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of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

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

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
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ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
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## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, May 25, 2000

The House met at 1:30 p.m.

### Speaker's Statement

**Mr. Speaker:** I have an announcement for the House. I would like to advise the House that I have received a letter from the PC caucus chairperson, the Member for Pembina (Mr. Dyck), advising me that the Member for Minnedosa (Mr. Gilleshammer) has been appointed as the Acting Leader of the PC caucus until such time as the PC caucus elects an interim leader. On this basis I will be recognizing the Member for Minnedosa as the Acting Leader of the Official Opposition.

### ROUTINE PROCEEDINGS

#### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

##### Committee of Supply

**Mr. Conrad Santos (Chairperson):** Mr. Speaker, the Committee of Supply has considered certain resolutions, directs me to report progress and asks leave to sit again.

I move, seconded by the Member for Selkirk (Mr. Dewar), that the report of the Committee be received.

*Motion agreed to.*

#### TABLING OF REPORTS

**Hon. Becky Barrett (Minister of Labour):** Mr. Speaker, I would like to table the 2000-2001 Departmental Expenditure Estimates for the Department of Labour.

**Hon. Greg Selinger (Minister of Finance):** I would like to table two reports, the first, Fidelity Bonds on Deposit prepared pursuant to Section 20 of The Public Officers Act and also the 2000-2001 Supplementary Information for Legislative Review which provides information on employee pensions and other costs.

**Hon. Drew Caldwell (Minister of Education and Training):** That leave be given to introduce Bill 12, The Public Schools Amendment Act, and that same be now received and read—

**Mr. Speaker:** Order, please. We are not on bills yet. We will be coming to that.

### INTRODUCTION OF BILLS

#### Bill 12—The Public Schools Amendment Act

**Hon. Drew Caldwell (Minister of Education and Training):** That leave be given to introduce Bill 12, The Public Schools Amendment Act (Loi modifiant la Loi sur les écoles publiques), and that the same be now received and read a first time.

**Mr. Speaker:** Who was the seconder?

**Mr. Caldwell:** Thank you, Mr. Speaker. Seconded by the Minister of Highways (Mr. Ashton).

**Mr. Speaker:** It has been moved by the Honourable Minister of Education and Training, seconded by the Honourable Minister of Highways (Mr. Ashton), that leave be given to introduce Bill 12, The Public Schools Amendment Act (Loi modifiant la Loi sur les écoles publiques), and that the same be now received and read a first time.

**Mr. Caldwell:** The purpose of this bill is twofold. It requires parents or guardians who home-school their children to register with the Minister and provide information about the home school as well as periodic progress reports on each child who is being home-schooled to ensure that they are receiving an adequate quality of education. In addition, Mr. Speaker, this bill eliminates the current requirements in sections 196 and 197 of The Public Schools Act for cabinet to specifically approve certain grants to organizations and to school divisions in districts to permit an expedited payment process. Thank you.

*Motion agreed to.***Bill 29—The Health Sciences Centre Repeal and Consequential Amendments Act**

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I move, seconded by the Member for St. Boniface (Mr. Selinger), that leave be given to introduce Bill 29, The Health Sciences Centre Repeal and Consequential Amendments Act (Loi abrogeant la Loi sur le Centre des sciences de la santé et modifications corrélatives), and that the same be now received and read a first time.

I would like to inform the House that I have a message from the Lieutenant Governor to table.

*Motion presented.*

**Mr. Chomiak:** Mr. Speaker, this Bill is an administrative procedure regarding the movement of the Health Sciences Centre from that of a corporate entity into that of the WRHA and is the continuation of a process that was previously put in place.

*Motion agreed to.***Bill 30—The Social Services Administration Amendment Act**

**Hon. Tim Sale (Minister of Family Services and Housing):** Mr. Speaker, I move, seconded by the Honourable Minister of Justice (Mr. Mackintosh), that leave be given to introduce Bill 30, The Social Services Administration Amendment Act (Loi modifiant la Loi sur les services sociaux), and that the same be now received and read a first time.

*Motion presented.*

\* (13:35)

**Mr. Sale:** Mr. Speaker, this is an administrative bill which strengthens the licensing procedures covering group living facilities that are under the Department of Family Services and Housing and provides certain rights to those inspectors in terms of emergency situations where licensing

issues are very important for the maintenance of public safety.

*Motion agreed to.***Bill 28—The Northern Affairs Amendment and Planning Amendment Act**

**Hon. Eric Robinson (Minister of Aboriginal and Northern Affairs):** Mr. Speaker, I would like to move, seconded by the Minister of Consumer and Corporate Affairs (Mr. Lemieux), that leave be given to introduce Bill 28, The Northern Affairs Amendment and Planning Amendment Act (Loi modifiant la Loi sur les Affaires du Nord et la Loi sur l'aménagement du territoire), and that the same be now received and read a first time.

His Honour the Lieutenant Governor, having been informed, recommends the Bill to the House, the message of which I will table.

*Motion agreed to.***Introduction of Guests**

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the gallery, where we have with us today 29 Grade 5 students from Beaumont School under the direction of Miss Kim Burnett. This school is located in the constituency of the Honourable Member for Charleswood (Mrs. Driedger).

Also, we have from Crystal City Elementary School 7 Grade 6 students under the direction of Mr. Larry Hamilton. This school is located in the constituency of the Honourable Member for Turtle Mountain (Mr. Tweed).

Also, we have from Morden Collegiate 36 Grade 9 students under the direction of Mr. John Loewen and Ms. Erica Stecheson. This school is located in the constituency of the Honourable Member for Pembina (Mr. Dyck).

Also, from Laureate Academy 14 Grades 7 to 12 students under the direction of Mr. Bill Rambo and Mr. Don Scott. This school is located in the constituency of the Honourable Member for St. James (Ms. Korzeniowski).

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

### ORAL QUESTION PERIOD

#### Youth News Network Government Position

**Mr. Leonard Derkach (Russell):** Mr. Speaker, concern is mounting across Manitoba school divisions about this government's wrong-headed approach to YNN. The Acting Minister of Education said yesterday in this House that her government would pull the plug on YNN because, and I quote, advertisements for Froot Loops were inappropriate for Manitoba schools.

Today Athena Educational Partners announced that YNN will be replacing all commercials with public service announcements, including the teenage pregnancy ad sponsored by this government.

I am pleased to table the news release that was put out by Athena Educational Partners today.

My question is to the Deputy Premier or the Minister of Education. Will this government reverse its wrong-headed decision to pull the plug on YNN in schools and allow students to have access to \$200,000 worth of technological resources and valuable news, current affairs programs and public service messages provided through YNN?

\* (13:40)

**Hon. Drew Caldwell (Minister of Education and Training):** I was very pleased earlier today to be advised of the fact that YNN would no longer have the commercials as part of their broadcasts in those schools where they exist. I think that is a victory, in fact, for educators and for the people of Manitoba and for the children of the province of Manitoba.

As for the current contracts, the Government's position stands.

**Mr. Derkach:** I simply do not understand that statement. What is the Minister telling parents, teachers and students? Is it that this government

does not support more technological resources for students and also the public service messages as well as the news and current affairs programs that are being run in schools today in addition to the messages such as the teenage pregnancy ads and the bullying in the schoolyard ads?

**Mr. Caldwell:** Well, the Government of Manitoba is highly supportive of the public school system. We announced in February the largest single-year increase in over a decade. But most importantly, this government is committed to classroom integrity, and that does not include the commercialization of our classrooms or the force-feeding of commercial messages to the young people of Manitoba.

In that light, I was very happy again to be advised of YNN's decision to not have commercial advertising as part of their program. I think that is a responsible decision, and it proves that educators were right on this issue.

**Mr. Derkach:** The reality is that this government pulled \$10 million out of the education program budget. How does this minister justify his heavy-handed directives about YNN when in fact YNN is now being shown commercial-free during non-curriculum time, the very basis of his party's opposition to this programming?

**Mr. Caldwell:** One of the members stated it was an election issue and a commitment, and we believe in fulfilling our commitments. More than that, the commitment was based upon classroom integrity and having a curriculum that was free of commercial messaging. That was our position; it remains our position. The existing contracts that have been signed with the eight schools in the province of Manitoba reflect that, and therefore those contracts again will be terminated at the end of their six-month provision.

**Mr. Derkach:** With a new question, Mr. Speaker. In February of this year, this government accepted the contributions from the Bill & Melinda Gates Foundation of \$1 million to enhance computer access in libraries in Manitoba. YNN is prepared to invest significant dollars in our schools across our province. Why is this government denying students in Manitoba

access to national news, current affairs programs and public service messages while accepting support from another private-sector company?

**Mr. Caldwell:** Well, Mr. Speaker, obviously, the difference here is the fact of curriculum commitment. There are no strings attached, as one of the members suggested, to the Gates' contribution, which is very laudable. In fact, there are many corporations and businesses in the province of Manitoba that go a great distance to support public education in this province.

We support that. In fact, we welcome that sort of involvement in our public sector and in our post-secondary level. We are not tolerant, however, and will not accept contributions that come with the directives to alter curriculum or put in place force-feeding of commercial messages.

Now, the information that we have today is that YNN has determined to stop that practice, which is very, very responsible, and in fact, as I said, represents a real victory for this government's policy and the educators in the province of Manitoba.

**Mr. Derkach:** Mr. Speaker, for the benefit of the students who are here with us today in the gallery, I ask this minister: Will he, for the sake of the students of this province, reverse the wrong-headed decision to scrap YNN programming in our schools which provides national news items, current affairs programs and public service messages that his government supported? Would he reverse that decision and allow students in Manitoba access to these very valuable programs?

**Mr. Caldwell:** Mr. Speaker, the Government of Manitoba is more committed to the public school system than a government has been in over a decade in this province. We are committed to providing growing resources to the public school system in this province of Manitoba, this year alone the largest such increase in over a decade.

Mr. Speaker, we believe in classroom integrity, and we are not going to provide a monopoly opportunity for any corporation in the classrooms of the province of Manitoba.

### **Youth News Network Government Position**

**Mr. Darren Praznik (Lac du Bonnet):** Mr. Speaker, to the same minister, in the same particular area, we have heard the Minister say clearly that the premise on which the Government made its decision with respect to YNN was the use of commercials as part of that time. That has clearly changed.

\* (13:45)

So we are again asking the Minister, given this new information that has been provided, will he not at least agree to reconsider his original decision, given that the premise on which it was made has now been changed?

