

Third Session - Thirty-Ninth Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS

Official Report
(Hansard)

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, April 20, 2009

The House met at 1:30 p.m.

PRAYER

ROUTINE PROCEEDINGS

INTRODUCTION OF BILLS

Bill 19—The Mortgage Dealers Amendment and Securities Amendment Act

Hon. Greg Selinger (Minister of Finance): Yes, Mr. Speaker, if I could get the document in front of me, I'd be happy to sign it, but I'd like to introduce The Mortgage Dealers Act to extend registration requirements to mortgage brokers who are not otherwise regulated in a financial services industry. And I just need the bill or the document.

I move that Bill 19, The Mortgage—seconded by the Minister of Justice (Mr. Chomiak), I might add, that The Mortgage Dealers Amendment and Securities Amendment Act; Loi modifiant la Loi sur les courtiers d'hypothèques et la Loi sur les valeurs mobilières, be now read a first time.

Motion presented.

Mr. Selinger: Yes, Mr. Speaker, this bill expands the scope of The Mortgage Dealers Act to extend registration requirements to mortgage brokers who are not otherwise regulated in a financial services industry. Also with this bill, The Securities Act is amended to increase the maximum financial compensation the Manitoba Securities Commission can order for financial loss from \$100,000 to \$250,000. As well, the amendments more clearly indicate the types of decisions made by the director that can be appealed as opposed to administrative decisions that cannot be appealed. Thank you.

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

PETITIONS

Long-Term Care Facility—Morden

Mr. Peter Dyck (Pembina): Mr. Speaker, I wish to present the following petition to the Legislative Assembly.

The background for this petition is as follows:

Tabor Home Incorporated is a time-expired personal care home in Morden with safety, environmental and space deficiencies.

The seniors of Manitoba are valuable members of the community with increasing health-care needs requiring long-term care.

The community of Morden and the surrounding area are experiencing substantial population growth.

We petition the Legislative Assembly of Manitoba as follows:

To request the Minister of Health (Ms. Oswald) to strongly consider giving priority for funding to develop and staff a new 100-bed long-term care facility so that clients are not exposed to unsafe conditions and so that Boundary Trails Health Centre beds remain available for acute-care patients instead of waiting placement clients.

This is signed by Herman Hiebert, Allen Schellenberg, Tom Wiebe 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.

Seven Oaks Hospital—Emergency Services

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

The background to this petition is as follows:

The current Premier (Mr. Doer) and the NDP government are reducing emergency services at the Seven Oaks Hospital.

On October 6, 1995, the NDP introduced a matter of urgent public importance that stated that "the ordinary business of the House to be set aside to discuss a matter of urgent public importance, namely the threat to the health-care system posed by this government's plans to limit emergency services in the city of Winnipeg community hospitals."

On December 6, 1995, when the then-PC government suggested it was going to reduce emergency services at the Seven Oaks Hospital, the NDP leader then asked Premier Gary Filmon to "reverse the horrible decisions of his government and

his Minister of Health (Ms. Oswald) and reopen our community-based emergency wards."

The NDP gave Manitobans the impression that they supported Seven Oaks Hospital having full emergency services seven days a week, 24 hours a day

We petition the Legislative Assembly of Manitoba as follows:

To request that the Premier of Manitoba consider how important it is to have the Seven Oaks Hospital provide full emergency services seven days a week, 24 hours a day.

Mr. Speaker, this is signed by I. Michaud, J. McDonald, M. Stefaniuk and many, many other fine Manitobans. Thank you.

**Neepawa, Gladstone, Ste. Rose, McCreary—
Family Doctors**

Mr. Stuart Briese (Ste. Rose): Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

Access to a family doctor is vital to good primary health care. Patients depend on their family doctors for many things, including their routine health-care needs, preventative care and referrals for diagnostic tests and appointments with specialists.

Family doctors in Neepawa, Gladstone and Ste. Rose are unable to accept new patients. The nearby community of McCreary has not had a doctor available to take patients in months.

Without a family doctor, residents of this large geographical area have no option but to look for a family doctor in communities as far away as Brandon and Winnipeg.

Residents of these communities are suffering because of the provincial government's continuing failure to effectively address the shortage of doctors in rural Manitoba.

We petition the Legislative Assembly of Manitoba as follows:

To urge the Minister of Health (Ms. Oswald) to consider prioritizing the needs of these communities by ensuring they have access to a family doctor.

To urge the Minister of Health to consider promptly increasing the use of nurse practitioners in

these communities in order to improve access to quality health care.

This petition is signed by Kelsey Wollman, Henry Wollman, Justin Wollman and many, many other fine Manitobans.

* (13:40)

PTH 15

Mr. Ron Schuler (Springfield): Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

In 2004, the Province of Manitoba made a public commitment to the people of Springfield to twin PTH 15 and the floodway bridge on PTH 15, but then in 2006, the twinning was cancelled.

Injuries resulting from collisions on PTH 15 continue to rise and have doubled from 2007 to 2008.

In August 2008, the Minister of Transportation (Mr. Lemieux) stated that the preliminary analysis of current and future traffic demands indicate that local twinning will be required.

The current plan to replace the floodway bridge on PTH 15 does not include twinning and, therefore, does not fulfil the current nor future traffic demands cited by the Minister of Transportation.

We petition the Legislative Assembly of Manitoba as follows:

To request that the Minister of Transportation consider the immediate twinning of the PTH 15 floodway bridge for the safety of the citizens of Manitoba.

Signed by Jake Buhler, Al Bodner, John Chup and many, many other Manitobans.

TABLING OF REPORTS

Hon. Diane McGifford (Minister of Advanced Education and Literacy): I am pleased to table the 2009-2010 Departmental Expenditure Estimates for Manitoba Advanced Education and Literacy.

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): I'm pleased to table the 2009-2010 Departmental Expenditure Estimates, Supplementary Information for Legislative Review, Education, Citizenship and Youth.

Hon. Greg Selinger (Minister of Finance): I would like to table the following report: The Supplementary Information for Legislative Review, 2009-10 Departmental Expenditure Estimates for Finance.

MINISTERIAL STATEMENTS

Provincial Ice Jams and Flooding

Hon. Steve Ashton (Minister responsible for Emergency Measures): Mr. Speaker, water levels in the Red River Valley are beginning to stabilize. From Emerson to St. Jean, water levels declined 0.1 feet. Levels were unchanged at Morris and Ste. Agathe. The Red River level at James Avenue in Winnipeg this morning was 20.83 feet, a decline of 0.12 feet from yesterday morning. The decline of river levels in Winnipeg will be gradual for the next few weeks.

All tributaries of the Red River had crested as of this morning. Residents and flood fighters in the flooded areas have been reminded that strong winds and wave action can raise water levels by one foot or more, and wave action can erode dikes. Vigilance with respect to wind is recommended until levels have declined substantially. Windy conditions are expected Wednesday and Thursday.

Extensive overland flooding continues in the Interlake region, with many roads overtopped or washed out. Both the Fisher River and the Icelandic River have crested, but the levels remain high and flooding continues at the Peguis First Nation.

Flooding could quickly increase if significant rainfall were to develop. Residents in low-lying areas are advised to take precautions against possible sudden rises.

Mr. Stuart Briese (Ste. Rose): I'd like to thank the minister for the flood update again, as we get every day in the House here.

It appears that some of the crests have hit in some of the areas, and there seem to be some changes and lowering levels on some of our waterways. There are a number of areas, of course, in the province that are still in a critical situation, and we continue to monitor what's going on.

We hope that we're starting on the curve to safer times here with the floodwaters in Manitoba. In a week or two, we will probably be in a position to look back and reflect on all the actions that were taken during this crisis, and take a look at what worked well, what hasn't worked well, and continue

to improve the systems throughout the province in respect to flood problems. Thank you.

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

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

Mr. Gerrard: Mr. Speaker, I want to thank the minister for his update on the flood situation, a situation which concerns all of us here and concerns many people in various parts of Manitoba.

I'd like to comment particularly with the situation at the Peguis and Fisher River First Nations. There's been flooding in these communities from time to time, as we all know. Yet, while much attention has been paid to the prevention of flooding through diking, bypasses and various other things in southern Manitoba, along the Red River and elsewhere there hasn't been the kind of dedicated attention that there needs to be to prevent flooding at the Peguis and Fisher River First Nations, in spite of the fact that a number of proposals have been put forward over the years.

I think it's clearly time to address this in a more substantive way than has been addressed in the past, and I hope the government will look at this.

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 from Louis Riel Arts and Technology Centre 18 adult education students under the direction of Mrs. Lucille Miller. This group is located in the constituency of the honourable Minister of Finance (Mr. Selinger).

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

ORAL QUESTIONS

Education

High School Graduation Rates

Mr. Hugh McFadyen (Leader of the Official Opposition): The Canada West Foundation has just released a report showing that Manitoba has the lowest graduation rate in Canada, with more than one in 10 of Manitoba students dropping out before they complete high school.

My question to the minister is how he can pat himself on the back when so many young Manitobans are dropping out of high school.

Hon. Gary Doer (Premier): The Canada West Foundation also had a report, just recently, that Manitoba's economy last year was the strongest in western Canada.

Mr. Speaker, the graduation rate in school divisions under our administration has gone up to over 80 percent. They were 74 percent when we came into office. Where our real challenge is in Manitoba—and I suggest it's a challenge for all of us—is the unacceptably low graduation rates for children in Aboriginal and First Nation communities where we've said to the federal government: We have to fundamentally change.

Mr. McFadyen: It goes beyond First Nations communities. If you take a look at the report, it indicates that it is not just restricted to those communities even though it is a very significant issue among First Nations.

I want to ask the government: With more than one in 10 Manitobans dropping out of high school before it's complete, which is the worst rate in the country, significantly worse than Saskatchewan—even Alberta with its booming economy which has drawn many kids out of high school before graduation has a better rate—how can they congratulate themselves when what we need in Manitoba is a strategy for ensuring kids complete high school?

Mr. Doer: The graduation rate has gone from 74 percent to close to 83 percent. The challenge, Mr. Speaker, in terms of drop-outs—last year, it was highest in Alberta with the economy booming, particularly young males in schools.

We think the real challenge for graduation rates is the agenda item we had with the Prime Minister in January of this year with—*[interjection]* Well, Mr. Speaker, if you look at the *[inaudible]*

Mr. Speaker: Order.

Mr. Doer: —at the Frontier School Division, and you compare those to other investments, and in communities where we don't even have high schools—there are 13 First Nation communities, remote communities, most of them, that don't even have schools.

We're offering to work with the federal government and First Nations to deliver programs differently so we can have different results, Mr. Speaker.

Mr. McFadyen: Well, Mr. Speaker, the attempt to deflect onto other levels of government is cold comfort for the many students who need leadership on the issue.

Saskatchewan, which has a comparable situation in terms of its demographics and the number of First Nations people who are under federal jurisdiction, has a graduation rate significantly better than Manitoba's, some 2 percentage points better. Alberta and every other province in the country have better graduation rates.

I wonder if the Premier can indicate concretely whether they can move beyond finger pointing at other levels of government and outline specifically what strategies his government is bringing in, strategies like those already introduced in British Columbia, Alberta and Saskatchewan. When is Manitoba going to get caught up on this important issue?

Mr. Doer: Well, Mr. Speaker, the numbers say that we went from 71 percent in the past to 79 percent. Our numbers have us at 83 percent in Manitoba.

But, for the school divisions that we operate, including the Frontier School Division, we have it at below 50 percent in many First Nations communities, including 13 that don't even have high schools.

So we think it's not a question of blaming anybody. It's a question of admitting that there's a real weakness across western Canada, including in Manitoba, for the graduation rate in many of our remote communities. We would believe that at least we should have high schools and high school access in every one of those communities. We're building the University College of the North to provide more post-secondary courses into those communities.

But we have a real weakness, a real gap, between the high school graduation rates in those communities and the post-secondary programs we're putting in place with the University College of the North, Mr. Speaker.

* (13:50)

Education High School Graduation Rates

Mr. Leonard Derkach (Russell): Well, three questions asked of the Premier and three times he is either denying or pointing the finger at someone else for the problem. Mr. Speaker, we haven't heard any solutions.

So I want to ask the Minister of Education: This is a member who is an award-winning teacher because of his innovative techniques, Mr. Speaker. I don't want to hear the spin of the NDP government spin doctors. I want to hear from an award-winning teacher, who is now the Minister of Education, as to what action he is prepared to take or what strategy he has put in place to compensate and to, as a matter of fact, fight against this horrible record that has just come out as a result of the drop-out rates in this province.

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): It's refreshing that they would like to hear from me today because 15 years ago, when I was protesting cuts to the education system, they didn't want to hear a word about it, Mr. Speaker. It's a real interesting conversation here on the road because I remember during the last election that the Leader of the Opposition (Mr. McFadyen) said he didn't think we had to increase funding to our school system because enrolment was flat or declining.

Well, Mr. Speaker, we understand that we need to invest in the education system, and that's why two years in a row our funding commitment to education has been in excess of \$50 million, two years in a row. Members opposite, they promised \$10 million for schools of excellence. They don't care about all Manitobans. They were going to reward schools of excellence, so we're going to fund every school in Manitoba.

Mr. Derkach: Once again, I'm not interested in the rhetoric that comes from Riva Harrison and the spin group, Mr. Speaker. What I want is a genuine answer from an award-winning teacher who now occupies the chair as Minister of Education in this province.

And, Mr. Speaker, my question to the minister is: What specific action has he now put in place to ensure that the next report that comes out, from the western report, next March does not have the same dismal record that we see here before us today with Manitoba leading in the drop-out rates in all of Canada?

Mr. Speaker, what action is this minister now putting in place?

Mr. Bjornson: Well, Mr. Speaker, I'm glad the members are finally asking questions about education in this Chamber. It's been a long time since they've done so. What I'd like to assure the member is there have been a number of initiatives that we've

undertaken, particularly to address the gap that we see between First Nations learners.

That is a horrible problem that we have throughout the country in Canada today, Mr. Speaker, is the gap between Aboriginal and First Nations learners, and we are taking tremendous efforts to address that gap.

Oddly enough, the only time I was asked a question in Estimates about an expenditure of \$3 million had to do with the Aboriginal Education Directorate. They were questioning why we would increase the funding by \$3 million, Mr. Speaker.

We have a number of initiatives, every single one of which they voted against in every single budget that we have brought forward, and those initiatives are working, Mr. Speaker. In fact, many people look to the examples that we provide here in Manitoba for leadership.

Mr. Derkach: Mr. Speaker, special problems require special solutions, and the only thing this minister has been able to point to is the fact that he keeps throwing money at the system. I think the former president of Brandon University put it right when he said he was tired of listening to the problems and the complaints. We need solutions.

Mr. Speaker, I'm asking this Minister of Education, who obviously has failed in his task in terms of the drop-out rate in this province, what specific solutions he has in place to ensure that Manitoba does not, once again, boast of the highest drop-out rate in the country.

Mr. Bjornson: Well, you know, Mr. Speaker, I have to question the member opposite when he raises a question as such as a former Minister of Education, because he seemed to believe that we could compare our success rates across the country when no such information exists on standardized testing across the country. He was suggesting that our school system was failing, that our grade 12s are failing, but there's no information that is collected to provide that benchmark.

But we are succeeding here in the province of Manitoba. More students are graduating. More students are enrolling in adult learning centres. We have more apprenticeship programs. We're—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. I want to pass on some information to the House. I received a number of calls, and I received a very, very—well, it was a very

disruptive letter from a vice-principal in a school. They are wondering if they should even bring their students here because of the decorum in this House. We, as elected members, should be setting the model for all schools, and I think a little decorum is warranted right now.

We're talking about education, and what kind of an example are we setting? I need the co-operation of all members here.

The honourable minister has the floor.

Mr. Bjornson: Thank you, Mr. Speaker. What our plan is, is to provide more opportunities for students to succeed, and that plan includes appropriate educational programming for children with special needs. It includes the Aboriginal Education Directorate. It includes the Bureau de l'éducation français and more emphasis on second-language instruction.

It includes success for all learners, Mr. Speaker, not \$10 million set aside in their budget for schools of excellence. We work for all learners.

School Divisions Tax Incentive Grant

Mr. Ron Schuler (Springfield): Mr. Speaker, with the failure of the tax incentive grant, or TIG, is it the Doer government's intention to make TIG part of base funding or will it be announced on a yearly basis at the whim of this minister?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Well, Mr. Speaker, I thank my critic for the question. It took 35 days for him to respond to our funding announcement, but I understand why that was the case because, again, we brought \$53 million to the table to fund our schools.

Mr. Speaker, every year we have stepped up to the plate. Every year we have increased funding to support our schools, and every year we go through a process where we talk to our stakeholders about the funding formula and how we fund schools, and we'll continue to do that. This year, with the tax incentive grant, clearly two-thirds of the school divisions accepted it, and they made it work. Now we have to talk to the other school divisions about why that wasn't the case.

But \$53 million on the table; \$60 million sitting in surplus funds; Manitobans should not see *[inaudible]*

Mr. Speaker: Order.

Mr. Bjornson –tax increases this year.

Mr. Schuler: Well, Mr. Speaker, I'd like to thank Riva Harrison for that answer, but we would like the minister to get up and start answering these questions. With the failure of the tax incentive grant, or TIG, both the Premier (Mr. Doer) and the Minister of Education stated that, and I quote: All options are on the table.

Can the Minister of Education confirm that it is his intention to strip local school boards of the authority to raise taxes?

Mr. Bjornson: Well, Mr. Speaker, two years in a row we have worked with the carrot of a tax incentive grant, and we have talked to school divisions about the fact that they should not have had to raise taxes. As I said, most school divisions accepted the tax incentive grant, and it worked, and we're going to talk to divisions about why they suggest it didn't.

Of course, we've also increased the property tax credit every year since we've been in office and we've brought it up to \$650 in this budget as well, so we've done more to impact local levies than the opposition did. When the opposition was in office, they put a cap on taxes at 2 percent plus they cut funding. We saw taxes go up several percents, 60 percent, 70 percent, 80 percent, over 100 percent in some school divisions while they were in office.

We're trying to balance appropriate funding with appropriate measures to mitigate tax impacts, Mr. Speaker.

Mr. Schuler: Mr. Speaker, this minister misspoke himself. It's not a carrot he's been using; it's a club he's been using on the school boards.

With the failure of TIG and the Doer government's desire to strip school boards of the authority to tax, is it the intention of the Doer government to move towards a Brian-Postl-Winnipeg-Regional-Health-Authority style of governance for education in Manitoba, seeing as the Premier (Mr. Doer) himself has said all options are on the table?

Mr. Bjornson: This is a rather interesting line of questioning, Mr. Speaker, because during the last election members opposite said they would immediately strip school divisions of their right to tax. They said they didn't think they'd have to increase funding to education, and if you compare our record to theirs over the last two years—you don't

have to go back to the 1990s—they didn't have a shadow budget this year, but maybe we can assume that their past behaviour would dictate future behaviour. So if they said \$10 million for schools of excellence last year, maybe they were going to rethink \$10 million for schools of excellence this year. The gap would still be in excess of \$80 million in funding from our government compared to them.

But they didn't offer a shadow budget because they don't know what to do with education, Mr. Speaker. We know that it's an investment and we continue to invest.

*(14:00)

Prairie Rose School Division Operating Grant for Graysville School

Mr. Blaine Pedersen (Carman): With this government's moratorium on school closures, Prairie Rose School Division received \$94,000 in lieu of closing Graysville School. Operating costs are budgeted for the school division at \$150,000 to operate Graysville School.

Mr. Speaker, to the Minister of Education: What level of financial support can Prairie Rose School Division expect to see in the coming fiscal year, and what factors are used to determine the level of funding in lieu of a school closure?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Unlike members opposite, we believe in rural Manitoba and invest in rural Manitoba. Mr. Speaker, the members opposite did not support the closure act. They did not support that bill. Members opposite were on the side of the trustees and not the school divisions. Members opposite always talk about the cost, but they don't think about it in terms of the investment.

We've actually got more day-care spaces going into schools right now for minimal investment in those spaces. If we were to build stand-alone schools, the cost would be quite phenomenal. We have a school in rural Manitoba where the day-care enrolment now exceeds the school enrolment. That school will be viable in Manitoba for many years to come.

That's our focus, Mr. Speaker, keeping schools viable in rural Manitoba. We heard it at the committee hearings; we heard loud and clear.

Mr. Pedersen: Mr. Speaker, Graysville School is not asking for a day care. The \$94,000-grant for Graysville School was based on an enrolment of

30 students. The current enrolment is 13 students. Operating costs remain fixed for the school division for operating this school regardless of enrolment numbers.

So my question then becomes: Will the drop in enrolment affect the operating grant in lieu of closing of Graysville School, and when will Prairie Rose School Division know the level of funding, if there will be any?

Mr. Bjornson: Well, Mr. Speaker, we have declining enrolment grants. We have sparsity grants. We have small-school grants because we believe in the importance of keeping a school in the community.

I would ask the members opposite: Would that grant have been covered in their schools of excellence model of \$10 million of funding? I don't know, Mr. Speaker; I'm somewhat sceptical that that would be the case.

But, Mr. Speaker, we are investing more money in our schools to keep them viable in the communities. We heard loud and clear during the committee hearings: licence to close a school is licence to close a community in many of the small rural communities in Manitoba.

We believe in those rural communities and will continue to support the schools. We're going to keep those schools open, Mr. Speaker.

Mr. Pedersen: Mr. Speaker, for the information of the House, in February when the Minister of Education was out visiting Carman and Elm Creek schools, he did not go to Graysville School.

So, Mr. Speaker, what assurances can the minister give to the families of Graysville School that there will be adequate long-term funding to keep Graysville School open in the future?

Mr. Bjornson: You know, it's certainly a pleasure to visit the schools in the Carman constituency, and I'll be glad to visit more of them, Mr. Speaker. I'll have to check my records but I believe I did visit Graysville a couple of years ago. I'll check and advise the member of when that visit had taken place.

But I can assure members opposite that the school closure moratorium is something this government is very proud of and very supportive of because we know the value of small schools in rural communities, Mr. Speaker, and we'll continue to support them.

As I said, sparsity grants, declining enrolment grants, small-school grants, as well as providing meaningful funding every single year to every school division, is something that we will stand by any day, Mr. Speaker, compared to their promise of \$10 million to schools of excellence.

We fund for all Manitobans in all areas of Manitoba, Mr. Speaker.

Educational Facilities Need in Southwest Winnipeg

Mr. Hugh McFadyen (Leader of the Official Opposition): Young families in southwest Winnipeg are seeing their kids bused all over the city in order to go to high school. These are families who have paid their taxes and who have established the need for a high school in southwest Winnipeg.

I want to ask the minister, given that he has said repeatedly that it's not a matter of if but when there will be a high school in southwest Winnipeg, I want to ask the minister the question: When will the high school in southwest Winnipeg be built?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Well, Mr. Speaker, certainly we should build the schools as soon as the population would warrant the construction of those schools. The member opposite, I don't think he thinks that we should build a school on the basis of if we build it they will come.

So we are certainly working with the Pembina Trails School Division. We'll monitor the situation, and we'll build when the need is there, Mr. Speaker.

Mr. McFadyen: Mr. Speaker, families in southwest Winnipeg wonder how it is that when the government has \$640 million to build a hydro line to nowhere and a million dollars on a vote tax, why it is that schools in southwest Winnipeg just aren't a priority for this minister and this government. Why not?

Mr. Bjornson: Well, Mr. Speaker, the \$310 million that we announced for education capital is a priority for all schools throughout the province of Manitoba, and there's going to be a lot of work done throughout the province on a number of schools.

Perhaps the member opposite is disagreeing. I heard them heckling when I gave my first answer, but the Tory opposition leader says that he favours building schools where people live, though, and I

quote, I would not adopt the build-it-and-they-will-come approach, and you should build as soon as you possibly can after the population arrives. I paraphrased that and used it in my first answer, but members opposite were heckling.

So, Mr. Speaker, we'll continue to invest where there is need. We've done so in Steinbach. We've done so in Winkler. We're doing so in La Broquerie, and we're continuing to repair a number of schools throughout the province of Manitoba.

Mr. McFadyen: Mr. Speaker, the population in southwest Winnipeg is there. I think if the minister was able to make the time, he should come and visit southwest Winnipeg and he will know that the population is there today. He has a study already showing that the numbers are significant and continue to grow, particularly with the development of Waverley West.

Even if the minister won't commit to the school today, will he at least commit to the site for that high school so the residents in southwest Winnipeg know that the land is being held aside as they await the budget announcement which we know cannot be very far down the road, given that the population is already there?

Mr. Bjornson: Well, Mr. Speaker, it's interesting because in Carman the question is about the sustainability of the school and if we were to close the school in Graysville then those students would have to be bussed significant distances, but here we have the member opposite talking about bussing as if it's—well, you know, as someone who rode the bus himself to school as a rural Manitoban, it's a different reality.

That being said, Mr. Speaker, a potential site has been identified in Waverley West. The Public Schools Finance Board worked with the Pembina Trails School Division, as it worked with all 35 other school divisions to identify a site. They're continuing to work with the school divisions to identify need, and they've done so with a potential site being identified.

What this \$310 million means is \$3 million for 15 more schools to accommodate students with disabilities, \$12 million for roofing projects on 53 different schools, \$13 million for structural renewal projects in nine different schools, \$13 million to replace heating and ventilation systems in 29 different schools.

Lake Dauphin Fishery Government Report

Mr. Stuart Briese (Ste. Rose): Mr. Speaker, on May 6, 2008, the Minister of Water Stewardship in a letter to the editor in the *Dauphin Herald* stated: The results of the index netting on Lake Dauphin give every indication that the fishery is healthy, yet information from the provincial government proves otherwise.

I would like to table the department's own documents on the health of the fishery and ask what parts of the reports she doesn't understand.

Hon. Christine Melnick (Minister of Water Stewardship): Mr. Speaker, we had a recommendation from the department this year that, based on the science gathered over the last number of months, a closure on the spring spawn would be appropriate this year.

We held consultations with the affected First Nations communities over winter. On the 14th of April of this year, I sent a letter to the First Nations to inform them of a conservation closure on the Turtle and Valley rivers during the spring spawn. Sustenance fishing on other Dauphin Lake tributaries will be limited to six fish per day.

We listen to the science as it is gathered, Mr. Speaker, and we respect that when it is necessary to take a conservation move, as we have done in the past, we will do so.

Mr. Briese: Mr. Speaker, I would correct the minister. The department's own documents are from 2005 to 2008, and they make statements like: walleye stocks will decline and not be available for future generations; walleye stocks will decline because the fishery has not been sufficiently replenished, and if actions are not taken, insufficient recruitment of younger walleye into the fishery will impact the long-term sustainability of the fishery.

I ask again: What parts of these reports does the minister not understand, and why does she not take decisive action to protect the valuable Lake Dauphin walleye fishery?

* (14:10)

Ms. Melnick: Mr. Speaker, the real question is what part of we have announced a closure for this year for the spring spawn does the member not understand on the other side of the House?

We will continue to work for the conservation of the stocks. In 2002, we prohibited spawn fishing in all the tributaries and within one kilometre, allowing First Nations to fish for sustenance. We cut quotas from 750 pounds to 500 pounds for all commercial fishers in 2003. In 2002, the Province reduced recreational angler limits from six to four.

We're working with the First Nations. We're working with all stakeholder groups, Mr. Speaker. We are concerned about the conservation of the fishery on Dauphin Lake and every other waterway in Manitoba.

Mr. Briese: The minister fails to say, when she talks about her closure, that it's on only two of the seven tributaries of Lake Dauphin and it's only for a two-week duration.

Last year the minister put in place a Band-Aid solution in which a trap net was placed, at considerable expense, on the Turtle River at Ste. Rose. It turned out to be next to useless. This year the minister has announced this partial closure on two of the seven tributaries of Lake Dauphin, another Band-Aid solution.

When is the minister going to read her own reports, do the right thing and order a full conservation closure on all the tributaries of Lake Dauphin during the critical walleye spawning season?

Ms. Melnick: I'm going to try again, Mr. Speaker. We have announced a closure during the spring spawn on the two main tributaries, with limited fishing for First Nations fishers on the other tributaries going into Dauphin Lake. This is on the advice of the scientific information that was gained from the department that was printed in the documents that the member tabled this afternoon.

I hope that the member is able to understand now after three attempts. We have announced a closure. The closure is based on the conservation of the Dauphin Lake fishery. It is from the 20th of April to the 3rd of May, around the spring spawn, Mr. Speaker. This is in addition to several other conservation measures we've taken over the last number of years.

Health-Care Services Wait Times

Hon. Jon Gerrard (River Heights): Mr. Speaker, to the Minister of Health: John Milne came to me because he's lost his job, because the minister has

failed to do her job. John Milne had to wait many agonizing months to get a straightforward treatment for psoriasis. Because he wasn't able to get the treatment when he needed it, he missed some time at work and he was fired because of his untreated illness.

I ask the minister: When is she going to do her job properly and make sure people can get the health care they need when they need it, instead of having to wait months, so that people like John Milne don't lose their jobs because they're fired because they're not able to get the treatment they need when they need it?

Hon. Theresa Oswald (Minister of Health): I'm very pleased to discuss the specific details of a specific case with the member and would appreciate any more information that he has to offer. I can say, generally, of course, that the issue of any wait times when it comes to procedures across the spectrum, from lifesaving treatments like cancer and cardiac, wherein, of course, we rank No. 1 in the country for having the shortest wait times, or for quality of life wait times for things like orthopedic surgery, or others, as have been mentioned by the member, we want to work to bring those wait times down for all Manitobans.

I look forward to hearing more details from the member so we can assist any of his constituents or others who come to him.

Mr. Gerrard: Mr. Speaker, John Milne, when his doctor retired, like many other Manitobans, went a long time before he was able to find a replacement family doctor. When he finally got a family doctor—you know, it's been tough to get a family doctor under the NDP—but when he finally got a family doctor, the family doctor had to refer him to a specialist to treat his psoriasis. That took another six months. Well, guess what? Six months later, when John Milne finally was able to get in to see the specialist, it was too late. Just a few days before he had the appointment, he was fired because he had a condition, psoriasis, which wasn't being treated, and he was fired by his employer.

It's as simple as that. The minister wasn't doing her job to make sure people got quick access to care, and he's lost his. When is the minister going to fix the system?

Ms. Oswald: Mr. Speaker, as I said before, I would be pleased to discuss the specifics, the personal specifics of any case with the member opposite.

Of course, we work to ensure that we can bring more health professionals to Manitoba, family doctors included. We know that the doctor shortage that exists across Canada, indeed internationally, is one that we all have to be working very vigorously to overcome. We know that we have seen a net increase of doctors to the province of Manitoba every year since taking office, the last two years being among the record-breaking high numbers of net increase.

We have to continue to improve access, and we're doing that through innovations with programs as well.

Again, on the specifics of this case, I'm happy to discuss further with the member, if he's willing to share more details.

Seven Oaks Hospital Emergency Services Reductions

Mr. Kevin Lamoureux (Inkster): Mr. Speaker, for the last few days over at Garden City mall, there's been a table set up to explain what this government is actually doing with the Seven Oaks Hospital and the reduction of emergency services. What is very apparent is that there is a genuine lack of public knowledge in terms of what this government has actually done with the Seven Oaks emergency services.

Manitobans are upset in North End Winnipeg because they believe that they have been deceived by this government. They believe this government was going to materialize on having a seven-day, 24-hour emergency services that did appendixes, that did bleeding ulcers.

My question is: Why did this government so miserably fail on any form of public consultation before these draconian decisions were made to reduce emergency services at Seven Oaks Hospital?

Hon. Theresa Oswald (Minister of Health): If there is one person about whom I'm certain that deception—or misinformation, I should say, Mr. Speaker, is being given to the public about what's happening at Seven Oaks, it's the Member for Inkster. He's making statements about what is being withdrawn from there, and he's just incorrect.

