doorstep in Brandon, they liked affordable education and training.

In fact, the idea for a tuition freeze actually came out of a visit I had to a Brandon high school. A few of the kids were going to go to British Columbia because the tuition fees at that time were lower than Manitoba and they had also at that time a tuition freeze. So I'm curious to know, representing your constituents, what is the advice to me? We will make the decision in the budget, but you have a chance now to influence the budget. Do you want the freeze lifted or do you want the freeze to stay the same?

**Mr. Borotsik:** I guess I can't put it any more plainly. My advice to you is, and by the way if you're talking about the students, yes, I have had discussions with the president of the student union. It doesn't get any better than that. I believe he represents the students in Brandon University. The president of the student union has told me that in fact they would like the tuition freeze lifted.

The president of Brandon University has told us that his position would be that the tuition freeze be lifted. I can't be anymore plain than that. The people I represent, the stakeholders I represent, have asked me to pass on that information to the government of the day, which in fact is the Premier sitting before me, so I pass on that information for what it's worth. If you wish to have that reflected in the budget, then certainly those stakeholders would love to see it happen. Is the Premier prepared to look at that?

**Mr. Doer:** We obviously prepare a budget and we'll prepare accordingly, and I'll pass on the advice of the Member for Brandon West (Mr. Borotsik) who wants us to lift the tuition freeze. He cites the president of the Brandon student union and the president of the university.

\* (17:20)

**Mrs. Bonnie Mitchelson (River East):** Madam Chairperson, I'm pleased to have the opportunity to have a little bit of dialogue, discussion and maybe ask a few questions of the Premier.

First of all, we both represent the same area of the city of Winnipeg, the northeast quadrant of the city of Winnipeg, and I know we've both worked together on many projects that have enhanced that community, both being in government and in opposition, one of them, of course, being the Chief Peguis Trail. I know we're both very supportive of the extension of the Chief Peguis Trail and the twinning of the Perimeter Highway in the

northeast quadrant. I know it's shaved about 15 minutes off my trip to the lake, and I'm sure the Premier has probably noticed a significant difference in his travel time too.

One of the areas that I have a bit of concern about is Henderson Highway as it goes out to East St. Paul. I know that Henderson Highway within the city of Winnipeg is a city responsibility, but it's a Capital Region issue also. We have significant growth outside of the Perimeter in East St. Paul; and, as we see some new development on Henderson Highway—namely, I see sort of right in our local community the new liquor store that's going in at the corner of Henderson and Bonner—I sense that there will be significant additional traffic and maybe some backlog. The area of Henderson Highway from Gilmore out past the Perimeter is a dangerous area where we have a lot of stop signs, very few traffic lights and a lot of heavy traffic. It's very hard to get across Henderson Highway.

I know a lot of other routes that go outside of the city of Winnipeg right around the province have significantly better roads and access. They have medians and turning lanes and lots of opportunity for people to get partway across a very busy thoroughfare. I'm just wondering, I'd like to ask the Premier whether he's had any discussions. I am extremely supportive of getting improvements made to Henderson Highway.

Also, with the new condominium development that is on the west side of Henderson Highway, it's made it very dangerous to get across, very dangerous for pedestrians and also dangerous for cars that are driving and trying to turn across a very busy road.

I'm extremely supportive of improvements, and I'm just wondering if the Premier has had any discussion with the City of Winnipeg, or if he might consider making it a priority, or one priority, when we're looking at Capital Region. Is there any sense that the province might be involved in any way in trying to work with the City to enhance the traffic flow on Henderson Highway?

**Mr. Doer:** Well, it's certainly a road I travel on to various sporting events with my two daughters, so I'm very aware of it. I'm aware of three challenges in the northeast quadrant of the city. One is the completion of the Perimeter Highway, in which I believe we're on time and on budget for on that quadrant. Certainly, that will be an improvement. Secondly, the interchange at Lagimodiere and the Perimeter Highway, which also is important; and,

three, the Chief Peguis Trail. When we increased our funding for the city of Winnipeg, some of it was for infrastructure and some of it was for new capital. This certainly allows the City to move this up.

I believe that the issue of Henderson Highway—I'll have to get a determination. We have built some infrastructure out in the northeast quadrant; outside of the Capital Region, I think there were some investments in highways, on Highway 59. There's a lot of work on Highway 59 now up until the turnoff on the road, I forget the name of the road that goes to Elmhurst and Pine Ridge. I'll try to see the traffic flows. I think that there are some issues of traffic.

One of the concerns we had when the zoning was agreed to in some of the development in northeast Winnipeg was the lack of any highway impact, water impact, and a school impact. We said that in opposition. Sometimes we get pressure for a high school now. I think the enrolment now has reached a bubble. We get pressure on roads now, and we think that part of that should have been managed in the development and supported by some of the development decisions, which would have been quite lucrative in the area just northeast of Winnipeg. But there are some situations, and I'll raise it with our highways people because the jurisdiction of the road ends at the bus loop, I think. One is the responsibility of East St. Paul and the Province, and the other is the responsibility of the city, but I'll definitely look at it.

The priority is the completion of the Perimeter, the interchange and the Chief Peguis Trail, and two of those projects are completely within the purview of the Province and responsibility of the Province. One is the responsibility of the city, but we have quadrupled the money for maintenance and construction of roads and bicycle paths.