**Hon. Drew Caldwell (Minister of Education and Training):** Mr. Speaker, the contracts that are existing do not reflect any change.

I have had, and the Department has had, ongoing discussions with YNN over the course of our mandate. It has been a moving target, as most of the public knows and certainly the members opposite know. New information on any issue is addressed very seriously by this government and will continue to be so. We believe in a consultative approach in the Department of Education very strongly.

More importantly, Mr. Speaker, in stark contrast to the members opposite, we believe in having integrity in the classroom, and that does not include granting monopoly positions for corporations to sell products.

**Mr. Praznik:** Mr. Speaker, the Minister certainly did not consult with any of the divisions that had signed or entered into contracts with YNN.

I would ask the Minister today: Given that we all know that in many Manitoba households there is not interest in watching the news or current event programs, and this may, in fact, be the only way that many Manitoba young people are exposed to current events, would he not commit today, if the criteria around commercial-free time during curriculum were met, that he will allow YNN into Manitoba schools?

**Mr. Caldwell:** Mr. Speaker, the instruction of current events, as the members opposite well know, is part of the curriculum in the province of Manitoba.

It certainly does not require the granting of a monopoly to the corporation to use curriculum time to transmit current events, so the position of the Government of Manitoba is very consistent in this matter. We are not going to sell the students of Manitoba to the highest bidder. We are not going to create a monopoly situation for any corporation to use curriculum contact time in the classrooms of Manitoba.

**Mr. Praznik:** Mr. Speaker, my supplementary is to the Minister of Family Services. Given that many of the families in this province do not encourage their children to watch the news, do not encourage their children to keep up on current events, would he not agree, as Minister of Family Services, that ensuring that young people, as part of the school, have access to regular news broadcasts is a good thing in building an intelligent, educated community in our province?

**Hon. Tim Sale (Minister of Family Services and Housing):** I would, first of all, say, Mr. Speaker, I have a higher opinion of the families of Manitoba than the Member opposite.

Secondly, Mr. Speaker, I would remind the Member opposite that most of our schools, if not every one of our schools, has the ability to pull off channels a wide array of news resources, including the all-news programs and very, very many channels, and that through their current affairs programming, through their critical listening programming, they teach people how to think, how to work selectively.

I believe we do not need to give a monopoly to any one channel to have a particular time of the day. I have a very high opinion of Manitoba's families' concerns about this issue, and we listen to those concerns.

#### **Wildlife Amendment Act Public Consultations**

**Mr. Harry Enns (Lakeside):** Mr. Speaker, I direct this question to the Minister of

Conservation. I speak on behalf of the bison growers of Manitoba and others who are expressing increasing concern, indeed alarm about his Bill 5. I simply ask him to reconsider that really indefensible position that he is asking this House to pass a bill first and then consult. Will he not turn that around and consult before bringing that bill forward?

\* (13:50)

**Hon. Oscar Lathlin (Minister of Conservation):** I thank the Member for the question. I think the Member, having been here for a lot longer than I have been, knows very well that there will be an opportunity for public input into this legislation when we get into the third reading. We have a committee looking at the legislation. There will also be an opportunity for public input during the course of the development of the regulation.

**Mr. Enns:** Mr. Speaker, I direct my next question to the Minister of Agriculture and remind her, because she was there, that several years ago this Chamber passed one of the most progressive animal care acts in the country, acknowledged by peers around the different provinces of this country.

We had people like Ms. Vicki Burns sitting in an advisory capacity consulting the then-minister in the development of that act. She knows and she is in possession of the legal documents—

**Mr. Speaker:** Order, please.

#### **Point of Order**

**Hon. Gord Mackintosh (Government House Leader):** The question, Mr. Speaker, violates *Beauchesne's* Citation 410(8), supplementary questions require no preamble. Would you please direct the Member to put his question.

**Mr. Speaker:** The Honourable Member for Lakeside, on the same point of order.

**Mr. Enns:** I thought I made it clear. I was asking a different question to a different minister.

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

**Mr. Speaker:** Order, please. On the point of order, I will have to get some clarification, because I was under the same impression, that the Honourable Member was raising a supplementary question to his initial question. Were you raising a new question?

**Mr. Marcel Laurendeau (Opposition House Leader):** On the same point of order, Mr. Speaker. Yes, the Honourable Member was listed for another question, a separate question.

**Mr. Speaker:** I will recognize the Honourable Member on a new question. On the point of order, I cannot say whether the Honourable Member has a point of order on the first question to a new question, but on any further supplementary questions, *Beauchesne's* is very clear that a preamble is not required on a supplementary question. But the Honourable Member was up on a new question, and I recognize the Honourable Member for Lakeside on a new question.

\* \* \*

**Mr. Enns:** Mr. Speaker, we have heard from all kinds of members opposite with respect to the intent of this bill to stop penned hunting. I ask this question to the Minister of Agriculture (Ms. Wowchuk) who is in possession of a legal opinion that says that the current framework of The Animal Care Act may be used to prevent penned hunting. If that is the intent of the Government, stated not only by the Minister but by any number of speakers that spoke on Bill 5, to stop penned hunting, why does the Minister of Agriculture not use the powers that she has vested in her under The Animal Care Act?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** The Member raises the issue of Bill 5, The Wildlife Amendment Act. The Member is well aware that this bill will go to committee soon and people will have the opportunity to raise their concerns with it. When they raise those concerns and we have those discussions, we will hear the views of the public. If there are changes that are required in other pieces of legislation, we will certainly make those changes. But we first of all want to hear

the public, and the public will know when that bill is going to go to committee, and we will listen to those views at that time, but we have met with the group to listen to them.

**Mr. Enns:** Mr. Speaker, the Minister of Agriculture is in possession of a letter from the president of the Manitoba Bison Association who says that the mere presence of Bill 5 is now hurting industry. She is the Minister of Agriculture. She is there to protect this \$70-million industry. Will she stand up for the bison growers of Manitoba?

\* (13:55)

**Ms. Wowchuk:** Mr. Speaker, I always have and I always will stand up for the agriculture producers of this province. We have met with people from the Bison Association, and we have told them that we have no intentions of shutting down this industry. The intention of this legislation is to stop penned hunting, which the previous government could have done. They know that that was a concern when they introduced elk ranching in this province. There is a concern with it. We are addressing the concern that Manitobans have with penned hunting of elk.

#### **Manitoba Lotteries Corporation Report Recommendations—Implementation**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, my question to the Minister responsible for the Manitoba Lotteries Corporation. Three people have been fired and six more brought before the Board of the Manitoba Lotteries Corporation. The Chair of the Board, Beverley Suek, has been quoted in media reports as saying that the firings are part of a plan to get the Crown agency back on track. Since the Chair of the Lotteries Corporation has indicated that there is indeed a plan in place, I ask the Minister to give us details of the plan and the time frame for implementing it.

**Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Again, I thank the Member for River Heights for his interest in the question and note that there is not much interest from other members of the House in this

particular matter. I have outlined for this member and the Premier has outlined for this member several of the steps that this government is taking towards turning the page in Lotteries. I have made the point, and I just want to make it one more time, that right now it is extremely important for those of us in government to recognize the fine workers at Lotteries and the dedication of many workers. It is time to turn the page and get on with it.

**Mr. Gerrard:** My supplementary. With the importance of this issue, with the time to get on with it, it is important to set a time frame. Can you give us the deadline by which you will have implemented all the recommendations of the Human Resources and the Singleton reports?

**Ms. McGifford:** Mr. Speaker, the Human Resources report to the Board was presented on Tuesday. It was discussed on Tuesday night. As soon as I am in a position to provide the Member opposite with a time line, I will.

Right now, the important thing is for the Board to analyze the recommendations, to make decisions and to get on with healing the problems at the Lotteries commission, those that we have inherited.

**Mr. Gerrard:** My supplementary to the Minister.

Will the Minister, at the very least, commit to full implementation of all the recommendations before there is any further expansion of casinos in Manitoba?

**Ms. McGifford:** No.

#### **Ogopogo Movie Project Manitoba Shooting**

**Mr. Scott Smith (Brandon West):** Mr. Speaker, my question is for the Minister of Culture, Heritage and Tourism. There have been questions raised by members of the film industry regarding the potential opportunity of shooting the film *Ogopogo* as this opportunity would represent the largest economical impact on a single film in Manitoba.

My question is: Can the Minister confirm whether or not this film will be done in Manitoba and what economic impacts it would have?

**Hon. Diane McGifford (Minister of Culture, Heritage and Tourism):** Mr. Speaker, I thank the Member for the question. The good news, of course, is that *Ogopogo* is back in Manitoba where it belongs.

Furthermore, the economic benefits to our province are considerable. This is a \$25-million budget. The film will use Manitoba crews. I would like to take this opportunity to congratulate Carole Vivier on the work that she has done and also Kim Todd, who I think handled this whole difficult situation with a lot of intelligence, a lot of sensitivity, common sense, and a lot of integrity. Thank you.

#### **Flooding Minister's Visit**

**Mr. Harold Gilleshammer (Acting Leader of the Official Opposition):** Mr. Speaker, the Minister of Agriculture was recently in Brandon attending the Western Premiers' Conference. This is only a short distance from the communities and the people who suffered greatly due to the flood and excess moisture conditions last year.

Could the Minister of Agriculture tell the House if, during her visit to Brandon, she took the time to visit communities such as Melita and Souris and some of the farm families in that area?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, while I was in Brandon, I was attending the Western Premiers' Conference where we had discussed very important issues such as health care, finances, and we also took a lot of time to discuss some very important agriculture issues. My time was taken up at the Western Premiers' meeting, and I did not go to the southwest part of the province yesterday.

**Mr. Gilleshammer:** Mr. Speaker, could the Minister of Agriculture explain, as reported by *The Brandon Sun*, why the only way flooded farmers could have an audience with the

Minister and her cabinet colleagues during the western Manitoba swing was to pay \$7 to sip wine and nibble cheese at the NDP Riding Association Fundraiser in Neepawa?

**Ms. Wowchuk:** Mr. Speaker, since I have become Minister of Agriculture and Food, my door has always been open. I have met with people from the southwest part of the province, and I am prepared to meet with them. In fact, had I not been doing Estimates today, I would have been meeting with some of those people. But that schedule has had to be changed, and I will be meeting with them. I am quite prepared to meet with them to discuss the fact that the federal government, despite our many efforts to get them to recognize that this was a disaster, refused to put any money into the situation.