He says that we don't care about community hospitals. It's incorrect. Medical professionals have made a decision about what is appropriate concerning the consolidation of general surgery. Indeed, services are being added to Seven Oaks at the same time that general surgery after hours is

being consolidated, on the recommendation of medical professionals.

I would not substitute the judgment of the Member for Inkster for medical professionals, not today, not yesterday, not ever, Mr. Speaker.

Disaster Financial Assistance Increase for Flood Victims

Mr. Gregory Dewar (Selkirk): My question is to the minister responsible for disaster financial assistance. Mr. Speaker, the members of the opposition obviously don't care about the people that were flooded north of Selkirk.

First of all, I want to thank the Minister of Water Stewardship (Ms. Melnick) and the Premier (Mr. Doer), in fact all my colleagues, for their concern and support of those individuals north of Winnipeg who were recently impacted by the ice jam. I thank them very much for their concern.

Mr. Speaker, as members know, a number of homes were damaged and many will need to be repaired. Some, unfortunately, need to be rebuilt. This will require financial assistance. Today the minister announced an increase in this program, and can he inform the House, offer more details of this increase to the Chamber?

Hon. Steve Ashton (Minister responsible for Emergency Measures): I thank the Member for Selkirk for, first of all, being there for his constituents and, second of all, actually asking a question about what is a major flood, Mr. Speaker, that we're still experiencing in much of the Red River Valley but what was clearly the flood of the century for people north of Winnipeg.

I was very pleased, as our thoughts are with the many Manitobans who did receive flood damage, to announce today that as a Province we're taking the initiative to double the eligibility for disaster financial assistance for private home-owners from \$100,000 to \$200,000. This reflects the higher costs of construction since it was last increased in 1997, the higher value of homes right here in Manitoba.

Mr. Speaker, I want to stress again, we're not out of this flood yet, but as we start tomorrow with the disaster financial assistance office in Selkirk, there'll be more coverage for Manitobans.

* (14:20)

Growing Opportunities Centres Environmental Farm Program Funding

Mrs. Leanne Rowat (Minnedosa): Mr. Speaker, I've been contacted by a constituent of mine, Mr. Bruce Quadrelli of the Souris area, who wants to build a facility to store farm chemicals and fertilizers. In the past, there had been assistance for these types of beneficial management practices through the Canada-Manitoba Farm Stewardship Program. However, producers are currently waiting for details of the new environmental farm programs under grow forward to be announced. When my constituent went to the GO office, he was told there was no funding available at this time for that type of initiative.

Mr. Speaker, can the minister explain why funding is not available today for Manitoba producers who want to undertake environmental projects like building chemical and fertilizer storage centres on their farms?

Hon. Rosann Wowchuk (Minister of Agriculture, Food and Rural Initiatives): Mr. Speaker, as the House knows, we just signed the agreement for the non-business risk management pillar of the federal-provincial program, and there are funds available for various aspects that will be announced.

If the member has a specific case that I am not aware of with regard to farm sites, buildings and storage facilities, I would ask her for that information, and I can address it. But certainly we are moving forward on the other pillars, which are environmental management, research, innovation and all of those issues that are very important to our farming community.

Mrs. Rowat: Mr. Speaker, this individual, as I said, had gone to the local GO Centre and was told that no funding would be in place until this fall, possibly later.

This type of storage facility is very important for producers who want to do the right thing and are stewards of the land but are being given the runaround by this government. It would be beneficial to the environment if Mr. Quadrelli could get this new storage facility on his farm.

These storage facilities are also built right here in Manitoba. So there's a direct hit to an industry that needs these types of producers looking for their types of buildings.

I'd like to ask the minister: Would she please tell the House when Manitoba producers will be able to access the environmental program dollars under grow forward, and when will the funding applications be released, because you cannot even get them on-line.

Ms. Wowchuk: I'm quite interested in what the member is saying. First, in her first question, she said there was no money available. In her second question, she said the money won't be available until fall, and there are no applications ready.

As I indicated in my first answer, Mr. Speaker, we have just signed the agreement. As of the end of the last fiscal year, we signed the agreement, and we are working on the various options, the various programs that will be available.

But the member is wrong when she says there is no money, and she admitted that in her second question.

Letellier Bridge Project Status

Mr. Cliff Graydon (Emerson): Mr. Speaker, flooding is under way in southern Manitoba and north of Winnipeg, and it has a negative impact on infrastructure like roads and bridges.

A case in point is the ailing Letellier Bridge. Manitoba Infrastructure and Transportation has installed new piling on the bridge to try and shore it up, but it was only a temporary fix. This spring's flooding with its continued high water and ice jamming can result in further damage to the ailing bridge.

Mr. Speaker, I ask the minister responsible: Can we expect work to begin on this bridge this season?

Hon. Ron Lemieux (Minister of Infrastructure and Transportation): Mr. Speaker, the engineers in the department and within government will certainly be looking at all the structures throughout the province to see where further damage has taken place with regard to flood waters, with regard to bridges. Throughout the next while, certainly in the next three years, we're going to be investing about \$1.2 billion over the next three years. That's almost, is certainly, the entire budget of the previous government in the decade of the '90s.

There are a lot of structures that need to be addressed, but we depend on our professionals to

give us advice with regard to which ones those will be.

Mr. Graydon: Mr. Speaker, the minister's answer is just a little bit off base. He knows that bridge has been in trouble for the last six years, seven years.

The Minister of Infrastructure stated in this House on September 9, '08, I quote: "This bridge is truly important to the citizens locally as it is to us." If this bridge were truly important to this government then it would be outlining an action plan to get it replaced. Instead, we've seen this project delayed year after year. You can put another piling under the bridge, but that's only a Band-Aid solution.

Mr. Speaker, I ask the minister again: Why is the government stalling when it comes to replacing this crumbling bridge?

Mr. Lemieux: Mr. Speaker, I thank the member for the question.

The engineers have certainly looked at this bridge. The member opposite is very much aware that there is a land issue with regard to a dairy farm that's located near that particular structure that we're looking at, and there are negotiations, I understand, with regard to the purchase of this land. There's still some further engineering that needs to be done with regard to that structure, and we depend, again, as I mentioned before, on our experts, our engineers to supply us with the information necessary.

I should also note, Mr. Speaker, with regard to the member's backyard, we're investing well over \$75 million with regard to Highway 75 in making improvements with the federal government. We look forward to a lot of that construction taking place starting this summer.

Mr. Speaker: Time for oral questions has expired.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. Does the honourable Member for Emerson have leave to raise his last supplementary question?

An Honourable Member: No.

Some Honourable Members: Leave.

Mr. Speaker: No? No, it has been denied.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. Time for oral questions has expired.

Speaker's Statement

Mr. Speaker: I wish to advise the House of a technical error that occurred last Thursday during the announcement of the vote total for the recorded vote held on the subamendment to the budget motion. The result of the vote was accidentally announced as 21 Yeas, 35 Nays, when, in fact, the total number of the members voting as per the division list at the table and in accordance with members standing was 20 Yeas and 35 Nays.

The votes and proceedings of the House for that day will reflect the correct number as per the names entered, and *Hansard* will also show the correct number. This does not invalidate the vote or the vote outcome, but I wanted to ensure that members were advised of this situation.

MEMBERS' STATEMENTS

Mr. Speaker: Well, I have three NDP and two Conservatives, so I like to try and balance it off.

An Honourable Member: Ready.

Mr. Speaker: Okay, well, let's go.

Allan Cup Championship

Mr. Kelvin Goertzen (Steinbach): Mr. Speaker, this past week the city of Steinbach and all of southeast Manitoba were filled with excitement as it hosted the 101st Allan Cup Championship to determine the best senior AAA hockey team in the country.

Every day, thousands of fans came to the Centennial Arena in Steinbach to watch teams from across the country battle it out for the historic Allan Cup.

Players with household names like Theo Fleury, to those who fans became familiar with during the week, such as tournament MVP Brent Zelenewich, put on a great show up until the final championship game which was decided in double overtime as the Bentley Generals from Alberta defeated the Southeast Prairie Thunder.

Steinbach also welcomed special guests such as Ryan Smyth from the Colorado Avalanche and home town hero Ian White from the Toronto Maple Leafs. But, Mr. Speaker, the real stars of the week were the volunteers and the host committee who put on a first-class event and who made Steinbach, the southeast and all of Manitoba proud.

Special thanks to host committee chair Randy Wolgemuth for having the dream to bring this historic tournament to Manitoba and for letting all those who attended share in a tremendous sporting experience. It was a week that all of us will long remember. Thank you.

Day Nursery Centre 100th Anniversary

Mr. Rob Altemeyer (Wolseley): Mr. Speaker, I rise today in recognition of the 100th anniversary of Day Nursery Centre. Since 1909, Day Nursery Centre has been providing child care to the residents of Winnipeg. For a century, this fantastic organization has provided a safe and healthy learning environment for thousands of children. They have also witnessed 10 decades of social change and evolving child-care needs.

Day Nursery Centre began in the early 1900s, when a recently incorporated club known as the Mother's Association of Winnipeg became aware that many children were being neglected due to the fact that their mothers needed to work.

The compassion of the Mother's Association for their community and their sense of social innovation led to the birth of Manitoba's first day nursery. The Day Nursery Centre has evolved over the years from a focus on trained staff in the 1950s to an emphasis on structure and child-care curriculum in the 1970s.

The guiding philosophy, however, at Day Nursery Centre to work with families and communities to develop a holistic care environment for children remains unchanged. The spirit of that philosophy is embodied in the efforts of Day Nursery staff today. Fernanda Hodgson, for example, executive director of the centre, has committed no less than 30 years of service to Day Nursery Centre and was around in the early 1980s when regulations first appeared for child care.

*(14:30)

I'm proud to say that our provincial government continues to support child care today. Our most recent budget, 2009, commits to additional child-care and nursery school spaces, further wage increases for child-care staff and continued recruitment and retention initiatives.

Early childhood care and education is a commitment to our communities. While we still have obstacles to overcome, the long history of Day Nursery Centre reveals that as long as we are willing

to work with the best interests of children and families in mind we can find solutions.

Day Nursery Centre is the oldest child-care centre west of the Great Lakes. We can be proud that Manitoba is able to build on this legacy and remain a leader in providing child care.

I ask all members to join me in congratulating Day Nursery Centre on 100 years of service to the community. Thank you, Mr. Speaker.

Winkler and District Chamber of Commerce

Mr. Peter Dyck (Pembina): Mr. Speaker, April 16, Thursday, Winkler and District Chamber of Commerce had their 87th annual gala dinner, and I had the opportunity to attend that event.

The chamber is a valuable part of our community, and the work that is done is important to the continued growth of our city. Congratulations on having had a very successful year, as your membership has increased by almost 11 percent in 2008, bringing its total to 323 members in the Winkler area.

I would like to thank Ken Thomas, past president of the chamber, for the work that he has done. His tireless service under extremely stressful circumstances, especially the past few months, is appreciated by the entire community.

I would also like to congratulate Betty Hiebert on becoming the new president of the chamber. I wish her well in her many and varied responsibilities as president of the very successful chamber.

This year, three businesses received the P.W. Enns Business Achievement award. Congratulations to Meridian Manufacturing Group, Grandeur Housing Incorporated and Valley Bowling Lanes for being honoured with this award. You have all worked very hard to be recognized with this accomplishment, and it is because of people like you that we have such a vibrant chamber in this area.

The growth we continue to experience requires a recognition of infrastructure dollars, and I will continue to lobby the government to spend those dollars in an area where growth is still taking place.

Finally, we had our guest speaker for the evening, who was Dr. Jeff Zabudsky of Red River College. He gave an address, and the title was *Succeeding in Today's Global Economy: the Role of Education*. The subject certainly was relevant and timely, as it was important for our local businesses to

remain strong during the economic challenges that they are facing now and in the future.

Once again, congratulations to the award winners as well as to the members on the executive. Your service has helped contribute to the growth of our community and for that we are grateful and wish you continued success. Thank you.

Norway House Public Library

Mr. Frank Whitehead (The Pas): Mr. Speaker, I am pleased to rise in the House today to inform all members of a wonderful new development in my constituency of The Pas. The community of Norway House will be getting a new public library thanks to a joint pilot project between University College of the North and Norway House Cree Nation. The project has its sights set on providing real and virtual materials for both local UCN students and the general public in Norway House. If the pilot project is successful, as I am sure it will be, it will set a precedent for getting additional public libraries started in other northern communities.

The history of literacy in the north reveals that the Cree in Norway House were once the most literate in Manitoba. In 1840, James Evans, a Methodist minister and a Norway House Cree, invented Cree syllabics, enabling them to begin writing their language for the first time, initiating the spark that started a wildfire of literacy. In the same way, public libraries are able to spark the wildfire of literacy and innovation in a community. They contribute to the stimulation of new ideas and increased dialogue, not to mention they provide a wealth of research resources that are essential in today's knowledge-based economy.

I am pleased to see this partnership working with the best interests of Norway House residents in mind. UCN is donating financial resources and staff training and is performing administrative duties. Norway House Cree Nation, Training and Culture Division, is providing the building, security, personnel and financial resources for staffing and maintenance. Once renovations are complete and the staff is in place, by the end of summer, residents of Norway House will be able to access more than 10,000 volumes, computer resources, educational DVDs and classic films.

I look forward to seeing the programs for children, youth and adults in the community that will develop as this new project moves ahead.

It is an exciting time to live in northern Manitoba. The new library is both a symbol of UCN pursuing its vision of supporting education for northern people and a progressive step towards the exchange of ideas in our democratic society.

I invite members of the Legislature to join me in congratulating the University College of the North and the Norway House Cree Nation on their significant partnership. Thank you, Mr. Speaker.

Osborne House 35th Anniversary

Ms. Jennifer Howard (Fort Rouge): It's my pleasure today to stand and honour Osborne House, which is celebrating its 35th anniversary this year. As many members in the House will know, Osborne House provides shelter, education and counselling to women and children who are leaving abusive situations at home.

Yesterday, I attended the Women Business Owners of Manitoba Tulips and Tea fundraiser, which was held to raise money for Osborne House.

I would also like to let honourable members know of a current program at Osborne House, which is their tutoring program, where they help kids who are in shelter continue their education in partnership with the Winnipeg School Division No. 1 and the Department of Education.

Currently, Osborne House is collecting shoes for these kids, new athletic shoes, and my constituency office is pleased to be involved with that initiative by collecting those shoes.

I would like to thank the executive director of Osborne House, Carol Ellerbeck, her staff and volunteers for the services they have provided to thousands of women and children over the last 35 years. They will be honoured at a reception at the end of the month at Government House.

I think all of us in this House owe Osborne House a debt of gratitude for the important work they have done, not only to bring attention to violence against women, but to help end that violence in the lives of so many women and children. Thank you, Mr. Speaker.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

Hon. Dave Chomiak (Government House Leader): Mr. Speaker, I wonder if you might resolve the House into Committee of Supply.

Mr. Speaker: We will now resolve into Committee of Supply.

Would the Chairs please go to the appropriate rooms where you will be chairing, please.

COMMITTEE OF SUPPLY (Concurrent Sections)

JUSTICE

* (14:40)

Madam Chairperson (Marilyn Brick): Will the Committee of Supply please come to order. This section of the Committee of Supply will now consider the Estimates of the Department of Justice.

Does the honourable minister have an opening statement?

Hon. Dave Chomiak (Minister of Justice and Attorney General): Yes, Madam Chairperson. Normally, I don't give a lengthy opening statement, but the department always prepares these notes for me that talk about some of the accomplishments of the department, and I don't think I give the department the due for the hard work that they do.

An Honourable Member: That's what you said last year, and you did it.

Mr. Chomiak: And I did it? Good. I'll do the same thing this year then.

Just let me briefly go through the notes for everyone's purpose. The department has taken some obvious objectives and strategies in the budget to deal with safer communities, which is taking action on gangs and organized crime, improving support for children and victims of violent crime, providing strong support for policing, strengthening the ability of the courts to provide fair and effective dispositions and investing in information communication technology. On Aboriginal justice, as all would know, the department is continuing to respond to the recommendations of the AJI.

On offender accountability, the department works very hard to maintain an adequate physical infrastructure to safely house sentenced inmates, addressing need of special offender populations and maintaining effective fine enforcement capacity.

With respect to establishing now the criminal property forfeiture unit, there will be seven new positions and \$464,000 in dedicated new funding. With amendments that came into place, the property

of an individual who is a member of criminal organization is presumed to be proceeds of crime unless there is evidence to the contrary. Notwithstanding the fact that the proceeds of crime has taken in several million dollars over the past few years, this particular piece of legislation, now strengthened based on models from other provinces where it's been made to work, we think, will work effectively in Manitoba.

With respect to strategies, we're providing \$17,000 in funding in support of a pilot project in Swan Valley, committee for the elimination of sexual abuse, trauma abuse and recovery for adult survivors. The project is called Trust, put together recognizing and understanding sexual trauma. One of its core objectives is to provide counselling services to adult survivors of childhood sexual abuse in the north Parkland region.

We will continue our investment and the establishment of a new maintenance enforcement management system. The new system will provide the maintenance enforcement program with greater capacity to enforce court orders and separation agreements.

Plans are under way to establish five new Lighthouses. This will bring the total number to 60 Lighthouses.

Make use of schools, recreation centres and other community facilities for sport, art, music and other activities.

On April 9, amendments to The Victims' Bill of Rights were introduced to address the recommendations made in the Taman Inquiry and the act would also enhance services to victims of crime and their family members.

With regard to safer community strategy, the department proposed, as all will know, a new police act. The Province is increasing its investment in the Provincial Police Service Agreement to support our RCMP operations in Manitoba with a \$6.4-million funding increase. Manitoba Intergovernmental Affairs is also providing funding to support 10 new officer positions for Winnipeg Police Service with one additional officer for Brandon Police Service. We're also extending the police initiatives in the schools for three more years, and there will be some innovation with respect to policing arising, hopefully, out of a passage of the police act and subsequent actions that would be taken vis-à-vis the police act.

A summary conviction court is gaining six new positions and funding increases of \$547,000 to deal with increased workload pressures. The budget also ensures development of a co-operative justice program which will enable the provincial court system, the victims services system and the correction officer management system to exchange information and significantly enhance the process requiring inter-divisional co-operation.

This is no small feat because, recently, when I attended the meeting on ministers of Justice and public safety across Canada, it was the single biggest issue on the mind of one of the ministers; it was the single biggest issue. This change will also allow the electronic exchange of information with external partners, particularly policing agencies. Under the Aboriginal Justice initiative, \$1 million in funding in '09-10 to support the Aboriginal Justice strategy with the Manitoba Métis Federation-SCO, MKO-to focus on crime prevention and community justice initiatives in Aboriginal communities. This will enhance commitments to existing First Nation workers and an expansion of the MKO communities which took place in 2008-2009.

*(14:50)

The SCO project will involve implementing similar First Nations community worker programs for its southern communities, amounting to approximately 70,000 people, as is similar now to the MKO existing project, and the Manitoba Métis Federation community justice project will establish a complement of community justice workers located in five Métis locals across the province with a high percentage of Métis people.

Our government is increasing its investment in Aboriginal policing as well, Madam Chairperson. With regard to offender accountability, as all members know, we've completed construction of phase 1 of Milner Ridge, and now the department is proceeding with commencing the operation of the \$150-million expansion with 81-plus staff positions and \$4.8 million in new funding; \$2.2 million in funding and 25.7 new staff positions have been added to the Manitoba Youth Centre. Construction will soon replace the women's correctional facility and this will be an alternative facility that will provide culturally appropriate programming, and focus on longer term sentence, Aboriginal and First Nation women, transitional housing assistance to allow those released from custody to reconnect with community in a positive way. The Province's capital

budget includes resource of the acquisition of core equipment, which is closed-circuit TV upgrades and physical security improvements.

With respect to offender accountability, the department is increasing funding to the Elizabeth Fry Society in the amount of \$179,000 to enable to operate the bail supervision program for up to 20 remanded women. Madam Chairperson, \$301,000 from the federal government will be dedicated to manage the caseload of youth and corrections serving intensive rehabilitative custody and supervision—that's the IRCS—which is becoming increasingly more difficult. Then, under offender accountability strategies, the department has added a new position dedicated to enhance the court order restitution program.

Just in summary, I want to thank all members of the department, right across the board, for the tremendous work that the department's put in. As an example, I don't think anyone literally believed that the turnaround could be achieved on the Taman report on the recommendations as fast as they were. This isn't as a result of my work; it's as a result of the incredible work of the department, including all of the work done on the police act and other acts, as well as the tremendous work that goes on in our facilities by an incredibly dedicated and committed group of people, some of whose jobs I would not want to have, whose jobs I greatly admire the work they're undertaking.

So, with those few comments, I can complete my statement, again, thanking all of you in the department, whether you're in Prosecutions, Corrections, doing the rehab work, you're the community prosecutor; if you're one of the people doing teaching in the Youth Centre, if you're one of the people that's out there dealing with serious and difficult youth, if you're out there dealing with just the public in general, thank you for your dedication at a time when there's not a lot of recognition for the public sector work done by people in the public service. It's a credit to you all that you continue the work under very trying circumstances.

Thank you, Madam Chairperson.

Madam Chairperson: We thank the minister for those comments.

Does the official opposition critic have an opening statement?

Mr. Kelvin Goertzen (Steinbach): Thank you very much, Madam Chairperson.

I thank the minister for his opening statement. Looking back on some of the past Estimates, I've noticed the minister has often started by saying that he doesn't usually do an opening statement, and then he does it on behalf of staff. I'm actually glad he does, because (a) he took the time to prepare it, and (b) I don't think, sometimes, they do get the recognition that they deserve. It was a good way to give that credit where credit is due, probably more so—this might be a dangerous thing to say—but probably more so than any department. I sometimes feel for those who are working in the Department of Justice because they don't often have those sorts of photo-ready moments that you get in other areas if you're opening a highway, or if you're opening some sort of a public-use building that isn't usually—sometimes, I guess, there's an exception, but, generally, there aren't those sorts of photo-ready moments for those who are working in Justice. Yet they do such a valuable service that it's unfortunate they don't, as the minister says, maybe get the recognition and credit that they deserve. So this is maybe a small step by having the opening statement by the minister, but it was time well spent, if nothing else, than for that reason alone.

I look forward to the Estimates process. You know, sometimes, here in the Legislature and beyond, the format that we deal with, whether it's question period or the media, is a bit more adversarial and it's harder to get into the depth of discussions and harder to get into meaningful, respectful discussion. That's just, sort of, how our legislative process is set up. It has different elements and different stages. Estimates, I find, is often, can be one of those times where you do have a good back-and-forth about ideas and issues and problems, and I think sometimes there are some very good things that come from that process. Not that there aren't good things that come from the other parts of the legislative process, but this is certainly a valuable one, and I look forward to engaging in it with the minister.

I know that staff are going to be introduced shortly by the minister as they approach the table. I think, at least for today, looking to start off asking questions about Corrections, some questions on recidivism, the electronic monitoring program and courts. I don't think we'll get much further than that today and probably won't even get through that, but I wanted to give a bit of a heads-up in case there are some staff that aren't involved in those areas and they have other things to do, and that's fine. If there are

other members who would come and ask questions not related to Corrections, recidivism, electronic monitoring or the courts, then I'm certainly prepared just to take those questions or have the minister report back those answers, but I want to be respectful of staff's time, too. So wherever I can, I'll give you an indication of where we're going. Often, as we get further into this, and maybe closer to the end of the process, it gets a bit more scattered and maybe not as systematic, but we'll take it as we go from there.

I appreciate the minister mentioning issues around the police act and others. Certainly, we'll have questions regarding the police act. I know that piece of legislation is before the House, and I'll have a briefing with the minister in the future—I think it's already been scheduled—but there might be some questions just generally on the structure of that. We, obviously, are supportive of the rework of the police act. It might not agree with every line and direction, or every part of the act, but certainly we agree that there needed to be a rework of the act, and we'll have some discussions about how the final product, or the close-to-final product, I suppose, has come out.

So, with that, Madam Chairperson, I think you'll probably want to ask the minister to bring forward the members of his department.

Madam Chairperson: We thank the critic from the official opposition for those remarks.

Under Manitoba practice, debate on the minister's salary is the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration of line item 4.1.(a), contained in resolution 4.1.

At this time, we invite the minister's staff to join us at the table and we ask that the minister introduce the staff in attendance.

Mr. Chomiak: Madam Chairperson, I appreciate the fact that the member has indicated where he is going. I'm appreciative of his understanding of the fact that Estimates takes a lot of time and work. While the department has to prepare for that, they also have to manage day to day, and I appreciate the fact that he understands that, and I think it's well-regarded by all of us.

*(15:00)

I'm joined by the deputy minister, Jeff Schnoor. I'm also joined by the executive director, Administration and Finance, Patrick Sinnott. I'm joined by the assistant deputy minister of Courts,

Dave Brickwood; the assistant deputy minister, Corrections, Greg Graceffo. I've been joined by the executive director, Policy Development and Analysis, and the person who knows almost everything about some things that none of us know anything about, David Greening. I'm joined by the comptroller, Aurel Tess. Standing in for the assistant deputy A.G., Prosecutions, Michele Jules, senior Crown attorney; and the assistant deputy minister, Criminal Justice, Mike Horn.

Madam Chairperson: Thank you very much, Minister.

At this time, I'm going to ask about how we will be proceeding. Does the committee wish to proceed through the Estimates of this department chronologically, or have a global discussion?

Mr. Goertzen: Well, I think I tipped my hat a little bit early, or showed my hand a bit earlier. I'd like to have a global discussion in the areas that I sort of forewarned about.

An Honourable Member: Agreed.

Madam Chairperson: Agreed.

Thank you. It is agreed that the questioning for this department will proceed in a global manner, with all resolutions to be passed once questioning has been concluded.

The floor is now open for questions.

Mr. Goertzen: First of all, I appreciate the fact that sometimes members of my office call the department for current capacity numbers in the prison—or current incarceration numbers in the various provincial institutions. I appreciate that we get those fairly quickly. That's not just a political issue. I think it's important, when you're dealing with the liberty of individuals, that members of the Legislature have that ability to sort of check up in a variety of different ways. I know we are able to tour the prisons and that sort of thing, as well. But, just, first of all, my thanks for the ability for us to get those Corrections capacity numbers in a pretty timely fashion.

With that in mind, you won't be surprised that I'm going to ask you for the current capacity per institution, as recently as you have them. I know you usually produce them on a daily basis, but sort of whatever you have. I'm looking for the capacity and then the actual number of incarcerated at those facilities, by institution.

Mr. Chomiak: For the AYC, the in-house count is 82; the rated capacity is 100. To continue on correctly, the BYU, Brandon youth centre, it's 2; rated beds is 6. The CSU, there's none there now; rated capacity is 10. The MYC is 156; rated capacity is 150.

With adults—oh, yes, The Pas unit has an in-house population right now of zero, with a rated capacity of 4. That's for the youth.

Adults, the BCC is an in-house population of 256; rated capacity 164. Dauphin is a population of 62; rated capacity 61. Headingley is 667; rated capacity 485. The Remand Centre is 272; rated capacity 284. The PCC is 59; rated capacity 35. The TPCC is 105; rated capacity is 74. Oh, I made that wrong. It was MRCC at 272; rated capacity 284. And the Winnipeg Remand Centre is 372; rated capacity 289.

Mr. Goertzen: I thank the member for the answer, and that's as of today.

The minister has made comments both in the House and through various announcements in the past about the increasing of capacity at Milner Ridge. I know it is to be a part of the expansion already. Maybe there's another part to come. Interested in knowing the date of expected completions for any upcoming capital projects for incarceration capacity in the province that aren't already completed.

Mr. Chomiak: Well, the member will know that the women's correctional facility is in the precipitous stage—actually work being undertaken which will have a scheduled completion date for 2011, although I'm hopeful that it might be sooner, which will take a fair bit of capacity off.

There are planning capacities around most of the configurations as we speak. There are a number of strategies that are being looked at, and the capacity of Milner Ridge is also obviously considered for expansion. We're at a particularly defining moment in some of our capacity issues, so I can't precisely give the member dates of completion today. I might have a better understanding of that in a week or two, and I can provide some dates to the member at that time.

Mr. Goertzen: That's fine. I appreciate the minister's undertaking on that. I know there was an April 2006 release that I was looking at a few days ago that indicated the women's prison would be completed in 2009. Clearly, that's not going to happen. The minister mentioned it would be 2011. Can he sort of

elaborate on what some of the issues were on the delay of that prison?

Mr. Chomiak: Essentially, the idea was to take a concept that was a hundred-year-old building based on a hundred-year-old planning and try to build a facility that would recognize the next 50 years, so there was planning, planning input and capacity issues related to that. In a nutshell, I would say that's the single most significant issue relating to that structure.

I also indicated that the completion date is targeted for 2011. I'm hoping that target date will be sooner than that, but that's as close as I could outline. Obviously, the more sophisticated the approach to the facility, the higher the expense as well. That's also a factor that's in consideration in all of our capital projects insofar as we have a very robust capital plan in the billions of dollars across the province.

Mr. Goertzen: I think it's a wise approach to sort of underpromise and overdeliver on the completion date. Maybe a predecessor didn't have that same approach, although I know he had a lot of projects on the go as well.

* (15:10)

On the capacity, numbers were given to us on the adult current incarceration, and it's not that I don't trust my math, but it's sometimes better to get it from the experts. Can you just state, then, what the current total incarceration for adults is in the province, and what the total capacity for adult incarceration is in the province, as of today? I'm sort of looking for the shortfall, if there is any in capacity. *[interjection]* No, I don't actually.

Mr. Chomiak: Madam Chairperson, on the adult side it's—in house today is 1,793, and the capacity is 1,392.

Mr. Goertzen: All right, so the shortfall of close to 400. I think my math is right, there.

The minister talks about plans on a go-forward basis to try to ensure that there is capacity. Earlier he mentioned there is a robust capital project. Can he sort of indicate if there is a plan to ensure that the rated capacity is equal to the incarceration, at least as of today, and sort of where, in the stream, those capital projects are?

Mr. Chomiak: Madam Chairperson, obviously, the goal is to have a capacity that adequately meets

demand. There are several factors that are literally changing as we speak.

The reason I was a bit hesitant giving specifics to the member in terms of the capital projects going forward is because we've adjusted, and are adjusting them, based on projected populations based on a whole series of factors. If the two-for-one remand matter becomes a significant factor, if the recent sentencing trends on the Criminal Code become a significant factor, if we have an earlier opening, for example, of the women's prison, it'll be a significant factor in terms of population management. So there are a number of scenarios that play out.

Just as an anecdote, I'll provide—when the ministers of Justice got together across western Canada and saw that the capacity was extraordinarily tight everywhere, one of the ministers' premiers suggested a remand centre for western Canada, which got a lot of coverage but, when ministers sat down again together and looked at the concept and the idea, we quickly dismissed it. To this point, I don't think the particular minister who made the suggestion has been demoted or anything yet, but it was a reaction on the part of the premiers to capacity issues, but it wasn't as well thought out as it might have been. So that's a long way of saying that we have a number of planning actions, and more than planning actions, in our scenario.

I'll try to get some of the dates to the member, but there are issues that are changing as we speak, including—and we may get to this in Estimates—some ideas about remand populations and how events might affect remands to bring down the remand population in custody, et cetera. So I'll try to get the dates to the member, but we do have planning scenarios.

Mr. Goertzen: I appreciate, first of all, your comment about the Minister of Justice sort of cutting policy on the fly. That's probably not a good idea for any of us, although, you know, it's sometimes an occupational hazard. But there has been the discussion about the two-for-one elimination and it looks like that's going to go forward. I think that both of our parties have been on the same side of that. I think we actually sort of rushed to get out, or who could get out their release first in support of the federal government movement on two-for-one. I know there have been discussions of more mandatory minimum sentences, changes to how conditional sentences are applied, probably more

changes coming to the Youth Criminal Justice Act, but we'll see on that.