**Mr. Leonard Derkach (Russell):** A question to the Premier regarding an issue that I keep going at from time to time, every session I guess, regarding a commitment that was made back in 2003 and reiterated by the Premier in a question that I asked just prior to the election, and that is the staffing and the ensuring of the opening of the emergency part of the Erickson hospital. This hospital serves an area that is equivalent to the population of Brandon just to the north, and has been bypassed because there are no emergency services available in the hospital and, also, the doctors have not been recruited for that area. The community has recruited a doctor on a part-time basis to act in the area during the summer months, but that doesn't really allow for full

emergency services in that area. Currently, I don't know if the Premier is aware that we do have an ambulance stationed in Onanole or in Clear Lake during the summer months, but that is hardly adequate service in this day and age for medical emergencies that arise, especially in an area that is a fairly significant tourism area in our province.

I want to ask the Premier whether he's committed to following up on the commitment he made and ensuring that the people in that area receive the kind of medical services that should be available to all Manitobans.

**Mr. Doer:** I'll have to check with the Department of Health on the existing status of it. I feel there're some compelling reasons for emergency services in Erickson. We did talk about that. I remember raising it before I went out and called the election, not because we thought necessarily that it was going to be an election issue, but because I knew at the last minute that the election would be potentially around the long weekend date. I didn't know it would be exactly a day after, I have to confess, but I certainly knew it would be in and around the four-year mark. People were getting too predictable. So you have to be always unpredictable. So keep your running shoes on at all times. I want to say that.

\* (17:30)

So I'll check on the status of what happened this summer. We have increased the support for emergency staff and support for support staff, but I want to take a good look at it. I did say it. I did like the idea about Clear Lake, and I did talk about that in 2003. My preference is to have it, but I don't always get my preference and so I am going to do some work but, because doctors are actually not civil servants, or they can't be moved around like chess pieces necessarily, not that any of us can be, there is a certain freedom that they have to practise, and we haven't been successful. I'll check what happened this summer. You would know better than I, but I do agree. I have friends that go to Clear Lake every weekend. The winter recreation is increasing as it is all along the west side, by the way, as you know. I'll find out what's going on on it and what the status is. I will get back to you. I don't know what happened all week and all summer at Clear Lake, but I know you would know, and just an ambulance, I think, for some of those weekends is not ideal.

**Some Honourable Members:** Oh, oh.

**Madam Chairperson:** Order, please.

**Mr. David Faurshou (Portage la Prairie):** The Premier is aware of the significant undertaking by the City of Portage la Prairie and the Rural Municipality of Portage la Prairie in a commitment to provide to the Central Region a new multiplex sporting facility. During the election, the Premier attended to Portage la Prairie and pledged his support and his government's support to the new multiplex sporting facility.

I would like to ask the minister at this time, the commitment being made, there was a very exciting press conference last Thursday where the Portage Industrial Exhibition Association came on board for this project and are lending their site on Island Park to the new sporting-plex. I would like to ask the Premier at this time the process to which he would suggest that the now three very significant entities, the R.M. of Portage la Prairie, City of Portage la Prairie and the Portage Industrial Exhibition proceed with this. Is there a point person in regard to the government's commitment to support this project? I believe it was in the amount of about \$5 million.

**Mr. Doer:** Well, our desire when we made the announcement was to have the gap—first of all, I want to give credit to the people of Portage and the leadership. They've done a magnificent job of bringing together a lot of resources and a lot of co-ordination to get this project a lot of funding and a lot of support. It's a good proposal, and they've done a lot of good work. There's a gap there that I said the Province would participate in. We are raising with the federal government in terms of both of us doing it like we did at Dauphin and Thompson and, obviously, MTS Centre and, in a different kind of context, the Keystone Centre. We think that it's an item that I think—I do think—I don't want to speak for the honourable minister. Maybe I better wait a week. I don't want to get collateral damage from the member of Parliament statements. Notwithstanding that—I know Kelvin will pass that on to his good friend—the Member for Steinbach, I mean—I think it's a lot of a proposal. I know that a local member of Parliament is supporting it, and I'm sure the member is aware of that. So there is the political will and leadership in the community, and there is the political will on our part. It didn't evaporate just because the results weren't what we would have preferred in the riding. I want to congratulate the member, but we thought it was a good announcement at the time.

Also, we pledged to support a number of projects with the money we announced in the

election campaign for community recreation. We think there are more kids and people participating in sports, not just kids, seniors and a lot of other people. More people are active. They want to be more active. They need more facilities. People are travelling way too many miles. Just this last week we did the University of Manitoba proposal, and I didn't kick a soccer ball with a pair of shorts on, but I still thought it was a good proposal. I have legs like iron, but I didn't put shorts on. It was in the middle of the day. We think it's a good proposal, and so it's a matter of just closing the gap with the feds and ourselves, and I think it's definitely doable.

The point person is the person dealing with federal-provincial relations, and I'll make sure that that person or a person in her office gets hold of you, but also gets hold of the organizing committee. I did raise it at one of the staff meetings a couple weeks ago, just where is this, along with the Brandon football field. I'll follow it up again.

**Mr. Kelvin Goertzen (Steinbach):** Madam Chairperson, I wish I could provide the Premier (Mr. Doer) with a shocking question, one that he doesn't expect. I doubt that this would be one of those.