**Mr. Gilleshammer:** Mr. Speaker, it is obvious to see what the Minister's priorities are. There are people out there who are suffering greatly from the flood conditions of last year. Instead, she chooses to have people pay to see her and meet with her.

I wonder if she would commit to donating that money to the flood relief in the western part of the province.

**Ms. Wowchuk:** Mr. Speaker, if the Member would like to know the phone number to my office, I am sure he can find it. There is a toll-free number to the office where people can call.

The Member is quite wrong to say that I have not met with producers. I am quite prepared to meet with them to discuss this very serious matter. The Member would be a lot more effective as Leader of the Opposition if he would start to recognize that it is the federal government that has refused to recognize that this is a disaster. Despite the fact that we have put forward different proposals, the federal government has refused to recognize that they should be funding this disaster as they did the flood of eastern Canada and the ice storms of eastern Canada. The Member should know that.

They should be letting us pass our resolution, an all-party-member resolution on this issue.

### Point of Order

**Mr. Marcel Laurendeau (Opposition House Leader):** On a point of order, Mr. Speaker. *Beauchesne's* 417: "Answers to questions should be as brief as possible, deal with the matter raised and should not provoke debate."

The Minister said she was too busy at the ministers' conference, but it did not stop her from sipping white wine.

**Mr. Speaker:** Order. On the point of order, I would like to take this opportunity to remind all ministers that according to *Beauchesne's* Citation 417: Answers to questions should be brief as possible, deal with the matter raised and to not provoke debate.

\* \* \*

**Mr. Speaker:** I would ask the Honourable Minister to please conclude her comments.

**Ms. Wowchuk:** Mr. Speaker, I wish that the Leader of the Opposition would recognize the seriousness of this issue and pass the resolution that we have put forward to show all-party support for southwestern Manitoba with regard to this disaster.

### Flooding Agricultural Disaster Assistance

**Mr. Jack Penner (Emerson):** Mr. Speaker, it is becoming very obvious that the people in southwest Manitoba do not have the money to pay \$7 for a ticket to meet with the Minister. I think it is abundantly clear that this government has spent absolutely nothing in support of that agricultural community, and the people in southwest Manitoba are losing faith.

On the 20th page of her budget it states: "We have negotiated a new disaster aid program with the federal government to replace the AIDA program." Could the Minister of Agriculture please explain when this government negotiated a new disaster program, what are the program's parameters and now table the document that explains the new agreement? Will that help southwest Manitoba?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, the Member is well aware that there are federal-provincial agriculture negotiations on the safety net program. We came to an agreement—not the agreement that we wanted—and part of that agreement was that we would have a safety net program that would be similar to AIDA. The details of that program are not defined yet. Our staff is working on the final details of it, and when that program is finalized, I will be very happy to share with him details of the program.

**Mr. Jack Penner:** Mr. Speaker, this morning the Minister had stated clearly that they had signed another three-year agreement with the federal government.

Does that mean that the AIDA program will now be in place for the next three years, or is the Cabinet document explaining the Budget correct, that there is no AIDA program going to continue, that we have a new program and a new deal signed with the federal government?

**Ms. Wowchuk:** Mr. Speaker, this morning in Estimates I told the Member that we had negotiated another agreement, but the Member is well aware that, when ministers come to an agreement on a program, it takes a lot of work on the part of staff to work out the final details of the program. The final details of the next safety net program are not worked out. In fact, producers are putting forward different proposals, and those are being considered. When it is finalized, I will share that information with him.

**Mr. Jack Penner:** Mr. Speaker, will the Minister then acknowledge that the flood victims of 1999 need some support and that the Finance Minister has indicated that the special Fiscal Stabilization Fund will be used as a disaster fund? Will she now indicate to this House that they are willing to put their hand in the Fiscal Stabilization Fund and support the flood victims of 1999?

**Ms. Wowchuk:** Mr. Speaker, my colleague the Minister of Highways and Government Services (Mr. Ashton) and I went to Ottawa just recently and we tried to convince the federal government that there is a disaster in the southwest part of

the province and they should be funding it. We put forward various options. The federal government said no, no, there is no money from the federal government on this. We are not prepared to let the federal government off their responsibility of disasters, which is a federal responsibility.

#### **Water Supply Protection—E. coli Bacteria**

**Mrs. Bonnie Mitchelson (River East):** The safety of all of our province's water sources are important, especially following the fatal E. coli outbreak in Walkerton, Ontario, this week.

Mr. Speaker, my question is for the Minister of Conservation: Can he confirm or can he explain to the House what precautions are taken throughout Manitoba to ensure we do not face an E. coli outbreak similar to that in Ontario?

\* (14:10)

**Hon. Oscar Lathlin (Minister of Conservation):** I thank the Member for the question. I would like to advise the Member that Manitoba Conservation administers, I am sure she realizes, a number of regulations on behalf of the Department of Health. Included in these are the regulations respecting drinking-water supplies.

I wanted also to point out that, although we can regulate waters that are public, the conventional way of treating public water is through chlorination. However, I am also advised that private wells serving private residents are a different matter. Those wells serving businesses, hospitals, institutions do not fall under the monitoring regime of that particular act with respect to chlorination, but I want to assure the Member that we are following the developments in Ontario. We are very concerned that the same thing does not happen in Manitoba, and we are monitoring on a day-to-day basis.

#### **Lindane Levels—East St. Paul Water Contamination**

**Mr. Ron Schuler (Springfield):** Mr. Speaker, after months of intense pressure by the members

of the Progressive Conservative opposition, the final clean-up of the cancer-causing chemicals in East St. Paul has begun, and I might add it started after yesterday's Question Period.

In light of the disaster in Ontario where E. coli made it through the wells into their aquifer, has the Minister, as a precaution, had the wells tested in East St. Paul to assure that the drinking water is safe?

**Hon. Oscar Lathlin (Minister of Conservation):** Yes, I can indicate to the Member that the results of testing that I have received in my office have resulted in the water not being contaminated.

Also, in yesterday's Question Period the Member indicated to the House that he had received information. He did not say whether it was in report form. I would ask, if he has any additional information that I am not aware of, that he table that information in the House today so that I can use that as additional information in our investigation.

**Mr. Schuler:** Can the Minister tell this House how many wells were tested? Will he table the results? Mr. Speaker, what is his plan of testing wells in East St. Paul, not just the wells on Knowles Avenue but the wells in East St. Paul, so that the same disaster that happened in Ontario does not repeat itself in East St. Paul? Will he table the results?

**Mr. Lathlin:** I find it somewhat curious that the Member would be asking those kinds of questions now, because around 10:30 this morning, during Estimates, he came over to me and thanked me profusely for having taken action on the soil contamination situation in East St. Paul. So now he is asking these types of questions again in the House. I find that somewhat curious.

**Mr. Schuler:** I think it is wonderful; it is the second time a minister on that side has taken our advice. I would like to ask the Minister: How many wells were tested in total in East St. Paul, and will he table all of that information?

**Mr. Lathlin:** Again, if the Member opposite has any information that I do not have, I would

kindly request that he table that information today so that we can use that information as additional information in our investigation and continued monitoring of the situation in East St. Paul.

I want to also, in conclusion, advise the Member that the clean-up work, the contaminated soil, has been completely removed. Also, by tomorrow, we will have distributed an information bulletin to those people living in that area.

### **Business Subsidies Elimination**

**Mr. Mervin Tweed (Turtle Mountain):** The Finance Minister and the Minister of Industry, Trade and Mines recently confirmed that this government has failed to achieve a fraction of the millions in savings promised by eliminating business subsidies. The Premier (Mr. Doer), at the Western Premiers' Conference, continued to lobby the western premiers to reduce subsidies to government while doing just the opposite.

My question is: How can the Minister justify the hypocrisy of this statement, given the continuation of almost all business subsidies and grants in the Budget?

**Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** For 11 years the former government had massive handouts to business. I am pleased, during the Estimates process, to have that member put on the record that he agrees that business subsidies should be cut. I am also pleased—

**Mr. Speaker:** Order, order.

### **Point of Order**

**Mr. Marcel Laurendeau (Opposition House Leader):** On a point of order, Mr. Speaker. *Beauchesne's* 417: "Answers to questions should be as brief as possible, deal with the matter raised and should not provoke debate." I do not believe this is the time for the Minister to be asking the Member questions. I do believe she will have that opportunity in the next four years.

**Hon. Gord Mackintosh (Government House Leader):** On the same point of order, Mr. Speaker. I do not believe questions were directed to the other side, but it is important for the other side to understand that they cannot allege hypocrisy in their question and not listen to the evidence of hypocrisy in the answer.

**Mr. Speaker:** Order. On the point of order raised, there is not a point of order. The Minister was just getting into her answer, had only been briefly on her feet, and I would encourage the Honourable Minister to please continue with her answer.

\* \* \*

**Ms. Mihychuk:** Mr. Speaker, I will try and get straight to the point. The point is that we have made significant movement towards cutting business subsidies.

As I had an opportunity to explain to the Member only yesterday, in the call centre initiative that the former government had, direct cash payments were given for jobs. Those subsidies amounted to \$3 million. We took over 50 percent of those grants and reduced that budgetary allowance from \$3 million to \$1.4 million. That is a significant effort in cutting business subsidies.

**Mr. Tweed:** Mr. Speaker, I would suggest that it is less than 2 percent of the amount, so it is not substantial.

My question to the Minister: Would the Minister agree that a competitive low-tax regime would work far better in competing with western provinces than subsidies?

\*(14:20)

**Ms. Mihychuk:** Mr. Speaker, I am very pleased to say that our Finance Minister has presented a budget that not only rebuilds our health care system, invests in young people and provides hope, but provides business tax cuts for small businesses as well as taxpayers in Manitoba.

**Mr. Tweed:** Mr. Speaker, will the Minister now admit that by making Manitoba the highest-taxed province in all of Canada, she is making the

decision for business to come to Manitoba or leave Manitoba?

**Ms. Mihychuk:** I want to thank the Member for the question. In fact, many, many independent institutions have indicated that Manitoba is very competitive in our tax regime. An example of Manitoba's competitiveness was the decision by Traders.com to create a brand-new call centre and amalgamate their national services right here in Manitoba without any business subsidies.