So there are a lot of changes happening on the federal side, and I applaud the federal government for that. I know the minister has done that, as well, in the past. I guess what I'm trying to hone in on is, as it stands today, you know, I wouldn't think that the changes that the federal Conservative government are bringing in would reduce incarceration numbers, although maybe the minister has done an analysis that might indicate that it would. But, if we go under the assumption that the incarceration numbers aren't likely to decline from today, and that they possibly could increase—well, let's just assume that they stay the same at this moment—there has to be a plan to fill that 400-or-so gap between the rate of capacity and the current incarceration. You know, some might talk about a new adult male facility. Maybe there are other expansions that the minister is looking at, but, I mean, is there a plan at this point to fill the differentiation between the current incarceration numbers and the rate of capacity?

Mr. Chomiak: In short, yes. I wasn't implying necessarily that there'd be less people in incarceration. I mean, there are some interesting issues that haven't been canvassed about the two-year-less-a-day and two-year sentences and what impact some of those might have, vis-à-vis the remand changes that might come into effect, plus some of the issues, I think, that we'd like to address with respect to remand. But, in short, there will be need for increased capacity, and there will be measures put in place to deal with that.

Mr. Goertzen: I appreciate that. I think that's fairly forthcoming.

You know, in the changes that are happening on the federal side, I know that some of them are sort of foreshadowed and talked about over the last few years. There has been discussion at this Estimates' table with the former critic and the former, former critic—who was me—asking questions about the possible increase in numbers as a result of two-for-one elimination, mandatory minimums. At that point, I remember—I think it was your predecessor—indicating that the department had sort of done a study about what the possible implications could be of some of the, at that time, the discussed about changes from the federal government.

Do you have any—I'm sure that the analysis is done at this point, but could you indicate what that

analysis looked at, first of all, and what the results of the analysis were.

Mr. Chomiak: I know that going into each FPT meeting we generally have an analysis of what custody times might be as a result of particular changes to the Criminal Code. So I have some of that in retrospect that I can—some of that has occurred and some of that hasn't occurred because of variations on the amendments made to the Criminal Code.

I don't have anything in front of me now with respect to the two-for-one remands. I do know that there was a study undertaken at the federal-provincial level to try to drill down on remand and remand numbers. There's no conclusive data that I was informed of that would enlighten any of us other than, I think, what we intuitively view of that.

Just to continue, I'm informed that some of the speculation is at the high end of—if the changes come through and start taking effect at the high end, there might be more prisoners going into the federal system. At the low end, there might be more prisoners going into our system, which may or may not, but, inevitably, it will mean increased capacity needs unless we're able to see a significant change in behaviour, which, I think, we're all hoping with respect to the change on remand. I think we're all anticipating that we'll have the capacity to move matters faster, and that matters will work through the system faster.

I think some people on the defence side may suggest the opposite. So, having said that, that's the most updated information that I have at this point.

Mr. Goertzen: All right. Certainly, I've heard different bits of analysis coming from defence lawyers, coming from academics, coming from other politicians about what the results might be on some of these changes, and they're not a uniform consensus on what might happen.

But the minister indicates that there has been some analysis done in his department on the changes that are going to happen, or could of potentially happened, federally, whether it's two-for-one or maybe mandatory minimums or other changes, and what that might do to incarceration numbers. Is he able to share that information or that analysis with me?

* (15:20)

Mr. Chomiak: I'm generally told that this is FPT stuff, right, in internal—I could share—part of the difficulty, I think, was sharing some of this information, as some of it has turned out to be not accurate in terms of actual impact, so some information with respect to, for example, the amendments that still haven't got through we haven't seen the increase in our populations. On some amendments that have gone through, I don't think we have the data yet, so we don't have anything in two-for-one per se. We might have something on conditional sentencing and other matters that we could provide the member on the assumption that the accuracy is based on the time lines and the information is based on a speculation basis.

Mr. Goertzen: That's fine. I appreciate that. I don't expect the minister just to give me information when he's right. Sometimes when things haven't borne out, that's fine to get the information too. I understand there are changes and maybe what was thought to be happening federally has come out to be something different and that impacts the outcome too. I just think the thought process and the analysis are important, and I think there are some lessons that can be learned even if the changes on the federal side haven't been sort of four squares with where the analysis was looking at.

Could the minister indicate what the cost per incarceration per day is in Manitoba? I know that's a difficult question because it might differ by the offender, but if we looked at Headingley Correctional institution for example, what the cost per incarceration would be at that institution.

Mr. Chomiak: The Headingley cost daily average to the end of March blended is up '08, blended is 132 per inmate per day.

Mr. Goertzen: Sorry, could you just explain what the blended portion of that means?

Mr. Chomiak: It's operating and salary, and probably some fixed costs I think. It's operating and salary.

Mr. Goertzen: And would it be similar or what would the number be for the youth centre in Winnipeg, for example?

Mr. Chomiak: Madam Chairperson, 225 at the Manitoba Youth Centre.

Mr. Goertzen: And the higher cost of incarceration of a youth as opposed to an adult, is that sort of a volume issue or—

Mr. Chomiak: Yes. I'm advised it has to do with programming implications and economies of scale as well. I also suspect it might be related to structure as well, too, but that's my layperson's view.

Mr. Goertzen: I think the economies of scale and the volume issue, that sort of makes sense. What are the kinds of programming that would be available to a youth that would differ from an adult at Headingley?

Mr. Chomiak: Operating the school for example, and with teachers 12 months of the year at the youth centre on a daily basis and that type of initiative.

Mr. Goertzen: I think there was an anticipation of the next question about sort of a breakdown of the costs that occurred through youth and through adults at Headingley. Does it get broken down more than—it must, because you arrive at the number, obviously, so there must be some way of determining, or is it just simply an operating number plus your cost numbers, and you just divide it by the number of people in the prison at the day?

Mr. Chomiak: I don't think you can quite look at it that way because of the type of population and the remand factor that fits into that. So it's not that precise. To the extent that they can do that, I don't think they can.

To the extent that, I guess, there is a difference, it's dealing with youth who are under The Youth Criminal Justice Act and dealing with individuals who are under the criminal code act and the special circumstances related to those categories, but these are straight averages based on operating costs, et cetera, that are worked out based on number of days, population, et cetera.

Obviously, when you tour MYC and when you tour remand and when you tour Headingley, and you see the structural and the other related differences, you can also extrapolate from that as well.

Mr. Goertzen: Does the department sort of look at other jurisdictions and how we compare on those numbers between the cost of incarceration in Manitoba for a youth or an adult as compared to other jurisdictions in Canada?

Mr. Chomiak: I don't think so. I think if you think about it, it has a lot to do with the jurisdictions and the date and time of the construction of their facilities, et cetera. So there's no particular comparison that we do. I note that following a little problem in Regina, they're now constructing a new

remand centre in Saskatoon, for example, which I think will probably have significantly higher operating costs than the older, though renewed correction centre in Regina.

So, aside from that, I don't think we have—and the physical plant, the cost of salaries—all of those are so different that I think it's difficult to come up with a standard figure.

Mr. Goertzen: All right. I mean we don't feel that that it's without value, that sort of comparison, but I recognize that there are challenges in making a straight comparison for a variety of different reasons. But I think sometimes those comparisons are helpful when you're looking at how things are run in the different jurisdictions.

Moving on, though, I'm curious to know on a day-to-day basis, the type of training or type of work program that an adult inmate at Headingley would experience who isn't on remand, so he's been sentenced to Headingley, the sort of day-to-day activity, both on the work side and maybe a training side, that they might experience.

Mr. Chomiak: Yes, in the interests of time, I'm just wondering if the member would accept a written response to that.

Mr. Goertzen: Yes, that would be fine. Then, just in that, maybe the department or the staff could just sort of outline the differences both between the remand—and I know the remand has less options unless you sort of agree, I guess, than to programming as somebody who's been sentenced right. So those sorts of comparisons would be helpful.

* (15:30)

You know, it's not the reason I ask, and I'm actually hesitant in some ways to ask, but the minister would know when he talks to constituency in a variety of different questions that people ask for a variety of different reasons, and they see different things. One of the things a number of people actually have asked me over the last little while when there was sort of a call for sandbaggers—and this happens anytime there's sort of these issues, you know—why do they see other jurisdictions where prisoners, probably low-risk prisoners, are involved in some of those activities, whether it's cleaning activities, but it's not? They don't see it in Manitoba. Maybe it happens and it's just not seen. But are those sorts of activities that our prisoners are involved in, or is there some restriction that doesn't allow them to participate in those sorts of activities?

Mr. Chomiak: With regard to something like sandbagging, which is driven by Emergency Measures, it's a bit of a different issue. As the member knows, our largest population is remand. When we look at our sentenced population, we don't think that the public would be that supportive of the offenders, generally, being out doing those kinds of public works.

Mr. Goertzen: What, then, is the breakdown, currently, in Headingley of those who are on remand or those who are sentenced? It used to be, like, 70-30 or 65-35. Is that still, sort of, the ballpark?

Mr. Chomiak: Yes.

Mr. Goertzen: So the minister indicates that the public, generally, wouldn't want to see sentenced offenders who aren't posing a risk doing those public works, whether it's cleaning the ditches that sometimes, I guess, churches, charities and neighbourhoods are doing these days.

Does he have a survey on that or how does he come to that conclusion? Is it just anecdotally that he feels the public wouldn't be supportive of that?

Mr. Chomiak: If one were to look at the sentenced population and the type of offence that they're in for, it's pretty easy to draw a conclusion.

Mr. Goertzen: I'll go a step further because it sort of leads into some other questions. The composition, then, of those who are sentenced in Headingley, those who might be identified as gang members versus non-gang members, does the minister have some sort of indication of how many of those who are sentenced in Headingley would be considered to be gang members?

Mr. Chomiak: I don't, and I wouldn't reveal that data.

Mr. Goertzen: I know when I visited Stony Mountain some time ago, and I hesitate to give the date, lest I be held to it, they're pretty forthcoming in that in terms of how they identify individuals who are entering that federal institution and how many people they would know are members of a gang going into it. Is that sort of analysis not done on the provincial side?

Mr. Chomiak: Just to put it into context, when I did criminal work, it was a long time ago, but when I did criminal law work and regularly visited those sites, the difference—I suppose we're saying something like 25 years ago—the difference between the population then and the population now is dramatic. The

categorization and classification and efforts taken both inside the units and outside with respect to dealing with gang issues is almost an art that's been developed, and it's radically different than when I was involved in criminal law. Suffice to say that the impact of organized crime within institutions is significant in terms of their presence, and it's something that we're very conscious of.

Mr. Goertzen: I appreciate that. I know the department and the minister would be conscious of that.

It's probably two years ago. Now, I'm going to, you know, take that risk that I said I wouldn't in the last question, that I visited Stony Mountain. At that time, they indicated—it was a public meeting. It wasn't a secret that, you know, about 80 percent of the individuals at Stony were known to have gang affiliation, at least prior to entering the prison. I don't know if they sort of did that ongoing analysis, if they continued on.

But is that analysis either not done provincially, or is it just not publicly revealed provincially?

Mr. Chomiak: I can indicate that the provinces of Saskatchewan and Alberta have come to Manitoba to receive advice on management of gang members in populations, so maybe that helps answer the question.

Mr. Goertzen: It's sort of the art of try to answer the question without answering the question. I mean, I understand that—I know, it's shocking to the minister of industry.

The question—and the minister might not like this question either—but certainly those who are involved with policing in other institutions, you know, indicate to me that they're segregating those who are involved with gangs at the prison to keep them together as gangs and keep them apart from each other.

Can he indicate if that's happening at Headingley?

Mr. Chomiak: Since 1995-96 I should say—Manitoba has followed the—Headingley has followed the separation concept, and that's one of the things that other jurisdictions have come here to receive information on.

Mr. Goertzen: That's fair. I guess if the segregation is happening, then I'm not sure why there's the reluctance to indicate the number of gang members. If there's a certain security reason that is involved, I

can accept that, and maybe I'm just missing what that sort of security issue would be. I'm sure the prisoners know—who are at Headingley—who are gang members and who aren't. I'm just not sure why there's a concern about putting on the record the percentage of known gang members who are serving incarcerated time.

Mr. Chomiak: I am very reluctant to provide that kind of information publicly, as are my colleagues, I think, across the country. I don't even know if the member knew that we actually attended a gang forum with the then-Minister of Public Safety, Stockwell Day, that was sort of closed to all information up—so it's something I'm very sensitive about, providing information on—largely because sometimes I'm afraid that if I say something that I don't pick up on as a significant security factor, it may be a significant security factor and I'd rather not. I'd rather err on the side of caution than err on the side of—so, briefing, I don't think there's a problem if the member wants a briefing from some of our officials on this, but the extent that I go and make public statements, I prefer not to.

Mr. Goertzen: Well, that's fine. I'll accept a briefing on that, and we can maybe tie that into some of the bill briefings, if you want, going forward so we don't have to sort of overwhelm you or staff with other meetings.

Specifically, at Headingley—actually, not specifically at Headingley, just generally across the provincial institutions, how are incidents against guards measured? I mean incidents, places where those who are incarcerated, I guess, either have a physical interaction or interaction that warrants some sort of a report to be registered with those in the institutions, how are incidents against guards measured within Manitoba?

* (15:40)

Mr. Chomiak: Madam Chairperson, they are managed by way of code calls, and code calls denote the type of incident and the extent to which it will be dealt with and, also, the effect of the consequences of a particular code. That information is obviously internal.

Mr. Goertzen: So there exist, then, records of how many incidents by code have happened within the institutions. Is that right?

Mr. Chomiak: Obviously, every code incident is noted. If the member is looking for specific

accumulation or comparative analysis in that respect, we don't have that.

Mr. Goertzen: All right. Just for my own clarification then, is there a summary of what these code violations would be? You know, there can't be hundreds of them. I'm assuming that there are a handful of different codes of how individuals would report verbal threats, physical altercations, that sort of thing.

Mr. Chomiak: Madam Chairperson, they're not overly complex in terms of the number of different kinds of codes, and they occur in various institutions at various times. I guess that's not a very good answer is it?

With respect to the comparative or actual accumulation or actual numbers, I don't have that.

Mr. Goertzen: All right, well, the minister said it. It actually wasn't a very good answer, but, I think, we're getting toward an answer, which is good. But there does exist, and you might not have it with you today, but there exists—there has to—an accumulative number per year, I imagine, of code incidents that guards report per institution per year?

Mr. Chomiak: The head of our Corrections is here. They are very conscious, obviously, on a daily basis, on a weekly and a monthly and a regular basis, as to occurrences in institutions, and they monitor and respond accordingly.

Obviously, security issues and safety issues are paramount and, in that respect, there's—I don't have any information that I could offer that would provide any further information to the member in this line of questioning.

Mr. Goertzen: For clarity, I suppose. So a guard has an incident, whatever the incident might be, with an inmate, whether it's physical or verbal. They then report that incident to somebody. Is that correct?

Mr. Chomiak: It depends on the kind of occurrence it is, whether or not a report, quote, is made. An incident occurs, there is a reaction. It may or may not go further than that.

Mr. Goertzen: Sure and that's fair. So the guard exercises his discretion. Let's assume that they feel the incident warrants some sort of a report. Who, then, do they report that to?

Mr. Chomiak: Incident reports would work through the supervisors to the head of the institution.

Mr. Goertzen: Okay, then it would be same then, I guess, for other institutions if it didn't happen at Headingley. Then would there be a follow-up where there's—you know, would there be a record made of it? I guess there'd be some sort of a process that happens from there?

Mr. Chomiak: There could be any number of responses: There could be charges for the police, there could be internal discipline, there could be a unit reaction, there could be individual sanctions. Any number of solutions could be assessed.

Mr. Goertzen: That's fair, and I guess one would expect that. Then there is some sort of a record made and the resolution of the issue. But somewhere in there exists the number of these incidents that happen per institution per year? They don't just sort of disappear. They're kept and recorded in terms of the number I'm assuming.

Mr. Chomiak: That type of information would not be on the public record.

Mr. Goertzen: Nor would it be sort of forbidden for the public for seeing that, if somebody would ask for that information. It's not a security issue; it doesn't go to an individual's security. Fair enough. The minister might argue that it is a security issue, but I guess the point is the information exists. It's not something that you put out in an annual report, it's not something you put out in a news release, but the information exists, and if somebody wanted to ask for the information, they could.

Mr. Chomiak: I'm not sure that it would be that simple to access and acquire because of the nature of the various forms of types of incidents, codes and various solutions. So I don't think there would be necessarily the capacity to actually provide any kind of substantive response to that.

Mr. Goertzen: So, then, it would be more complicated than just simply tallying the number of incidents that were reported in a year, in Headingley, for example. It would be more complex than that?

Mr. Chomiak: That's correct.

Mr. Goertzen: Just to enlighten me, what adds to the complexity of that?

Mr. Chomiak: There are a variety of issues. There are individual information prohibitions that apply. There's personal health information that applies. There are security issues that apply. One also has to take into account the fact that, certainly, in the case of Headingley, it also maintains some remand

population as well so that there's an ongoing shuffle of people to and fro, so it's not as simplistic a stat as one might hope to find.

* (15:50)

Mr. Goertzen: Then one wouldn't want to overcomplicate it by sort of asking for the names of the guards or their personal health information, obviously. One would probably just simply ask for the number of incidents and, just speaking of that, not asking for the minister for any names of any individuals or personal health information, does he have any indication whether or not these sorts of code incidences are increasing on a yearly basis or whether or not it's stable or declining, perhaps?

Mr. Chomiak: I think it would be safe to say, without necessarily referencing to department officials, that a lot of lessons were learned in the '95 situation that occurred and much effort has gone into ensuring that the conditions are such that, to the extent possible, we try to prevent any occurrences of that type and kind.

But, in dealing with this kind of situation, the member will know there was recently a major occurrence at the Stony Mountain, and I'm not sure if the specific analysis or that specific information can be and will be provided on the public record, nor is it even accessible.

Mr. Goertzen: So the minister then cites, you know, an incident in Headingley in the 1990s. He cites a federal incident more recently and said that lessons were learned, which would lead me to believe that there are less incidents, because lessons were learned. Yet he states that the information really isn't available, so I'm not sure how we can ascertain that lessons were learned, because he doesn't actually have the information to make that assessment. Is that correct?

Mr. Chomiak: I think it suffices to say that the lessons—there were a number of changes made to the functioning of the institution after 1995—pardon me, '96—and that those are ongoing changes, and that the institution evolves according to the type of offender, the technology and the related circumstances, and that occurs right across the corrections system at all levels.

I'm conscious of a public safety minister at another jurisdiction pointing out that an incident occurred and that perhaps the guards had not been as diligent as they should've been, and that wasn't a smart comment to say, and he knew that in

retrospect. Information with regard to personal safety and security is not as cut and dried as might be, say, in another kind of institutional setting such as a school where you can have grades and you can have individual students and you can mark that information. It's significantly different in the environment of the corrections system.

Mr. Goertzen: Sure, and I appreciate, obviously, we're not talking about elementary schools and that sort of thing, nor do I think we're talking about personal information. I wouldn't want this minister or, frankly, any other, to sort of publicly question the actions of guards. To the contrary, I think that, if there are increased incidents against guards, they would, you know, speak less about the actions of guards and more about the offenders that are in the institutions. So I don't think the minister has to worry too much about a wrong comment in that way. I suspect that there may be other avenues to try to seek out information such as that, that doesn't offend personal health records or personal information.

The minister references other institutions when he talks about education and I know in his former role as the Health Minister, numbers sometimes get used and maybe they're not always good measurements, but they get used to look at what sort of level of service or protection is being provided. Is there, within the corrections field, is there sort of an acceptable target or an accepted target that is used for—and let's use Headingley as an example, because I know the institutions will differ for the number of guards per prisoners—is there a standard that is set out by either those who are working in the institutions or, more generally, about how many guards you should have in an institution that has a certain amount of offenders?

Mr. Chomiak: Obviously, the foremost consideration in a correction facility is the safety of the guards and the inmates, and it's adjusted accordingly. One of the difficulties, and we're going to get to this—the member has cited in the House recidivism rates. There's no standard for recidivism—and they're measured differently, for example, across the country and between the federal and the provincial governments. So there's no standard measure or comparative analysis that you could apply that could be utilized in a standard ratio or standard way in the fluctuating nature of the population, particularly when you have a situation of a significant remand clientele, et cetera. So I don't have any further information to offer the member on that.

Mr. Goertzen: So, then, just for clarity, I know in the past Estimates with the former minister, we would talk about the number of probation officers and the number of cases that a probation officer might be dealing with and he would have thrown out a statistic in terms of what they were targeting to get to and what would be manageable. That doesn't exist when it comes to guards in an institution. There's no sort of target the department looks for. It's just sort of, I guess, you might look at the number of incidents that a guard has or that a prison has and then say, okay, clearly, there are more challenges here than there are people to deal with those challenges, assuming that those records exist, and maybe the minister indicated they didn't exist. So I'm not exactly sure how you determine what's an optimal level.

Mr. Chomiak: Like the health-care system, the corrections system can't turn people away, and has to adapt itself with respect to volume and capacity, and the uppermost consideration is always safety.

Mr. Goertzen: Sure, and of course, like the health-care system, though, when it becomes taxed and people, something falls through the cracks. We've seen really unfortunate circumstances like that recently. So you're right, while people don't ostensibly get turned away, there are consequences, obviously, for an overburdened system, whether it's education, health and justice, wouldn't be any different.

I suppose there are different ways to measure, then, the challenges or the successes that guards are having in terms of their work environment. It wouldn't be just incidences and maybe those aren't measured, seemingly aren't measured or easy to be put together—but, in stress time, sick time. Does the department look at that on a comparative basis, about how guards are doing on the time that they're taking away? Is that a measurement we could use?

* (16:00)

Mr. Chomiak: I'm not sure to what use or extent the member's suggesting this information be applied. Obviously, the system, if you look at the expenditure FTE ratios, they're up significantly year over year in the Corrections Division, quite significantly. That reflects the nature and the increase in the population.

The most significant increase in the Department of Justice budget, it concerns the corrections system, which is a reflection of the population and the numbers. I think that's as good an indication as any.

When we move into other areas respecting collective agreements, respecting matters related to working conditions, et cetera, we're in a bit of a different realm, and a lot of that issue gets sorted out at the bargaining table with respect to conditions, et cetera. That's, I think, the extent of the information I can provide the member.

Mr. Goertzen: The minister asks what use the information would be, and there are arguments, I guess, can be made that it isn't a particularly indicative sign of anything, although I know in certainly not just at the bargaining table, but sometimes health-care professionals will point to the number of stress time or sick time that individuals are taking in the system. They'll point to that as an indicator that the system is under stress. I don't think they just do it at the bargaining table, although I'm sure they do do it at the bargaining table and maybe that's a valuable measurement and maybe it's not. I guess the question was whether or not the department actually measures the amount of sick time or stress time that is applied for and granted to those who are working in the provincial corrections institutions.

Mr. Chomiak: Yes, I'm not trying to be difficult, but how does one measure stress? There's no specific category of stress, although we all know that, say in the last 10 years, there's been an acknowledgement of the impact that stress has on individuals in the workplace and in their functioning, et cetera. So, obviously, the department measures time off, sick leave, et cetera, but after that I don't have any specifics for the member.

Ms. Sharon Blady, Acting Chairperson, in the Chair

With respect to the sick leave and those other matters, I'm not sure that those personnel records are necessarily available.

Mr. Goertzen: So the minister acknowledges that sick leave and stress leave—sick leave is measured. Is there a category such as stress leave? I know other areas measure how much people ask for leave off for stress. Maybe that isn't done in the Department of Justice, and that's fine. Is he saying that that isn't requested separately, it's simply sick time? Has that time that's being requested on a per person basis increased in the last four or five years? Has he noticed any increase in that—measurements are there or is it just consistent over the last number of years?

Mr. Chomiak: I haven't looked at the stats, but I can assure you that it's gone up as it's gone up across the

entire range of the professions. That's based on a whole number of factors, demographics being one of them. I don't even have to look at the numbers to give an affirmative to that.

Mr. Goertzen: I appreciate the minister's candour on that, and, obviously, he's aware of that.

Obviously, I'm not asking about the individual people who've asked for time away from their work in provincial institutions, but can he provide sort of the global numbers per institution on individuals who are working at the institutions who've asked for sick time away?

Mr. Chomiak: Madam Acting Chairperson, obviously, we'd have to go to HR, human resources, to look at that kind of information. I'm not certain it would provide any kind of informative information vis-à-vis work and working conditions because the environment and the context in which it's contained has changed significantly. I actually have seen studies done with respect to professional sectors, for example, where the entire scenario has shifted because of demographic changes.

I use doctors as an example in a study that was cited. The bulk of doctors that were working long hours were in the demographic of age something like 50 and up, and then below the age of 50 and after the age of 70, the working time dramatically dropped. It was very clear that young graduate students were no longer carrying the bag and going 24/7. That's reflected right across the work force. We know that people are taking more sick time. That's, I think, a fact.

Part of it, I think, is a recognition that mental stress and mental fatigue are now actually recognized as a potential sickness. So some of that information is available in the HR. I'm not sure how helpful it will be. I'll ask the department to take a look at some of the stats going back a number of years and seeing what's available and what might provide some kind of context. I do know that when we did do studies of medical practitioners, the data that was before us was not reflective of the actual work environment.

Mr. Goertzen: I appreciate the minister undertaking to provide that information. I want to assure him that, you know, it wasn't a value loaded question. I don't obviously know the statistics, so I'm not going to draw any conclusions from them. Even when I do know them, I still may not draw any conclusions from them. I think this is one of those things that can be measured and can be looked at, and people can

draw their own conclusions from whatever those statistics are. So I don't want the minister to think that I'm sort of jumping down every rabbit hole trying to find something that's significant there. I think some of these are just legitimate questions to look at.

Inmates who come into, let's use Headingley, not on remand, who are sentenced, how are they assessed on the intake, particularly for drug addiction? Is there sort of a test, a scale, something that's undergone to determine what level of addiction they might have going into the system?

* (16:10)

Madam Chairperson in the Chair

Mr. Chomiak: Madam Chairperson, all incoming people are assessed on a risk assessment level. I'm informed probably it would be better for us to reply to the member in writing as to the various categories, which outline what we evaluate, how we evaluate it and the various procedures that are followed.

Mr. Goertzen: I think that that would be informative for me. I'm assuming then, and not to pre-empt what I receive from the minister, but one of those assessments would be drug addiction?

Mr. Chomiak: Yes.

Mr. Goertzen: I thank the minister for that response. Is it possible, he probably doesn't have the data here, but if he could provide the—particularly in that area, I know we sort of got hung up on the gang member issue, and then maybe this won't be as contentious, but how many individuals who are entering Headingley, for example, would be seen to be at risk through drug addiction? Just that one area, on a percentage basis.

Mr. Chomiak: Because of my background in Health, I'm always—and the member will appreciate that addiction, definition of addiction, mental health and those related matters are difficult. I have difficulty sometimes labelling in particular areas.

I'm informed that roughly 71 percent of offenders will have information on file about substance abuse, if that helps. I think the use of the term substance abuse is probably better than addicted, but I know what the member is getting at.

Mr. Goertzen: I appreciate very much that answer. I think it's important. So 71 percent of inmates sentenced into Headingley will have something on their record—to use his words—about substance abuse.

So that wouldn't necessarily equate to the fact that they have an ongoing substance addiction, but it means they have some history with substance abuse?

Mr. Chomiak: Madam Chairperson, of course, even certain types of substance abuse and the period of time when the substance abuse took place would heighten or lessen their risk assessment.

Now, I put my personal hat on when we get to the addiction issue. Again, I want to be very careful about what I say and how I say it when it comes to addiction because there are some that would argue that, once addicted always addicted, that you're an addictive personality, et cetera. So it's a term I'm very careful to utilize, not in terms of pointing the finger, but in terms of recognizing the fragility and the difficulty of separating issues when individuals present, wherever they present. If the member knows—I think he understands generally where I'm getting at.

So the issue of consistency of use, type of use, history of use, current practice, et cetera, all potential medical history, other related factors all fit into the risk assessment that's done on individuals.

Mr. Goertzen: I appreciate the minister's sensitivity to that as well. I don't think it's—I've mentioned, I think, either in this context or others, I have a family history with addiction, and so I have, you know, I appreciate that sensitivity towards those who are dealing with addiction.

So 71 percent of individuals who are sentenced to time in Headingley come in with some history of substance abuse or addiction. They then are offered the voluntary opportunity to go into some sort of drug program at Headingley, I understand. Is that correct? And what's the nature of the programming they may be offered?

Mr. Chomiak: As you're probably aware, Corrections is implementing a new case-management model, which is looking at different assessment instruments to accurately determine risk and needs of offenders, including motivational interviewing and relapse prevention training to assist offenders who want to maintain a drug- and alcohol-free life.

We get into issues of Alcoholics Anonymous, Narcotics Anonymous and various other forms of treatment, including health-care treatment with respect to rehab. So I guess the question is: is there an opportunity for an individual to receive help and assistance? Yes. Is there a requirement that the individual can receive help and assistance? No. I

suppose one could say, you know, philosophically and tragically, therein lies the rub. But, the member will know that, because he was involved in this, we have a plan for non-voluntary committal of youth under 18 with respect to substance abuse issues that is functioning. The extent to which we can implement that kind of non-voluntary treatment, we're quite limited in our facilities in the sense of having the authority to provide that.

Mr. Goertzen: Right, and I recognize those limitations, but what would be the uptake, then, of the 71 percent going into Headingley with a history of substance abuse? I mean, how many of them, on average, would voluntarily then decide to take some form of programming on this in prison?

Mr. Chomiak: I can tell the member, from my years of practice in criminal law, 100 percent. One hundred percent of individuals who are charged with a substance abuse problem are prepared to go into treatment on charge. I know that from my life experience. *[interjection]* Yes, and 100 percent are also not guilty.

Now, the member's differentiating between remand and sentence. So the question the member's asking is: what's the uptake in terms of programming for those that are part of the 71 percent? I'm not sure because there's such a variety of programs and variety of contact. Without getting into a long—I don't think we have quite that statistic. I think the member's probably getting at opportunity and capacity. Do sentenced prisoners have the maximum opportunity and ability to access these programs? Can we do more? I'd probably say yes and yes. They have maximum capacity, but we can do more.

I think we're finding, as we move into more spiritual involvement, et cetera, that that has an impact, as we move to more cultural-appropriate models, that that has an impact. I don't think we have the stat that the member's looking for of that 71 percent.

Mr. Goertzen: Well, if the minister could just undertake then to see if that exists, and if it doesn't, it doesn't exist, but he could let me know if it exists. or if it can be easily, relatively easily, compiled, you know, without sort of grinding the Department of Justice to a halt. If the numbers are there, then I'd like to see them.

* (16:20)

You know, I've spoken in Estimates before and have had this sort of discussion. I'm not sure if I've

had it with the current minister about therapeutic drug prisons and those models. You know, you expected me to ask the question, and I'm not going to disappoint you. I've had the opportunity to visit some therapeutic drug prisons, primarily in the U.S. They were instituted largely as a result of recidivism rates. There seems to be some good success with it. Now I understand that, depending upon who you are intaking into these prisons, you can get greater success or lesser success. But therapeutic drug prison model, at least, seems to have some evidence that it's working and that it can work with a certain number of offenders. But it's very different, of course, than just sort of one-off programming in prisons which most prisons would have in Canada, not just Headingley, obviously, would just have that sort of one-off programming, and it's not the intensive therapeutic model where everybody within that prison is dealing with a substance abuse and sort of dealing with different programming 24 hours a day.

Has the minister or the department sort of looked at that model or similar models that are being used in the U.S., and what applicability—and I might have just made up a word—it might have in Manitoba?

Mr. Chomiak: I think that it's a valid question and it's a valid approach. I think the department has looked at it and I think that a lot depends upon the kind of population you're talking about in terms of your programming.