Prior to the election, the Premier made comments that his election timing call had a lot to do with landing planes and making sure that they got down on the ground and off the radar. One of the planes that didn't land before the election was the proposed and hopeful expansion of the Bethesda Hospital emergency room along with the operating rooms. I do know that during the campaign in the context of an announcement made in Ste. Anne for the expansion of their operating capacity, and, you know, I'm not specifically speaking of that, but there was a commitment made to deal with the needs of the Bethesda Hospital. Specifically, the Premier won't be shocked to know, I'm sure he's had the statistics. I provided him information prior to the last session or the sitting in June and in providing him information from doctors, he agreed to look at that and personally review it, and I trust that he did that. I know he said that he did that in a letter back to me. I appreciated that.

More specifically, the Steinbach emergency room was built to handle about 10,000 people a year. They are now getting 24,000 visits a year. So it's twice the number of visits annually that it was built for when it was constructed, so he knows that there're pressures on. I talked to the doctors who said that there're regularly four or five people in the

hallways of the emergency room waiting to get a room to just be examined in, in the ER. I've been told by the doctors that there are many fire codes that are being broken as a result of the over-crowding at Bethesda Hospital and also in relation to the operating rooms that were built in the 1960s and haven't had improvement since then. There are other issues, obviously, related to the growth of the region and what it's doing to the work of the Bethesda Hospital, and I have already provided information to the Premier on that.

What I am asking now today, both as a reminder and a request, to determine where on this now post-election radar the Bethesda Hospital falls because I know that he'll want to fulfill the commitment to the people of the region to ensure that the health-care needs of the Bethesda Hospital are being met. So I look forward to the Premier indicating when he expects to fulfil that election promise.

**Mr. Doer:** Well, we made both announcements together as the member pointed out on the Ste. Anne and Bethesda Hospital. First of all, I want to thank the staff at both hospitals. Some of the investments we've made in the operating capacity and staffing decisions at Bethesda to try to take pressure off of lineups both locally and further afield in the area. Even here in Winnipeg from time to time people go there. It's been really positive; so the evaluation has been extremely positive.

\* (17:40)

We have a capital cap in government each year. We're working that through our capital cap, but we're working it together. We're not going to say bye, bye to the Member for Steinbach because we think the patient needs are real. I say that because my first question I got on the community college from a number of volunteers in Steinbach, they said, oh, oh, we've elected this NDP government; what have we done and what's it going to mean to the college. I met with them and said, listen, if you can raise the money in the field and everything else, it's got nothing to do with the fact that we got four votes in Steinbach; it's got everything to do with the merit of the proposal. So they were shocked to hear that, and they just said that what we want is a yes or a no. The committee said, we're business people, we just want to know. Is it yes or is it no? And I said, well, we think there's a need for training in that area. We'll go back and look at it.

So I will be able to report soon. I expect no later than this session, as short as it's alleged to be, and we

are working it through our capital cap. We will not make an announcement, I don't believe. It will be my goal to make the announcement of Ste. Anne's and Bethesda together or, you know, make the decision certainly together because we think they're related in terms of patient need in the area. That's why it was in the press release, not because I thought we were peaking too early in Steinbach in the election campaign.

**Mr. McFadyen:** I did have a brief moment of concern when I saw Steinbach announcement, but the tracking established that it was a very genuine and non-partisan announcement. I'm pleased to hear the Premier's response.

We're on the theme of local issues, so I just want to take the opportunity to raise a question of local interest to my constituents. Then we'll come back to some of the other broader themes that we'd been on earlier.

My question relates to the need for a public high school in the Fort Whyte constituency. I know it's an issue the Premier's familiar with. I know he met at one point with various parties involved from the school board, representatives of the community involved, and the high school lobby group. I believe there may have been involvement, either at that meeting or the later meeting, among staff from federal and civic governments when they're looking at a potential proposal that might involve some recreation facilities in combination with a potential high school.

The consistent response that's come back from both the Premier and the minister has been that it's not a matter of if but when in terms of the construction of a high school. I'm aware that Pembina Trails school board has put forward to the Public Schools Finance Board within its capital plan requests that it submits to the PSFB annually over several years a request that the high school be considered within the department's capital plans. I'm recently advised that the PSFB has undertaken a review, is doing a study to establish the case, we assume, for building the high school to help inform the capital planning process and the decision around the high school. I'm advised that there's a meeting taking place between officials from PSFB and the school board in October to present that report and discuss it.

I wonder if the Premier could indicate whether it's still a commitment of him and his government to proceed with the high school, whether he's able to

provide any more detail in terms of the timing of that announcement and of the work and whether he would be prepared to allow the school board and/or PSFB to release that report to members of the community who have an intense interest—people with young children who are looking to the future, wanting them to be able to go to high school in the local community, looking at the reality of Waverley West coming on and the other developments in that corner of the city and just planning for the future—whether he'd be prepared to allow that report to be released publicly after that discussion has taken place.

I know there are several questions embedded there. I'm hoping you might be able to respond to each of them. Thank you.

**Mr. Doer:** I was just wondering whether it was several questions embedded in the report that I hadn't read yet that the member opposite might have, but I'm not paranoid. I'll get briefed on this.