### Selkirk Mental Health Centre Nursing Shortage

**Mr. Edward Helwer (Gimli):** Mr. Speaker, last week I asked the Health Minister about the situation at the Crisis Stabilization Unit at the Selkirk Mental Health facility. Selkirk residents and staff at the facility are very concerned about what has become a very critical nursing shortage at the unit. In this week's *Selkirk Journal*, there is a story about how they are shut down.

Mr. Speaker, can the Minister of Health provide the residents of Selkirk and district and the staff of the unit with a precise time line of when he will have the situation resolved?

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I thank the Member for that very serious question because, as the Member knows, we cannot undo in several months what took 11 years to create as a major problem. As the Member might know, we are involved in a process with them, but I want to assure residents that we put in place contingency plans to provide services to residents of that area. I only wish that members opposite would have supported our nursing plan, and I only wish they would have supported initiatives in the Budget that would have brought more resources into this area, but they voted against it and they opposed our nursing plan, which is something that is unfortunate.

As a matter of fact, as recently as this morning, I met with the RPNs specifically to deal with the short-term and the mid-term problem relating to places like Selkirk and other areas where we are facing acute shortages of nurses. I want to assure members and the members of the region that there are

contingencies put in place for this serious situation. We managed to cope with it at Sara Riel, which was shutting down regularly when members were in government, and contingencies are in place.

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

## MEMBERS' STATEMENTS

### Scouts Canada Volunteers

**Mr. Gerard Jennissen (Flin Flon):** It is with considerable pride that I rise in this Legislature today to pay tribute to the dedicated volunteers involved with the Flin Flon and Border District Council of Scouts Canada. In particular, I would ask all members of this Legislature to join me in paying tribute to two very special volunteers of the Flin Flon and Border District Council, Jim and Jeanne Fell. Jeanne is better known as Jan Fell.

Jim and Jan Fell have been involved with the Canadian scouting movement for over 50 years each. Over the years they each have held various positions, beginning as scout leaders and moving through several levels of involvement up to and including District Commissioner. As well, Jim Fell has been honoured with some prestigious awards, to name two examples, honorary member of Scouts Canada, Manitoba Council, and also an honorary member of the Baden-Powell Guild.

The 50-year commitment that Jan and Jim Fell have made to the scouting movement is truly a milestone in volunteerism. They were clearly motivated by the aim of Scouts Canada which is to motivate and help children, youth and adults develop their character as resourceful and responsible members of the community by providing opportunities and guidance for their mental, physical, social and spiritual development.

Thank you, Jan and Jim Fell, for your many years of dedicated service and exemplary volunteerism.

### Rural Nursing Program

**Mr. David Faurschou (Portage la Prairie):** Mr. Speaker, I am very pleased to rise today and

commend the Assiniboine Community College for offering its practical nursing program in Portage la Prairie this fall. This rotating rural nursing program will also be offered in Dauphin. By providing training for nurses where they are needed most, in rural Manitoba, ACC is helping to address the problem most rural Manitoba communities are experiencing, the recruiting and retaining of nurses. By training our health care providers in communities that need them most, there is an increased chance for those men and women to take the course in Portage la Prairie and stay and work in Portage as well.

This 14-month program is designed to prepare its graduates with critical thinking, the knowledge and skills of nursing and judgment skills that are required while providing nursing care in today's health care facilities. Students will receive extensive practical nursing experience in long-term and acute care settings.

I commend the Assiniboine Community College for continuing this fine program for the betterment of all rural Manitoba. I am proud to see that this government has found that this program introduced by the previous government is one that is worthwhile and valuable for all rural communities, and thank them for their continued support.

### Economic Growth

**Ms. Marianne Cerilli (Radisson):** I rise today to recognize the dedication of this government to the well-being of both rural, urban and northern Manitobans and the effort it has made to ensure that all local communities continue to develop and prosper. It is essential that government investments support the efforts of all Manitobans regardless of where they live. A strong rural Manitoba, strong urban centres and a strong inner city will help ensure a strong provincial economy.

In the first budget, we allocated almost \$18 million to the Urban Economic Development Initiative which will provide \$2 million to the Department of Health to support improvements to ambulance services in Winnipeg. Additionally, the City of Winnipeg will benefit from \$22 million in capital assistance and a

commitment to provide resources to complete improvements to the floodway.

To rural Manitoba this government has committed to provide over \$18 million of rural capital project funding through the Community Ring Dikes Program for communities in flood-prone areas and will introduce a program to replace older ambulances in rural Manitoba. Additionally, through the REDI program, \$15 million is budgeted to provide support to local governments for youth programs, regional development corporations and community development programs like the Grow Bonds trade promotion and the Community Works Loan Program. I am also pleased that we have extended the Grow Bonds Program to the City of Winnipeg. In addition, the City of Winnipeg's budget this year saw 3.7% increase of over three and a half million dollars to the individual operating grants to the City of Winnipeg for things like the transit service, Dutch elm disease control and policing.

\*(14:30)

I could also explain a number of other initiatives like Neighbourhoods Alive!, the Winnipeg housing initiative and the support of CentreVenture which are further going to show this provincial government recognizes the value and importance of working together with the City of Winnipeg to build a strong Manitoba. Thank you very much, Mr. Speaker.

#### **International Missing Children's Day**

**Mrs. Bonnie Mitchelson (River East):** I want to take this opportunity to remind all members of the Legislature that today is International Missing Children's Day. Today all members were given green ribbons of hope to wear in support of International Missing Children's Day. These green ribbons symbolize the hope within our community and this province for the safe return of all missing children. I ask all members to please wear these ribbons and help spread the hope throughout their constituencies.

All children have the right to be safe. Prevention of missing, abducted, exploited, runaway and throwaway children is closely associated with education and requires

innovative approaches. A missing child is everyone's responsibility. The involvement of home, school and community is an essential element for successful programs.

As well, organizations such as Child Find Manitoba work tirelessly to reunite missing children with their families. My colleague the Member for Charleswood (Mrs. Driedger) is the former executive director and CEO of Child Find Manitoba. I commend her for the significant contribution she has made to help find missing children and return them safely home.

Child Find Manitoba, through the efforts of their many volunteers, offer awareness and education programs and hope to prevent children from running away from home or being abducted. They also offer search assistance for families who have had to experience the pain of having their child go missing. I commend these dedicated men and women who help protect children from danger, and I remind all Manitobans to please wear a green ribbon of hope today. Thank you.

#### **Skateboarding By-law**

**Ms. Bonnie Korzeniowski (St. James):** This morning's *Free Press* carries an article on an amendment passed by Winnipeg City Council to a traffic by-law. The amendment will allow skateboarding as a mode of transportation on city sidewalks. I would like to draw to the members' attention the story behind this amendment because the people involved deserve our commendation.

The story starts in Golden Gate Middle School in my constituency of St. James. The school had a rule that students could not bring skateboards to school as that would condone the breaking of the by-law banning them from sidewalks. The principal, Ms. Connie Newman, encouraged students to express their dissatisfaction with the by-law as the responsible citizens that they are.

Accordingly, a group of students met with the Member for Assiniboia (Mr. Rondeau), Constable Gord Bryson of the Winnipeg Police Service and myself. They then decided to circulate a petition among both students and

adults. The petition asked that the by-law be repealed so that skateboards could be used as a means of transportation on city sidewalks. It also asked that the City look into organizing programs in St. James-Assiniboia for youth who are interested in skateboarding. The student-driven petition garnered 303 signatures within just a few weeks. It was submitted to our mayor, Glen Murray, on May 23, and now you know the outcome. I would like to commend Ms. Newman warmly for her part in this forceful lesson in democracy and citizenship, but, as Ms. Newman would agree, the bulk of the credit must go to the students who protested what they considered to be an unfair by-law and presented the petition to City Hall. I applaud their willingness to stand up for their rights, and their good judgment in deciding on a course of action. Thank you.

#### ORDERS OF THE DAY

**Mr. Speaker:** As previously agreed, the House will resume consideration of the Committee of Supply.

Mr. Deputy Speaker, please come and take the Chair.

#### COMMITTEE OF SUPPLY (Concurrent Sections)

##### FINANCE

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

When the Committee last sat, it had been considering item 7.4 Taxation on page 82 of the Estimates book. I will read the Resolution 7.4.

Resolution 7.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$15,280,000 for Finance, Taxation, for the fiscal year ending the 31st day of March, 2001.

**Mr. Eric Stefanson (Kirkfield Park):** Mr. Chairman, I was concentrating on something else. I apologize. Have you moved on to Federal-

Provincial Relations and Research? Is that where we are?

**Mr. Chairperson:** No. We have not passed Taxation yet, the resolution.

**Mr. Stefanson:** I thought we did that this morning. Let us proceed with Taxation.

**Mr. Chairperson:** Shall the resolution pass?  
Pass.

Now we will move on to page 83, Resolution 7.5. Federal-Provincial Relations and Research (a) Economic and Federal-Provincial Research (1) Salaries and Employee Benefits \$1,294,200.

**Mr. Stefanson:** Mr. Chairman, first of all, in terms of looking at the revenue numbers, I can take them one at a time or altogether. The numbers that we get from the federal government, the personal income tax, the corporate income tax, the equalization and the Canada Health and Social Transfer, do the numbers in the budget reflect those numbers as provided by the federal government, or have there been further and subsequent adjustments made as a result of additional information provided through the review process by the Department?

**Hon. Greg Selinger (Minister of Finance):** The answer to the question have we just simply relied on federal information or have we made adjustments, there have been some adjustments made, for example, prior years adjustments to apply the trend line to the Manitoba surtax and flat tax to 1998 final data and credits. So there have been some adjustments made by our officials to reflect their assessment of what the position going forward is and what prior years adjustments might be accruing to us in the future.

**Mr. Stefanson:** Mr. Chairman, have those adjustments led to an increase or a decrease in projected revenue?

**Mr. Selinger:** An increase.

**Mr. Stefanson:** Mr. Chairman, is the Minister prepared to provide a reconciliation of the

numbers provided by the federal government and the numbers ultimately used in the budget?

**Mr. Selinger:** We will take that question under advisement, consider an answer and get back to you.

**Mr. Stefanson:** Mr. Chairman, I would hope the Minister would provide that reconciliation. As it relates to the Canada Health and Social Transfer, outside of the one-time adjustments that the federal government has now made for two years in a row, in terms of the funding for CHST it shows an increase of about \$27 million. I am imagining part of the announcement by the federal government in their budget. But what I am really interested in is the projection for this formula going forward. I am trying to recall. I know it works towards ultimately becoming or it was working towards ultimately becoming funding based on per capita. I would like the Minister to inform us what the current status of the CHST funding formula is and what changes, if any, will occur over the next few years.