Our clients are short-term clients, generally, two years less a day. The average stay is much, much less than that, and so many are on remand. So there's a much less of an ability to work on an individual in that kind of a setting than there is in a U.S. state prison or a federal prison where there are longer stays and longer sentences.

The drug treatment court that we have is one attempt to try to deal with some issues of this kind. The programming we have in place, like some of our FASD approaches, are another attempt to deal with some issues.

I think if the member has specific models or a specific recommendation that he'd like to make in this regard, I think we'd be quite willing to look at it.

Mr. Goertzen: Well, I appreciate the answer. I think it was a thoughtful answer.

You know, again, I've seen a few different prisons with it at work. Probably the one that would seem most applicable to me would be the one in Sheridan, Illinois. I think we've spoken about that

before and which—it started up by the former governor, and let's not judge the model by what happened to the former governor in Illinois, but it was started up at a time when the recidivism rate was significantly lower than that in Manitoba. I understand there are measurement issues about how recidivism is measured.

Most of the prisoners in that prison are there for less than two years, but it would be close to two years, and they voluntarily go to the prison. That's obviously not something they can be sentenced to or forced to go to, so it's a voluntary prison. Most prisoners want to go to the prison because there's also other programming in there. In fact, I think it's the only prison I've ever been to that had a welding shop, so it's an interesting application. But they've had good success there.

Now—and this is where some of my previous questions were going to—if, you know, depending on the sort of uptake that you're getting within Headingley, the numbers may warrant it. Then, as we change some of the other questions that we had regarding the two-for-one elimination, is we have more and more people probably going into incarceration. I think that the numbers even warrant it more. I mean, we have, in my estimation, a need for additional capacity, and it's how that capacity, what it looks like, is important.

So that is probably a model that I would look at. I can certainly give the department contact information. I don't believe the warden has changed, but it was a while ago that I was at that prison. But I can certainly give that information. I think it's a model that's worth looking at.

Having said that, unless the minister wants to respond, I'm going to turn it over to my friend from Inkster who, I know, always leads a passionate discussion on all issues related to Justice and won't let us down today.

Mr. Chomiak: Just three quick points. Firstly, I think there are sewing, computer and other shops at Headingley. But I think two issues stand out for me in particular. One is the background of our particular prison population requires some different types of approaches. The second thing is, I think we really have to be creative. I hope we're going to be able to do this on the remand side because on the remand side, there's a potential, I think, to do something. I'm hoping that we will be doing something in that area.

So those are just some—and of course, the departments—I can see a welding. As a son who has a welding outfit, I mean a welding kit in my garage, it's a powerful instrument that those acetylene torches and those—I give credit to the Illinois state authorities for pulling that off.

Mr. Goertzen: Well, it's worth noting, at the time that I visited the prison, they hadn't had an incident. I think it was opened five or six years ago. Again, I think, the prison has sort of already been established as a model where that prisoners realize it's probably their last best chance and so they have a zero tolerance policy. If you sort of do anything that is in violation of those rules, they go back to a traditional prison. So there is a motivation on both sides. It's sort of both the carrot and stick, I guess.

I am going to turn over to my friend from Inkster as I said I would. For the questions tomorrow then, we will pick up and go into issues of recidivism. I'd like to ask some questions about the electronic monitoring project that the government undertook, I guess more than a year now. We'll have questions regarding the courts and the minister mentioned the drug court interested in the graduation rates and applications to the drug court. Then questions in prosecution and that's probably as far as we'll get tomorrow. I'm largely finished with Corrections. There may be some follow-up questions, but just in terms of staff time tomorrow, if that's helpful.

Mr. Chomiak: I thank the member for outlining that for us. It does make things much more manageable and it's very much appreciated, so thank you.

Mr. Kevin Lamoureux (Inkster): I do want to talk about a couple of issues. To start the discussion, or question and answers in regard to policing in the city of Winnipeg. Due to the fact to what's happening in the other area of health care, I haven't been able to pose the questions I would have liked to have questioned to the minister.

I have raised the issue in the past in regard to the community police office in the North End, in particular, on McPhillips Street. I wonder if the minister could give any indication whether or not the government was consulted in any fashion whatsoever. If the government had any sort of position or take on the community police, in particular, the one on McPhillips?

Mr. Chomiak: One of the salient issues before us when we deal with a new police act is that we're clearly going to be outlining the role of authority and

responsibility of the provincial government with respect to policing and related matters. The member will know that policing in the city of Winnipeg is a municipal responsibility, and the directions, et cetera, are under the auspices of the city council and the chief of police. We have a fairly good working relationship, but, like other areas of expertise, I certainly would not want to impose a political decision. That is one made by a politician on a professional matter of policing. It's very clear that community policing is significant in what we say and do as a government, which is why we've put direct funding into community policing and, in fact, have enhanced and expanded the number of police officers in schools. The day-to-day operations of the City of Winnipeg police are left to the judgment and discretion of the City of Winnipeg.

* (16:30)

Mr. Lamoureux: Madam Chair, I'm sure the minister would acknowledge that, often, the Province does provide some direction/guidance, if you will, to Winnipeg policing. There is some responsibility in that sense.

The specific question is: Was the minister aware that the community police office on McPhillips was going to close, and, if so, what was the response?

Mr. Chomiak: That was under the jurisdiction of the City of Winnipeg.

Mr. Lamoureux: Am I to take it, then, that the minister feels that, if a chief of police were to close down all community police offices and just have one public safety building, that the Attorney General of this province would have nothing to say about that?

Mr. Chomiak: No, I didn't say that.

Mr. Lamoureux: Okay, so, in that case, you would provide comment, and would the minister encourage the chief of police to do that?

Mr. Chomiak: I believe that it's important that we work collaboratively with all police departments and provide direction and provide input. Day-to-day management of the police service is best left to the police chief and, in fact, legislatively, is left to the chief of police.

Mr. Lamoureux: Does the minister have any access to the types of activities that were taking place at the community police offices and to what degree they would have been busy?

Mr. Chomiak: I believe I attended at the Winnipeg community police office myself when my son's bicycle was stolen. I've also attended on Hartford, headquarters, when we found a wallet. My son found a wallet in a schoolyard. I thought the best thing for him to do, in terms of civic responsibility, would be to turn it in to the police station. So, in both those instances, we received courteous and prompt response from the police officials.

Mr. Lamoureux: I'm wondering, when the Premier (Mr. Doer) makes the announcement during elections that he wants to make our communities safer—and it's implied that community police offices have a role in that—would not the Minister of Justice have a better understanding of the functionality of these community police offices and if, in fact, they're doing what it is that the Premier would be talking about during elections?

Mr. Chomiak: I think we have a good dialogue with the various police services around Manitoba. There are challenging issues with respect to application of resources. We've provided significant resources to increase the capacity of the police and police officers across the province. We look to the police chief and what will soon be the local boards, to determine some of the strategies and application.

The member makes reference to public safety. I remind the member that public safety is not just policing, just like an emergency room is not just a hospital. Sometimes, just focussing on one narrow aspect of an issue creates confusion on the larger issue. That's not good public policy because it sometimes results in information being put out that is inaccurate. The ideal situation, I think, from most Winnipeggers' viewpoint, is to have to see police close at hand to be reassured that the police aren't just there when they need them, but to be reassured that there's a police presence in their community. I think that's what we're all actively working towards.

Now, to specify, if the member is intending to do this, if the member is intending to suggest that a decision about a community office being open or shut, being located somewhere or somewhere else, is an example of a lack of community policing, I think, is a misinformed assumption by the member. One has to look at the broader application of police services, preventative services and a variety of services.

There are some that argue that—one of the old police stories I was told was that they didn't put air conditioning in police cars so that the police officers

had to keep the windows rolled down and had to talk to people from the police car. I heard that, and I think that's actually, probably, a truism. It reflects the time prior to that when there was a beat cop at the end of many streets in Winnipeg. There was a police light and a police phone.

Nonetheless, the idea of having someone sit in an office or the idea of patrolling a beat and being in the community, I think, is a matter to be determined based on the best policing and the best community service that can be provided. So absent in the office doesn't necessarily mean absence of community policing.

Mr. Lamoureux: Madam Chairperson, I know at one time in the '90s you had community policing office facilities located in The Maples, Tyndall Park, Shaughnessy Park and the McPhillips community police station, all of which are now gone. It is more than, as the minister says, just the police officers, it's a community that deals with the issues of crime on our streets. It seems to me that there's a philosophy that's out there that, I believe, has merit and that is you want to bring the police into our communities, and having facilities to operate out of can be of great benefit. Now, we've had professionals, former chief of police that have said that. What I'm saying now is not something I created. This is professionals that have talked about the benefits of having more of that community-based policing.

I can tell you that many residents in The Maples, Tyndall Park and Meadows West do not feel that there's a stronger police presence today because of the additional policemen that have been hired. In fact, a good number would argue that the presence has actually decreased. That might be because of the call structure and so forth, but I think the government realizes the benefits of community policing at certain times of a—I don't want to be overly cynical, but I guess it is when I say—election cycle because that's what the people want to see. It seems to me that this minister, or the government, I should say, because I don't want to make it personal, the government was not aware that the McPhillips office was actually going to be closed.

* (16:40)

Does he not agree that there is some merit? At one time, as I say, there used to be one in The Maples; there used to be one in Tyndall Park; there used to be one in Shaughnessy, and there was one on McPhillips. That whole northwest quadrant has been forgotten, not to mention others, obviously, that have

shut down, and the public, I believe, received them well.

I understand that that McPhillips office was one of the busiest community police offices that the city of Winnipeg had, and it was a good reference point for many citizens to be able to go in and utilize. So, if the minister is looking for the specific question on it, it would be: Does he not feel that, as the Minister of Justice, there is a role to ensure that there is some level of community policing that goes beyond just a cruiser car driving around in a community?

Mr. Chomiak: I have to deflect the member's comment about election time and remind the member that he stood up at election time and suggested that letters were being sent from MPI because the election was, quote, coming when letters would go out every time of the year. It just so happened that they coincided by way of a month. I don't mind going back and forth, but I do resent political considerations being applied to something as significant as community policing. It's a concept that is well held and believed by everyone in the policing community. I think it's simplistic to suggest that the only way to provide community policing is to have an office in a bunch of communities. I think it's simplistic, and to suggest that that is the extent of community policing is wrong.

Mr. Lamoureux: Madam Chair, you look at The Maples and Inkster combined, there's the total population of the community of Brandon. For them not to have any sort of representation of community policing, I think, is a mistake. I'm not saying each and every little community within the community. It's a fairly significant population base that we're making reference to.

At one time, as I pointed out, The Maples had one, Tyndall Park had one, Shaughnessy Park had one, and there was the one on McPhillips. So I think the minister is underestimating actually the size of that quadrant of the city. I don't have the same sort of understanding as others, but I have talked to police officers, I have heard from former chiefs of police in regard to this particular issue. I think that we're maybe not doing what the government could be doing in terms of this issue.

My question would be now: Can the minister give indication as of today how many police officers are there in the City of Winnipeg police department?

Mr. Chomiak: While we're just looking up the specific numbers, I do know that there's an increase since we've been in office of 185 FTEs that have been funded by this government. The complement's approximately 1,300.

Mr. Lamoureux: When the minister says 185, is that to mean that there are 185, then, new officers, or has there been any cutback from the City? Are there 185 additional police officers serving the city of Winnipeg since 1999?

Mr. Chomiak: I'm going by memory. It's somewhere between—it's 185 FTEs, somewhere around 200 is the number of additional officers that we've funded to the City of Winnipeg.

Mr. Lamoureux: At one time I believe we were the second highest in terms of per capita on police officers for city and municipality. I think Thunder Bay might have been higher than us. I'm not 100 percent sure of that, but I believe that to be the case. Does the minister have any sense in terms of the per capita basis what's Winnipeg's police officers sitting at?

Mr. Chomiak: I think we're still second- or third-highest per capita in the country.

Mr. Lamoureux: Can the minister get those actual numbers for me—provide those numbers? Can the minister provide the actual numbers?

Mr. Chomiak: Madam Chairperson, is the member asking for the per capita comparison? I think that was undertaken—

Madam Chairperson, I'll get that number to the member next time. The reason that I question that is because the data that is used sometimes is different, based on who provides the statistics and whether it's provincial statistics or city statistics, and whether it's the ones that are based on the populations that are more than half a million or less than half a million. But I'll provide that answer to the member next time we meet.

Mr. Lamoureux: Madam Chairperson, I truly appreciate that. The last question I have on this issue is: Does the minister feel or have a sense of what the optimum number of police would be for the city of Winnipeg, or does he feel that there's going to be an ever-increasing need for additional police officers?

Mr. Chomiak: Madam Chairperson, the trend across the country has been to increase the number of police officers and police serving virtually everywhere, and

it's very difficult to suggest what an optimum number is for any location because it's based on a number of factors: it's based on the risk, it's based on the type of population, it's based on the areas. If one goes into the north, there's a dearth—even though there are quite a few officers up there, there are far fewer officers per capita. So we look to the City of Winnipeg, and the response we've gotten from the City of Winnipeg is that they're very pleased with the input of provincial funding to the City of Winnipeg.

Now, I am very high on the provisions in the police act that we've brought in place to deal with police cadets, which, I think, will have a significant impact. That's why, if one's talking about relative numbers, it reminds me of being in Israel and going to the northern tip of the country and the doctor in northern Israel, which is an hour's drive from Jerusalem, saying: Do you have the same problem getting doctors in the north of Manitoba like we have in Israel? The point being, a doctor in northern Israel is an hour away from the major urban centres; a doctor in northern Manitoba is many hours of plane rides away from an urban centre. So there are relative issues in the question. And, when you asked the question, I went through my mind of what's optimum, social; what's optimum, community workers; what's optimum, teachers; what's optimum, medical professionals we would provide in any particular centre. It's very difficult to have a—I think that we are recognized both in Winnipeg and by the police themselves, including the Police Association, that we've done a very good job of providing resources to the police. So I'll leave it at that.

* (16:50)

Mr. Lamoureux: I guess, in part, because we've had this discussion, at least in the past, you know, every—*[interjection]* Not the Israeli story, no. But it seems when budget time comes rolling around, we hear of additional police officers. That's why I'm wondering, you know, if this is kind of like, every budget we can anticipate 10 new police officers or a set number of police officers to create that headline that we're getting more police or getting tougher—tougher on crime, I guess.

My question is in regard to call screening that's done with the City of Winnipeg policing, because it does take an exceptional amount of time. My understanding is, in Calgary, there's a great deal of call screening that takes place. Is the minister aware of the comparisons as to how Winnipeg would have call screening of emergency calls, or just calls

coming in to the police department, compared to a city like Calgary?

Mr. Chomiak: Madam Chairperson, I do know that the city of Winnipeg chief of police has put in place a new priority rating dealing with dispatch and officer dispatch, et cetera, and I believe it's working quite well, but I don't have that specific information in front of me.

Mr. Lamoureux: I can give a specific example. Again, the current chief might have changed the policy, but, at one point, if someone had—and this was an actual call, from what I understand, where someone calls and says there's a mattress in the back lane, and because the police department was called, it was put in queue, and at some point, police officers would have to have been sent out. Whereas in Calgary, where there's a screening, they have the discretion to say, no, maybe you should call this particular number and let them deal with it.

Has that type of an issue ever been looked into? Not necessarily the bed mattress, but the way in which we dispatch, because it does have the potential to free up a lot of police time and maybe lessen the demand on the Province to provide additional funding for policing.

Mr. Chomiak: I believe that Chief McCaskill has put in place a different dispatch system that was in place before. Secondly, I think the introduction of 311 in Winnipeg, I believe, was an attempt to differentiate between particular calls for services and to limit calls to, I think it was part of the rationale was to direct priority calls to 911 and have less-priority calls directed to 311.

Mr. Lamoureux: Yes, I think that we'll leave it at that for now and that particular line of questioning.

The other thing I was wanting to touch base on, and I've raised the issue in the past also with the minister, and that is dealing with youth under the age of 18 that commit minor crimes such as theft and issues of that nature. I wonder if the minister could just provide a sample of a first-time offender or what a first-time offender would typically get if they were caught shoplifting and the police were called. What could be expected to happen?

Mr. Chomiak: Yes, I guess from the example the member gave, a first-time offender on a minor theft, say, theft under, because that does get complicated, on a minor offence, first-time offender would be extra judicial, so they would not come into our prosecution system, and they'd likely be diverted to a

youth justice committee or some other forum for resolution, generally at the discretion of the police, I would think, at the first instance, or they may be cautioned by the police.

Mr. Lamoureux: Does the department in any fashion track the types of minor offences, theft under, from first-time offenders? Do we know the level of frequency that there is shoplifting that's occurring in the city of Winnipeg?

Mr. Chomiak: Madam Chairperson, first of all, I don't know if there's an offence called shoplifting. There is no such offence. Now theft under, there is an offence and when a charge is made under and it comes into our system, we track it. If a caution isn't made or an extrajudicial disposition is made of it, then we don't catch it in our system. I'm not trying to be difficult, but you have to be cognizant of both the Criminal Code and the activities that occur outside of the quote, administration of justice within the Department of Justice and the Prosecutions, et cetera.

Mr. Lamoureux: You see, I'm familiar with the charge of theft under, and, I think, most people feel very comfortable in knowing it is shoplifting. It's relatively minor but still a serious crime, which most would argue that there should be some form of a consequence for it.

I'm wondering if the minister could give any indication whether or not the department is aware if there are—how often just a cautionary note would, in fact, be given. Is it 70 percent of the time? What could someone that steals a CD expect?

Then the other issue that I would have is how many would review Crown cautions in a year because there would also be from our courts or from our prosecutors?

Mr. Chomiak: What are you trying to ask? What are you trying to ask because I'm—

Mr. Lamoureux: The police give cautions for—someone goes to the store and steals a CD. Quite often they will give a caution and that's it. What percentage—does the department have any sense if little Johnnie goes into the store and steals a CD and because it's his first time, can little Johnnie's dad and mom feel, oh yeah, it's just going to be a caution, there is nothing beyond that. That seems to be the impression today. Is that a fair impression?

Mr. Chomiak: That answer—it's not a simple answer that I can provide to the member with respect to cautions by police and, you know and quote, little

Johnnie, or end of quote, little Johnnie. It could very well be that the police will take little Johnnie to a baseball game and talk to him about his or her consequences or go to the Salisbury House and have a hotdog with little Johnnie and say, you know, you shouldn't do this and we're going to give you off on a caution. But, once you enter the criminal justice stream and get entered into the prison system and entered into the CPIC system, you're into a judicially—you're into a different kind of system, so it's not necessarily tracked by us in terms of tracking because it actually doesn't come into our system.

Mr. Lamoureux: Would the minister, then, track Crown cautions that would be issued to little Johnnie, for the lack of a better name?

Mr. Chomiak: Madam Chairperson, yes, we track what comes into our system.

Madam Chairperson: The time being 5 o'clock, committee rise.

AGRICULTURE, FOOD AND RURAL INITIATIVES

* (14:40)

Mr. Chairperson (Rob Altemeyer): Will the Committee of supply please come to order. This section of the Committee of Supply will now consider the Estimates of the Department of Agriculture, Food and Rural Initiatives.

Does the honourable minister have an opening statement?

Hon. Rosann Wowchuk (Minister of Agriculture, Food and Rural Initiatives): Indeed, I do.

Mr. Chairperson: Please proceed.

Ms. Wowchuk: Thank you, Mr. Chairman, and members of the committee and staff that are here.

I'd like to take a few minutes, just a bit of an opening statement and just talk about a few important issues, but one of them is the economic climate that we're in right now. Even though Manitoba is in a fairly stable condition compared to other provinces, we all know the importance that agriculture plays in the economy of this province and that it's important that we have effective programs that will strengthen our agrifood industry in our rural communities.

I wanted to say, Mr. Chairman, I was very pleased with the article, "The Field of Dreams," agribusiness sector of creating jobs in rural

Manitoba. That article spells out very clearly how important this industry is to this province and to the city of Winnipeg and the opportunities that are ahead of us to use agriculture products in many ways, whether it be in energy, whether it be for nutraceutical functional foods or to add value so that we are not shipping out raw materials.

It's very pleasing for me to see that so many people that are involved in the industry are giving the same message that we as government are giving about the value of this industry. I do believe that in the coming years we have to and we will continue to work to help producers make their farms more profitable, enhance the safety of our food systems and the industry will provide resources to increase our value-added activities and to assist rural communities to access new opportunities. That is our goal, as well, to help the industry mitigate the effects of climate change.

There are a few areas that I want to touch on briefly and that is on food safety, which is one of the areas that our government and my department is focussing on, and we have taken several new and far-reaching initiatives this year that will help to build on our priority of health and wellness in Manitoba.

We are proceeding with a Farm to Fork food safety program, a comprehensive undertaking that begins with the transfer to this department of inspection responsibilities of approximately 550 provincially licensed food-processing facilities including 24 livestock abattoirs. In conjunction with Manitoba Health and Healthy Living, we will tie together the inspections of all food facilities, from the farm through to processing and ending in the retail outlets and restaurants.

As MAFRI's component of assistance, we are allocating \$1.2 million this year for phase 1, which will include designing inspection programs and continued implementation of the international HACCP food safety program and hiring eight specialists to lead the activities.

Complementing the Farm to Fork safety program is a national agrifood tracing system which will enable timely and effective action in the event of an animal disease outbreak or food contamination emergency. We have added to last year's \$350,000 commitment an additional \$150,000 this year, Mr. Chairperson.

Mr. Chairperson, ultimately all food premises from farm to processing to storage and distribution will be included in this system, and both these initiatives add value at the international level because it gives confidence to our customers that we have the best possible tracking and safety system that we could possibly have.

In Animal Health, we have built a team of experts that is leading the nation in designing a new and innovative approach to early-warning surveillance and detection of serious animal diseases that could affect trade, human health and our food safety. Our goal is to anticipate and mitigate threats rather than simply react when they happen.

Of course, you also know that we brought in The Animal Care Act, which was in response to the public's concern on how pets are raised, and we have hired a second animal welfare veterinarian.

The next area that I want to talk about is rural economic development. We have committed an additional \$200,000 to a Rural Entrepreneur Assistance program, better known as REA, which will allow us to assist more small-size manufacturing businesses that previously could not qualify for the program. By raising the yearly revenue qualifications ceiling from \$1.5 million to \$2 million, we can provide more loan guarantees to small operations to financial institutes. Likewise, we are implementing a similar program of loan guarantees for rural small businesses that are seeking operating credit, and this is a very important part for our rural small businesses.

We also anticipate an additional \$1.95 million in rural economic development initiatives which we will inject back into local economies through programs that assist rural businesses. This could include feasibility studies for business proposals, food industry development, Hometown Manitoba or the REA program that I just talked about.

Mr. Chairperson, we continue to invest in agriculture research and technical transfer activities to ensure producers have access to the latest knowledge and innovations. Support of diversification centres in Melita, Roblin, Carberry, Arborg will increase this year.

At the same time, we all know that farmers need support during difficult times, whether it be bad weather, trade issues, high input costs or high feed costs. We are allocating \$39.14 million to assist producers who are experiencing difficulty.

A very important issue is taxes and school taxes, and I'm very proud that we've been able to keep our commitment. This year we, again, removed an additional 5 percent of school taxes from farmland. We are now up to 75 percent of rebating farmland school taxes, and this is a total of \$32.8 million that's available for farmers to get rebate on.

As for young farmers, we will add another \$250,000 in rebates and loans through the Manitoba Agriculture Services Corporation.

*(14:50)

In order to add value to products that are produced on our farms, we continue the \$450,000 Manitoba Agri-Innovation Suite of services to help food processing and entrepreneurs. They will receive assistance in agri-product development, commercialization, marketing and certification using much of the technology and expertise that has been developed at our Food Development Centre. Again, this has been developed in consultation and listening to the producers and the processors. They have asked for these, Mr. Chair.

Another priority area that I want to highlight is our work to protect the environment and our continued effort to mitigate climate change and assist farmers in adopting sustainable practices. For this, we have allocated \$2.6 million which will include funding for the Manitoba Sustainable Agriculture Practices Program that is reducing greenhouse gas emissions and restoring wetlands; the climate-friendly woodlot practices innovation that is helping landowners rejuvenate hardwood riparian forest, and is expanding the micro-forest industry; and the biomass energy initiative that is encouraging farmers to use crop residue as a biomass source instead of burning it on their fields.

I want to talk briefly about our new federal-provincial agreement. As you know, we signed a Growing Forward agreement with the federal government, and it is providing funds for new programs as well as a framework of agriculture for agriculture policy for the next four years. It will impact science and innovation, business development, food safety and environmental programs. Again, this has just been signed, and there are many innovative, new programs that will come from that and will be rolled out in the next little while. It will be provided on a 60-40 basis with the federal government as are other agriculture programs.

Mr. Chairperson, that's a highlight, a very quick highlight, of some of the things, but some of the areas that I feel that are priorities, where we are doing new initiatives, and I'm certainly looking forward from the questions from the opposition. I hope I can provide clarity on the departmental programs as we move forward with these Estimates. Thank you.

Mr. Chairperson: We thank the minister for those comments.

Does the official opposition critic have an opening statement?

Mr. Ralph Eichler (Lakeside): I do.

Mr. Chairperson: Please proceed.

Mr. Eichler: Mr. Chair, just a few comments before we get into the question and answers in regard to the Estimates process.

The minister did talk briefly about the "Field of Dreams" article that was in the weekend paper and I certainly want to congratulate those people that worked so hard to keep those offices here in Winnipeg. They talked about 10 companies in particular. Some of the bigger ones are Richardson International, Cargill, Parrish & Heimbecker, Canadian Foodgrains, MacDon and others, of which there are some 30,000 direct jobs—some 62,000 indirect jobs—involved through agriculture within the province of Manitoba, and certainly continues and will be a significant impact on the overall economy within the province of Manitoba.

Also, I want to pay tribute to the professors and the people that do such an outstanding job at the University of Manitoba in their research in the nutraceuticals and the new programs that they bring forward, as we see being brought forward through their various departments.

The minister did talk about the new programs. We're certainly wanting to get into those ag programs that are going to be brought forward as a result of the federal-provincial agreement. We certainly want to get more information on those particular issues, but I know, today, the Member for Minnedosa (Mrs. Rowat) asked the minister questions in regard to one particular aspect of that initiative. So we're certainly looking forward to more debate on that particular issue.

Also, the hog and beef industry has been going through some real tough times. The beef industry, since 2003, has had a decline in those numbers that

we used to have prior to 2003. A number of those producers did hold on to their cattle, hoping the market would come back. A number of those cattle have now been processed through means of reducing some of those. So we know that as a result of some of the attrition that's been brought forward, those numbers have been reduced.

Also, as a result of the overland flooding and the rain and the drought in the west, we've certainly seen a number of those producers exit the system, and we hope to see those producers rally back. We've also seen a large number of the hog producers exit the system as well. Two or three things there in regard to reasons for that is the country-of-origin labelling that's been ongoing and now in place. We recognize the fact that the government has committed to see an increase in funding for Maple Leaf and with Hytek out of Neepawa. We certainly will be discussing those initiatives as well, and perhaps other new initiatives that we're able to see from other producers wanting their processors wanting to move within the province of Manitoba to help us assist in marketing some of these products.

Of course, the initiatives going to be brought forward on the new markets outside of Manitoba at a provincial level and a national level, those markets in China, Japan, Korea and others that are so vitally important to us to move forward on a gate-to-the-plate perspective, and certainly want to see any of those initiatives move forward as well.

I do also want to recognize the fact that the grain industry has seen some improvement. It's certainly not to the point where they are stable in a way that they're financially independent and, certainly, we know the programs that need to be in place in order to ensure that they have stability and the bankability they need in order to secure the funding that's so important to them when those markets, in fact, do turn down.

The minister talked briefly about food safety. I know that the minister is talking about, will we bring a bill forward in regard to that, and the identification of officers which will ensure that the fact of food safety will be, again, followed up on. Of course, we'll get into the Estimates process on that.

There are another few issues that we will get into in regard to the Estimates process, so I'll leave it at that. We only have eight hours to debate this time, and the minister and her staff have been gracious enough to allow colleagues from my—and also from outside my critic role, the MLAs that are

representing those members and constituencies on issues that are important to them.

So I'll leave it at that, Mr. Chair, and then we'll get into the Estimates process.

Mr. Chairperson: We thank the official critic for those remarks.

Under Manitoba practice, debate on the minister's salary is the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration of line item 3.1.(a) contained in resolution 3.1.

At this time, we invite the minister's staff to join us at the table, and we ask that the minister introduce the staff in attendance.

Ms. Wowchuk: Mr. Chairman, as has been the practice in the past, we have tried to schedule some events so that all the staff doesn't have to wait here all the time. I wonder whether the member would be agreeable to have the Manitoba Agricultural Services Corporation go first and ask those questions, and then allow for that staff to go back to Portage. That way they don't have to be here every day waiting.

Mr. Eichler: Yes, I have no problem with that. I do have a number of questions in that particular area. As the minister had outlined, we have done that in the past and it has worked fairly well. I know that a number of my colleagues did have some questions that have been left. I've talked to those members and I've agreed to let them come in at the end of the eight hours, not the last hour, but the previous hour to debate on the Estimates, and, I guess, any questions if she's prepared to get back to those members that have questions on MASC. I certainly don't have a problem with it.

Mr. Chairperson: With that said, we do need to establish officially in the record how the committee is going to proceed. So I will pose the question: Does the committee wish to proceed through these Estimates of this department chronologically or to have a global discussion?

Mr. Eichler: Global.

Ms. Wowchuk: I'm fine, but I would prefer to have the questions on Manitoba Agricultural Services Corporation dealt with today.

Mr. Eichler: We'll do our best to accommodate the minister and her staff. We certainly recognize that anything we can do to alleviate any of the stress that's put on the staff as the result of the Estimates

and get through them in a timely way—so we're certainly more than prepared to deal with MASC and those members that I talked about that have questions, and the minister can respond to them in writing or get back to the individuals.

* (15:00)

Mr. Chairperson: Thank you to all members.

With that understanding, it is now agreed that questioning for this department will proceed in a global manner, and all resolutions will be passed once questioning has concluded.

I'll wait for staff to arrive, and, Minister, please introduce them once they're settled.

Ms. Wowchuk: I would like to introduce Neil Hamilton, who is the CEO of the corporation. Charlene Kibbins, who is senior vice-president of Planning and the Lending Program. Jim Lewis, vice-president of Finance and Administration. Craig Thomson, who is vice-president of Insurance Operations. Lorne Martin—I'm sorry—who is the assistant deputy minister. I just know him as Lorne, most of the time, so I apologize for that, Lorne. Those are the staff that will join me here, Mr. Chairperson.

Mr. Chairperson: The floor is now open for questions.

Mr. Eichler: Thank you, Mr. Chair, and thank you for being patient with me. As a result of the slight change, I want to try and stay as focussed as I can on the questions in regard to MASC.

In regard to the program that's just been announced and signed with the federal government. Could the minister outline for us some of the major changes that—as a result of the new program that's been signed with the federal and provincial agreement?

Ms. Wowchuk: Mr. Chairperson, the program that we just signed is the non-business risk management part of Growing Forward. These are not the programs that the corporation is here for. The corporation deals more with the business risk management programs that the member is aware of, whether that be the crop insurance, the AgriStability and AgriInvest—right? *[interjection]* And AgriRecovery.

Mr. Eichler: Okay. Thank you, Madam Minister. On the staffing, I see there's an increase of three employees noted on page 67. Would the minister or

her department outline for us those positions and how they're going to be brought about as a result of the three positions that are being proposed here?

Ms. Wowchuk: Two of those positions are term positions that are in Brandon, and they were dealing with the farm school tax rebate, and we are just turning them into permanent positions. Another one is one position to deal with ad hoc programming, various programs that may arise, like the Forage Assistance, the Feed Assistance that the corporation will administer, and there's a person hired to co-ordinate all of that.