Certainly, we believe that over the medium term there will be demand for the school. We said that before. You can't, in our view, make a decision on the expansion of housing and not have in the plan a consideration of schools. We were encouraged by the previous government's local concern about—I actually liked the idea that former Minister Alcock had proposed that we should look at recreation, community recreation and school recreation and leisure together. I thought that was a smart way to go. I don't know where that is with the demise of his Treasury Board career. I'm not sure where he will be on—I guess he's not a candidate in the next election, I don't know. I don't keep track of all those things—*[interjection]* I beg your pardon. *[interjection]* Oh, okay. I'm just chattering. I'm sorry. I apologize, Madam Chairperson. That's my fault. Loewen, he's back. Well, it will be interesting. *[interjection]* You know, the—

**Madam Chairperson:** Order, please.

**Mr. Doer:** I'll keep answering the question, but I always said to him he should have waited one year and he could have run in Lloyd Axworthy's seat. However, I digress.

I will find out about the report. I don't know what's in it. I'll get a copy of it. I normally believe that that kind of report should be available, but we should get more definition. I'm going to get the advice of what they're saying to us. It is a non-politically appointed body now. I know the member

opposite is not being political in his question at all, and I'm not being political in my answer, but I'll find out their advice and whether we have to ask questions about that. Then we will also ask the second question: At what point is it a public document that can be released to the public?

I'm not aware of how this works exactly, but I'll inquire on all the points you raised. I take them seriously because I do believe over time we will need the school. I just don't know when.

**Mr. McFadyen:** I think I heard the Premier suggesting that deputy ministers aren't subject to political influence, but let's leave that for another discussion. We're going to have a debate about the public service and politics. Let's not do that right now though. Let's get on to other things.  
*[interjection]*

**Madam Chairperson:** Honourable First Minister.

**Mr. McFadyen:** Sorry, no, that was just a digression on my part. So I do have a question here, and I want to come back just with a loose end on Spirited Energy, with apologies to staff for—

**Madam Chairperson:** I still have to recognize you. The honourable Leader of the Official Opposition.

**Mr. McFadyen:** Was any of what I just said on the record, or was I not recognized when I was making all those comments?

**Madam Chairperson:** No. Then I recognized the First Minister when he was interjecting, and now I'm just putting you back.

**Mr. McFadyen:** Oh. Okay. So, in any event, what I was saying was that there were some loose ends on Spirited Energy I just want to come back to, with apologies to staff who are going to be going through *Hansard* and trying to figure out the flow of all these questions. But, in any event, the question relates back to the focus groups that were undertaken by the Premier's Economic Advisory Council.

He indicated that he didn't sit in on those groups. I wonder if he could advise or come back with information as to who did sit in on those focus groups and, in particular, were Mr. Flanagan and Ms. Britton part of that, and whether or not they were, if you could just indicate who did sit in on that focus group process. The reason that's important, of course, is that we know the focus groups didn't go well, and so, clearly, there are questions around how that information was communicated back to the decision makers, and why it was that the advice of regular

Manitobans who were in those focus groups was ignored.

\* (17:50)

**Mr. Doer:** Well, as I say, I'll find out who was there, but, secondly, as I understood it, we released the report and the report was given to the principals that were making the decision. So I'll take the question as notice, but I do understand that there was a report written, which I never read either because I basically established that we'd set up this Spirited Energy similar to what we did in tourism. I'll inquire on that. But there was a report written and the people have received the report, the marketing people. They are experienced in marketing. They're not people that are, they're not politicians. They're business people and they receive marketing reports, I assume, all the time because they're in the markets a lot more than politicians on selling this or selling that or identifying this market or that market. I'm not aware but, usually, you find focus groups on the one hand or on the other hand. I could just say the odd one I've read in the election campaign, or got briefed on in the election campaign. They're people's opinions and they range. There's advice, but at the end of the day you still have to go with your own mind about what's best.

**Mr. McFadyen:** I guess, at the end of the day then whose mind was it that decided to go ahead with the campaign after the focus groups?

**Mr. Doer:** Well, the committee made up of the business representatives. You know, they asked for the authority. There's a report recommended that the business community have a budget and authority and responsibility to engage in an implementation of a recommendation dealing with the image of Manitoba. These are people who are experienced in dealing with this kind of marketing. They recommended that. I had to either accept it or reject it, and I accepted it.

I had another model to go by because we had established a similar arm's-length body from the issue of tourism. Now, people sometimes get advice from focus groups and don't follow the advice. I could ask the member opposite, did you follow the advice of focus groups on the, I promise to bring back the Jets? It's a legitimate question in terms of how people make decisions after they get information. Curious, very curious, but I did not substitute my judgment for the business people that were leading the exercise.

**Mr. McFadyen:** I'm debating whether or not to take the bait, Madam Chair.

I want to maybe ask the Premier if a focus group advised him to say that the chances of NHL hockey coming back to Winnipeg are about as good as him ending winter. I think that's what he said during the campaign, only to be contradicted by Gary Bettman a couple of weeks later. That's not my question, that's just an editorial comment for the record, which he'll probably choose to respond to.

Madam Chair, I just want to come back to one of the frustrations that we, and I know the media and members of the public, experience with this government—it's not just this government, it's other governments as well—it's access to information. Certainly, FIPPA provides a framework of rules and laws that require government to provide information in certain circumstances and subject to some exceptions. There are deadlines put in place and procedures that people have to follow and fees and all those things.