**Mr. Selinger:** That is under negotiation at the moment, the future formula. At the Western Premiers Conference, the ministers of Finance from western Canada and the Territories presented a paper to the premiers of those respective jurisdictions. We called for restoration to the '94-95 levels, before the massive \$6.2-billion cut was imposed upon the provinces and an escalator that would reflect the cost drivers in health care particularly. So that is by way of background.

For the current year we have used the numbers as provided by the federal government.

\*(14:50)

**Mr. Stefanson:** Well, Mr. Chairman, I think one thing we can agree on is the need for the federal government to support their full funding for CHST, but the provincial ministers of Finance have taken various positions on federal funding over the years. Unfortunately, the federal government does not always listen, but my recollection is right now the formula is working its way towards ultimately a per capita.

I guess, even though the provincial ministers of Finance can make submissions and

recommendations, I just want to understand, as it sits right now, what is happening to the CHST funding to provinces?

**Mr. Selinger:** As I understand it, I think the question is really sort of two parts. Is there a sort of per capita amount being moved towards as opposed to an equalized amount with respect to the CHST? I think in general terms, that is correct. It is moving to a per capita amount without an equalization factor put in there as it used to be under the older system, which obviously advantaged provinces like ours. I think you will understand that the major provinces, particularly Ontario, have been demanding that, but also Alberta as well. So we have projected forward based on what the trend is there towards a per capita amount. Those are the numbers we have built into the projections for the CHST.

**Mr. Stefanson:** Well, what I am trying to clarify is that that current arrangement from the federal government is unchanged, that they are still going down the path of going to a per capita. My recollection in looking at the numbers is we were almost flat or we were very close to being flat under a per capita, and that is why we, along with the majority of provinces, were prepared to support changes to equalization that went to the 10-province average on the basis of also being prepared to go to the CHST per-capita funding formula. If I recall correctly, I think mostly Newfoundland and Nova Scotia were the two provinces that opposed that to various degrees at the time.

So all I want to be clear of is two things, that that still is unchanged, that the federal government is still going down that path of going ultimately to a per capita, but I guess I am now curious what the position is of the current government relative to both the combination of the CHST funding and the equalization in terms of what kind of a combined package this government feels is a reasonable approach to funding from those two sources.

**Mr. Selinger:** That direction that existed during your tenure is continuing with respect to the federal government. In terms of our total fiscal position in front of the federal government, we do agree that the equalization formula go to the 10-province average, which would obviously be

advantageous to us. I think, as I recall, the number would advantage us on the order of \$135 million approximately. It varies, but in that order.

We reiterated again at the western Premiers' meeting the necessity and the desire on the part of our provincial governments to lift the ceiling on equalization, which has been placed there, which sort of nullifies the purpose of the transfer in the first place. That is part of our overall position with respect to negotiations on fiscal relationships with the federal government.

At the western Premiers' meeting, we emphasized the restoration to the '95 levels and we also emphasized with respect to the CHST the idea of an escalator or an indexing component to that. We agreed that we wanted to do further work as a group of provinces and territories on what an appropriate escalator would be based on the cost drivers as they are further clarified in health care, because I am sure you will recall that the pressures in health care are growing faster than the economy and the GDP and that if you just indexed it to that it might not be sufficient to address the reality that is happening in health care. Pharmacare costs, et cetera, are going up at a pretty dramatic rate these days.

**Mr. Stefanson:** In terms of equalization, I am trying to recall, I think, the last time the equalization was renewed it was for a five-year period. When does that come up for renewal again?

**Mr. Selinger:** The renewal date for that is 2004, but in terms of our request to the federal government on the ceiling, we have asked them to address that immediately and not to sort of tie it into the renewal of the agreement. We think that that is a specific item that could be lifted without changing the basic formula.

**Mr. Stefanson:** Does the concept of equalization, to the best of your knowledge, still have the support of all provinces and territories in Canada?

**Mr. Selinger:** Yes, I believe that is the case. I sensed some nervousness on the part of some provinces about the 10-province average, but I

sensed strong support for lifting the ceiling. But the basic notion of equalization, as required by the Constitution, is still broadly supported by all the provinces. You can imagine the provinces that are more lukewarm than others towards that.

**Mr. Stefanson:** Has there been any discussion or attempt to revisit the issue of, I guess the best way to describe it is, packaging equalization and CHST together to see if there can be support of all the provinces and territories? As I indicated I think we came very close to that at one stage with mostly Newfoundland and Nova Scotia initially to a lesser extent. Maybe they became a little more rigid as discussions continued, but we had the support of, if I recall correctly, every other province in terms of moving to the 10-province average but at the same time moving to a per capita CHST. There were other elements to the combined package at the time. Is that being revisited? Is there any attempt to revisit that, or is that a dead issue?

**Mr. Selinger:** I do not think it is a dead issue. When I was at the federal-provincial Finance ministers' meeting in Ottawa before Christmas, I saw a shift in the position of Newfoundland, particularly on this one. It seemed that they had sort of supported a federal position. Perhaps during the time of year there they seemed to be more in the provincial camp this time, at least at the last meeting, and moving away from feeling that they had to support the federal Liberals on this. They were taking a more provincial perspective on it.

So that was the latest information I had. Nova Scotia: change of government, pretty difficult situation financially, looking for anything they could in terms of increased transfer payments from Ottawa. They have enormous pressures in health and education and some serious liabilities that have occurred over the years with respect to some of their Crowns. As you might know, they have gone to a volume three presentation which sort of exacerbates that problem in terms of a deficit.

**Mr. Stefanson:** I just want to go back to the provision of the numbers from the federal government. Could the Minister indicate to us when it comes to personal income tax how much personal income tax was increased in this budget

year as a result of the additional calculations made by himself and department officials?

**Mr. Selinger:** I think on this one I said we would endeavour to pull that information together for you and take that as advice. My officials seem to be circumspect about spitting out specific numbers at this point. I am sure that is a tendency you might have noticed yourself when you were here. I am hoping that is consistent behaviour.

**Mr. Stefanson:** Mr. Chairman, I am looking at some historical information, and I know the officials do a great deal of work in this area. It is comprehensive and, I am sure, accurate. I am assuming that this information already exists or it can certainly be pulled together fairly readily. I think it is really going to come down to the Minister's willingness to provide it. We are asking for and I cannot recall—I would have to go back in Hansard—that I was necessarily asked for this information by my critic. If we did make adjustments, sometimes we made adjustments, sometimes we did not make adjustments. All I am looking for is to see what those adjustments are and to be able to assess as the Official Opposition, on behalf of Manitobans, if we feel you have made reasonable adjustments to the federal numbers. I am sure it can be readily pulled together, and I would just ask that you undertake to do that.

\* (15:00)

**Mr. Selinger:** As I said, we will take it as notice, discuss it, and see what the implications are.

**Mr. Stefanson:** Just to clarify then, I will not bother asking each one individually but that applies to the personal income tax, corporate income tax, equalization and CHST, really the four numbers provided by the federal government. I am sure we could go back to the federal budget. We could probably contact federal officials and be provided with certain amounts of information that are public. But it is much simpler for all of us if the Minister just provides it to us. I look forward to receiving that information.

I think we are going to conclude. I am not there yet. We are going to conclude with a lot of

tax questions, so I think I will deal with some of the other issues until we get there. First of all, could the Minister provide the number of positions within this area, within Federal-Provincial Relations, that have been filled since October 4, 1999, and the names of people that have filled those positions?

**Mr. Selinger:** Earlier I said I would try to provide that information with respect to the entire department, but my ADM of Federal-Provincial Relations indicates to me that the only permanent position that has been filled is in the Taxation area, by a gentleman named Gordon Friesen.

**Mr. Stefanson:** Have there been any departures from these positions since October 4 of last year, and could you tell me who those people were, if any?

**Mr. Selinger:** There are no departures, but there is one secondment to Executive Council.

**Mr. Stefanson:** Could the Minister indicate who that is?

**Mr. Selinger:** Diane Gray.

**Mr. Stefanson:** Mr. Chairman, who printed the Budget documents this year? Who are the printers that did the work?

**Mr. Selinger:** Premier Printing was the printer of the Budget documents.

**Mr. Stefanson:** Could the Minister outline—this might not be the appropriate section and if not we can deal with it later under Minister's Salary—for us the cost of the advertising that has been done relative to the year 2000 budget through print and other means? How much has been budgeted and/or how much has been spent to date?

**Mr. Selinger:** That information is being compiled and will be made available once it is finalized.

**Mr. Stefanson:** When does the Minister expect that to be available?

**Mr. Selinger:** My officials inform me they think that will be available in a matter of weeks.

**Mr. Stefanson:** Is it correct that that amount is actually budgeted in this area in, I guess, potentially the Communications line of this section?

**Mr. Selinger:** The expenditures for the Budget are being co-ordinated by this branch, but they are being handled, as they have in the past, in terms of their allocation throughout the Department.

**Mr. Stefanson:** Can the Minister indicate how much was budgeted for budget advertising? I know we will wait a couple of weeks for the actual, but how much was budgeted for budget advertising?

**Mr. Selinger:** I have just been made aware that there is a FIPPA request on this from the PC caucus, which we are working on complying with, on advertising expenses so we will be providing it through that mechanism.

**Mr. Stefanson:** I am assuming that request might refer to both the Budget and the actual. It is probably mostly concerned about the actual. What I am just asking about now is within this Budget document that the Government just passed, how much was budgeted for Budget advertising?

**Mr. Selinger:** My officials ask me to take that as notice, and we will pull that together. It has been handled the way it has in the past, and they want time to compile the specifics on that.

**Mr. Stefanson:** Could the Minister outline how the advertising that was done this year compared to the advertising that was done last year?

**Mr. Selinger:** They will work on that as well.

**Mr. Stefanson:** So I am assuming, then, what the officials will compile is the budgeting costs for advertising, the nature of the advertising, and then the actual costs, and compare that as well to 1999-2000.

**Mr. Selinger:** That sounds reasonable.

**Mr. Stefanson:** Mr. Chairman, I am glad to see that the Minister carried on with doing budget consultations around the Province. Could he outline for us roughly how many people participated in those consultations, and how many communities he was able to attend at?