Mr. Eichler: On the farm school tax rebate, you're saying that two of those will be as a result of that. Can the minister outline the cost that is involved in administering the school tax rebate?

Ms. Wowchuk: The administration costs for a \$32.8-million program is about \$400,000.

Mr. Eichler: On the two proposed staff members, could the minister outline the process that would be followed in order to hire those particular employees? Will it be tendered out, will it be advertised or will it be appointed?

Ms. Wowchuk: One is a clerk and she's been in a term position since the program was established. So she will just go from term to a full-time employee. The other one has been seconded from lending, and that individual will have to make a decision as to whether they want to stay in this program or go back to lending. If they go back to lending, then that position will be posted.

Mr. Eichler: In the previous comments, I believe, if I understood the minister correctly, that these would be a term position. How long will that term be for?

Ms. Wowchuk: They have been in term. They will now go to permanent.

Mr. Eichler: It's noted also on page 67 that the decrease is due mainly to lower interest costs related to the Hog Assistance Loan Program. Is the Province or is MASC administering that? I was under the impression that Manitoba Pork was doing the administration on that particular program.

Ms. Wowchuk: MASC does the administration for the loan program. The reason for the decline in cost for the provision is that when the program was put in place, we had to book the full amount of the provision. Now that that's been booked, we don't have to book as much for this year.

Mr. Eichler: I thank the minister for that.

On the AgriStability or AgriInsurance changes in January of 2009, the minister put out a press release in regard to the AgriInsurance program, the first one outlining a decrease in premiums by 5 percent due to low losses in the last two years.

I'd like to deal with that one first and ask the minister if that premium that is being reduced because of the losses, did that take into effect the losses or presumed losses on the drought and the heavy rain that occurred in the Interlake and Westlake areas?

*(15:10)

Ms. Wowchuk: It's a combination of facts, but in reality, their corporation had a good experience over the last two years, and it does take into consideration the situation in the Interlake and in the southwest part of the province. But those are relatively small incidents when you look at all of the activity of the corporation. That's why that change has been able to be made.

Mr. Eichler: Just still on that, in regard to the coverage as far as savings for the producers and based on the premiums that are being determined, what is the amount of funding that you need to have in place over each year in order to determine what percentage points you'll have before you get a reduction in those premium rates?

Ms. Wowchuk: The way this is calculated is that if we have a fund balance of about 1 to 1.5 times the premium, then we can look at reducing rates. If it's above 1 to 1.5 percent, then the corporation starts to look at reductions and if it's below, then they start to look at increases. So the goal is to try to keep it as close as you can to the 1 to 1.5 percent so that there doesn't have to be changes made based on the fund balance.

Mr. Eichler: Based on those numbers then, have we seen an overall increase in the premiums on a producer average or has that level stayed about the same as what it has in the past, say, three to four years?

Ms. Wowchuk: For 2009, premiums and premium rates are going down at an average of about 5 percent.

Mr. Eichler: Thank you, Madam Minister. In regard to the next point that's in the news release: an increase expansion of an area for soybeans in response to grower request, a new area of maturing

varieties and increase in acreage of soybeans grown in Manitoba. Could the minister or her staff outline for us the process of which we look at—we know that varieties change and we've seen changes in the maturity of a number of the plant breeds as they're being introduced each year, and they're getting harder and more susceptible to frost, drought and flooding. Could we get an explanation from the minister or her staff in regard to how that goes about in order to determine those insurable crops?

Ms. Wowchuk: I would have to agree with member opposite that cropping patterns do change. I've always said that our producers in this province are very innovative, and if there's an opportunity for a new crop, they will take it. So they started growing crops well before there is insurance for them. So the board meets regularly with producers to talk about what their cropping patterns are, where the changes are made, and, of course, producers make suggestions about where they would like to see the insurance change—which area, as with soy beans, they wanted to go into a new area, new varieties.

So we take that information from the producers, but then we rely on MAFRI specialists that would give the agronomic input as to what is happening with these crops, and then that is all put together, and that's how the decisions are made as to whether to expand the area or expand the varieties or go for a specific type of product that the producers are asking for. But it is a combination: what producers are doing, what they're growing, what they're asking for, and then our staff's agronomic input.

Mr. Eichler: The feedback, how much of that is producer driven as opposed to administration driven?

Ms. Wowchuk: Well, it's a combination, but certainly it's producer driven. Producers are looking for new insurances. Our board meets with 12 producer groups each year and that's where the ideas come from. Producers are the ones that are out there growing the crops and, of course, looking for how they might be able to get better coverage for the crops that are grown, but it has to make agronomic sense as well, so it's a balance. It's a balance of what the producer wants, the kind of insurance that they want versus the information that is brought forward as to the benefits of the crop, all of the agronomic information that comes. You can't go and insure a crop just because one producer is growing it in a particular area. You have to take all of that into consideration. And again I look at soy beans. Soy beans started in the southwest part of the province.

As varieties changed it's moved a little farther north. Now it's being grown a lot further and that's why the program has to change based on what producers are doing.

Mr. Eichler: In regard to the forage changes there, as well provides assistance for injured farmers who lose hay crops due to excess moisture from \$60 to \$40 per acre, and this is from June 20 to October 1. Could the minister or her staff outline for us how that will be prorated? Say they get their first cutoff and then their second cutoff, what percentage and what policy will be followed to determine how that payout will be established for producers?

Ms. Wowchuk: The change that was made with coverage was \$40. Now it's gone up to \$60 if the losses occurred up to June 20. We've now extended that coverage up to October 1. So then that means that a situation like we had in the Interlake would not have been caught under the previous program ending at June 30, but under this program, with this extension to October 1, it would be covered, and if a producer had less than 75 percent of ground cover, then they would qualify for a payment and there would be no prorating.

Mr. Eichler: Does this include tame hay as well as slough hay and wild hay? Are they both insurable, or is it just the tame hay?

* (15:20)

Ms. Wowchuk: It includes tame hay, like alfalfa, alfalfa grass, grasses. It does not include wild hay because that will rejuvenate itself. It does not require to be reseeded to be restored. So this is for tame hay.

Mr. Eichler: To just take that to the next step then, I know a number of producers actually went in to get the hay off just to keep it from killing the other hay that was underneath.

Will that producer be penalized for taking that hay off even though it's of a poorer quality, lesser quality, and there will be a clawback on that particular issue?

Ms. Wowchuk: I think the member is talking about the production insurance now, not about the restoration, and, in that case, if there is an issue with the bales getting wet, the field staff look at it and you look at a relative feed value of that bale and then determine what kind of coverage there should be.

In the Interlake last fall, when there was an issue with all of the water, and the farmer, if he couldn't

get it off, then they didn't count it against his production insurance.

So it was a unique situation there, and the corporation looked at how it could address those so that there wasn't a negative impact of bales being left in the field.

Mr. Eichler: Could the minister or her staff outline for us the process by which the forage would be compensated? As we know, yields vary considerably from year to year depending on moisture and sun. Will it be based on a five-year average or a year average? What is the process outlined in determining that compensation?

Ms. Wowchuk: Like all other programs, this one, as well, works on the 10-year average of an area, as well as the individual's IPI, individual productivity index. So what happens is, if the individual falls below that, then he is compensated. He collects on his insurance and gets enough to purchase what his shortfall was.

Mr. Eichler: I would like to move to the comments that are in the Income Stabilization Program in regard to the 70 percent of the previous five-year net market income.

Could the minister or her staff outline for us the five-year net market income, particularly for the beef industry? Also, we know that the grain sector also had some significant losses prior to the last couple of years before we've seen a turnback there. How has this been measured and how is it being achieved?

Ms. Wowchuk: Can I clarify, is the member referring to AgriStability now and the—

An Honourable Member: Right. Yes.

Ms. Wowchuk: Yes.

Mr. Chairman, the AgriStability works on an Olympic average, a five-year Olympic average, which tosses out the high and the low year and then you, the individual, this is compared to the current year's margin. If that's lower, then the individual qualifies for a payment. That's how the program ran in the past, and it continues to operate on that Olympic average.

Mr. Eichler: As the minister is well aware, we've had a number of producers, in particular in the beef industry, that just haven't had the margins that they need on the five-year average. Is the department looking at ways of trying to make changes to that program in order to make sure that those producers

qualify for a payment, rather than a decline in those particular payments?

Ms. Wowchuk: I know that there has been a lot of discussion, and many people have talked about how low their reference margin has dropped. If you look at the last two years, reference margins haven't dropped as significantly as some people would think. There are individual cases where they have dropped significantly, but on the whole, it has not been that significant. This is an issue, and the federal and the provincial staff continue to look at all of the programs that we have, and they are looking at what kind of changes can be made that will better address these issues that the member is raising. There are individuals that, in some cases, have seen a drop, but if you look at the whole average, it isn't as significant as some of us had thought it would be.

Mr. Eichler: For those producers that don't qualify, how many of those producers that have, in fact, frequent payments previously are now not eligible to claim it because of the five-year average?

Ms. Wowchuk: Mr. Chairman, I've been told that there are only a very small number of producers who have not been able to qualify because of negative margins. There are some, but the number is not as significant as some would believe that it is.

* (15:30)

Mr. Eichler: We have, as I said in my opening comments, seen a number of producers liquidate through either drought or flooding or just not having the financial wherewithal to build those herds up, and they've disposed of those herds. Do we have any statistics that are available to us based on the programs that are there, just not in being able to meet those income needs in order to sustain that industry? Do we have anything to back up whether or not the programs were actually there to assist those producers when the time of need is upon them in order to try and sustain their livelihoods?

Ms. Wowchuk: Mr. Chairperson, the member asked whether there's evidence that we are providing support. The money is flowing, can't break it down for whether it goes for beef, pork or for grains because of trade reasons. That's why we work on a whole farm.

So we can't break it down, but I can say to the member that in 2005, it was \$286.2 million. In 2006, it was \$152.5 million; 2007, it's estimated that it'll be about \$91.5 million that will be paid out, and in 2008, the projections are for about \$130 million.

So those are significant dollars that are being paid out, so there has to be an impact from those kind of dollars flowing into the industry to have an impact.

Mr. Eichler: Thank the minister for that. In regard to those producers that triggered these payments, the minister outlined 286, 252, 91 and 130, concurrently, and that projection of the 130, coming back to those producers that again, they didn't trigger payment. Do we have any information based on those producers that didn't qualify? Would that be because of negative margins or where they just didn't qualify?

Ms. Wowchuk: If you look at the numbers that—and we can't break down specifically who had negative margins, but the stats that we have and the information that I have been given is that there are very few that have not triggered a payment because of negative margins. There are other issues that are there, but it's not because of negative margins.

If you look at the numbers that I've put forward for 2007, for AgriStability, \$91.5 million and for 2008, just under \$130 million.

A good portion of that money went into the livestock industry. As well, there was additional money through AgriInvest in 2007 which was just \$34.4 million; in 2008, \$44 million. That went to all producers, but under the AgriStability, a good portion of those monies were triggered by livestock producers because that was where we were seeing some return, increase in grain prices.

Mr. Eichler: So based on the formula, is the formula still the same, 60-40, because using your numbers for 2007, 60 percent of the \$91 million that was paid out, that would have been \$54 million which the Province would have paid the balance, and then using 2008 you're almost bang on, as far as your expenditures are concerned, of \$52,000, and your budget of \$53,000 for this year, \$53,718—would those numbers be right, Madam Minister?

Ms. Wowchuk: The numbers that I gave the member, Mr. Chairperson, are projections, and they project on a program year. But the member knows that sometimes it takes quite a bit longer before applications are filled out, before all of the details are worked out. So the additional money may not show up here. It may show up in another year because of how the program works.

As well, above this there is administration cost that is not included in these numbers.

Mr. Eichler: Which would bring me to the next question then: As far as the administration cost, this will be a three-level question. First of all, the AgriStability and AgriInvest program was paid out for Saskatchewan and Manitoba, is my understanding, out of the Manitoba office.

Is the government looking at considering taking over administration of those programs? If so, when, and if not, why not, and what would those costs be as administration costs based on the Estimates for 2007 and 2008?

* (15:40)

Ms. Wowchuk: Mr. Chairperson, the administration for AgriStability is about \$11 million of that, and that's on a 60-40 basis, so Manitoba's share would be about \$4.5 million. The administration for AgriInvest is about \$1 million, so our share would be about \$400,000.

The provinces of B.C. and Saskatchewan are taking over the administration of AgriStability, and the federal government will continue to administer AgriInvest across the country except in Québec where they have different arrangements.

The federal government has approached us to talk about the administration. We want to see what's happening in Saskatchewan and B.C. They've run into a few bumps in the road. The transition is not as simple as what they thought it would be, so we want to see what's happening in those jurisdictions, how it goes. So we have not made any decision, but the federal government has approached us.

Mr. Eichler: As the minister and her staff are very much aware, we've had significant problems in regard to timely turnaround on payouts when a payment is triggered. What steps are being taken to ensure that those are being turned around in a time that's acceptable or what does the minister seem acceptable or her staff, in regard to seeing that those payments are made. Because we don't have enough staff, or, I know it's paid out by the federal government, but what type of a turnaround is acceptable for those producers?

Ms. Wowchuk: It's my understanding that the turnaround time for about 76 percent of applications is about 90 days from the time they are received. Are there exceptions to that? Of course, there are exceptions to that, and there are complicated applications that sometimes take a little bit longer. I think there's been a lot of work done. This has been a real concern for producers for the length of time that

applications have been taking. There's a concern about when you have to make an adjustment, your application falls to the bottom of the pile and it takes a while to get it.

But, when you compare the federal administration program to the administration that provinces are doing, they are fairly similar. There's a slighter shorter time in B.C., no, I'm sorry, in Ontario and Alberta, than the federal program, but in reality, they're all just about the same. They're within days of each other so there isn't that much of a difference.

Mr. Eichler: Is the department or her staff planning workshops to try and educate those members that are having trouble filling out those applications in a way to ensure they do have a quick turnaround on most of the applications? I know I've seen different advertisements from the government in regard to that. If she could outline what is, in fact, going to be taking part as part of those program changes in order to ensure the producers have information that they need to trigger those payments.

Ms. Wowchuk: My department's worked very closely with the feds over the last year to try to get more information out, to do more seminars. The training of the accountants and the lawyers is handled by the administration at that level when there are changes, to make sure that they get the details and are following the right process.

But, there have been seminars for producers that have been held. Certainly, when we were facing the challenges in the Interlake last fall, we brought the federal officials out, and our staff and federal officials worked one-on-one with producers to try to get all the information verified and collected that could possibly be done. I can also say that we have been training our staff so that they can help producers with the applications. There has been work done so that they can come to the GO offices, and they're able to provide supports for individuals.

So, a lot of work. There is a recognition that there is the challenge. People talk about streamlining the process, so we're trying to get as much of that information out and as many people as possible trained to be familiar with the program, so that they can work on a one-on-one basis with producers.

Mr. Eichler: In regard to the, again, just on the AgriStability programs, are there changes that have been sought now in order to ensure that the payments at a Canada level, bringing it back to Manitoba, in regard to getting the payouts done in a way that

might reduce the overall cost to the Province of Manitoba, other having to do the administration on its own?

Ms. Wowchuk: I just want to check with the member, whether he's asking about reducing the cost of administration. If you're talking about reducing costs of administration, that's part of the process of seminars, of working one-on-one with producers. Sometimes there are delays in applications or errors in applications that requires more time.

But, no, that is the cost of the program, and that will be the cost of the program, whether it's a federal administration or a provincial administration. There is not very much change or difference in the cost of administration, whether it's being done at the provincial level or the federal level.

* (15:50)

However, the one area that we do try to continue to get changes is to move towards more of an insurance-based program, where we have had discussions with the federal government about how we might do this in a way that would give us more predictability of the fund rather than have the fluctuations that we have from one year to the other. That, certainly, would help us. But, with regard to administration, there isn't much difference between a provincial and a federal program.

Mr. Chairman, if I could correct that, there are some provinces, where it is lower and there are some provinces where it is higher than having the federal administration. Some provinces, when they've taken over the administration, they've had some reductions, but in some provinces, the costs are more expensive.

Mr. Eichler: I don't know if the minister or staff would have these numbers for us, but with the loss of Saskatchewan or the Saskatchewan government just deciding to do the payouts themselves, what did that leave for staff in Winnipeg to look after the administration of those programs?

Ms. Wowchuk: They're still processing 2008 applications, so there won't be that much of a reduction, but the federal government has been shifting some of the jobs over time to Saskatchewan. I would have to get the member specific numbers as to how many jobs there were there and how many have moved to Saskatchewan and to British Columbia.

Mr. Eichler: In regard to the cost, we've got \$4.5 million on the one program, half a million on

the other. When we're looking at cost, what is the criteria that we're going to need to be looking at in her department to be looking at whether or not that'll be feasible based upon the staff that would be required and the overhead in order to determine whether or not that would be indeed feasible for the Province to administer it?

Ms. Wowchuk: Mr. Chairperson, that's why we have to do a full review of what the impact would be on us if we administered ourself versus the federal government administration. We'd have to look at the transferring in staff, we'd have to look at work force adjustments. There could be additional cost. There's severance costs involving a transfer of federal employees to provincial positions. There could be costs there. There's transferring and developing of information technology systems that could cost millions of dollars.

There's a system set up now. If we have to transfer it, there's a lot of different things that have to be looked at as to whether it can be done, and that's the kind of review that has to take place before we can make a decision as to whether to move in this direction or not. That's when you would determine what all of those other start-up costs are, and do you have the administration cost that's the federal-provincial share. You know, if you were doing it, the federal government would still pay their share. The Province wouldn't take over all of it; we'd still have our share and the federal government would have to pay 60 percent of it. But you have to do a review of what all of the other implications would be on staff, on technology, on sharing of data from previous years, how would we transfer all of that. So it cannot happen overnight, and we want to ensure that we do a proper review, and we will do that. We will look at what the pros and cons are of it before we move forward.

Mr. Eichler: I find this very interesting in regard to the overall cost. We're talking \$5 million for the administration, for our share, and then the federal share is 60 percent on top of that that they picked up, so I think it's something that we need to look at. I know the minister stated earlier that the federal minister has been in contact, or their staff has been in contact with the minister in this regard.

I'm wondering if we could have the numbers for '07. Or are these numbers for '07 that they gave us, the 4.5 and the 0.5? If it is, then give us the '06 numbers.

Ms. Wowchuk: These are approximate numbers that, over time—and this would be for '07-08; '06-07 would be very similar, where it would cost about \$11 million to administer AgriStability and about \$1 million for AgriInvest, but as we look at all of this as well, as we look at the work-force adjustment and the technology costs, we also have to look at service delivery.

Mr. Thomas Nevakshonoff, Acting Chairperson, in the Chair.

Are we going to do a better—are you taking it over just for the sake of taking it over or are you going to be able to deliver a better service, and that would be very important for me to take into consideration in all of this. If we are in some way able to do a better job, then that has to be taken into account, too. But the member talks about what the costs are; that's an average of what costs are.

Mr. Eichler: In regard to that, the numbers were substantially different for '07. For '06, the minister gave us a total payout of \$152 million, and '07 of \$91 million, and \$130 million for '08, so most of those costs then—so my understanding is correct—is that the \$11 million, almost \$12 million in total, is pretty well a fixed cost then for each year, regardless of the amount of payout, based on those numbers. Is that correct?

Ms. Wowchuk: The member is right; it would vary. Some years it might be a little bit higher than 11, it might be a little lower, could be as high as 12, but they still have to prepare and process all of the applications. The same amount of work has to happen to ensure that there's accuracy and all of the data's processed. So it falls in that range, but it's not an absolute fixed number, you work at it, but that's about what the allocation is.

Mr. Eichler: I just know that, from looking at the press releases after press release in regard to the federal government and looking at the program that's being offered now through the Growing Forward programs, it certainly looks to me that the federal government's trying to encourage the Manitoba government in order to take this over, so I'm glad to see the department's taking those steps very seriously and those checks and balances in order to ensure that we do have the best value for the producers here in Manitoba based on those costs.

So I certainly commend the minister and her staff for ensuring that our farm families get the best value and the timely payout that's so important,

because none of these producers—most of them aren't in the position where they can fill these forms out so they're done in a time of need. So that turnaround time is very important, as we all know. As a result of that, we certainly hope and look forward to seeing that framework put in place that's going to be the best for our producers, whether it be federally or provincially.

* (16:00)

Ms. Wowchuk: I want to just take a moment to recognize the staff at MASC, because when we do have an ad-hoc program—and we talked earlier about the need for another staffperson. When these programs come on, there's a lot of work that has to go into it, and our staff have been very good at helping develop the programs and putting in the technology and the applications, whether it be the forage assistance or the livestock assistance that went into the Interlake.

I want to recognize that there is a lot of work that we are doing. There will be more work that our staff will be doing because we are going to be—as we look at the new programs under the Growing Forward, the Province will be doing more administration or will be doing the administration of those programs.

So I anticipate that with people—with the Province doing the administration and the staff that we have in the GO offices, as they become more familiar with what we're putting in place, we are going to see a better delivery service because there is more of a hands on and more of a closer relationship and, I think, we can do it quicker.

I just want to say one thing that the member said, and he said, that sometimes producers don't get their applications filled out on time and these producers are running businesses. I try to encourage them as much as I can to get their applications in and do them just as any other businessperson would have to do. When there's something out there that you have to do in a timely way, it should be done in a timely way.

I know when you get situations like we have with flooding right now, there's a recognition—we just heard about a deferral of income tax because they can't do it because it's flooding right now. But we've also had to do an extension on the feed assistance program because everybody hasn't been able to make their application. So I keep encouraging producers that when there is a program there that they take advantage of it as soon as possible.

Mr. Eichler: I want to move on to the food industry development. Part of the opening comments in regard to the Manitoba producers' association will have resources to expand their international marketing activities and compete in new markets.

I would like to ask the minister where this funding is going to come from, whether it's going to be for specific producers or processors in this regard and associations and to move forward on these?

Ms. Wowchuk: Mr. Acting Chair, I'm joined at the table by Dori Gingera-Beauchemin, who is the assistant deputy minister responsible for this area. I believe the member's talking about the food commercialization pillar and what's available there.

I wonder if the member would out of kindness just repeat his question.

Mr. Eichler: In regard to the question, it has to do with the producers' association. It's outlined on page 73 in regard to international marketing activities and compete in new markets. If the minister or her staff would outline what funding and who's going to be qualified and what organizations will be taking part in this particular initiative.

Ms. Wowchuk: Mr. Acting Chair, and, indeed, we very much want to promote and expand export market opportunities and this particular one, our first target is the livestock industry. We have been working with the livestock industry. We've been working with MCPA. MCPA is interested in the U.S. and Mexico market first, and that makes sense to be looking at those markets because they're closer to home, and those are the areas that they're looking at how they can target, whether for meat products, for animals or for genetics. But we had a very good discussion with the livestock industry, and they've talked about the benefits and the value-added that they see to their sales as the tracking and tracing system comes into place. In fact, they talked about holding a specific sale to do a test on a sale that would have all of the livestock in that sale tagged where you could do the total traceback, because that's what the consumer is looking for. They want to know where their product comes from, and studies have shown that there is an advantage.

So, as I said, this is a new program. All the details aren't spelled out on it yet because we just came to the agreement with the federal government. We will work to design the program with the industry, and we've started with the cattle industry, but we definitely know that we want those new

markets for our producers. We will work with them, and the programs will be designed as best they can to enhance the profitability of our traditional crops, but more specifically, as I said, we're targetting the livestock industry and looking at how we can expand international market activities and compete in new markets.

Mr. Eichler: Would any part of this funding or grants be used to move the Keystone processing from provincially inspected to federally inspected out of the budget that's outlined in this particular initiative?

Ms. Wowchuk: No, this is not for that particular—not this part of the budget to go to expand a particular facility. This is to work with commodity groups to help to target and develop markets in new areas. There are other places and other opportunities to work with facilities to help them as they develop their plans, and develop markets. We want to work very close with them as they develop their business plans so that we can indeed see that increase in slaughter capacity in this province.

Mr. Eichler: We certainly know and understand that they need and desire to have that done within the province of Manitoba. The amount of money that's allocated is 1.026, and do we have an outline or a process of which those monies will need to be applied for and what criteria would be used to move forward on those initiatives?

Mr. Chairperson in the Chair

* (16:10)

Ms. Wowchuk: Mr. Chairman, this money doesn't all go to the marketing. What I outlined is where we are working with different commodity groups, particularly the livestock groups, to develop markets. But there is also the Manitoba buy local program, which is very important for our producers to get their Manitoba product into Manitoba markets and then the market export development that I spoke about.

But, you know, we have the Manitoba Agri-Innovation Suite that I talked about in my opening comments, where there are funds available to help people develop their products and move their products forward. In here, as well, is the Manitoba model aquaculture farm that I'm quite excited about, getting an aquaculture farm going in this province.

There are a variety of things. All of this fund does not go just to the marketing, but we want to diversify and grow the Manitoba food manufacturing

and processing industry. We want to see new products develop, but we also want to see Manitobans consume Manitoba products. There's a lot of interest in buy local. We've heard about and people talk about the hundred-mile diet and people are trying to buy their product more closely to home. I'm very interested in getting Manitoba products into Manitoba restaurants so that we can display, Mr. Chairperson, and certainly the meetings we have had with the industry show that it is helping. We will continue to work on that.

So there's a variety of things that are under that envelope that the member refers to.

Mr. Eichler: The minister covered an awful lot there in her answer in regard to where this money is going to be going. It's certainly a bold initiative, and I just want to come back to the aquaculture that she had talked about.

Earlier, she said most of it would be going to the cattle industry. Do we have a basic number which we're trying to achieve through exports on this particular initiative, and are the products that she's talking about going to be going outside the province, or, as she talked about earlier in her statements, to strengthen and support the inclusive Manitoba buy local program, or is this initiative to look outside those markets of Manitoba borders?

Ms. Wowchuk: It's both domestically and internationally that we are looking to do here. Definitely, I want to see more Manitoba products consumed by Manitobans, but we know that we produce much more than that, so we have to develop and get our product with people on international markets as well.

Mr. Eichler: Coming back to the aquaculture, one of the initiatives that's taking place in Lakeside and Warren, one of the aqua projects is moving forward there.

Does this proposal include processing or branding of a Manitoba product and, if so, how would that initiative work?

Ms. Wowchuk: Right now, it's mostly on the production side. Once that production is up and we've got the model that can be used, then we can move further, but certainly the goal is to establish a model that can be a production model.

Mr. Eichler: Then what initiatives are being put in place to help brand this product as a Manitoba food product, and how would that then be taken to the

market in order to move forward on branding of this particular initiative?

Ms. Wowchuk: I hope the day will come when we have to deal with branding it, but we're nowhere near that yet. Right now, what we're trying to do is establish a model to prove that we can raise fish, like rainbow trout, in tanks.

If this model is successful, I see this as a real opportunity for other people to follow the model. We know that there is a growing population around the world. We know that consumers are looking for more fish in their diet, and we're hopeful that this model will result in something that will allow for other farmers to diversify their income by raising this model.

This one is with rainbow trout. If we're successful here, there are others that we can look at, but we are nowhere near where we might have to start branding a Manitoba product. I look forward to the day when we might be able to.

Mr. Eichler: Certainly, we concur with the minister and her staff on this particular initiative.

Out of the budget amount, is this the provincial share or are there some federal dollars in this particular amount as well?

Ms. Wowchuk: This is all provincial money.

Mr. Eichler: In regard to that then, how much federal money will be moving along with this particular initiative, or will there be any federal dollars other than on an ad hoc basis or particular initiative, or how would that be laid out as a result of the new proposals coming forward?

Ms. Wowchuk: Mr. Chairman, this is very much a provincial initiative, and these are provincial dollars that we're talking about here, so there is no matching money from the federal government. However, when producers access this money and are approved there would be nothing that would prevent them from applying to other programs, but there is no requirement or no ties to any federal dollars in this particular case.

Mr. Eichler: Just to clarify my understanding, there were federal dollars in the aquaculture program rather than just provincial.

Ms. Wowchuk: There are federal dollars involved in the aquaculture program, that's right, but I'm talking about the program that we're talking about here, the food industry development, and in that program this

is Manitoba dollars. There was in the budget for—so, yes, there are federal dollars that go into that project, and it was the federal investment of \$309.41 thousand was made towards Manitoba's model farm, but the other programs that we're talking about here, Manitoba food industry development, this is provincial programming, all provincial programming.

Mr. Eichler: Could the minister repeat the amount of money again? I missed that.

Ms. Wowchuk: Mr. Chairperson, 309.41 thousand.

Mr. Eichler: In regard to the expected results, the comments say that diversification and growth of Manitoba's food manufacturing process industry, the development of 10 new food products and/or enterprises. Could the minister or her staff outline what those food products would be and what are the criteria used in order to develop those new products?

Ms. Wowchuk: Mr. Chairperson, I'm always proud of the work that happens at our Food Development Centre and the other sectors in this province, whether it be the Richardson Centre or, as I say, Food Development Centre. I'll just give the member an example of some of the projects that were developed and have been taken to commercialization. Kudo Foods Limited in Winnipeg has developed and commercialized a puff pastry fast-food product. They started that out in the Food Development Centre and now have moved it into another facility. We supported them with \$75,000 to help them with this. PB&C Agri-Tech Solutions in Portage developed a puree vegetable product. Palumbo Foods of Winnipeg developed an edible cup. Best Cooking Pulses Incorporated, Portage, commercializing and marketing of YUMPEEZ pea snack. I think there was a news article on that particular product. Granny's favourites from Oakbank, development of a granola cluster. Totally Organic Beverages of Winnipeg has developed an organic beverage. There is a pie sauce that's been developed and a no-sugar dessert. So there have been a few other ones that are being looked at but not all of them have been approved yet. But the ones that I outline are ones that—so there's a variety: a mayonnaise product, chicken tender, hemp products, millet products. There's a variety, and every year there are products, so those are some of the ones that are there. I can tell the member that we continue to work and people really do use the Food Development Centre to bring their ideas forward.

Are they all successful? No, but we anticipate that, and our goal is to each year have development of 10 new food products.

*(16:20)

Mr. Eichler: I noticed that there are no staff in regard to the grants or transfers. Where would this be administrated, and who will be making the decisions on whether or not the transfer payment and the grants and to whom they will be done?

Ms. Wowchuk: This project is led through the Food Commercialization and Marketing Knowledge Centre. The people there work together with our innovations centre and with the staff from REDI. Those are the people that make the decisions and review the applications and decide on whether they should be funded or whether there is a reasonable business plan.

Mr. Eichler: That concludes the questions I had on that particular initiative.

I want to move now to the Farmland School Tax Rebate. As the minister knows from the past I've asked questions in regard to how the government may look at ways to alleviate the producers having to do the rebate program, and whether or not the government would look at a way of administering this rather than have the farmer pay it and get rid of some of that overhead cost.

I think in one of my earlier questions, you said it was about \$400,000 to administer this particular program. Is there some other way or mechanism that the government's looking at to administer the school tax rebate?

Ms. Wowchuk: As with any program, there are some administration costs. You can't run a program without administration, but, having said that, I can say to the member that we have done a lot of work, and the corporation has done a lot of work, to streamline that process. Right now, if you collected the previous year, your application is preprinted. If you haven't made any changes, like buying or selling of any land, all you do is pay your taxes and send your application. In fact, there is information provided by municipalities right in the form, in your tax statement. But they are also sent directly to you, so this is very lean for the amount of money. There has been a lot of work to streamline the process.

Mr. Eichler: Certainly we understand the administration that goes into any type of rebate system. Whenever you look at those costs, it's

substantial. I just feel there has to be a better way in order to administer this particular program. Certainly we encourage the minister and staff to do so.

I do want to, first of all, apologize to your staff for having to bring them back once again, but since they're here, we'll ask some other questions.