Sid Green has made the point that a spirit of openness within government and transparency is far preferable to a series of laws that require government to do things in certain ways because we know that laws can sometimes allow government the excuse to comply only with the letter of the law and use exceptions and other ways of getting around providing transparency to the people that they serve, the people of the province who elect them and pay taxes and deserve openness and accountability. So we certainly have frustrations with delays. Spirited Energy was a good example of that, delays in getting information to us. Media made the comment that the delays were unwarranted and frustrating. It certainly is a concern shared by us.

More specifically on the topic of information and privacy, the Premier has a longstanding commitment to establish an information and privacy commissioner in Manitoba to bring us in line with what's happening in other provinces. I wonder if he can indicate whether he intends to follow through, and if so when.

**Mr. Doer:** First of all, I want to thank the Ombudsman on the issue of Spirited Energy because there were issues related to the private sector and the public sector. Not only did the Ombudsman perform a very, very important role in identifying the material that could be released, there was also work that she performed on behalf of the public to identify what couldn't be released, that would be confidential with

the private company. I wanted to make sure that, certainly, I respect her advice and her office's advice in this regard. I'll have to see the status of that recommendation on the privacy commissioner. We're certainly consulting with the Ombudsman's office in that regard, and I'll report back on the timing and the content.

**Mr. McFadyen:** I would make a comment that, in looking at the invoices that were released under Spirited Energy, you see decisions made to black out certain pieces of information. It's disclosed that they had wine and beer at a meeting, and a Mediterranean buffet, but they black out the quantities of glasses of wine and bottles of beer but leave in place the amount charged. There seems to be some absurdity built into the process. Common-sense people would look at that and wonder what it was that the government was trying to hide when you see these things blacked out.

So I think if your objective is to try to reduce public cynicism in the sense the government is hiding things from people, that you might want to, and we might want to as Legislators, look at the act and consider whether either the way those provisions are being applied or the provisions themselves need to be addressed and changed so that people look at information coming out with these, what would seem to be fairly arbitrary decisions about what to block out, and it leaves them feeling as though they're having the wool pulled over their eyes. It doesn't seem to do anything to advance the cause of protecting third-party confidentiality which, of course, is important.

But I would make the suggestion that most people who deal with government as suppliers or contractors or advisors or people who are in partnerships with government of one kind or another would do so with some expectation that there's going to be some public disclosure of the transactions and how the money flows, how the money is used and a degree of accountability. It's an issue that's been debated all over the democratic world when you've got more and more private-public partnerships and arm's-length bodies, et cetera. But it is an issue that should be revisited. I wonder if the Premier, in the spirit of openness and accountability, would agree to undertaking a review to see whether either they waive that those provisions are being applied, or the provisions themselves need to be changed in order to provide more accountability for these sorts of transactions and dealings.

**Mr. Doer:** The whole issue of disclosure, in my view, is that, in general terms, it's always better to have the disclosure. I would concur with the principle on the private-sector entity. The Auditor General now has the authority to audit books in the private sector that have relationships with the government, because there are lots of things we would have liked to have looked at. I know in opposition some land deals, and I won't go any further than that, but I have my list.

\* (18:00)

Thirdly, the complicating part for this, as I understand it, and I'll look forward to the advice of the Ombudsman because I think we can get a more inclusive strategy rather than just having these as one-off decisions that take too long to release. Sometimes you have issues, not of disclosure, but you have, perhaps, national companies that provided some benefit to Manitoba through a campaign who worry about whether then all the other jurisdictions will demand the same gift in kind, if you will. So that's where there is some sensitivity. Not to the idea that if we just lived in Manitoba this would be fine, but are they going to get requests that are equal and proportionate to a population even greater for a company that does business outside of Manitoba.

So that was one of the issues that I heard raised by representatives of the private sector, but I didn't hear it specific; I heard it specific to the campaign itself. So I'm sure that that was part of the consideration, but I hope out of this we can improve because I don't think this is the ideal way to go. I hope we can improve out of this, and I certainly concur that there has to be improvements, particularly when the people are getting legal opinions about what can or can't get released when usually releasing things is better rather than not.

**Mr. McFadyen:** Certainly, the feedback that we get from regular citizens and from members of the media is that it is more difficult than ever to get information out of government, that every rule and regulation is applied in such a way to allow for the lowest possible amount of disclosure to take place in any given situation. I don't think anybody thinks that's healthy for our democracy and does anything to enhance public confidence in government.

I want to just move, but before I move from that, I don't know if I got an answer to the question about the privacy and information commissioner. I wonder if the Premier can indicate whether he intends to follow through on that commitment.

**Mr. Doer:** There are some discussions going on with the existing Ombudsman now and I'll report. I haven't got anything this moment, but I'll catch up on that issue.

**Mr. McFadyen:** Just coming back to a point that my colleague, the Member for Brandon West (Mr. Borotsik) raised when I was out of the Chamber, and it's to do with the tuition freeze on the universities. I wish I was here for that exchange because I probably could have added something to the record which might have, hopefully, provided a clearer picture of what's been said to date on the issue. The government has now had that freeze in place, this would be, I believe, the seventh year going into this academic year. The institutions that are affected by it are reporting serious strain; apparently there are ongoing issues with retention of staff, people who are highly qualified and highly educated and highly mobile, and this is having a significantly detrimental impact on the universities, particularly when the freeze is coupled with a policy of not funding universities to the level that they need to be funded at in order to be competitive. So it's the double policy of leaving the tuition freeze in place at the same time as not increasing grant funding from the government to the university that's having this impact.