**Mr. Selinger:** We visited Brandon, Flin Flon, Dauphin, Ste. Anne. Two events were held in Winnipeg. Poplarfield, Manitoba. We had planned to go to Churchill, but, because the phone lines were down, they requested us not to come at that time. Those are the publicly advertised ones. They were open meetings. A cross-section of the community was invited to those meetings. The attendants seemed to be around 50 and up, I would think would be fair. Particularly in Flin Flon it was a very cold night and, even there, I think there were at least 30-plus people in the room. So apparently it was well attended in historical perspective. We attempted to visit every region of the Province in the process.

\* (15:10)

**Mr. Stefanson:** Mr. Chairman, I believe that the Minister and the Department did some polling prior to the Budget. If that is accurate, I can understand the reasons and sensitivity for not releasing that information in advance of the Budget, but can the Minister confirm that he did do polling? If so, when will it be released? What is the cost of that polling? And can you give us some indication of the findings of that polling?

**Mr. Selinger:** There was polling done by the Government in the pre-Budget process. That will be released as per the policy enunciated by the former government in the latter part, I believe, of the last fiscal year. The administrative policy suggests within 90 days of receipt of the polling information. We will certainly comply with that and probably get it out earlier than that. In terms of the poll results, I do not have an analysis specifically in front of me, but there is nothing in there that I recall being untoward in terms of what we were planning to do in a budget.

**Mr. Stefanson:** Could the Minister outline, beyond the public consultations, what groups he met with in the lead-up to the Budget? I know

over the many years there were a number of different types of groups we would meet with. They would come and make representations in various ways. Some would give us prepared submissions, some verbal submissions and so on. We certainly always made an effort to listen to a good cross-section and try to accommodate as many groups as we could. So could the Minister outline the groups that he met with that provided him advice on the year 2000 Budget.

**Mr. Selinger:** Yes, several groups made representations: Manitoba Chamber of Commerce, Winnipeg Chamber of Commerce, Manitoba Taxpayers Association, Canadian Federation of Independent Business, poverty groups, Manitoba Federation of Labour, Social Planning Council, the accounting organizations, the CGAs, the CAs. We had representation from the banks as well, the Bankers' Association. I think those are the main ones. As you realize, there were probably, there were many other informal representations as well, but those would be the main ones that I met with.

**Mr. Stefanson:** Were there any groups that made requests that the Minister was not able to accommodate?

**Mr. Selinger:** The Manitoba Home Builders Association attended one of our public meetings, and the advertising in the *Free Press* was incorrect, so they attended at the wrong time. I was not able to meet with them one on one before the Budget. That was the one that I was very aware of that we had not had a chance to get back to.

**Mr. Stefanson:** Did the Minister meet with a group called Choices? I know in the past that is one group that has prepared a written alternative budget for many years that we reviewed and I responded to on many occasions. I know that this year they did not prepare a written submission, so I am curious as to whether or not the Minister met with any representatives from Choices and received a verbal submission on the Budget.

**Mr. Selinger:** They as a group did not make representations to me. As I recall, this year they held a public conference or kind of a think tank around issues of taxation. Media reports came back to us on that. I might have received some of

the information that came out of that meeting, but I did not have a delegation come to me directly from that group. Actually I think that conference was sponsored by the Canadian Centre for Policy Alternatives, not Choices, but there were some members there from that group.

**Mr. Stefanson:** Well, I am glad the Member refers to the Canadian Centre for Policy Alternatives.

**Mr. Selinger:** That might have been one group that asked for a meeting that I did not meet with. Now that I have thought of that, I remember they asked for a meeting, and I do not think I actually met with them. For whatever reason, we were not able to get a meeting together. But very early in my coming into office, they asked for a meeting. I think they asked several ministers for a meeting. They met with some other ministers, but they did not meet with me.

**Mr. Stefanson:** I am not going to go through all the Members of those organizations, but one individual who has participated in one or both of them I think is a Mr. John Loxley. Has the Minister received any input from Mr. Loxley on any financial issues?

**Mr. Selinger:** Mr. Loxley is an economist, and I have consulted him from time to time on economic matters.

**Mr. Stefanson:** Is that done on an informal volunteer basis? There is no financial arrangement with Mr. Loxley.

**Mr. Selinger:** All of the advice I have received from Mr. Loxley to date is on an informal basis.

**Mr. Stefanson:** Mr. Chairman, I want to move on. I will probably come back to this issue, but I will as a general question at this stage. In terms of The Balanced Budget Debt Repayment and Taxpayer Protection legislation, do any of the initiatives in the Budget lead to a requirement to introduce any changes or amendments to that legislation in this session?

**Mr. Selinger:** One thing that I did indicate in the Budget is that we would be making a contribution for the pension liabilities. I am informed that that would require changes in the

balanced budget debt repayment section of the legislation to provide for that. So that is a strong possibility.

**Mr. Stefanson:** Just so I can clarify then. So the Minister is considering introducing an amendment to that legislation as it relates to the item he just outlined, the addition of the pension liabilities to the accumulated debt and the debt repayment in this upcoming or in this legislative session that we are in right now.

**Mr. Selinger:** That is being considered.

**Mr. Stefanson:** When does the Minister anticipate being able to make a final decision on that issue?

**Mr. Selinger:** That will be an outcome of discussions I have with my officials. There has been no timetable arranged at this stage, but we are reviewing the Auditor's recommendations with respect to transparency in the financial reporting. We are looking at the debt repayment issue. As we engage in those discussions, it will get clearer what is possible and timing will become clear as well.

**Mr. Stefanson:** Mr. Chairman, I will return to this issue I think a little later as it relates not only to this but to some of the tax changes. I should really ask at this point, on the issue that we just discussed in terms of the pension liabilities: Is the Minister indicating he is seeking input as to whether or not he has to amend the legislation, whether it is optional? I am just trying to get clear—either the legislation has to be amended or it does not have to be amended by law. Is the Minister at the point that he does not know the answer to that question?

**Mr. Selinger:** I am still seeking advice from my officials on what is required to bring forward our policy on pension liabilities.

**Mr. Stefanson:** I am surprised to hear that, that the Minister would not be aware as to whether or not a legislative change is required as a result of the changes. I guess I would certainly indicate that that makes those of us in Opposition more than a little anxious in terms of the opening up of this legislation and what other issues or agenda items the Government might have. I think the sooner that the Minister can inform us, inform

Manitobans and clear the air on whether or not he has to amend the legislation, I think it would be a prudent thing to do. We will probably return to that at a little greater length after we go through a few other issues.

I want to ask the Minister about the delinking from the federal system. I am sure he has had an opportunity to read some previous budgets in his spare time. In doing so, he will have noticed in the 1998 budget a section talking about that initiative, an initiative that goes back several years that I believe was led extensively by two provinces, basically the Province of Alberta and the Province of Manitoba that led the charge, so to speak, in going to the tax-on-income approach that was done for a number of reasons, a number of reasons that the Minister himself has touched on over the last several weeks in terms of accountability and transparency and a number of those kinds of issues.

If he has not had the chance, he should read the 1998 budget, taxation adjustment section, pages 13, 14, 15, which first introduced the topic in a very formal way in a budget document but, having said that, that was subsequent to receiving approval in principle from the federal government I believe in 1997, if I recall correctly. That was outlined in the '98 budget. In this document it indicates that Manitoba would not move to a tax-on-income system before 2001. This time frame allows interested individuals and organizations time to familiarize themselves with the proposal and provide meaningful input. More detail on the tax-on-income proposal would be released later this year. If I recall again correctly, there was a discussion paper prepared by the Department of Finance that was made available to interested individuals, organizations, accounting organizations and so on with the view to soliciting that meaningful input.

I am curious in the light of all of that what led the Minister to accelerate the delinking and to do it in the year 2000 instead of the year 2001.

\* (15:20)

**Mr. Selinger:** My officials who carried on these discussions with the federal government say that

originally the federal government was not amenable to an earlier delinking. They thought there would be too many technical difficulties to be overcome but, as the discussions proceeded, they came to the conclusion that an earlier delinking was possible. As a result, five provinces elected to do that.

**Mr. Stefanson:** Mr. Chairman, I understand all of that, but I am looking for the reason or the motivation that the Government of Manitoba decided to do it one year earlier. What led to that? Why was it done one year earlier when there was already a plan in place to do it in 2001?

**Mr. Selinger:** My officials inform me that it had been a desire of provinces to move at the earliest possible time and it was the federal government that was resisting on that point. Their views on that changed subsequent to this budget being brought down. The provinces that opted or elected to go with it this year, the five provinces were doing it basically for reasons of having more control over their tax system at an earlier date. That was the general motivation for everybody moving on it.

**Mr. Stefanson:** I guess I am curious. Is the definition of more control of their tax system basically the intent certainly of Manitoba to preserve revenues and not allow the full effects of the federal budget to flow through to Manitoba taxpayers. Was that the objective and motivation in delinking a year early?

**Mr. Selinger:** My officials indicate that the desire was to move at the earliest possible date to have the flexibility involved in a tax-on-tax taxable income system. The announcement was made prior to the federal budget, and it allowed the Government of Manitoba to offer the tax reductions that were made available in the Budget.

**Mr. Stefanson:** Mr. Chairman, my understanding is most of the provinces, if not all of the other provinces that delinked this year still reflected at least the equivalent of what the reductions to their citizens would have been under the old tax system where it was tied directly to the federal system. We did not do that

in Manitoba, and I ask the Minister: Why did we not do that in Manitoba?

**Mr. Selinger:** The move was made to allow the flexibility and control that all provinces wanted, and that was the original motivation for the tax-on-tax taxable income system and the delinking. The new government wanted to offer the tax relief that they had promised in the election through the property tax relief. As well, they passed on the \$10 million in base rate changes that were part of the federal budget. In addition, they wanted to follow through on the spring budget of '99-2000 and offer the tax relief that was promised there in terms of personal income taxes and small business tax reductions.

**Mr. Stefanson:** I guess what I am bewildered by is when I look at the summary on the tax-on-income proposal and I listen to the Minister, all of the benefits that he talks about in terms of transparency and accountability and so on are the same issues that were outlined in 1997 and 1998, and I think part of the arguments and reasons why the federal government supported the change and the public, to a large extent, supported the change. At that particular point in time, with the agreement of the federal government in principle to move forward, it was laid out very clearly to the citizens of the Province that this would take effect in 2001. A discussion paper was put in place that was made available to Manitobans.