Ms. Wowchuk: I just want to react to that comment, for the department to look at ways of doing it more efficiently. In fact, this is about 1.4 percent of the program. That is a very minimal administration, and I would think, as well, by doing it this way we are offsetting some of the costs that the municipality would have as well. We have streamlined this process. It is not a high proportion of the tax.

The member is asking if we are looking to change the process, other than the streamlining and looking for efficiencies, and I think we've got those through the application process that we've got right now. We are not looking to make further changes.

Mr. Eichler: Thank you for your clarification.

I want to move on to the highlights of the Canada-Manitoba bilateral agreement that was recently announced. On the first one, the competitive innovative sector, the Strategic Innovation Fund, which supports investments and targeted towards various sectors, there's \$26.9 million that has been agreed upon. Could the minister's staff outline how that's going to be administered?

Ms. Wowchuk: Mr. Chairperson, there are four priorities under the Growing Forward.

The first one is the Strategic Innovation Fund, which will provide investment to targeted activities such as development, commercialization of scientific projects. It would be used to help the industry move forward on the innovation side.

Then there's the Industry Innovation Fund that supports investments in innovative projects brought forward by the industry. So this is proposal driven. There are three areas of eligibility: farm diversification; innovation; agri products and processing innovations. This involves the ARDI programs and food commercialization activities that are outlined under the Manitoba agri products suite.

Then there's Business Development skills suite and this is designed to enhance the capacity of farmers to manage businesses, both farm and post-farm. There is some formal learning for both farm and post-farm, an informal learning component that includes the extension, and other activities focussed

on business development and access to specialty services or consultants such as legal and accounting.

Then there's the Sector Development, and that was developed with the objective of increasing volume and value-added. As I've said earlier, I'm very much interested in value-added, but I'm also very much interested in food production in northern communities, where our government has focussed quite a bit. We want to be able to also add value to food products in other parts of the province.

So those are the four pillars that this money will be targeted at.

* (16:30)

Mr. Chairperson: Honourable Member for Carman.

Mr. Blaine Pedersen (Carman): Thank you, Mr. Chairman. Actually, I'll pass back to the Member for Lakeside now that he's back.

Mr. Eichler: In regard to the agri-food sector there, are there any new initiatives in regard to what we were talking about earlier in regard to the important problems that they're having, in fact? To be specific, the promotion and innovation, in particular.

Ms. Wowchuk: Mr. Chair, those would be the programs that I talked about earlier where we would provide support to the food sector and industry sector, whether it be to develop markets, and certainly that's the one area that we're focussing on and working very closely. In particular with the livestock industry, to take the steps that are needed to get Manitoba products into the market, to get the other countries to know about what we produce here and the kinds of food safety tracking and tracing systems we have in place so that those products can get into those markets. That would be the area that I mentioned earlier following under food industry development, that there are funds to help develop markets and move into new markets.

Mr. Eichler: Thank you, Madam Minister. So out of the \$26.9 million for the total investment on that particular initiative, will then the processing plant, in particular, Keystone processing, be eligible for any funding out of there to become federally inspected?

Ms. Wowchuk: No decisions have been made on that at this particular time. The member, I think, is aware that they are working on their business plan and they will come forward, but no decision has been made on funding because they're not ready—they're not at the point where they could take funding.

Mr. Eichler: Then, under the programs that are outlined, the minister said that in this particular case of Keystone processing, is there any of the dollars that would be earmarked for that particular initiative, whether it be through business development, the sector development, or the innovation fund, where this could be triggered in order to move that project forward. Or is it just too early in the game to allow for that particular initiative to take part in these initiatives?

Ms. Wowchuk: We've already supported them on their business development plan. The member's aware that they've been supported by the enhancement council, but we are waiting for their further plan on their funding of where their equity will come from before we can proceed. So we are at a point in time where we are waiting for them to come forward with their business plan and then decisions can be made.

Mr. Eichler: As we all know, there's other processing plants that also have shown the desire to move federally inspected, in particular with the beef processing. Would those particular processing plants be eligible for funding in order to move from provincially to federally inspected under this agreement?

Ms. Wowchuk: Mr. Chairperson, the federal government has announced some \$50 million that will be available for enhancement of slaughter capacity. We know that Manitoba is in line to get some of that money. There are several facilities that are looking into moving their facility, and in each case they have to develop their plan and then we would work with them. But the money that the member is talking about in this package here, the \$26 million, that's not where the money would come from.

So staff is working with different people who want to look at changing their facility from a provincial to a federal plan, and we are hoping that those plans will move along quickly, so we can tap into some of the federal dollars that are available there. Then as those plans come forward—of course, each of them would be eligible to make application for funds from the enhancement council, and that's a very important amount of equity, and then we would review their plans.

But, specifically, if there were projects, it would not come from the fund that the member is referring to here.

Mr. Eichler: Thank you, Madam Minister. In regard to the overall agreement between Canada and Manitoba, you know, it's several million dollars, so out of the \$26.9 million in regard to the first program, and targeted, what types of initiatives are we looking at to try and move forward just in that particular initiative?

Ms. Wowchuk: I outlined to the member what we thought would be covered under the Strategic Innovation Fund, the Industry Innovation Fund, Business Development and Sector Development, and Northern Agriculture.

So there are different sections that will offer different kinds of innovations, whether it's food development product, industry innovations or helping people with their business, changing their business, some training. Under the Strategic Innovations Fund, there is \$12.1 million. Under the Industry Innovation Fund, there's \$7.4 million. Under the Business Development, there's \$4 million. Under the Sector Development, there's \$600,000.

So it's divided up into various sectors, and then things like the ARDI program will fall under there or Northern Development of Food will fall under a different one.

Different kinds of innovation: I very much believe that innovation and development of new products is key to moving our industry forward and creating new markets. So those are the various places that money will be spent.

Mr. Eichler: I know this is a very detailed initiative and there's lots of applications that can be made for a number of these particular initiatives. When we look at the amount of money that's going to be spent here, is this total investment by the federal government and the provincial government in each one of these particular sectors?

So we'll just use the first one again, as the example, of \$26.9 million, is that 60-40 split or 50-50 split or how's that amount of money determined?

Ms. Wowchuk: The amounts I was giving were the federal dollars that were in this program and, of course, it's a 60-40 program so there will be provincial dollars on top of that, and the Province will have the responsibility of administering that program.

Mr. Eichler: So, just so we know—and the groups that are applying for this funding and the people that

are involved—actually we're looking on the first program of approximately \$35 million or \$40 million as a result of that total investment, rather than the \$26.9 million. Is that correct?

Ms. Wowchuk: The amount I gave the member was federal dollars. The provincial dollars will be on top of that, so yes.

* (16:40)

Mr. Eichler: So then, on the administration of these projects as they come forward and apply for funding, how will this be administered? The minister said that the provincial government would be responsible for administering the program. So what type of administration are we looking at in order to determine what projects will move forward?

Ms. Wowchuk: The program will be administered by the Agri-Food Innovation and Adaptation Knowledge Centre. The programs are being designed right now. They're not finalized. They're probably some of them about 75 percent done. So once they're done, we'll be able to announce what the programs are, and then an application process will take place.

But there will be an internal review. But there will also be an external review on some of them because we have—when we're doing research projects ARDI will review them. So it depends on what the project is on what the review process will be.

But I say again, the programs aren't completely designed yet. There's still work; the staff are still working on some of the details and we should be able to announce some of them very soon.

Mr. Eichler: I thank the minister for that.

In regard to the administration then, will there be an increased staff and, if so, will that be taken up by their 40 percent, or will it be taken out of the 60 percent that's funded through the federal government?

Ms. Wowchuk: On the innovation side, we will be using existing staff that works for the—there's existing staff that helps with the ARDI, with the Manitoba agricultural society corporations. So there is staff that works on that that will continue to work. We don't anticipate under this particular sector that we will have to hire new staff.

The member asked about a share. It's a 60-40 program, and the administration will be shared as well.

Mr. Eichler: So the budget amount for staff in the variable budgets throughout, will then—will we see a credit back, then, for those allocation dollars from the federal 60 percent, or are those actually dollars to be changed?

Ms. Wowchuk: Yes.

Mr. Eichler: In regard to the Business Development, it talks specifically about post-farm businesses, managers, ensuring the inclusion of Aboriginal people, young farmers, youth, new Canadians and women. The investment there is \$4.4 million, which is a substantial amount of money.

Could we get the criteria of which is going to be—or the goal of which this particular project is going to be taking in order to move that particular project forward, and what initiatives we're going to have in regard to attracting young farmers, new Canadians and women from other countries?

Ms. Wowchuk: I just want to clarify for the member, and I was reminded by my staff, that this \$26 million are federal dollars, so it doesn't show up in our budget. It's money that's flowed through the Food Development Centre when the programs are delivered. It's not money that will show up in the budget. As they come and the province delivers services, then that's where the federal government will pay their share. We will pay our share and they will pay their share as the programs are delivered.

But specifically to the member's question about how we are going to design the programs on the business training—just give me a moment here.

Mr. Eichler: Mr. Chairman, in efficiency of staff, I have no more questions for MASC at this point, so if the minister wants to dismiss them I'm more than happy to let them go ahead and go. I'll be spending the rest of the day on this particular line of questioning.

Mr. Chairperson: Thank you very much for that.

Ms. Wowchuk: Mr. Chairperson, I think the staff from MASC may have heard that, so I would like to thank them for their assistance with this process. You can go back to your offices. Thank you very much.

Mr. Eichler: I do want to thank the staff as well. I want to commend them for the job well done that they're doing on behalf of all Manitobans. In fact, those are the producers that are out there, that call them each and every day in order to ensure the fact that the programs are in place, when their time of

need arises and certainly want to pass on our thanks to that from our side of the House.

Mr. Chairperson: Thank you for that as well.

Ms. Wowchuk: I'd like to introduce—I think I forgot to introduce other staff that have come to the table. We have with us Dr. Allan Preston, who is the assistant deputy minister of agri-food and development and the innovation division. I think I introduced Dori Gingera-Beauchemin, and we have introduced Lorne Martin, and now we have Marvin Richter, who is the executive financial officer for the department.

Mr. Chairman, again, this is one of the ones that is in the development stage and we'll be able to announce details on it as we move forward. But the member will remember the Canada-Manitoba ag skill services, which was a training program. This will be in place and staff will work with the individuals on their looking at their skills, and then once that's been worked out and look at what they want to—the kind of development they want to do—they will then be able to have their courses paid for. There is the business consultant consultation part of it where a farmer, an individual can get one-on-one services to look at their business plans to help them refine those plans. Should it be that they would need lawyer or accounting services, they can be helped to get that. There can be financial help to help them do that so that they can get their business plans done. Then there is farm management extension services that will also be available for them.

* (16:50)

So this sector is to deal with training and business planning to help to give producers, individuals, the tools that they need to enhance their business plans or might be specific training to help them do something in addition to their farming operation. So that's the component here.

The member asked about young farmers and, indeed, there are supports for young farmers through MASC. We put some additional resources in there, but as well succession planning is very important and moving from one generation to the other there is assistance under this program to assist young and beginning farmers to develop and manage viable farm operations while addressing the need of the retiring farmer.

I know I've talked to this with the member opposite before about how do we do that transition, and certainly we have programs through MASC and

they have been very successful programs. This will enhance that as well.

There are programs that provide assistance through mentoring programs like Bridging Generations, Young Farmers newsletters, Young Farm Women's Training Program, Young Rural Aboriginal Entrepreneurship Program. These are a variety of things, but this program will provide finances to hold events and workshops to develop resource material to enhance the knowledge and use of beneficial business management practices for Manitoba farmers.

Ag product processors will emphasize—with emphasis on young farmers, Aboriginal farmers and new entrants and new Canadians and women in—we want this wide variety of people to be introduced into farming and to be introduced into the ag product processing business. So that's the goal.

Mr. Eichler: Just so I can clarify for myself in regard to this particular program, it was the same program that the federal government had announced before in regard to management skills and training and the Province was then doing the administration of that particular program? It's the same program or is it a different model?

Ms. Wowchuk: It is the same program; however, it is quite different. Under the previous program it was—we had hired a third party to develop the programs. In this case it will be our staff that are working one on one with the producers to develop their learning plan.

As well under the previous program, there was not the kind of agriculture focus that there is in this one. This program is focussed very much on farmers and on farming and on agri-product processors. So we're looking at ways so the kinds of courses or learning plan that can be put in place is different than what it was before because you could take just about anything. The programs that will be developed now are very much related to the agri, agri-food business.

Mr. Eichler: Thank you, Madam Minister, for that clarification. In regard to all these monies that were announced in the April 2, I believe, announcement between the federal and provincial government, has this money been flowed, or do we spend the money then apply for the money, or is it just a straight transfer of the total amount of the funds that are flowing to the province?

Ms. Wowchuk: It's a four-year program, and my understanding is that it's on a cash-flow basis, so you

don't have to spend the money, but the federal government will flow the money on a timely basis as needed in order that we can deliver the programs.

Mr. Eichler: Just so we're clear, the \$26.9 million, just use that first one again as an example, that's a four-year commitment of \$26.9 million for all the funding that's been announced on an annual basis rather than just a one-time payment?

Ms. Wowchuk: There will be about \$14 million a year of federal money that will flow to the provinces for the various pillars that we've got. Now, the member talked about \$26 million. That's on the business, competitive and innovation one. That will be the amount that's there for the four years, but there are other pillars as well. That totals up to about \$14 million per year for four years.

Mr. Eichler: So the announcement is not near as good as it looks. It's a four-year payout rather than a one-year payout, so each of these that add up—I'm just trying to do a quick calculation here. Around \$14 million is what it will work out totally for each year for four years. So that would be some \$56 million roughly that we're looking at over the four-year program. Is that my understanding?

Ms. Wowchuk: The total is about \$71 million over four years. That would be about the total amount give or take a little bit. If you add \$14 million, it comes out to 56 and there are some extras in, so according to the figures I have here, it'll be, over four years, a little over \$70 million. In the member's mind, that might not be a lot of money. In my mind, it's—I'd love to see much more money, and in fact, I was hoping for a little bit more because of some of the other changes that the federal government had made, but that's the amount that we anticipate that will be in this program.

Mr. Eichler: I wasn't making light of the amount of money. I was just making reference to the news release that was sent out. It looks awful great when it looks at the amount of money, but when you boil it down over each year, each year as a payout, certainly substantially different. But it does look very good on paper, and it is a substantial amount of money. We certainly encourage the government and the federal government to work together in order to bring these forward.

My question for the minister is in regard to the federal government not having a say in these programs. Just so we're clear, the province develops

the program and the federal government has no say in how this money is going to be administered?

Ms. Wowchuk: Mr. Chairperson, these are federal programs. Our staff at the federal and provincial level have developed this, and both levels of the government have jointly agreed to the objectives—

Mr. Chairperson: The hour being 5 o'clock, as previously arranged, committee rise.

EXECUTIVE COUNCIL

* (14:40)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of Executive Council.

Does the honourable First Minister have an opening statement?

Hon. Gary Doer (Premier): Yes, Madam Chairperson. The Estimates are pretty straightforward. Staffing levels are comparable to last year. We're budgeting for an increase in salaries consistent with the civil service collective agreement. The increase overall is \$100,000 less in operating expenses.

Madam Chairperson, in '08-09, the Executive Council came in 7 percent under budget. This was due to salary lines with maintaining a period of freezes with positions that became vacant. The Manitoba Council of International Cooperation is administered by Executive Council from the Enabling Vote. We have approved the grants going from \$500,000 to \$750,000. This year it's being increased to \$1 million. From time to time, we also provide special funding to MCIC. This past year we made a special contribution of \$100,000 to assist in the recovery from the cyclone at Myanmar and a contribution of \$50,000 to assist in recovery from flooding in the state of Bihar in India.

There is one senior staff change to note in the deputy minister ranks. Since our last set of Estimates, Mr. Ron Perozzo has retired and has been replaced by Deputy Minister Jeff Schnoor. Jeff Schnoor, as people know, is a long-time employee of the Department of Justice and was promoted from his ADM position.

Most of our energy and time has been spent in our Speech from the Throne, and in government, and in our budget in this session on the economy and the world economic downturn. We had a very detailed

response in our budget: whether the 10-point plan in terms of education and training; affordability with tax reductions; credit access, which is very important to business right now; a GAAP financial budget position; strategic investment in infrastructure; innovation strategies; Northern and Aboriginal economic development strategies; environmental stewardship and continued improvement in public safety are all part of our priorities.

I would point out that in the Estimates, in the next couple of days, the Clerk of Cabinet is in meetings, staff meetings from time to time, especially in the afternoon, dealing with imminent decisions on flooding across government departments. So I would like to proceed in an unusual way and just have, later on, Maria Garcea, our accounting person come in and allow our Clerk of Cabinet to deal with some of the administrative issues and the immediate issues of flood mitigation and emergency measures that are all part of what is going on in government right now, as the member opposite would know from his past experiences, chief of staff for the former premier. Thank you.

Madam Chairperson: We thank the First Minister for those comments.

Does the official opposition critic, the honourable Leader of the Official Opposition, have any opening comments?

Mr. Hugh McFadyen (Leader of the Official Opposition): Madam Chairperson, I don't have any opening comments—

Madam Chairperson: I'm sorry, my mike was off.

We thank the First Minister for those comments. Does the official opposition critic, the honourable Leader of the Official Opposition have any opening comments?

Mr. McFadyen: Madam Chairperson, I have no opening comments. We have a number of questions to deal with, and I think that we would invite the Premier to invite the staff into the Chamber as we proceed. Thank you.

Madam Chairperson: Under Manitoba practice, debate on the minister's salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall defer consideration of line item 1.(a) and proceed with consideration of the remaining items referenced in resolution 1.

* (14:50)

At this time, we invite the First Minister's staff to join us in the Chamber and, once they are seated, we will ask the Premier to introduce the staff in attendance.

Mr. Doer: Madam Chair, Maria Garcea will keep me accurate, and I thank her for that. I thank her for her ongoing work. The Leader of the Opposition (Mr. McFadyen) knows who's in charge of our office having—I think she worked in the office when the Leader of the Opposition was chief of staff, so it's one big happy family.

But, as I say, the Clerk of Cabinet is tied up; there is a meeting in the afternoons on various decisions on flooding across the province. I think, in terms of priorities, I just want to make sure he's deployed where he needs to be deployed right now, if that's okay with the Leader of the Opposition.

Madam Chairperson: We thank the Premier.

Does the committee wish to proceed through these Estimates in chronological manner or have a global discussion?

Mr. McFadyen: We'd prefer global consideration.

Madam Chairperson: Agreed? [*Agreed*]

The floor is now open for questions.

Mr. McFadyen: Firstly, let me just affirm, as we have in previous years, our support for the budget item within Executive Council for MCIC and the work they're doing internationally to support people in various parts of the world dealing with significant events, either man-made or natural. They do very good work and do so with little in the way of financial compensation. That's an initiative that has been present within the budget of Executive Council for some time and we continue to support it and congratulate MCIC on the work that they do on behalf of people outside of the borders of Manitoba. We're certainly proud of the way they represent our province abroad.

I wonder if I could ask the Premier if we could receive from him, in connection with the existing staffing within Executive Council, provide us with a list of current staff within the department and an indication of those who have left the department in the past 12 months and where they've gone, and an indication of those who have joined the department within the past 12 months, where they have come from. And would do so in a spirit of acknowledging the very many excellent people who work within the Department of Executive Council, including Maria

Garcea, and many others who serve our province well within that department.

Mr. Doer: I'll table this document. The regular—the positions of this, the kind of positions are comparable to what we had 1999. As I said, we underspent by 7 percent last year, in addition to that.

Mr. McFadyen: I thank the Premier for providing the list of staff within the department, and, with the benefit of some time to review that list, we may have some further questions later in this process.

The Premier had made reference in his opening remarks to the issue of the state of the economy and the various issues the government is currently dealing with in connection with the global economic downturn and Manitoba's position within the global economy and the impact that is having within our province.

I wonder if the Premier can indicate, in connection with initiatives currently under way within the provincial government, provide just a summary of those initiatives. Then I'll have some further detailed questions on some of the specifics after he has an opportunity just to provide a summary of the various initiatives currently under way.

Mr. Doer: Well, first of all, I think the member opposite will note in the budget that Manitoba actually was second in per capita increase in spending in the decade, second to only British Columbia. I think that it's slightly below Saskatchewan in terms of per capita spending in Canada. I think that indicates an attempt by us on a regular basis to ensure that the spending levels in government are sustainable. We think that that is most properly identified by the Stats Canada numbers in the budget.

Obviously, we've been meeting with business and labour on an ongoing basis together on the economy prior to the meeting we had with the Prime Minister. We had a meeting of the Premier's Economic Advisory Council and representatives, Mr. Silver and Mr. Ziegler. We had representatives from the Winnipeg Chamber of Commerce, the Manitoba Chambers of Commerce, the Federation of Labour and the Manitoba Business Council.

So we were able to go to the First Ministers' meeting with some advice, some very tangible advice that was contained within the November statement of the federal government, the Flaherty Statement, if you will, on innovation, on a manufacturing tax credit, on pension solvency issues

and the whole issue of infrastructure. We went and met with them again prior to the meeting we had with the Prime Minister in January, prior to the full budget being presented. We have found the round tables to be a good way of getting advice.

I've also met with the president of KAP just recently in or around Ag Days, and we continue to have ongoing discussions and meetings with various stakeholders in our economy that, we think, can provide very good advice to us on a go-forward basis. The budget reflects many of their ideas, and even things like the cost and access to credit are something we tried to emphasize this year as opposed to last.

So each year, I think, is different. Last year we were dealing with a dollar that was over par. We were dealing with a manufacturing sector that was dealing with a dollar that had gone from 84 or 85 cents to \$1.05. So the non-banking corporate capital tax, we decided to move that and phase that out completely in the manufacturing sector as opposed to phasing it out generically. So we're trying to use the circumstances of the day to implement policies that will make sense.

Another item that doesn't get a lot of publicity that's very, very popular in our R&D sector is the new R&D tax credit. I'd encourage the Leader of the Opposition to talk to individuals on the leading edge of not only stage 1, but stage 2 of developments and research and development. We've got very good feedback. That tax credit will be worth about \$100 million, but we got very good feedback. Some of the items you get in your budget, you get positive or negative coverage on and kind of a notice of, but a lot of this stuff in the budget, positively or negatively, are more in the details that are very, very important for people. So, obviously, our budget contains our fiscal plan insofar as a budget can.

But it's a work in progress. We had the inland port announcement last week. We had the cold water testing—or cold weather testing in Thompson with Rolls Royce and other—Pratt and Whitney last week. There is cold water around here, and it is cold weather. But I am sure that spring is around the corner, but I don't want to put that in *Hansard*.

* (15:00)

Mr. McFadyen: I think he did just put in *Hansard* that spring's around the corner. So we'll hold him to that promise.

An Honourable Member: That might be one I can't keep.

Mr. McFadyen: He just said, off the record, it may be one he can't keep. So I feel the need to put that on the record for him, and I thank the Premier for the response.

A couple of points within the answer just given that are important ones. All of them are important to various degrees. A couple that are quite significant, in terms of both short- and long-term impacts on the finances of Manitobans, involve pension solvency and access to credit, and I want to just start with some questions about the pension solvency issue.

Just ask the Premier, we know that pension funds everywhere are down in terms of their value as a result of declines in markets, both within Canada and globally. This is creating issues in terms of the ability to keep up with both current and anticipated pension benefit payments. I wonder if the Premier can outline the state of pensions, to the best of his knowledge, in Manitoba today, and if he could be a little bit more specific about what he was referring to when he was talking about dealing with pension solvency issues.

Mr. Doer: Well, there are two issues here. One, the public sector pension plans, as the member knows, were established years ago, and in 1961 the government of the day decided to stop paying the employer's portion of the pension plan for Crown corporations, civil servants and teachers.

I, actually, had a short period of time as minister of Crowns. I started to pay back the pension liability for Crown corporations. I actually made the MTS Crown corporation a more valued asset at the time, especially when they got a tax consideration from the federal government. Having said that, I think Crowns are mostly caught up in terms of pension liability from their overall operations. So that was started in the '80s. I think MPI was actually started fully funded, but other Crowns were begun to be paid back in the '80s and were achieved in the early '90s. However, by 1999 the Deloitte Touche report on government finances indicated that the public sector pension plan would go from a liability of about \$2.5 billion to \$8 billion in the next 30 years. We took the second step of having all new employees in the public service have their pension funds covered by the employer. Now there are provisions for teachers as well.

In terms of the private sector plans, there's obviously the issue of accounting, and mark-to-market accounting, and the whole requirement of pension solvency. We discussed this with the heads of business and the heads of unions prior to our recommendation to Minister Flaherty on solvency. It was a uniform position of all premiers and the Minister of Finance. We thought the position taken by Minister Flaherty, in his November statement, although it was overridden by other issues, particularly those that allowed the Leader of the Opposition to ask a lot of questions—what was that called, the coalition, or something like that—there were a lot of questions around that issue at that time, but some of the issues, actually, in the Flaherty statement were quite useful in terms of businesses.

The whole idea of why Minister Flaherty proceeded with this in the private sector is you did not want unintended consequences of accounting at year-end or the mark-to-market accounting on March 31 to change the solvency accounting of pensions. Therefore, companies that were actually making money on their day-to-day operations, but losing money in their investments, would be deemed to be in a position to either not get credit or bankrupt, in which case, you'd have more people seeking pensions because the company has closed down and those eligible for pensions would get it. I think a lot of provinces have proceeded with the 10-year solvency provision.

I didn't go to the meeting without labour and business advice, and in the same room together, because I didn't want advice coming from one direction differently from the same—I wanted everybody in the same room. So that was useful for Manitoba, because we did have everybody in the same room on giving us that advice. The advice was from the Premier's Economic Advisory Council. Mr. Ziegler, I think he's a participant in the pension commission and a head of a union. Mr. Silver, obviously, has knowledge with a number of companies in interests he has.

Then there's the whole issue of rate of return in the public sector pensions which haven't been fully determined yet from March 31 year-end. But, obviously, the member opposite knows the market and the conditions of the market.

Mr. McFadyen: We understand what was driving the desire to make the changes to the accounting rules. I don't think there's anybody who would be wanting to be in a situation where companies that

were healthy from an operation standpoint were deemed to be insolvent because of their pension liabilities. But the change in the accounting policy doesn't address the reality of the fact that pension benefits are projected to increase as the means to pay those benefits is, I guess, at this stage questionable given the market value of many of the funds and the ability of companies and employees to make the required level of contribution to their funds to meet those future demands.

I wonder if the Premier can just give an indication, particularly on the public sector side where the government has direct control, of what strategies are in place or will be put in place to ensure that we don't end up with a legacy of large unfunded liabilities going forward that will have to be met by future taxpayers, employees and ratepayers.

Mr. Doer: I think, as the person who ended the unfunded liability from 1961 to 2001, we thought we took the right action in 2001. We're glad we did, and I think now that we hired before then—for 40 years we had a situation where you hired a jail guard or a public health nurse or a grader operator, you were only paying 93 percent of the salaries, and the rest of us were paying the other 7 percent as it carried on. I would say that I was pleased we took this action.

I'm disappointed that there's been a decline in the market in this last year, although the only report we have out so far is the TRAF fund. The benchmark decline in Canada is 14.3 percent, I believe, and the TRAF rate of return was down just over 11 percent. But they also had rates of return a couple of years ago of 13.7, 14.5, 12.8. So there are rates of return similar to the public service pension plan. The rate of return in '04 was almost 14 percent; in '05, it was 14.5 percent; in '06, it was 12.85 percent; in '07, it was 4 percent. So we do expect the rate of return obviously to be lower in '08, but there are years that it's been greater.

The year-end, January 1 or December 31, is slightly different than March 31 for mark-to-market accounting because of the markets changing a little bit in the first three months of this year. Although, every day is its new adventure with what's going on.

How do we deal with the pension liability? Over the long haul, you try to manage it in a number of ways, but when we came into office, we found out that there were pension agreements made in the health-care sector in 1995-96 that were unfunded, and this was a separate plan and not part of the

liability. So what we did is we went back to the health-care workers and increased the contributions of both the employer in the pension plan and the employees.

*(15:10)

There are three ways to go: to just think the market's going to change, No. 1; No. 2, to increase contributions in discussions with both employees and employers; and, No. 3, to reduce benefits.

The last time we had to deal with the plan, with difficulty, was the health, HEPP plan, they call it. The HEPP plan was in a position of actually having to change the benefits. It wasn't part of the superannuation plan. We sat down with the employees, the nurses and the nurses' aides and other health-care workers, and we agreed to improve and stabilize the plan by increasing contributions.

I don't want to prejudice any collective bargaining coming up but, obviously, pensions are important to employees. They're important to the employer, and we see some of the issues of long-term pension strength being our responsibility in terms of dealing with the liability that was established in '61. Some of the issues of sustainability in pensions being something we want to discuss with employees as we have contracts that are available to be discussed.

Mr. McFadyen: I want to thank the Premier for acknowledging some of the new and generous health benefits introduced in the 1990s for health-care employees. The question of the strategies going forward—we know that as MLAs we are in the position which nobody would have wanted, but which we accept as members of the Legislature, of giving up any increase this year in order to better fund the pension plan for MLAs.

Again, we're in a situation where there are a series of difficult options as opposed to easy options confronting government in terms of the choices that need to be made as a result of the situation we're currently in. I just want to ask the Premier what the strategy is in the current year and for the next couple of years with respect to pension contributions within the public sector, whether he anticipates that through collective bargaining he will be able to achieve something similar in the public sector to what has been put in place and accepted by members of the Legislature.

Mr. Doer: The members of the Legislature, I think the wording in the budget says we will be consulting

with members of the Legislature. We would expect to do that probably through LAMC, to respect the roles that all of us have. I'm not going to predict what will happen in collective bargaining coming up, but, obviously, the issue of—I mentioned HEPP because HEPP, the plan, was going to be changed, because the funding wouldn't maintain the pension issue.

What we were going to have was a wholesale, not only was it in the interest of the employees to try to change that, but we were also going to have, because of the—for example, nurses knew the change date. Yes, it was a generous plan, but it just didn't have any money behind it. What was going to happen is we were going to have nurses retire, rather than have less of a pension because the plan wouldn't sustain it. They didn't want to take a chance that we wouldn't resolve it in collective bargaining. So we did resolve it in collective bargaining, and all the health-care employees were helpful in that regard. It is free collective bargaining.

I don't want to be in contravention of The Labour Relations Act as I stand here, because it does require us to practise bargaining in good faith. I can't give an answer to the member opposite, but it will be an item that we, as the employer, want to discuss with the employees.

Mr. McFadyen: On the issue of the TRAF fund, the government went to the debt market and borrowed, as we understand it, about \$1.5 billion about two years ago in order to increase the level of funds within TRAF. The market since that time has declined obviously.

Can the Premier just indicate what is the status of the loan, the rate of interest, who the lender is on that loan, and what return has been generated to date on that \$1.5 billion in borrowing?

Mr. Doer: The Minister of Finance (Mr. Selinger) will have all those details in terms of the long-term rate of returns on those funds. I would, as I say, point out that TRAF had double-digit rates of return for a number of years and is above the benchmark, but he would have all of that information.

Mr. McFadyen: Can the Premier just indicate whether he's aware of whether the funds borrowed to fund TRAF have been transferred to TRAF for management or whether they continue to be held and managed by the Department of Finance?

Mr. Doer: I'll check because, as the member knows, there are also funds that we had made available to TRAF as part of the debt retirement plan. As he

knows, in '99, there was a \$75-million debt payment each year that has gone up, up until this year's budget to \$110 million. We altered the legislation to include pension payments. I think some of those went to TRAF, so I'll have to get a full—there was money transferred to TRAF, both through the debt payment and I'll find out about the other issues of management by the Department of Finance.