I understand UMFA, the faculty association union, took a strike vote, I believe, either yesterday or the day before and there're serious strains in terms of both the capital and maintenance side of what's going on in the universities, but just, if not more importantly, the ability of the universities to retain highly qualified staff. The Premier knows, because we've had this discussion, that I had commented that the freeze shouldn't be lifted until the government can address two issues: one is fairness to students; the other is adequate financial arrangements for the university, and that was reported on some time ago. In the course of the campaign, I said that we took the position that it should be reviewed by people who are knowledgeable about such things, who will undertake a consultation with students who are going to be impacted by policy changes, but also with leaders in the university.

I note from the Premier's public comments, I believe it was on CJOB a couple of weeks ago, that he hasn't committed to extending the freeze beyond this year. So what we are suggesting and proposing is that the government look at some kind of shift in policy that takes into account the need for kids from lower-income families to be able to access universities, so that the smartest kid from the poorest

family in the province is able to go through university without finances being a barrier to university education access or college education access.

So I want to ask the Premier what his current thinking is on the policy and whether he is open to lifting the freeze in some reasonable way and adopting policies that will ensure access is there for kids who may need some financial help. By way of example, the Premier will know this initiative well, Dr. Axworthy has embarked on a project with the support of an outstanding young person named Kevin Chief, who's there in an administrative capacity in the support of others to provide credits to young people from economically disadvantaged backgrounds as they work their way through school, financial credits along the way as they achieve certain milestones that would be banked, effectively, and used by them against tuition costs when they get to university. It's an interesting idea. It's got longer term implications. There are lots of good ideas out there.

I'm wondering what the Premier's current thinking is and whether he is prepared to undertake a review and signal that he is prepared to move away from the current policy, which combined with inadequate funding is having a detrimental impact on our institutions and the quality of the degrees and the reputation of the degrees for students who are graduating and looking to the future.

**Mr. Doer:** Well, I don't know whether to start with your history as the board of governor's representative from the former government or as your key Cabinet role that one had—*[interjection]*

Obviously, the enrolment has gone up over 30 percent since we've been elected. We're pleased about that. We've increased dramatically bursaries, and it doesn't get a lot of media coverage. It is really important for lower income families. We don't see tuition fees, itself, as the key point for the lowest of income people. We see bursaries being the most important ingredient for that potential student population. We're looking at other bursary proposals, which we think are important.

We're looking at the other end of the equation. We made an announcement last year on tax reductions with students after they've completed education to their staying here in Manitoba and making that more affordable for student debt to have a reduction.

On the issue of tuition freeze, I would point out that we did fund the reduction to begin with. We did increase the operating expenses to deal with the 10 percent tuition reduction when we first came into office, and maintained that in the operating budget ever since.

We also increased the capital budgets in the universities dramatically. With the University of Manitoba, we've pledged \$50 million. We have up to \$200 million in private pledges, and we also gave the university the ability to proceed earlier so they can combine projects like eliminating asbestos with new capital so it wouldn't be inefficient for proceeding. It's one of the issues that is a notional debt on the books. So, when the member raises that, it's one of the issues of capital that is important.

The other issue that we deal with is the operating amount for the university. We've supported universities in two ways. One is the tax reduction. We've eliminated the education property tax on universities, and two, the operating grant to universities. This year, the operating grant to universities is 7 percent. Even if you had a 5 percent operating grant, the 2 percent would more than equal a considerable tuition increase of 4 or 5 percent, I believe. A 2 percent operating grant to the whole university is worth equivalent of 5 percent tuition increase. So the 7 percent makes up a lot of the room. I don't know many other entities in government that have got a 7 percent increase.

\* (18:10)

So I know things are tough, but we're slowly and surely making a difference. The capital plan of the University of Manitoba is in a lot better shape than it was seven years ago. We are investing in new innovations at the university with the Richardson nutraceutical and bio-food centre. We're also looking at other capital, the new engineering and computer science building. So there are other developments that are taking place there, but the issue of the tuition freeze will be determined in our deliberations going into the budget.

We'll take into consideration the member opposite's views. We'll take into consideration the views of the Member for Brandon West (Mr. Borotsik), who wants an immediate removal of the freeze, and we will take into consideration the views of administrators at universities, students, faculty and families that really want their kids to have the chance to go to school. So all of that will be factored in going into the budget in 2008.

**Mr. McFadyen:** I thank the Premier for that response. We would again repeat our commitment to be supportive of changes. Obviously, we reserve the right to comment on details in terms of how they're enacted, but we are certainly supportive of the principle of making some changes in that area in accordance with the principles that we've set out around protecting students and families, as well as funding our universities at adequate levels.

When I asked the Premier just about the coming over to a major capital project under way right now at the City of Winnipeg as part of the effort to clean up the rivers and lakes of the province, we know the tremendous movement backward in terms of Lake Winnipeg over the last several years. It's been an evolutionary process. It's not a purely political comment, but anybody that's been to the lake knows and has seen the deterioration over the last number of years. So we support the objective of dealing with the nutrients that ultimately make their way into Lake Winnipeg, but focussing specifically on the major expenditure being undertaken by the City of Winnipeg pursuant to the direction provided by the provincial government through the environment department, Conservation Department, which project is now estimated to be in excess of a billion dollars.