In terms of all of those benefits, I have not heard anything different, and I am just trying to get at, quite simply, what was the motivation to delink one year early. The only thing that I see that is different is the fact that the provincial government did not flow through the full effect of the federal tax reductions. I am just looking for, I guess, a simple answer. If that was the motivation and that was the objective to preserve revenues, then tell us that. Tell members of this House and tell Manitobans that that was the objective. Beyond that I have not heard of any other changes or any other reason to be accelerating the introduction of the changes.

**Mr. Selinger:** I believe the motivation was exactly consistent with the motivation under the previous government, which was to provide all of those points raised in terms of transparency

and greater simplicity and greater provincial control over their own system. I think all the provinces shared that. The federal government had been the barrier to moving earlier on that. When they relented in that regard, five provinces decided to move more quickly. Québec has always been there in terms of having their own control over their own tax system. This allowed us to accelerate benefits of the new system to Manitobans and, in addition, to pass on the tax promises we made during the election with respect to the property tax credit.

We have to be careful here. All the federal tax reductions have been made available to Manitobans and will continue to be made available to Manitobans.

**Mr. Stefanson:** The Member talks about accelerating benefits but quite the opposite occurred. We will certainly run through the numbers in some detail from calculation that had been done by reputable accounting firms and by comparisons to the 1999 Budget. It is not hard to determine that the full benefit of this last federal budget, if we were under the old system, were not passed through to Manitobans. The Minister suggested these accelerated benefits by doing it one year early. Quite the opposite happened, that Manitobans did not benefit from the full impact of personal income tax reductions.

\* (15:30)

In terms of the timing issue, if my memory serves me correctly, the federal government did offer to at least some provinces to pilot a year early. We made the decision not to accept that offer here in the Province of Manitoba to pilot a year early to this chain, so that was being offered to provinces, not to all provinces. They put forward the proposal that they might be interested in starting it with a province or two, and we decided that we did not want to do that. We wanted to do it where we gave a lot of time for input. It is a very significant change, in terms of the impact on Manitobans, and therefore targeted doing it in 2001. Having said that, that was the time frame that most provinces were targeting. So I am really concerned about a suggestion that benefits were accelerated when quite the opposite occurred. If it is being tied to other provinces, that was offered to the Province

of Manitoba to do it a year early. We, under our tenure, decided not to accept that.

**Mr. Selinger:** With respect to the notion of pilot projects, apparently that had been a discussion point under the previous government with the federal government, but at the time the federal government was not particularly supportive of going ahead with pilot projects and identified a number of technical difficulties with that.

Later on in this year, after we became the Government, their attitude changed in their discussions with provincial officials and they decided that they could make available delinking earlier to any province that wanted it, not just as a pilot project. I think that mostly related to their technical capacity to do that for the year 2000, so they did change that.

It might have had something to do with the fact that they were setting up the revenue collection agency and they wanted to get people to sign on to that and be part of that as early as possible. So there seemed to be some change in attitude on the part of the federal government that resulted in them making available delinking for the year 2000 as opposed to the year 2001. For all the reasons that we discussed earlier, half the provinces thought that was a good idea.

**Mr. Stefanson:** Then I would just ask the simple question: Was one of the objectives of delinking a year earlier in the year 2000 rather than as originally planned in the year 2001 to preserve revenues for the Province of Manitoba?

**Mr. Selinger:** I think the way the question has been put does not represent accurately what Finance was trying to achieve here. They were trying to achieve the benefits of greater transparency and simplicity as well as more control over their tax system and to pass on to Manitobans the benefits that the incoming government had promised in terms of tax reductions while at the same time not having the federal government impose upon them additional revenue considerations without consultation or dialogue, a unilateral sort of reduction of provincial revenues without consultation or dialogue. So the federal tax cuts will flow through to Manitobans. In addition, the provincial tax reductions committed to by the

provincial government will also be made available to them.

**Mr. Stefanson:** Mr. Chairman, the benefits that were outlined back in 1997 and 1998, while they are important to Manitobans, I would think if you asked many Manitobans what they meant, that they felt the offset was that they were not going to get a personal income tax reduction as a result of that change that they normally would have received under the existing system, I think many Manitobans, in fact the majority of Manitobans would have told this government to wait another year.

I, like many Manitobans, believe that one of the motivations if not the single most important motivation for this minister and this government was to preserve revenues. In fact, the Minister has pointed to some of the commentaries from the investment community. Certainly one of them says very clearly in their document that Ottawa's middle bracket rate reduction is not immediately being passed on. When we run samples of different tax returns—I know at least one accounting firm has tried to work with Finance officials to ensure the accuracy of these numbers—you can look at income levels almost across the board. You can look at the one example used in the Budget document, a family of four, one earner, \$60,000, and their taxes under the existing system in the year 2000, if we had not delinked, would have been \$6,229. Under the system after delinking this year, their taxes go up to \$6,394.

So all I am asking this minister to confirm are two things, that he took the steps that he did and his government took the steps that they did to preserve revenues, and secondly, that by taking those steps, on May 10, Manitobans were paying more personal income taxes than they would have paid in the year 2000 under the combined personal income tax system. I can go through a range of numbers, and we probably will end up doing it, but we are more than prepared to do that.

**Mr. Selinger:** There are two parts to that. As the Member will know, the federal government reduced the health supplement by some \$39 million this year. That was a major concern to this government. That was also a decision made

unilaterally without consultation. In our moving forward on our tax package and budget this year, we did pass through the \$10 million in base rate changes and implemented our property tax credit. The total amount of those benefits is in excess of what would have happened if we had not delinked and not offered the property tax credit.

We know there is a \$7-million advantage to Manitobans in terms of the tax relief that they have received this year. It allowed us to live up to the promises we made in the election. So Manitobans are on the whole better off with respect to the levels of taxation they pay. The property tax credit is an important element in that.

**Mr. Stefanson:** I just want to deal with the facts. That is what I would like to deal with. I would just like a simple answer to what I think is a fairly simple question.

Does the Minister of Finance agree that many Manitobans are paying higher personal income taxes in the year 2000 under the system that he introduced in this budget than they would have paid had we stayed on the old system for the year 2000?

\* (15:40)

**Mr. Selinger:** I can only reiterate that we have passed on to Manitobans all the federal tax cuts. We have followed through on the tax reductions we voted for in the spring budget. In addition we have passed on the property tax credit that we promised during the election. The net result of that is that Manitobans are paying \$7 million less in overall taxation when you combine income taxes and personal tax credits together. So we believe that our package is more advantageous to Manitobans.

**Mr. Stefanson:** Mr. Chairman, I will try to make this as simple as I can then. I will back up. I know the Department can do this and they have done this. Has the Minister seen examples of Manitoba taxpayers, what taxes they are going to pay in the year 2000 as a result of his budget? Is he also seeing what taxes they would have paid in the year 2000 had we stayed a part of the existing combined system?

**Mr. Selinger:** The decision to delink was made before the federal budget. The Manitoba Government then proceeded to redesign the tax system to offer tax relief to Manitobans and followed through on all its election promises. It is our view that the overall burden of taxation that Manitobans are paying is less, that the property tax credit is a significant element in that and that we are on sound footing as we go forward in the future.

**Mr. Stefanson:** Mr. Chairman, with all due respect, a couple of things, first of all, I think it was the worst kept secret in Canada that the federal government was going to be reducing personal income taxes. If there is a Canadian who did not know that personal income taxes were being reduced this year by the federal government, they were under a rock somewhere. Like most of the federal budgets, we read about it and hear about it in its entirety before we ever see Paul Martin stand up in the House of Commons.

I am just asking a simple question. We are prepared, at some point, if he has not seen the numbers, to certainly share the numbers with him. But I know the capabilities of the people he has sitting at this table. I know the work that the Department does. Hopefully, it is the same as it was in the past. When you are looking at tax changes, it is done on a very comprehensive basis.

I just ask a very simple question. Does the Minister acknowledge and agree that many Manitobans are paying more taxes in the year 2000 after the introduction of his budget than they would have paid under the combined federal income tax system? I know the answer to the question. I just want the Minister to indicate to us that he is aware what the answer to the question is and provide it. The answer is yes, and that is all I am looking for. I get the simple yes and we will move on to other questions.

**Mr. Selinger:** I think there are a number of assumptions that are being made in the question about what the motivation and intent of the federal government was. The decision to delink was made by the Government before the federal budget. Various commentators and economists had predicted tax reductions. Others had

predicted no tax reductions. The decision was made based on all the reasons that the previous government had to go to tax-on-taxable income. The budget that we brought down provided personal income tax relief this year as well as property tax relief. The combined effect of that was to be more advantageous to Manitobans than if we would have stayed on the former system. We think that that was something that was consistent with what we did in terms of running for government and what we promised Manitobans.

**Mr. Stefanson:** Mr. Chairman, I will back up again. Has the Department of Finance provided the Minister of Finance with sample calculations of the impact on Manitobans, on their personal income tax after the budget and what it would have been like under the old system? Has he seen samples of those kinds of calculations, what the impact is at different income levels after his budget? If he has not seen that, he should be seeing that. He should have been looking at that kind of information before he made his decision, I would argue, and he certainly should be looking at it today.

So, my first question is: Has he been provided? Has he seen that kind of information?

**Mr. Selinger:** The information that was provided to me in shifting to a tax-on-taxable-income system was mostly focussed around ensuring that the shift from the federal system to the provincial system, from a taxed based on the federal tax rate to a tax based on taxable income. Most of the analytics around that were to ensure that nobody was worse off in terms of the distribution with the changes. As well, the year-over-year comparisons were made to ensure that Manitobans paid less taxes, but they included the full range of tax relief that we were proposing to offer, including the property tax credit. That analysis concluded that Manitobans were better off under the system we were proposing. That is why we proceeded with it.

**Mr. Stefanson:** Again, Mr. Chairman, my question was not answered, whether or not the Minister was provided with those kinds of comparisons before he made his decision and before the Budget, which I would hope he was and expect that he would be. But, even if he has

not been, in light of the discussion and controversy about this issue since his budget, surely he has had an opportunity to look at the comparisons of what Manitobans are paying in the year 2000 for personal income taxes after his budget and what they would have paid if we had stayed linked and combined with the federal system. Surely, he has been provided with samples of that, and I am just asking a simple question: Has he been provided with examples of those kinds of calculations?