Mr. McFadyen: Just on the topic of borrowing, the total debt of the Province, including Crowns, is now in the range of about \$22 billion as of the budget just introduced. The calculation contained within the third-quarter report for 2008-2009, which came out about four weeks ago, sets out a calculation that allows the government to, or appears to allow the government to make the claim that the net debt of the Province is more in the range of \$11 billion.

One of the lines within that calculation is a \$7.4-billion deduction from total gross debt for an item described as monies borrowed on behalf of and repayable by Manitoba Hydro. Can the Premier just indicate what would happen in the event that that \$7.4 billion repayable by Hydro to government was called by government? Does that not create a \$7.4-billion debt on Manitoba Hydro's books?

Mr. Doer: Well, I would remind the member opposite that on the books we actually put in, when we first got elected, the purchase of the gas company was not on the books, and so we put that on the books. It wasn't a free purchase. We also placed—I think there are also comments about net present value of Hydro.

I think the Hydro asset is—there are three calculations: one is the existing debt-to-equity ratio which has gone down from 86 percent to—we expect it will be at 75 percent this year. So we have equity and we have debt at Hydro, but it's gone from 86 percent—in other words, 86 percent debt, 14 percent equity, to 75-25 equity-debt.

Lastly, there's also the issue of replacement value. Hydro calculates—I haven't talked to them recently about it, but the replacement value of the dams that they built for quite a little bit less, if you were to start all over again, would even be double that of what the debt is in Hydro. We found that out with the sale of the telephone system. People argued it was debt, the reason why to sell it. But, obviously, it was debt and equity why the government showed a profit and then put it into the rainy day fund at the time there would be a—in terms of the overall situation with Hydro, it's a huge, huge equity along

with the obvious liability. But the debt equity's improved about a percent a year since we've been in office.

Mr. McFadyen: The discussion on Hydro and its debt-equity ratio is one that we'd like to spend some time on, but I wonder if the Premier can just provide a more detailed explanation for the page within the third-quarter report that outlines the calculation that takes the debt of the Province from a total debt of about \$22 billion down to just over \$11 billion in so-called net debt. There are items that are deducted from the debt calculation that are, at best, difficult to understand. The one in particular is the amount of \$7.4 billion or so that makes reference to money borrowed on behalf of and repayable by Hydro.

* (15:20)

Can the Premier just provide a more detailed explanation of how that amount can be deducted from the total debt in order to arrive at the net-debt calculation of \$11.1 billion?

Mr. Doer: Well, there's self-supporting debt and then there are the, like, various Crowns, and I think he'd find Lotteries in there. Then you'd have tax-supported debt in the other section. That's just my recollection of how we do it.

Mr. McFadyen: Maybe I'm not articulating this well enough. There's a \$7.4-billion number that's presented as an asset of government within its summary calculation. That asset is described as money borrowed on behalf of and repayable by Hydro which, on the surface, appears to be money repayable by Hydro to the Province, which, if you're using summary budgeting, would seem not to be a real asset, but, instead, would seem to be an amount owing by a Crown to the Province for money that may have been borrowed because the Province had perhaps a better credit rating on behalf of Hydro. But money repayable by Hydro to the Province, it would seem, shouldn't be included as an asset if it's going to create a \$7.4-billion liability on the Hydro side.

I'm just wondering if we are misreading that section or if they can provide an explanation as to how that \$7.4-billion, quote, unquote, asset is included within the debt calculation.

Mr. Doer: Well, we've always calculated the Crown debt as self-supporting debt versus taxpayer-supported debt. The only major change in that kind of accounting over the years is actually including, on the books, the pension liability, which is a subject the member opposite asked about earlier. I believe that

that calculation—and I'll get the specifics of it—would be probably an in-and-out calculation based on the principle of its differ—there's a delineation of self-supporting debt versus debt with the taxpayers' supported debt.

On the self-supporting debt, the whole issue—that's why the debt equity is important, because it was 86 percent 10 years ago and now it's 75 percent. Then, of course, you have the net present value issue as well. If you were ever to sell a Crown corporation, the net present value is higher than the debt-equity ratio. You found that out again with the telephone systems in '97 where the net present value was higher than the debt equity because of the things like fibre optics and other things that were calculated at a cost to be paid, but not as an appreciating asset to be valued.

Mr. McFadyen: Madam Chairperson, it's a very large number, \$7.4 billion. We understand the difference between self-supporting and taxpayer-supported debt. There is a line within that calculation that shows Hydro's long-term debt, which is their self-supporting debt in excess of \$6 billion—I don't have it right in front of me, but it's in excess of \$6 billion in long-term debt, repayable by Hydro. But, then, in the calculation there's a deduction of \$7.4 billion described as money owing by Hydro to the government for monies borrowed on behalf of Manitoba Hydro.

It seems that if there is a \$7.4-billion sum borrowed by government from banks or other lenders or bondholders, and that money is transferred to Hydro for its purposes, and Hydro, then, is expected to repay that money to the Province, but that \$7.4-billion debt should either show up in Hydro's long-term debt or it should not be included as an asset for the Province.

I just wonder if he can explain that apparent inconsistency.

Mr. Doer: Well, I'm sure it will show up in the Hydro books as well in terms of how it has to be accounted. Obviously, the Province guarantees Hydro debt. So that's how it would show up in our books.

Mr. McFadyen: Well, the reason we're asking the question is that it doesn't show up in Hydro's books. Hydro's long-term debt is printed, but it's a smaller amount than the \$7.4 billion that's deducted, and the explanation for that \$7.4-billion deduction is money borrowed by the Province on behalf of Hydro and

repayable by Hydro to the Province. I know that, historically, the Province has borrowed on behalf of Hydro because of its superior credit rating, and it's been able to borrow at better rates in order to fund Hydro's needs for dam upgrades or replacements or whatever the capital need may be. But, if that money's borrowed by the Province, then it's repayable ultimately to the lenders, and it doesn't seem to us that it should be deducted from the overall debt calculation.

So I wonder if the Premier can just explain why it is that there's a minus of \$7.4 billion on the debt calculation that appears to be simply a liability owing by Hydro to the Province. It should either be shown on both sides as a liability of Hydro and an asset of the Province or not shown at all in that it would net out. So we're wondering how that \$7.4 billion can be deducted from the total debt calculation if that's a real amount that has to be repaid.

Mr. Doer: In terms of accounting methodologies, obviously Hydro's books and the provincial government's books and the GAAP financial accounting, which is the law on Hydro's debt and equity, has to be the same. In fact, it has to be the same, ultimately, with the PUB, who also examines all of these numbers.

What I do know is the debt equity has gone down. In other words, the debt's gone down and the equity's gone up every year since we came into office. That's the one number that I pay attention to because it was 86 percent when we came in and we're projecting to reach target of 75 percent this year, which is the target set by the PUB a couple of years ago. I think they've set that for 2012, and I think we're going to be three or four years early on the debt-equity target at Hydro.

In terms of how it works in GAAP between Hydro and the third-quarter report, I'll get a more fulsome answer to the member opposite. I'm not going to try to—I have two brothers that are accountants, but I'm not one myself, so I would not want to—the member's asking me an accounting methodology question. I'll give you the big picture as far as I understand it: Hydro debt equity down to 75 percent this year. That is how I understand Hydro's debt and equity issues. I also understand that Hydro's debt is treated as a self-financing debt because they generate revenues through ratepayers to pay their own debt. Their capital expenditures are one side of the debt, their operating revenue is on the

other side, and of course the cost of borrowing money is also included.

We have ultimately a debt equity going down, and that's something not only do we present to the Legislature—and I'm presenting it in terms of my presentation today to you—but we also have the PUB evaluates this debt-equity ratio because they have commented on it in the past. They have commented on it in the sense they were quite directive to government that we had to get the debt equity down from the 86 percent that we had when we came into office. I think it was about—it went down a few points, and then it went up with the drought, and then it's gone down since then, but they commented very directly that we had to go down. They wanted us down at 75 percent—and I believe the year was 2012—debt equity—I'm looking at the minister responsible—and I think we're three years ahead on that result.

Mr. McFadyen: We will agree that debt-equity ratios are important as indicators of the ability of the government or the Crown to repay the debt. We won't agree with the attempt to minimize a \$7.4-billion deduction from the Province's total debt calculation, given the magnitude of that number. So we'll look forward to the technical explanation for that \$7.4-billion deduction from the debt number.

* (15:30)

I would ask the Premier if, in light of the total debt picture of the Province, the amount that's actually repayable in the coming years to banks and bondholders of close to \$22 billion, which is higher than it's ever been—that includes both Crowns and general operating debt—whether the government's claims of balanced budgets can be, make any sense when you've seen such a significant increase in total debt?

Mr. Doer: Again, I would point out, and this sounds like the same kind of preparation for selling Hydro that we saw in the 1990s. Because the argument was, and you know, the member opposite would know, that the argument used, after people said that they wouldn't sell the telephone system, was the debt was too high. We always argued the debt equity was solid. In fact, the government of the day rendered a \$500-million profit into the rainy day fund after they sold the telephone system. So this is the argument they used.

I just heard it, I just heard the echoes, I just close my eyes and I heard the echoes of ministers past that argued that the debt was the reason to sell the

telephone system. They never argued the equity. So, if you have—first of all, the asset is worth, in net present value, more—more—than what the debt-equity ratio says. It's worth billions more, if you were to sell it in an open market. And we would never do that. But I know members opposite have a different philosophy; that's fine.

Secondly, the debt equity, when we came into office, the debt equity, when the member opposite was the chief of staff, the debt equity was 86 percent. They never put Centra Gas on the books. Never put it on the books. So we had to put it on the books. Then the next day, they asked us a question, how come the debt's gone up? Well, we just put Centra Gas on the books. Of course, we were guilty of full disclosure, and I stand guilty today. We put the Centra Gas on the books. It kind of was a reverse Fidel Castro for members opposite—I guess the conversion on the road to Damascus, after what happened with the telephone system.

But the debt-equity ratio has gone from 86 percent to 75 percent in Hydro. The member just dismisses this as just a kind of foreign object on his salad, his ideological salad. It is much more important than that. It is a very important reflection of the state of the existing capital investment and the equity in the company, in the Crown corporation.

I can hear some echoes there. I was a little surprised. I could hear the sounds of former Premier Filmon ringing around this beautiful rotunda, beautiful dome that we serve under.

But the debt-equity ratio is not insignificant. It is very significant. If it isn't—and don't take my word for it, look at the Public Utilities Board. The debt-equity ratio is extremely important. The debt is not greater than the asset. The debt is 75 percent, the asset is 25 percent; the net present value, replacement value, is well beyond even the figure on the debt. Besides that, we have the lowest rates in North America.

So there are a lot of other things going on. You can ask the Auditor all these questions. We have the GAAP financial accounting, we have the third-quarter report, we have the fourth-quarter report, we have GAAP, you know, full disclosure, two sets of books to one set of books, we have an Auditor General that's an accountant, could answer all these questions. If we don't comply with her rules and her staff's rules and our comptroller's staff rules, we'll get one of those little notes like you got in '98 and '99, where the Auditor General couldn't say that the books fully reflected the status of the

government. We so far haven't had one of those little notes of notwithstanding clauses by the Auditor General since we've been elected.

Mr. McFadyen: Speaking of ideological salad, that was a potpourri of responses, points that call for—I think gave rise to about 17 new questions, that response all by itself. I hardly know where to start.

The Premier has made the comment about debt-equity ratio and debt-to-GDP which is, incidentally, going up as of this year's budget. Canada West Foundation made the comment that Manitoba has the highest debt-to-GDP ratio in the west, and that it's something to be concerned about in terms of the financial position of the province, but the Premier, I think, in his comments said he's in favour of nationalizing the telephone system. He talks about philosophical differences. They want to nationalize the phone system just the way they've nationalized the job of being a retail landlord for McDonald's over in Cityplace. So I want to ask the Premier, speaking of ideological salad, how are the salad sales going over in the new building that the government just bought?

Mr. Doer: Well, the primary tenant at that building is MPI. Sales are going quite well. It's got one of the lowest rates when you look at the rebate. Actually, if you look at the Saskatchewan affordability charts in their own budget, they actually have affordability of telephones. I know the member opposite, when he was running for leader, took credit for the great sale of the telephone system then he took it off his Web site after that, but we actually did print it.

For the sale of the telephone system, and if you look at the costs for consumers in Yorkton, Saskatchewan, if you look at the cost for a consumer in Saskatoon, rather, versus Winnipeg, it's higher in Manitoba. So, yes, brokers made money, and, yes, some of the investors made money even in spite of the market because, I think, the shares were sold at \$13, but the consumers didn't.

On MPI, the building decision was made separate from government. It was out of their investment account. MPI has, again, very affordable rates for car insurance. They have a very—I think their investment account, we were talking earlier about pensions. The investment account, in relative terms, I think, by the end of the year, you're going to find all kinds of private-sector insurance companies, with McDonald's in their building or without McDonald's in their building, are going to raise car rates.

Anybody that has a private insurance company and has money invested in the market will lose a considerable amount of money in the market because MPI has guaranteed rates of return including in their own building now, and guaranteed rates of return with bonds. While the member opposite, I remember in his media comment, said he lost 40 percent in the market. MPI did not lose 40 percent in the market so I'll put MPI against the honourable member opposite, and we'll bet the Letellier Bridge on it if he wants to do that. The Letellier Bridge is important. I know that. I was just making a side comment, but the bottom line is MPI's doing quite well, thank you very much.

Mr. McFadyen: The Premier has made reference to debt-to-equity and debt-to-GDP ratios. We just note that the debt-to-GDP ratio in Manitoba is going up and not down. Currently, this has been highlighted by the Canada West Foundation among others as a concern. I know that he's even opposed to the 25 percent sale to the public of the telephone system in Cuba that Fidel Castro went through with. He's even more ideologically hidebound than Castro on the issue of nationalizing telephone systems.

We just happen to think government should focus on doing things that help people, not necessarily selling cell phones to the public in a competitive marketplace, but the Premier thinks that's the role for government. I guess that is one area where we differ.

But I want to ask him, he's made reference to the debt-equity ratio at Hydro. Can he just outline whether his government has responded to the concerns raised at the PUB most recently when they talk about very rapidly escalating plans for debt at Manitoba Hydro, and whether he's confident they can service that rapidly escalating debt, whether he's satisfied that the growing debt for general purposes and the growing debt at the Crown corporations is sustainable for the next generation of Manitobans?

Mr. Doer: Yes, Madam Chair.

* (15:40)

Mr. McFadyen: In that case, Madam Chair, is he planning to increase hydro rates at 5 percent or more a year as he had to as a result of the PUB's assessment of that growing debt?

Mr. Doer: Our rates right now, according to the Saskatchewan government's affordability chart, in Saskatoon versus Winnipeg our rates are quite a bit less, and our debt equity better than any time a

Conservative government's been in for the last number of years on Hydro. I mean, we're not perfect, but the debt equity's gone from 86 percent under the Conservative government, without putting the gas company on the books, to 75 percent. That's progress. The member would know this is very good progress.

The PUB decides the ultimate rate increase. We do not and have not interfered with that process, and I want to say that I think the PUB was the body that determined hydro rates in the past under previous NDP governments. Premier Filmon did include it for the Public Insurance Corporation. I think that was a good move by the former premier, and I want to say that I think it was a much better way to go than governments trying to decide it. I think it's a better process to have the PUB cross-examine the various applications that go forward, and we support that.

Mr. McFadyen: The comment about the changes in Hydro and PUB is certainly appreciated. The issue, though, of the growing debt was one that was highlighted by the PUB. I would only note that it was the PUB that highlighted the fact that the growth in the debt is unsustainable, and this is going to be driving rate increases into the future for Manitoba Hydro. We have a concern about the position that's being left for future years as that debt grows, and there doesn't seem to be a plan other than rate increases to deal with that for Manitobans.

I want to ask the Premier about—just coming back again to the issue of the debt of Manitoba. In this year's budget alone, they are projecting an increase of about a billion dollars in the net debt, and we take issue with the net debt calculation, but even with that calculation, that includes within it some suspect deductions. There's an increase by a billion dollars. I wonder how the Premier can claim to be balancing the budget when the debt of the Province is going up by a billion dollars in one year alone.

Mr. Doer: Well, the member opposite, as chief of staff, knows the capital debt goes up in the past. You know, when under the balanced budget legislation, we haven't changed those rules. The only rules we've changed include all revenues and all liabilities. The capital debt went up in Saskatchewan, Alberta, British Columbia much more dramatically than ourselves. The operating situation in government, the calculations now are, based on the Auditor General, all revenues and all expenditures, and the member knows that in terms of the tax-supported side and all entities in government.

I would point out the PUB was concerned about the debt ratios, and they targeted a 75 percent debt-equity ratio for 2012. Mr. Brennan's comments at committee—and the member opposite's been at committee—Mr. Brennan's and Mr. Schroeder's comments at committee were that, because of the revenues for Hydro, they would be, you know, particularly export revenues, that they would do better than that.

So far, the concerns raised by the PUB, and we always want people to cross-examine these Crown corporations, but if the Hydro reaches the debt equity of 75 percent, it looks like some of the predictions made by Mr. Brennan at the legislative committees were correct in terms of the overall strength of Hydro, its ability to generate revenue, to sustain capital expenditures and actually exceed the fears that the member opposite was—or the concerns rather, not fears, that the member opposite was raising with Hydro at the PUB.

Mr. McFadyen: Madam Chairperson, we're going to come back with some further questions on the fiscal position, some concerns we have about the sustainability of the fiscal track that the government is on right now when we see increases in debt, drawdowns in the stabilization account and projections for revenue that look unrealistic. We have concerns about the sustainability of the track the government is on, but I want to just come back to more directly economic issues for a few minutes, and then we'll come back and revisit some of the fiscal issues.

I wonder if the Premier could just indicate which Manitoba companies or organizations have received support from the government in one form or another, either through MIOP loans or other direct investments since September of 2008, whether the Premier can just provide a list of those companies and the nature of the support received from the provincial government.

Mr. Doer: Well, Madam Chairperson, all companies in Manitoba have received the benefit from this government since September of '08. They received a reduction in the corporate capital tax, particularly manufacturers. All companies receive the R&D benefits. It's in the budget. All companies receive the small-business tax reduction.

When the Member for Russell (Mr. Derkach) was a member of the Legislature, the small-business tax was 9 percent. It's now 1 percent. It's going down, if you want him to tell his businesses in

Russell it's going down, and down and down. We're going to put the Canadian Federation of Independent Business out of work. The representative from the Canadian Federation of Independent Business will be the Maytag repairman in terms of—or repairperson, as it pertains to Manitoba.

So all taxes have gone down, so every company in Manitoba has benefited.

On the issue of specific companies and MIOP loans, I believe all of them are contained within Orders-in-Council. I'm looking at the Minister of Finance (Mr. Selinger) but all of them have to be—are they contained within Orders-in-Council, I believe, the MIOP loans?

An Honourable Member: Yes.

Mr. Doer: They're all contained within Orders-in-Council, and I think all of them we also reveal publicly with a press release. So there've been a number of companies, particularly those in the, you know, that we've had some successes. Obviously, Flyer paid back pretty early; MCI's on schedule; CanWest Global's paid off. I believe some of the high-profile ones, some of the areas in the house building and furnishing area have received MIOP loans partly to get access to credit and cost to credit down.

Most of these companies have bank credit and have MIOP loan credit and part of that is to make sure that they get access to affordable credit. It was the No. 1 recommendation this year from the Business Council of Manitoba. That's why we increased it, but the various companies are getting its support. Those are usually ones that are most vulnerable with the slowdown in the U.S. housing market, and that's been really the trend lately in terms of who needs a bit of support. A couple of years ago it was the transportation sector, particularly after 9/11.

Mr. McFadyen: There's been a policy across the country of reducing taxes since the growth in the national economy started in '98. The concern we have is that that decade of growth, according to many economists, may now be coming to an end for at least some period of time and that period of time is about as easy to predict as ice jams. It's not an easy thing to predict, we acknowledge, but the fact is that we are into a new era of slower growth, economically, at best, and at worst some decline in economic output as a result of a variety of factors, not all of which we blame on the government, only

some. But we need to get a better understanding of our competitive position.

* (15:50)

The Premier has made reference to some taxes, but the reality is that Manitoba, comparatively speaking, in terms of taxation rates and levels, is out of step with many other provinces. This will become a concern as we go forward as companies are making decisions about where to invest or where to stay in business. We've seen a number of examples of significant investments made in Saskatchewan and other provinces as a result of competitive tax rates. The payroll tax is an example that stands out for many companies and businesses that are looking at how to invest. It is a tax on jobs, and it's one that is applied. As companies employ more and more people, they pay more and more to government. That just doesn't seem to make very much sense.

So I wonder if the Premier can indicate whether he's concerned about our position versus other provinces, given that we have a tax on jobs in Manitoba that only two other provinces in the country continue to have.

Mr. Doer: Well, again, the member opposite was chief of staff in a government that promised—and there are Cabinet ministers right beside him—that promised to eliminate the payroll tax in four years. The problem is they didn't tell us which four years, 2011, 2021, 2028, 2030, so we've tried to lower taxes in a consistent and priority way.

We've eliminated the ESL for home-owners and condo owners in Manitoba. We eliminated it.

An Honourable Member: It couldn't be done. You were the one who said it couldn't be done.

Mr. Doer: Members opposite said it could be done and didn't do it. We said it couldn't be done and did do it. So that's why we're more modest than the members opposite. They strut better than us. There's no question about that. They are better strutters than we are.

Secondly, when we came into office, you know what I was shocked about when I got all these reports, affordability and competitive charts. I found out and I actually asked my brother who is an accountant, I said, my chartered accountant brother, the tax is 17 percent, the corporate tax in Manitoba is 17 percent. It looks to me like it's the highest corporate tax in Canada. So, again, we have the strutters and fretters, but we have this highest tax in

Canada, so we lowered that from 17 to 12. *[interjection]* You had 11 years, and you know what? *[interjection]* So, anyways, we lowered that tax, and then we looked at the small-business tax. It was also the highest in Canada. I don't blame the Member for Russell (Mr. Derkach) for leaving. It was the highest tax in Canada. It was the highest tax in Canada, and he would walk into the saloon in his riding and say, you know, we're going to lower taxes. Well, you know what? We lowered it to one and we're going to eliminate it. The corporate capital tax, what did you do on the non-banking corporate capital tax? Nothing, zero, zilch, nada.

Madam Chair, we're now in the process of eliminating. We're going to eliminate the ESL for home-owners. Not a bad thing to do. The former mayor of Brandon didn't say anything. He just stuck his hand on the horn and made a lot of noise but didn't do anything. We eliminated the ESL. We're going to eliminate the small-business tax, and we're going to eliminate, you know, the non-banking corporate capital sector, and then we'll move to other taxes. *[interjection]*

Madam Chairperson: Order.

Mr. Doer: What we don't want to do—

An Honourable Member: He put his hand on the horn. That's not rude?

Mr. Doer: It was fun. It wasn't rude.

The bottom line is we are slowly chipping away at the taxes for individuals. We're slowly chipping away—and let's look at another example; farmers. You know, it is really galling when members opposite talk about agricultural taxation. They raised the portioning for farmers by 7 percent, 7 percent. The Member for Russell knows this. He must have fought this battle in Cabinet. They raised the portioning for farmers by 7 percent, and we now have an—*[interjection]* Yes, look at the numbers. I got the numbers.

An Honourable Member: Went from 27. Right?

Mr. Doer: Yes.

An Honourable Member: To?

Mr. Doer: Thirty.

An Honourable Member: And?

Mr. Doer: What percent is that? Three on 27? Yes, three points. What percent is that? *[interjection]* Thank you, you've made my point. You have

actually made my point. I want to thank you for confirming that it went from 27 percent portioning to 30 percent.

Finally, we're not going to promise to get rid of a tax. We're actually going to exceed our promises, and we will actually get it done. So that was the long answer to a short question on the one tax. You have to look at everything.

I would point out that we don't believe in the George Bush style of managing the economy. That is, of course, the Republican kind of philosophy that members opposite enjoy. They will promise—if they are going to implement a tax reduction, they will do it with running a huge deficit. We're not going to do that. We try to pay as we go.

Mr. McFadyen: Madam Chairperson, it is too bad he doesn't have an audience for those answers here in Estimates. It doesn't look as compelling in *Hansard*.

On the issue of the competitive position, we will acknowledge—the Premier likes to talk about history—we will acknowledge that the last government took a number of years to clean up the mess that had been left by the NDP. We will acknowledge that the high taxes left by the last Pawley-Doer administration were left in place for many years to clean up the deficits and then started to pay down the debt. But, as the economy started to grow, in 1998, the government had an unprecedented opportunity over the last 10 years to bring our taxes into a competitive position versus other provinces. We are one of three that has the payroll tax. WCB premiums are up. Hydro rates are up. A whole range of fees and backdoor taxes are up. People know that they are paying more even if the government likes to highlight the crumbs that they've provided on the other side of the ledger in which they are very good at focussing people's attention on.

I want to ask the Premier more directly if he has any concern about the payroll tax and the fact that it is a tax on jobs at a time when people are worried about their jobs, and the fact that we are only one of three provinces that still taxes job creation in this country.

Mr. Doer: Well, our job creation rate is triple that of the 1990s. Well, it still remains, although, for very unfortunate circumstances in some provinces. I really feel for the workers in British Columbia, in the forestry sector, 22,000 jobs lost last month. I feel badly. I think we all feel badly for the manufacturing

sector and the auto workers in Ontario, the forestry workers in Québec.

We are, obviously, in a world competitive situation in terms of the economy. The KPMG report indicates, on the tax competitiveness side, that Winnipeg is second only in mid-continent, not just Canadian, mid-western cities, Winnipeg, is second lowest only to Saskatoon, and that may change with the corporate capital tax and the small-business tax.

On the issue of affordability for people, the report out of Saskatoon indicated we were the lowest in all categories in Canada, and Saskatchewan and Saskatoon were second lowest. So we've got to balance off corporate taxes. We are second to Saskatoon out of 20 cities under the KPMG study, and we have to balance off affordability for people. So we're not a one-trick pony.

We lower the taxes for businesses. We balance the budget under GAAP financial accounting and we lower the taxes for individuals, all modestly, but all moving in the same direction.

Mr. McFadyen: Can the Premier just indicate why it is that in this budget they cancelled the planned income tax reductions for regular Manitobans?

Mr. Doer: We've slowed down the pace of some of the tax reductions, but we're going to implement every promise we made.

Mr. McFadyen: The issue of affordability is an interesting and debatable one. Affordability is good if you've got income levels that allow you to take advantage of that affordability, but the studies and the stats show that weekly earnings in Manitoba are anywhere between sixth and eighth in the country, and have been in that range over the last number of years.

* (16:00)

I wonder if the Premier is satisfied with the fact that we have such low weekly earnings in Manitoba compared to other provinces, which is the other side of the story when one looks at affordability.

Mr. Doer: Yes, the member will know that, I think, one of the highest increases in Canada, highest or second-highest in the last three years, has been in Manitoba.

Mr. McFadyen: But it was, as the Premier is saying, he started from a low base, and the fact is that, over the past decade, earnings have been low, and we

continue to be among the poorest in the country when it comes to weekly earnings.

I wonder if the Premier can indicate what his strategy is for raising income levels in Manitoba in a way that's sustainable.

Mr. Doer: Madam Chairperson, I would point out that the member opposite wouldn't make any commitments on the minimum wage when we were in the debate. In fact, we were almost in that election at this time a couple years ago; trying to think of the date. God, how soon I forget. But I think we were almost at the post a couple of years ago.

So remember the CBC debate. I think the member opposite, we got asked a question about regular minimum-wage increase. I think the member opposite said no. I think I said yes. The Liberals did what they always do. They sat on the picket fence and wouldn't tell us what they were going to do.

Then I asked the question a couple of weeks later on the Social Planning Council family poverty strategy.

We believe minimum wage is important. We believe in free collective bargaining. We believe in companies making profits and investing some of that money back in workers. We also know that average weekly earnings are somewhat impacted by agriculture and the way agriculture earnings are reported. But we think, in all areas, we're trying to improve the livelihood of people.

At the same time, we don't want inflationary increases in the province, and I think that, when we look at what's going to go on in the United States with all the debt levels, five years from now, we'll be dealing with inflation. Right now, inflation's down, but we like the fact that increases have gone up steadily. We like the fact lately they've been going up higher than other provinces, or second-highest in other provinces, and we think there are sustainable increases for companies as well.

Mr. McFadyen: I just want to come back to the issue of MIOP loans and direct investment by the government and companies in Manitoba. The Premier had made reference to news releases, and we're not sure that every loan has been accompanied by a news release.

We would just ask that they undertake to provide a list of those companies that have received direct investments, either by way of grant or a loan from the provincial government since September 1, 2008,

whether they can provide the details of those when he returns in the coming days.

Mr. Doer: Yes, I'll check the privacy issues around it. I did say Order-in-Council, and I'll double-check that, as well.

I can tell you, we did an analysis about 12 months ago; we actually had made money on MIOP loans in terms of being repaid and with interest. We have changed the interest rate policy on those from the former government and, so far—touch wood, and I mentioned some of the loans, we have a couple of challenges in some places—but even just looking the other day at McKenzie Seeds, that was considered to be a bit challenging as a loan, and it seems to have worked out even better than we had thought.

Mr. McFadyen: Can the Premier just indicate what information he has that's current with respect to the housing market in Winnipeg and Manitoba, the direction of prices, the uptake in purchases and what impact that could have with respect to Waverley West?

Mr. Doer: Well, we've had moderate but sustainable increases in housing values, housing prices, even resale values. We so far haven't been hit with the boom and bust of Toronto, Calgary, Vancouver. We think, again, we have a solid foundation. I think some of the issues of housing values are tied more to credit and access to credit and cost of credit and also tied to unemployment.

Obviously, the interest rates are low, but if there's fear of being unemployed, as there is in southern United States, if they bought too high and the access to credit is not available and then there is a compounding effect of job loss, you obviously see that reflected in a local housing market. So, when the member asks about housing values, we think that the most important issue for a housing market is obviously growing population and stable unemployment rates.

We think the second most important factor is the belief that your job is going to be safe, your career is going to be safe, because sometimes—I was talking to a businessperson the other day and he said, in the morning, I look at my receipts and they're really, really positive and at night I watch the news, and I think I'm not going to survive another day. Part of it is perception, particularly with the consumer market of how well the economy is doing. We think that these things are related. Population increase is

important. We think employment security and the perception of security are important, and then, obviously the cost of and access to credit is important. Then you have a stable and growing housing-value market.

If you have a real downturn on the employment side, you have a flattening out of the growth side; you're going to see a decline in the housing values. We so far think it's still stable—I think would be the right word we would want to use. Steady, I guess, is the word we'd want to use in Manitoba. Seems to me the word, yes, I think the word is steady, steady as she goes.

Mr. McFadyen: I think he's right. It is steady, as we see every 30 seconds during NHL playoffs. I think that was one of the words that was used, and I want to just ask the Premier, just turning to the agricultural sector. He knows there have been challenges in various parts of the agricultural sector at various times. Sorry, I've jumped ahead of myself. I'm going to come to agriculture. I want to finish the question about Waverley West.

Can the Premier just indicate what is the latest information on sales in Waverley West and whether the government expects to recover its investment there, and what is the pace of sale and development at Waverley West versus what was planned and projected?

Mr. Doer: Obviously, the member knows it's a 20-year plan. He obviously also knows that, and it was some media reports that this was "an urban vision of ourselves." Actually, former Mayor Murray presented to us and to the capital commission the fact that the most land available in Winnipeg was actually owned by the government. When I went back and looked back at why we hadn't proceeded to sell the land, I found out that the book value of the land, in terms of its assets, was greater than what the sale probably would be. That's why the government was holding on to the largest tract of land. It was adjacent to—and the member would know this, as the former chief of staff to the mayor of Winnipeg. You've been chief of staff to a lot of people. I haven't checked his record in Ontario. [*interjection*] What's that?

Mr. McFadyen: That wasn't my title.