The scientific advice that we have received from several people knowledgeable about water and water quality issues is that the most prudent way to proceed would be to remove phosphorus first. There's a certain process that's used at wastewater plants to remove phosphorus from the affluent before it flows into the river. The advice is that the removal of phosphorus will quite probably have the desired effect in terms of reducing blue-green algae blooms, and then to consider nitrogen at a later date. Nitrogen requires a separate process, which is a highly expensive process. So I wonder if the Premier has taken account of that scientific advice as the City of Winnipeg embarks on a very expensive project, which is largely going to be funded by City of Winnipeg ratepayers. There is a very nominal contribution being made by the provincial government with, obviously, ultimately funded by provincial tax payers. But, in the scheme of the overall project, it's a relatively small contribution. City of Winnipeg sewer and water ratepayers are paying the lion's share of the bill, and the City is looking at significant rate increases in order to fund the reserve that's required for this project.

So I wonder if the Premier has considered the scientific evidence and whether he is prepared to

consider the advice which has been provided, which is to proceed first with phosphorus removal before going ahead and requiring the removal of nitrogen.

**Mr. Doer:** Well, the Clean Environment Commission received a lot of advice, a lot of technical advice. The advice they received from outside experts and most of the inside experts in government recommended both phosphorus and nutrients. Nutrients is another word for another more graphic term, the member knows, and it would be consistent with water that flows to Winnipeg from places like Calgary, from places like Regina. Brandon is moving in that direction with even the second shift at Maple Leaf. Portage la Prairie is looking at similar investments again with the Province.

It is unfortunate that in 1988 when the environmental licence exemption was removed from the City of Winnipeg, which was always a source of contention for people living outside of Winnipeg, you know, here we had an environmental law, but a bubble of exemption. Since that time, well over \$600 million or \$700 million of unallocated money has gone from the Province to the City. So, if they would have had a bit of the will to move on with this, which has been recommended for years, obviously, the city—this is the old inner city—with the raw sewage and then, of course, the phosphorus. There are proper allocations. The Schreyer government took action for all new suburbs to have retention ponds which would affect the level of water, I might add, in Bunn's Creek, but the retention ponds to allow for the adequate treatment of water in the new suburban areas, but unfortunately the old city of Winnipeg has not had the appropriate investments in old single-sewer system and the combined system.

We're trying to implement the Clean Environment Commission's decision, and I would say it was their decision, and it's a licensing decision in the most prudent way as possible for the City of Winnipeg. One area that we're still working on is discussions with the national government on what the allocation will be for Manitoba. We're still working with them on this file. We think we're close, and then we can sit down with the City and say this is how much it's going to be to what we consider to be the number one priority of infrastructure in Winnipeg.

I might point out that in our last investment, a decision with Winnipeg, the former MP insisted on the underpass, the former mayor insisted upon rapid

transit, and we insisted on sewage treatment, and we got as part of that agreement 50 percent. I think the member opposite is chief of staff, and the city would know that 50 percent of it was allocated thankfully to the treatment plants. We're getting some completion on one of the three plants that have to be done on some of the projects. The whole issue of the spreading of raw sewage has been documented in the Clean Environment report. The issue of the pipes is a huge expenditure and then, of course, the treatment plant is not the whole billion dollars. The treatment plant to remove phosphorus and nutrients is less than that, and it constitutes a real important development for water quality in Lake Winnipeg. I know people use the term "nutrients" and a lot of the public don't know what it means, but if you say to the people what it means they don't like it so much, and that's why people use "nutrients" and not the real term that is much more graphic in their minds and in their view.

I've got to have a further discussion with the City of Winnipeg because we've got to nail down this federal amount so we can give the city some predictability into their budget process. It's starting in earnest right now. It's really important, I think, and it's a legitimate question. How much is coming from other levels of government? We were able to increase the road amount and the infrastructure amount, but this is still an important priority for us and for them. I would point out there is an allocated amount about \$45 million a year in the City budget from the Province of Manitoba. It could be used at any time for sewage treatment as well.

\* (18:20)

**Mr. McFadyen:** I'm certainly aware of the amount that's been committed to date by the provincial and federal governments, and the Premier knows that against the backdrop of a project which is now in the range of a billion dollars plus that a commitment in the range of \$60 million represents only 6 percent of the total project costs, so the lion's share of the cost and, of course, the lion's share of the credit rests with the mayor and City Council and the citizens of Winnipeg who are going to be funding this, but I certainly appreciate and we'll look forward to hearing more in terms of contributions from senior levels of government to the project.

I would only note that there is a theme which we sometimes see with this government that they'll take positions on issues and will act as the champion on the issue and then leave it to others to pay the actual

cost of achieving whatever the goal is. It certainly is happening with the City of Winnipeg and City of Winnipeg ratepayers. It doesn't mean the objective is wrong and, in fact, the objective is right, but sometimes it can rub people the wrong way when you see people taking credit for things that other people are paying for.

That theme, as it applies to the City of Winnipeg applies equally as well to private landowners in rural Manitoba who are working very hard every single day to run agricultural operations which have been buffeted over many years by different factors, sometimes created by government policy, sometimes created by international markets or weather and climate.

People are working hard to make a living in agriculture who were alarmed and concerned when the government came out with its approach to regulating private land use that there was an insensitivity to the reality of agriculture and a lack of concern for the fact that for many people who are struggling, and when an operation is marginal, every regulation that comes along that tells you that there's something you can't do on your land diminishes the value of that land, makes the enterprise more difficult. We, certainly, heard loud and clear, and I raised concerns about the way in which the regulations were being proceeded with and the lack of sensitivity to what was going on in rural communities.