Mr. Doer: That wasn't your title? Oh, that's what everybody called you.

We decided to proceed with Waverley West. It was on the issue of how do you justify land that's not

serviceable in the Capital Region of Winnipeg being developed in an unfettered way? The ratios of new housing starts in the Capital Region of Winnipeg were quite a bit higher—and the member would know this—in the '90s, in actually the Capital Region outside of Winnipeg proper than they were inside the city of Winnipeg. We proceeded with this, and our first assessment was that we may lose money until the housing market—book-value money. It didn't make any sense for all that land to be tied up and all that infrastructure to be adjacent to the Waverley West site.

* (16:10)

So we proceeded with the plan and with public hearings and the amendment to the various planning documents. I would point out, again, contrary to some of the media reports, that when former Mayor Murray and I dealt with the Kenaston underpass, something that probably is very popular with the member opposite's constituents, it's sometimes contrary to what you might read somewhere. It's a six-lane access point. We actually thought that we shouldn't build an underpass that would be four lanes. It's actually six lanes, anticipating transportation increases in that quadrant of the city, not knowing, of course, that IKEA would be around the corner.

On Waverley West I'll have to get the exact numbers. It isn't the one house that I saw in a pitch for the newspaper that looked like it was right out in the—out in some kind of ice flow out in the middle of somewhere—that one house. You could actually have neighbourhoods that they could have shown, but they didn't. But I'll get the number. Builders that I've talked to, Mr. Borger and others, are very excited about the fact that they have land. The pace will be determined somewhat by the market, but the fact that they have serviceable land, I think, they find to be useful. As the market improves they can—obviously we would develop more with the private sector.

Mr. McFadyen: I thank the Premier for that response and we'll look for a little more detail on how that is progressing. We know it is early days, and I did see the picture in the paper. I have seen the actual houses and know that there's more than just one house in Waverley West.

The Premier's response gave me an idea for another question in connection with development generally in the southwest corner of the city. There is certainly, I think, a lot of positive response. The announcement that IKEA is coming to Winnipeg, a

lot of positive response from the people that I've spoken to around town, but it does give rise to questions about the impact on transportation, traffic and other issues that have an impact on the quality of life for people in the southwest corner, and many of my constituents.

I wonder if the Premier could be a bit more specific today about what plans are on the books and are going to be funded going forward to deal with the traffic issues. We're starting with serious traffic issues in the southwest. They're projected to get more serious as the development of the IKEA and associated development occurs. What are the plans for dealing with those traffic issues?

Mr. Doer: I've just been advised that the building permits in the last four months in the city of Winnipeg were the number one area of building permits, new building permits in Winnipeg was in the Waverley West neighbourhood, so more constituents are coming. You'll have to spend more time dealing with your constituents and less time in the House and, obviously, with constituents come little children and eventually the school that will be so important.

We've been spending just as much time dealing with other—all the transportation issues: 18th Street Bridge, the 373 Highway at Norway House, the Disraeli Bridge that's a very important priority for us. Obviously, we had discussed traffic egress and access with the proposed IKEA site with the developer. The person's probably wellknown to the member and with the mayor. We think that it is obviously adequate for, and more than adequate for the site. It is important—some people say, well, you should put the IKEA store here, or you should put the IKEA store there, or you should tell them to go over there. Actually, you don't tell them where to go. They say, we're prepared to go here. We need this to get people in and out. You're one of 20 cities on our list. Can you do it, or can you not? And they know their own population. I noticed in Minneapolis, St. Paul it's right on the freeway, and in Bloomington area, near the Mall of America. It's not a question of telling them where to go. You go to Wolseley; that's where you belong, you know, right beside the Stella restaurant, so you can have your granola pancakes. Your IKEA store doesn't work that way. But they have very good pancakes, by the way. I love it there.

So the bottom line is that we are improving the traffic flow there, but we have challenges, as I say, in Brandon. We have challenges in northeast Winnipeg

working with different municipalities, and, certainly, Waverley West, as it develops, will present challenges.

We don't want to take the place of the City of Winnipeg, the mayor of the City of Winnipeg, and the councillors. They are duly elected to make decisions on the local traffic issues.

But the member opposite will know that we've gone from \$6 million in the roads budget to \$36 million. He will also know that we've gone from—for some capital projects with federal-provincial support, we've gone with the Kenaston underpass that was a priority of the previous member of Parliament in that area and the mayor, the mayor of Winnipeg, and certainly supported by us.

Mr. McFadyen: While we're on the subject of southwest Winnipeg, I will ask, as well, a follow-up to the question from question period today about the plans for a high school.

There's the immediate issue of identifying and committing to the parcel of land where that school would be built, and then the second issue of committing to the budget to actually do it. There are many families in the community who have been led to believe over many years that a high school was coming, and made their plans accordingly. That has not yet been announced, which is a source of frustration and disappointment to many. But we know that there is a commitment to do it eventually.

I wonder if the Premier can indicate, firstly, whether they can commit to that parcel of land, which, I think, is an important signal for the residents, to have clearly identified it and made a public statement that there's a commitment to build on the site; then, secondly, give an indication as to when he thinks that project would find its way into the schools capital budget.

Mr. Doer: As I understand it, Madam Chairperson, there is a plan on land acquisition. I don't know all the negotiations of that, but I do understand that they have a desired site. I understand there was a public meeting last Wednesday night, if I'm not mistaken. There was a public meeting last week. Obviously, I'm not sure whether they have secured it 100 percent or not, but I do believe they do have a plan in mind and they do have a site in mind.

Mr. McFadyen: I thank the Premier for that response. I know that that will be welcome news for many in southwest Winnipeg, particularly those with

younger kids who are looking to the day when that school will be built.

I want to, now, move on to Agriculture, which is where I had been starting to go earlier.

I want to ask the Premier if he is briefed on the many challenges facing the livestock sector in the province, both for cattle producers as well as those in the pork business. Country-of-origin labelling, obviously, is a significant concern as a potential trade barrier. The issue of slaughter capacity is a significant one, but also the matter that is within the direct control of the government, that is, the signal that was sent by Bill 17. We agree with the goals of Bill 17: to reduce the amount of nutrients flowing into the Red River and, ultimately, into Lake Winnipeg. But the experts and the scientists who came to committee clearly indicated that the bill didn't really direct itself toward that goal, but was a blunt instrument which, in effect, said to people who had invested very significant sums in our province, that there's no room for you to expand within significant areas of the province.

*(16:20)

Will the Premier comment on his awareness of the challenges facing the sector, whether he's open to any kinds of changes with respect to Bill 17, and what other steps they're taking to support our livestock producers?

Mr. Doer: First of all, we believe that we would like to encourage expansion of the livestock sector, including the hog sector, in areas that aren't presently contained within Bill 17, although Bill 17 does provide for new technology like anaerobic digesters and other technology to be utilized and not be subject to the expansion prohibitions.

The southeast quadrant of the province has been, by all accounts, very overdeveloped, and the Red River Valley area that is subject again to flooding has its own unique challenges with this industry, and the Interlake. Those are the three areas. The rest of the province can expand.

So there are three options, I guess, on a go-forward basis. Some unfettered development of the hog industry is one option. The other option is a full, complete, total moratorium on the whole industry. Or the third option is in general terms to have a targeted expansion limitation with the availability of technology—I mentioned anaerobic digesters being available—and having that kind of balance in the whole province.

Certainly, we believe the biggest challenge facing the hog industry in Manitoba is the country-of-origin legislation. Some four million weanlings a year go to United States. There has been a lot of work going into the regulation that was going to be announced by the former administration. Collin Peterson, the chair of the Ag Committee and ourselves discussed that. He has, of course, a lot of farmers in his own community that he represents in Minnesota that have weanlings from Manitoba going to his area in Minnesota and then eventually being processed in either Iowa or in the Hormel plant, I believe, in Minneapolis.

Now we're in a state of uncertainty because we thought we had a rule. I got worried when President Obama was heading to Ottawa, that the day before that the rule was going to be proclaimed. Then all of a sudden it was put on hold. You know, now people are interpreting the rule differently for processing companies, and that's creating a lot of uncertainty in the market.

We think that the rule that was hammered out by the food processing industry, by the producers in United States and by Canada made a lot of sense, that you could have a label that said Canadian-U.S.-produced pork and that way you wouldn't have to segregate the hogs born and raised for eight weeks in Canada, in Manitoba, and then raised in Minnesota and processed in Iowa. You can call that, you know, you can have that Canada-U.S.

We know that the label of Canada is quite a popular marketing brand. We're not worried about consumers knowing products are from Canada. Canada has a very good consumer reputation, and so we're not worried about the word "Canada" being on a label with the United States and neither are the companies. What they can't operate with is the idea they we'll have to have one line for hogs born in Canada and raised in the United States and another line for hogs born in the United States and raised in the United States.

So it is the biggest problem we're facing in the pork industry. I talked to Michael Wilson just a couple of weeks ago on it. Stockwell Day was to meet with his counterpart in the United States on it. So was Minister Van Loan on it. He's back here, I think, this week on some of the flooding issues, and I'm sure we'll be able to talk to him on this issue.

I think he was there on national security, but we know Minister Wilson, or Ambassador Wilson, is looking at this. At some point, I should meet with the

Secretary of Agriculture. I know him from his days as governor of Iowa, but I know our embassy's working very hard on this issue with the administration in the United States.

It came literally, the interpretation of the rule. The first rule was fine. It was going to be produced on Wednesday, I think, or a day before. Then, all of a sudden, it was put on hold. The President went to Ottawa. I said to our people, look out, you know. Then, sure enough, the next day, the companies were told that you can voluntarily interpret it as you need a separate label for Canadian-born, U.S.-raised products. That is really causing problems because it's not a rule; it's a recommended interpretation, and we are working with the Embassy in that regard.

On beef, we've been very successful in getting more food processing in pork. The new plant in Neepawa—the expanded plant in Neepawa, rather, after the fits and starts of the plant in Transcona—and the plant in Brandon have expanded dramatically, and we're happy about that. We're happy to negotiate with the federal government and the local council to do that with Mr. McCain.

We are concerned. We think that since the Burns plant closed down in Brandon, the last big plant, lots of plants closed down before then, and they closed down in NDP years. They closed down in Tory years. We think we have, in terms of the beef sector, a gap in terms of capacity. We have tried a couple of attempts and they haven't worked, and we acknowledge that.

Mr. McFadyen: Madam Chair, I appreciate the comments on the chronology of events with respect to COOL. I think all of us have concerns about what's happening south of the border and, certainly, in all of our interests to do what we can within our powers to make the case south of the border. A lot of effort is being expended in that area.

On the issue back to Bill 17, and, without wanting to have a rematch over the debate on Bill 17 at this stage, because the bill is now law, I wonder if the Premier can indicate, though, whether there are any initiatives under way with the pork sector to attempt to create a framework for companies who may want to expand in the province, because what we see that is concerning us are some investment decisions or decisions are being made or options being examined to make investments outside of Manitoba, Saskatchewan or south of the border in places that will be within the watershed, so that we end up with a situation where we get nutrients

flowing into the watershed, but not the investment in jobs and technology within the province.

What steps are they taking to develop a framework for those operations that exist within the areas covered by Bill 17 to permit certain kinds of expansion that can be done within a reasonable way that meets the environmental objectives? There are lots of ways of achieving the objectives. The Premier has mentioned anaerobic digesters, but there are others that are out there that the industry and experts in these areas have brought forward. The industry, although it's not in an expansion mode presently, is looking at all of the issues it's confronting and trying to make decisions about where to make future investments. We're quite concerned that Manitoba's being looked at negatively as a result of Bill 17, and that will cost us investment and jobs down the road as they look at the potential for expansion.

Can the Premier indicate what steps are being taken with the industry to create a framework that isn't subject to arbitrary change on a whim, but a framework that can be relied upon for future planning purposes to allow investment and expansion to occur in a sustainable way?

*(16:30)

Mr. Doer: The member opposite will know that the decision, the local decision making on hog barn expansion, was pretty controversial in every municipality where it was on the agenda. It was becoming a problem, a challenge even, in Manitoba in terms of the reliability of approval processes in some places or the kind of protracted debates that were taking place between neighbours wanting the expansion and neighbours not wanting the expansion and that happening very vigorously at the local town council meeting. So I wouldn't use the term "whim" in terms of trying to decide this, because we tried to use the three areas that we thought were most vulnerable, but providing the other—the majority of municipalities do have the ability to expand hogs.

Now, I agree with the member opposite, nobody's in an expansion mode now with the issue of—well, last year, it was the prices and the dollar, and this year it's the whole issue of the country-of-origin legislation. There are not a lot of expansion plans going on. But, yes, we will sit down with the industry with any idea of how we can ensure, as the member said, that the objectives of the legislation to have a freeze, not on development for development's sake, but on the kind of emissions that we saw before in these three areas, to look at other

means like the anaerobic digester or other technology that might be available. We also want to use other areas and agencies of government to help that out, and we need to have—there are tax policies, there are other things we've got to be more—and we're discussing, but we should be more vigorous about.

Mr. McFadyen: The reason I used the word "whim" was because the recommendation to impose a moratorium in the way that it was was not contained in the CEC report that examined the industry, that was released on the same day as the announcement was made about Bill 17, and so that's what caught people off guard. In fact, even experts associated with the CEC process expressed surprise at how sweeping the moratorium was when it came down, and it, I think, as members opposite recognized, had a very real impact on many, many people within our province, quite an emotional impact on many.

Many of the communities involved in the industry are Hutterite communities, and we know that there are many of those communities that are entrepreneurial and innovative and have made significant investments in this business, certainly have shown themselves to be good citizens when it comes time to pitching in during floods and other natural disasters and other circumstances where their assistance has been welcome and needed. There are others from other communities who have invested a great deal of their time and energy and ideas and money in the industry who were caught off guard by the announcement and taken aback by how definitive it was in its application.

The signal was one that was disconcerting, and when you consider, in addition to the localized contributions made by many involved in the industry, the macro impact on the provincial economy of an industry that has greater exports even than Manitoba Hydro, which few people realize, are quite significant, I would just suggest that a proactive approach by government to work with the industry toward perhaps softening some of the hard edges of Bill 17 would go a long way toward restoring some confidence and a sense that the industry is valued and not completely devalued by the current government.

I wonder if the Premier would take the initiative of proactively addressing some of these issues with these communities.

Mr. Doer: Well, certainly, we will be proactive and continue to be proactive on country-of-origin legislation, and we're going to continue to be

proactive on the issue of processing for the industry and expanding that. Thirdly, we do value the industry quite a bit, and we will be proactive on some of the ideas we have. We thought we were proactive by including anaerobic digesters, but there are other ideas even since a year ago that could be applicable and we'll look at all of them. We always wanted to value the industry, and that's why we're putting considerable amount of resources, as I say, into improving the processing here in Manitoba.

We value the industry. We value the industry with the weanlings and the challenge with the country-of-origin legislation, but our goal is to make sure that we can restrict some of the areas that are the most vulnerable for the whole issue of Bill 17. There is definitely a moratorium, but it's not total because scientific ways of dealing with some of the waste products can be applicable and covered by the law.

Mr. McFadyen: I want to thank the Premier for that response.

Just at the end of one of his earlier responses, the Premier had made a reference to the view of the government that we don't have the level of beef slaughter capacity in Manitoba that we would like.

I wonder if he could just outline the current state of the government's planning and activities with respect to beef slaughter capacity within the province.

Mr. Doer: So far we had spent a lot of time and effort to try—the Minister of Agriculture (Ms. Wowchuk) and the Minister of Conservation (Mr. Struthers) and others spent a lot of time and effort on the Ranchers Choice. That did not proceed. We regret that. We've got a couple of other ideas on organic beef, but nothing at this point. There is some improvement in the processing in beef, but it's very modest from where we were with the BSE crisis in 2003. The bottom line is Ranchers Choice did not succeed. Therefore, I consider the fact that it didn't proceed a failure.

Mr. McFadyen: I've got a series of questions that I want ask in connection with the floodway. We are getting down to about 20 minutes left today. Rather than start into those questions, I will invite the Member for Portage la Prairie to ask a few questions of the Premier. I'll cede the floor to the Member for Portage la Prairie.

Mr. David Faurshou (Portage la Prairie): I do appreciate the opportunity to ask a couple questions of the Premier and, indeed, keeping on topic with my

leader in regard to the flood protection for Winnipeg. I did ask in the House last week about the Portage location of the Assiniboine River diversion. I am aware that government has had in its possession for, I believe, about eight years now, because it was an in-depth study that was done after the last major flood event. It pertained to reconstruction, renovation, capital investment in the Assiniboine River diversion, which is a channel that runs from the Assiniboine River to Lake Manitoba.

I would like to ask the First Minister as to whether he's aware, or is his government contemplating a re-investment in the other two major flood protection infrastructure?

Mr. Doer: Yes, first of all, I want to wish the Portage Terriers well, and I want that on the record. I think they will slay the Humboldt team shortly. I know that this may be the last season in the old arena, I think, too, isn't it? This is the last season in the old arena, so it would be a great way to end it with an appropriate victory as we proceed.

I'll be out in Selkirk tonight. I think we're starting the Telus Cup tonight. The Member for Selkirk (Mr. Dewar) and I will be out there. You're all welcome to come. The Member for Selkirk will buy the tickets and the beer if you come to the Telus Cup tonight.

* (16:40)

On the issue of the Portage Diversion, as I understand it, there's a plan in place to have improvements on the east side drain which will be rehabilitated to reduce seepage to agriculture crops and to intercept surface run-off. There are also proposed upgrades to the control structures, so I'll find out—this was my answer to the Leader of the Opposition (Mr. McFadyen) last year.

I should say that the Assiniboine Diversion has been very effective this year. In the west, right throughout the Assiniboine River, we were challenged by ice, as we were in the Red River, that led to significant—a rise in water levels and a significant rise in water levels all throughout the system. I know there's one property that usually gets concerned adjacent to the Assiniboine Diversion. I'm not sure whether it happened this year, but I've been told in past years that usually the one property gets affected—one agricultural area of land—and is affected negatively by the operation of the Assiniboine Diversion. I think that, at one point, we had close to 20,000 cfs of water going straight through the

Assiniboine Diversion to Lake Manitoba, and it continues to be pretty high, I think.

We also operated the Shellmouth Dam early. I believe we operated it in March twice to ensure that we could hold back water from the western part of the province when the crest was coming into the Capital Region of the—well, the crest was coming to Brandon and then Portage and then Winnipeg. But I understand there are upgrades scheduled. That's what I signed in a letter to you last year, a letter to the Leader of the Opposition. I'll get a more definitive time on that. I don't know whether anything happened in the last 12 months, but certainly I've been informed that there are upgrades on the way.

Mr. Faurichou: Yes, I'm aware of those two particular projects, and they're important to adjacent property as well as the marsh and for control of the seepage waters, which have been a concern not only just in the immediate vicinity of the channel, but we can see water problems in basements a mile to two miles away from the channel, because there is a lot of porous substructure north of Portage la Prairie.

Just as an update for the honourable Member for Selkirk (Mr. Dewar) and the honourable Member for Dauphin-Roblin (Mr. Struthers), the Portage Terriers went into action on Saturday night against the reigning Royal Bank Cup champion Humboldt Broncos, beating them 4 to 1. However, the following night, last night, they lost to Humboldt in overtime 3-2. So they're looking forward to going back to Humboldt and potentially finishing up the series—I have my fingers crossed—but if they don't, they'll be back to Portage la Prairie this time next week. We're certainly very supportive of them.

Now, the diversion, though, has exceeded to 20,000 cubic feet per second this year for an extended period of time. This is, for all members' knowledge, the complete flow of the Assiniboine River. The gates are right up and the only water now going down the Assiniboine River—and if you walked across the river at Portage la Prairie right now, you wouldn't get your kneecaps wet. It's about 500 cubic feet per second that comes through the conduit, which is underneath the dam, that is not available for control. So the water is headed for Lake Manitoba down a channel that has seen great deal of use. If I can explain to the First Minister (Mr. Doer), you can be standing on the Provincial Road 227 bridge and look down the channel towards the lake, and you'll see willows and hybrid cattails above the water. On the bridge, you basically have 25 feet of water. That

gives you an indication of the siltation that is normal course in any waterway.

The sandbars, if you will, that are now in the channel need to be removed in order for the actual capacity of the diversion to be restored. This is what I leave with the First Minister, the importance of channel maintenance.

Also, too, the flood event that we're seeing this year with the ice as a factor needs to be addressed. The channel of the Assiniboine River diversion was never designed to handle ice. The reason it wasn't is because of the bridge at Provincial Road 227. The Trans-Canada bridges, the bridges that are all with the CP and CN mainlines, both of those bridges are very sturdily built. I'm not an engineer, but, I suspect, could handle ice. The bridge that will not handle any ice is on Provincial Road 227. It's just a wood-frame, pole-structured bridge that, when I stopped to observe the flow of water, was vibrating under my feet. I made my stop on that bridge very, very short indeed.

I would like to ask the First Minister if he has any further comments in regard to the channel, because I think it does bear out that this is a vitally important flood-control structure for the city of Winnipeg. I think it's showing what it can and was designed to do as we speak today.

Mr. Doer: I believe that the goal of the engineers was to run as much ice right down the Assiniboine River and not into the diversion as possible. That's why you had a huge thrust of water and ice in the Assiniboine River right through St. Francois Xavier, which is a problem. It had localized flooding with the ice. Headingley had localized flooding with the ice. The Norquay Bridge had localized flooding with the ice. The Winnipeg West, all the way to the Forks, had a lot of localized flooding last week ago today and Tuesday and Wednesday. Then the majority of that ice did move and then the increase of cfs took place in the Assiniboine Diversion. There wasn't a lot of ice left when they moved it into the Assiniboine Diversion. Most of it they let flow straight through to Winnipeg.

The engineers do take those vulnerabilities into consideration when they're managing ice. When you say that devices weren't intended to handle ice, I can tell you the amount of ice we had all the through the system, including in the floodway inlet, was like a piece of ice had broken off the Antarctica and come up the Mississippi River and it headed into—you could see it on the webcam. We didn't know how the

floodway would handle that much ice in the inlet, not the channel. We knew we could bash it up and it would go through, or we were expecting we would.

He's right about how much ice and how thick it was. He will know that usually the ice starts moving. It starts weakening in late March. This year the rain and moisture at the end of March actually produced more ice, ice on top of ice, and then it was very, very thick when it started moving. Primarily, we tried to move it down the Assiniboine, not north in the—north we, but the engineers tried to move it north. The cfs flows, I understand it, 700 to 800 cfs one way and 20,000 the other way. You are absolutely right. It's a lot of load that's being carried by the Assiniboine Diversion.

*(16:50)

It's something I think people in the Capital Region don't realize. I sometimes say to people—even north of Winnipeg, they say, does the floodway hurt us or not? Well, actually, you go around the city versus through the city, it still comes out the same amount of water. You should know the Assiniboine Diversion is really helping you. It's a lot less water coming through Winnipeg and up through Lockport and Selkirk, Breezy Point, but in some ways—we finally got some media on all the devices that have been put in place, the Shellmouth Dam, the Assiniboine Diversion. There have been more media stories, I think, in a good way, to let people know, you know, 20,000 going here, 40,000 going around, X thousand being held back in the Shellmouth Dam. It's much bigger and broader in terms of there are three weapons to deal with flooding in the Capital Region and weapons to deal with flooding even in Brandon, in very high years, with the Shellmouth Dam. He is right; there's very little water going in the Assiniboine River, 700 and 800 cfs and 20,000 cfs going north.

Mr. Faurshou: I just want to further mention to the minister that it's important to keep the river at a lower level between Portage la Prairie and the city of Winnipeg so that the municipal drains can actually function and get the overland flood waters off the land, away from the communities between Portage and Winnipeg and into the river. If we have more than 5,000 cubic feet per second coming down the river, the municipal drains cease to function, so having the river at a lower level definitely assists in that regard.

I want to compliment all of the Manitoba government employees that are attached to whatever

department dealing with the flood. My compliments to them, because I know that they are—there's 24/7 on duty and dealing with the flood, and it's greatly appreciated.

I would like to leave the floor, and the honourable Member for Arthur-Virden has a couple of questions. Thank you.

Mr. Larry Maguire (Arthur-Virden): I just want to add my congratulations to the employees of the government working in the Melita area, I guess, right now, as well. The situation there, as I've been in touch with them two, three times a day for the last week or so—of course, before that, we were dealing with droughts, but we're not doing that today. That's for sure.

The announcement the other day of the topping up of the dikes there, Mr. Premier, to 1,414 feet above sea level, has certainly been a benefit, will be a permanent benefit to the community there. I just got off the phone. It looks like they're going to be working with the municipal officials and the EMO to work with—there's one mobile repair business there and a motel that they look like they're going to be working on tomorrow as well to dike. They've got a few days yet. The water is coming up; it's now got into the flat. When I was there on Friday night, it wasn't. But it is rising and it will continue to rise quickly, as the flood reports that have been coming out have been indicating. It may be hard for some of the people there to believe that the water's going to get as high as it is—a 10- or 11-foot wall from last Friday morning, but, on top of it, they're actually going back and sandbagging some of the farm homes. They're measuring those today with levels to see where they will be at. I fully believe that it will certainly not get above the 1,414—I think they're still calling 1,410, 1,411 for the level of the water—but I just wanted to indicate that the trucks and the program were kicked into being pretty quick. On Friday morning, I think they said, they started to do the diking. It looks like it's about 70 percent done this afternoon, 65 percent, 70 percent done, from what I've just been discussing with the folks there.

I just wanted to touch base with the Premier (Mr. Doer) in regard to what you can help us with in regard to the programs. I know that it's a little early to be talking Disaster Financial Assistance yet, but I know other areas have been doing that. I understand that the Province is going to go ahead and cover the costs of putting the dike in, half-million that you announced the other day. The announcement is

appreciated there. What kind of a cost-sharing will we get with the federal government on that, and what will be the municipal's responsibility?

Mr. Doer: Well, to be perfectly honest, we haven't even—I mean, the formula's 45-45-10, and that's the formula in the Red River Valley. I know that Mayor Walker talked to our flood people, and the issue is pretty obvious. I talked to Minister Toews from the federal government on Friday morning after it became obvious that we could spend X hundred thousands of dollars on a temporary dike, and, you know, we should spend the money on a permanent dike.

What's the difference? The member opposite knows, but sometimes the public doesn't know. The base of a permanent dike is more secure, and the slope is more sustainable. Our view is, I'd rather, if a dike can be used—hopefully, it's just going to only be used once, and we're not going to have this flooding again. If it's needed to be used three times in the next 20 years, the third time, it's been paid for. That's what we've done.

I said we're authorizing X number of dollars. I mentioned to Minister Toews. He has to go through a more elaborate system in Ottawa—dare I say that? It might ride forever in those bowels of those Parliament buildings. I don't know. We just decided we had to do it. We'll talk about it with the mayor and the council. I think they wanted a permanent dike, too.

I don't even know what the conversation was between our chief engineer, Mr. Topping, who's been dealing with these issues 24/7. I'm glad that the members have pointed out that people have been working 24 hours a day, seven days a week some days because of just things keep changing. Water doesn't decide to take the day off or the evening off—and ice. They've been working very, very hard. I think our EMO director took his first day off in 31 days. They've been working very hard, very skilfully.

I can't even give you a good answer, except to make the decision we've got to do it. We're also looking at some of the other infrastructure, with Infrastructure and Transportation. There are a couple of things we want to do, but we want to move quickly on the dike. I hope to get out there shortly myself, because I think—I know—the Souris River is just going to be as important to the people in Melita

and Souris and the producers around there as the Red River is for people in Morris and Ste. Agathe.

I thank you for your support on that, and I think it's the right thing to do.

Mr. Maguire: I agree with the Premier on that. It is the right thing to do, to put the permanent dike in. I guess the circumstances are such that there may be a little bit of work around the two businesses that I talked about. They've already done the Hydro building where people have moved to Reston, I believe, out of the Hydro office, to take up the temporary office. I know the mobile repair business is moving up onto the higher land on the north side of town, as we speak, as I just got off the phone from them. They are moving their equipment, as many records as they can, out of their business, but there will be an attempt to dike it, from what I understand, as well, in just talking to the reeve there as well, Reeve Trewin. I think everybody is moving as quickly as they can and as co-operative a manner as they can. They are very pleased with it.

There is one thing, I think, that I just note. It indicates the Highways may be looking at paving a chunk of that road out toward Medora from Melita to the east this summer on No. 3 in their budget. They have put a tremendous amount of sandbags in the mini-bulk bags. They're about four feet high each. There are about three rows of those and then two more on top, so it'd have to be a 15-foot wall of water, I think, that would be held back by that part of it. It's higher than the rest of diking will be, the permanent diking, but you have to do that to be safe. That part of the road, there's a little part of it in there that's down about three feet. Every time this happens, it requires that kind of diking. I think it had just a bladed gravel ridge along the side of the highway the last time.

A quick question on that is that if they're going to do that—or a comment maybe more than that—is just that the comments that I've received are that, if they're going to repave the road maybe this summer, they could build it up to the three feet for about a quarter of mile in there. That would at the same level as the rest of the diking, and they'd never have to do it again. I just offer that to the Premier (Mr. Doer) as a solution for that area. I know I'll be bringing it up with Minister Lemieux as well, and just to see where they're at with that.

With your concurrence on that, it would probably happen a little faster. Thanks.

Mr. Doer: We are looking at that. Actually, we have the deputy minister of Highways in on all the meetings. We try to. The Highways and, obviously, the steamer crews that have been out there, Highways, Water Stewardship, Emergency Measures, are all working together. That way we don't want, you know, silos. We are keeping track of not just the short-term capital works, but I've asked them to take consideration of the long-term, including that road.

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

Call in the Speaker.

IN SESSION

Mr. Speaker: The hour being 5 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, April 20, 2009

CONTENTS

ROUTINE PROCEEDINGS		Oral Questions	
Introduction of Bills		Education	
Bill 19–The Mortgage Dealers Amendment and Securities Amendment Act		McFadyen; Doer	763
Selinger	761	Derkach; Bjornson	764
Petitions		School Divisions	
Long-Term Care Facility–Morden		Schuler; Bjornson	766
Dyck	761	Prairie Rose School Division	
Seven Oaks Hospital–Emergency Services		Pedersen; Bjornson	767
Lamoureux	761	Educational Facilities	
Neepawa, Gladstone, Ste. Rose, McCreary–Family Doctors		McFadyen; Bjornson	768
Briese	762	Lake Dauphin Fishery	
PTH 15		Briese; Melnick	769
Schuler	762	Health-Care Services	
Tabling of Reports		Gerrard; Oswald	769
Supplementary Information for Legislative Review 2009-2010 – Departmental Expenditure Estimates – Advanced Education and Literacy		Seven Oaks Hospital	
McGifford	762	Lamoureux; Oswald	770
Supplementary Information for Legislative Review 2009-2010 – Departmental Expenditure Estimates – Education, Citizenship and Youth		Disaster Financial Assistance	
Bjornson	762	Dewar; Ashton	771
Supplementary Information for Legislative Review 2009-2010 – Departmental Expenditure Estimates – Finance		Growing Opportunities Centres	
Selinger	763	Rowat; Wowchuk	771
Ministerial Statements		Letellier Bridge	
Provincial Ice Jams and Flooding		Graydon; Lemieux	772
Ashton	763	Speaker's Statement	
Briese	763	Hickes	773
Gerrard	763	Members' Statements	
		Allan Cup Championship	
		Goertzen	773
		Day Nursery Centre 100th Anniversary	
		Altemeyer	773
		Winkler and District Chamber of Commerce	
		Dyck	774
		Norway House Public Library	
		Whitehead	774
		Osborne House 35th Anniversary	
		Howard	775

ORDERS OF THE DAY
GOVERNMENT BUSINESS

Committee of Supply
(Concurrent Sections)

Justice	775
Agriculture, Food and Rural Initiatives	795
Executive Council	813

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