I want to ask the Premier, because they've made some noises about working in a spirit of co-operation, I wonder if he can commit at the same time as he's working with senior levels of government to secure funding for the City of Winnipeg project, will he commit similarly to seeking funding and providing support to private landowners who are being asked to make significant changes. Many of them have made changes voluntarily as it is.

I always say, and I believe firmly that farmers are the best stewards of the land. Their livelihood depends on sound, long term thinking when it comes to what they do with their land, so lots of changes have been made. They deserve credit for that, but to the extent the government has required them to go further, eliminating some land from use which may be appropriate from an environmental perspective, but are they taking into account the negative impact on those landowners? Are they prepared to show a greater level of co-operation and partnership and

move toward incentives and partnership as opposed to confrontation and a dictatorial approach which many people feel has been taken today?

**Mr. Doer:** Well, the Water Stewardship plan that was released last year and now is before the Clean Environment Commission did include incentives, did include some transition, did include timing, did include consultations on some of the issues of standards that were recommended by KAP and others did include set aside timing, issues of set aside for manure on water. So it didn't happen right away. There are people who are very critical of that being too long from now. There are other people that say it's too quick. All those issues have been submitted to the Clean Environment Commission.

I'm sure that there are issues that any individual would wrestle with if they had to be an arbiter over these decisions. For example, did we wait too long on livestock adjacent to rivers, you know, and waterways? That'll be raised I'm sure in the hearings. We get criticized from both sides. Sometimes when you take the balanced approach you are criticized from both directions, and I accept that.

Moving ahead on water stewardship with all sectors, and I include agriculture, but also homeowners that have phosphorus in their fertilizer and phosphorus in their dishwasher detergent. We would prefer to have a national policy to lower the prices of those consumer products. I noticed in la belle province they just made a point of saying that there's more to this than just farmers. Jean Charest said that yesterday, and we agree with him.

On the issue of a dictatorship, I have never been accused of being a dictator by anybody I know, except my most immediate friends.

**Mr. McFadyen:** Part of what generated the negative reaction through rural Manitoba, and I attended one of the meetings that was held by the Conservation Department—Mr. Williamson came on behalf of the government—was the noted absence of a minister to provide political leadership and feedback at these meetings and discussions. There was even a meeting that had been scheduled with the then-Water Stewardship Minister, who is the former Water Stewardship Minister, that was organized and then cancelled at the last minute. People came out because they thought they were going to have a chance to hear directly from the minister, and were disappointed when he cancelled. I don't know what the circumstances were, but the message that it sends when you send an official out, as capable as they are,

the message at the political level is that there's not a real political interest in what's going on. So much of the negative reaction was a sense that new rules were coming from government issued from Broadway, and that there wasn't a genuine dialogue going on with producers as to how best to implement the new measures.

I understand the give-and-take and the push-and-pull on these issues. People have cottages at wonderful places like Rock Lake in the Pembina Valley, who have concerns about water quality there, and they see from time to time livestock grazing in waterways and would see that as a contributor to the problem. You can also see the perspective of the producer who is trying to make a living on marginal land with grazing. So I think what you need to do in those circumstances to make progress is to have dialogue as to how you bring about those changes in a co-operative way. I would only say that there was a genuine sense through much of the province that that was not taking place under the former minister.

I know there were main concerns over details. I would just say in the spirit of not being overly partisan I sense that there's a feeling that progress is being made on them. I would simply ask the Premier to ensure that the direction continues to be that there's a genuine dialogue, and that we're not expecting producers to bear the brunt of the load when it comes to achieving this objective, and that there's a real commitment to fairness, both in terms of what actually happens and the way it's perceived by people. I think that's important and would ask the Premier to commit that that spirit of partnership be the way this proceeds and not one of confrontation or, if not confrontation, simply lack of interest on the part of ministers in his government until the present.

**Mr. Doer:** I may not know about the specific meeting, but I have heard sometimes criticism of the minister that misses a meeting and they're at a funeral. I understand why people would be very upset. So, if you're expected to be there, you better have a good reason. If you've confirmed to be at a place, we all know this rule: You better have a good reason for not being there and sending a very qualified person in your place.

Secondly, we just talked about the city of Winnipeg and all the pressure now to deal with phosphorus and nutrients, and then we talked about agriculture, I think the fact that the questions followed each other indicates that there are many sources for the challenges of water and water quality

and water degradation. Therefore, there are many sources that we have to look at.

As we get gavelled down—

**Madam Chairperson:** As previously agreed, the hour being 6:30 p.m., committee rise.

Call in the Speaker.

#### IN SESSION

**Madam Deputy Speaker:** Being after 6:30 p.m., as previously agreed, this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

#### CORRIGENDUM

Vol. LIX No. 9B – 1:30 p.m., Tuesday, September 25, 2007, page 319, the first column second paragraph should read:

I know that the Member for Lac du Bonnet, the Opposition House Leader (Mr. Hawranik), along with the Government House Leader (Mr. Chomiak) and others travelled to Saskatchewan recently to have a discussion with people in that jurisdiction about the way Public Accounts works in Saskatchewan and, I think, came back impressed with some of the things that have been happening there.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, September 26, 2007

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