**Mr. Selinger:** Once again, the delinking decision was made by the Government prior to the federal budget. The notice requirements—I believe they were before Christmas that they had to make the decision to go to the tax-on-taxable-income system well in advance of the delivery of the federal budget. I remember having to take it to Cabinet for approval in principle to delink. At the time, once the delinking decision was made by us and by the five other provinces, the focus then became how to design the system to have the least amount of negative impact possible on Manitobans.

So we worked over several different models to ensure that Manitobans got tax relief and that it was fairly distributed and allocated across all the taxpayers in Manitoba. At the same time, we improved the non-refundable tax credits, 39 percent. We also designed it in such a way that families would get a benefit; that is why we went with the family tax reduction. In addition to that, we wanted to follow-up on the commitment we made on the property tax credit.

So those are the dynamics that were at play when we were working this through. We were not doing projections on what if scenarios in a federal budget that had not been brought down yet. What we were trying to do was come up with a system that was, as indicated in your 1998 budget, simpler, more transparent, allowed us to move away from the flat tax on incomes over \$30,000, and allowed us to eliminate the surtax. Those are the things we did. I personally think people worked very hard to bring all of that together and to come up with a good system for us to get started.

**Mr. Stefanson:** Mr. Chairman, I am prepared to discuss those at length, and I have a number of

questions about all of the things the Minister just touched on. But I am trying to get some basic information, and I will ask my question again: Has the Minister been provided with the kinds of calculations I asked about? His department, I know, can do the work; I am assuming they have done the work. I am just asking the Minister: Have you been provided with those calculations of what Manitobans are paying in personal income tax in the year 2000, after your budget, what they would have paid in personal income taxes if you had not delinked in the year 2000? Have you been given sample income at different income levels, different family arrangements, and so on? Have you seen some calculations as to what the amounts of taxes being paid at different income levels are going to be?

\* (15:50)

That is my question, a pretty simple question. We will talk about all the other issues the Minister has raised. In fact, we have a number of questions about some of those, and this issue about giving notification of delinking. As I say, it was the worst kept secret in Canada, the federal government was reducing taxes. On top of it, the Minister's budget came out on May 10, the last budget in all of Canada, when we had a chance to see what every other province had done. In fact, other provinces delinked, reduced personal income taxes, and effectively flowed through the federal reduction.

But my question is just a simple one. Has the Minister seen calculations on different income levels in different family arrangements that show the tax implications before his budget and after his budget under the two scenarios? It is a very simple question. Have you seen that kind of information?

**Mr. Selinger:** Once again, the delinking decision was made well in advance of the federal budget, and the focus of our analysis was designing a system that would allow us to remove the flat tax on incomes over \$30,000, would allow us to move away from a surtax on the flat tax amount, and would also allow us to ensure that nobody was worse off under the new system. In terms of the distribution, all impacts of going to three rates and that is where the energy was put, was to design a new system that

would be fair and more transparent to Manitobans. That is where we put our effort, and I think I indicated earlier there were some 185 models that were run on that and discussed actively between officials and myself.

The bottom line was that we were trying to design a system in a fairly short period of time that would be advantageous to Manitobans in terms of fairness, transparency and less taxes. That is where we put our efforts.

**Mr. Stefanson:** I have asked the question four or five times. I still do not have an answer to what is a very simple question, Mr. Chairman. I will come at it another way. For a family of four with one earner earning \$60,000, in the Budget document on page D14, it shows that that family's personal income taxes are going to be \$6,394.

The information I have is prepared by a reputable CA firm here in Manitoba that shows, had we stayed under the existing combined system, after the federal budget in the year 2000, that same family of four with those same earnings would pay \$6,229. Does the Minister of Finance agree that \$6,394 is more than \$6,229?

**Mr. Selinger:** Once again, I think it is important to recognize that in the 1999 budget, that family of four, single-income earner at \$60,000 was paying \$6,625 in taxes. The budget passed in the spring of '99 provided \$40 million of personal income tax relief, which resulted in a Manitoba family at that level, with a single-income earner having to pay taxes of \$6,394, which was a relief of about \$231. That was the change year-over-year.

Our decision to go to the tax-on-taxable-income system was made, in principle, before Christmas and then design work followed from that, to make sure that Manitobans were going to have a fair system. That is where we proceeded.

Now, the federal budget came along and made some additional decisions, but at that point we were well into the delinking process and were designing our own system, and that is where we went. As it rolls out over the next few years, the \$102 million in additional tax relief will also provide benefits to a family in that

category as well as other family units in Manitoba.

**Mr. Stefanson:** Mr. Chairman, does the Minister of Finance agree that \$6,394 is more than \$6,225?

**Mr. Selinger:** The taxes paid by a family of four with one-income earner of \$6,394 are less than they were the year before when they were \$6,625, and with our new system they will be less next year and less the year after that. In addition, they will be getting the property tax credit and their overall taxation rate will be more advantageous going forward.

**Mr. Stefanson:** We are more than prepared to discuss that and have a number of questions about all of those issues. I am asking, what I think is a pretty simple question, and I will ask it one more time. Does the Minister of Finance agree that \$6,394 is more than \$6,229?

**Mr. Selinger:** Once again, I think I have gone over this several times. The taxes for that family unit are less this year than they were last year. They will be less next year than they were this year, and they will be less the year after that than they are in the previous three years. So that family is going to be getting additional relief.

One of the things we did in our budget was bring in the family tax reduction to target relief specifically to people raising children, because we recognize that that is an area where there is additional responsibility. That is why we redesigned that system to target relief to middle income families in that regard. That was one of the advantages of going to a tax-on-taxable-income system. We could take responsibility to do that directly for Manitobans rather than living at the whim of federal government changes. I repeat, it was not clear what the federal government was intending to do. It depended on the commentators you listened to. Even in my meeting with the Minister of Finance before Christmastime, with the other provincial ministers, he gave absolutely no indication of what his tax measures were going to be and was completely opaque on that matter.

**Mr. Stefanson:** Well, Mr. Chairman, this is more than a little bit frustrating because I think it

is a pretty straightforward question, and I do not know why the Minister is reluctant to just answer the question yes or no. I will ask it one more time.

We have a sample calculation of a family of four, one earner earning \$60,000 that shows that in the year 2000, confirmed in his budget, they will pay \$6,394 in provincial income tax. That same CA firm has done the calculation what that exact same family of four, one earner at \$60,000 would be paying in the year 2000 if we had stayed combined with the federal tax system, and that calculation shows \$6,229.

So I ask the Minister two questions: Does he agree that \$6,394 is more than \$6,229, and therefore, does he agree that Manitobans are paying more as a result of his budget in the year 2000 than they would have paid had we remained combined with the federal system?

I do not think those are very difficult questions. We are talking to the Minister of Finance of the Province of Manitoba with some of the best financial officials in the country. I know the quality of work they can do. I know the calculations they do. I saw it for 5 1/2 years first-hand as Minister of Finance, let alone being on Treasury Board for 10 years. This information is readily available. I think it is already there. If it is not there, his officials can go back and have it ready for him in a couple of hours.

So I am just asking those two simple questions: Does he agree that \$6,394 is more than \$6,229, and does he agree that Manitobans are paying more taxes under his budget in the year 2000 than they would have paid if we had stayed combined with the federal system?

**Mr. Selinger:** Once again, I am glad you have recognized the professional competence of these officials. They are the same ones that provided you with advice as they are providing me with advice. They are the same ones that have done the comparisons of taxes with other jurisdictions in the Manitoba Advantage Appendices to the Budget. So I am very glad that we can agree that these people handled themselves in a professional manner and give their best advice.

The advice the new government got was that delinking was a desirable objective and should be moved on in concert with five other provinces in the year 2000. That decision was taken by the new government before Christmas, in principle, and then design considerations were entered into on how that would play out in terms of the new brackets. There were options to go from one bracket to seven brackets, as I recall. This government focussed on a three-bracket model with a family tax reduction, and the taxes the year before were \$6,625. This year they are \$6,394. We designed the system going forward to offer more relief to families, and that is what will occur.

In between all of those decisions that were made by the new government, on the advice of the same officials you have, the federal government brought in a budget. That budget was not one wherein provincial governments were consulted. They reduced their transfer payments for the health supplement \$31 million. They brought in some tax relief. None of that information was made available to us prior to them bringing down the budget. We were moving independently, as were many other provinces, to design our own system well before that budget came down. We followed through on that and delivered it on May 10.

\* (16:00)

**Mr. Stefanson:** Mr. Chairman. I do not think either one of us question the competency of the people in the Finance Department. I said at the outset and I have said in many different areas, I have the highest respect for virtually all of the people in Finance, and they do provide excellent advice. Having said that, as good as the advice is, you do not always take all of the advice for various reasons. Secondly, probably more important than that, you sometimes provide direction in terms of issues that you want addressed or that you feel need to be addressed.

Mr. Chairman, I still have not had an answer to what I think is a very simple question. I guess I am disturbed. I know there are occasions when you have to be evasive and you have to try to avoid answers, and I may have done that on occasion myself, although I cannot really recall when I may have, but I might have. But, having

said that, I do not think this question falls in that category because it is a pretty straightforward calculation. You can go to one of a number of accountants across the Province. You can certainly go to the people in the Department of Finance and they can run the numbers, and it is really that simple. It is a matter of running the numbers under the tax system in Manitoba for the year 2000 as a result of the Budget. It is a matter of running the numbers for the tax system under the combined system.

Therefore, I feel compelled to ask this question one more time because it is such a simple question, but I have become increasingly disturbed at the Minister's inability to answer it. So does the Minister agree that \$6,394 is more than \$6,229? I think I can ask that question of a lot of people in Manitoba and get a yes or no answer. We will talk about the 50-50 plan at length before we are done here because certainly the numbers in this support the 50-50 plan. The second part of the question is: Are taxes then higher after the Budget for personal income taxes in Manitoba than they were if we remained part of the federal system?

Those are very, very, very simple questions. The numbers can be calculated, the numbers speak for themselves. I have also asked the Minister whether or not he has been provided those numbers and he has not even indicated that. Surely he knows if he has been provided the numbers, and I would expect that those are questions that the Minister should be answering.

**Mr. Selinger:** The critic has asked whether direction was given to my officials. The general message I gave to my officials was I wanted a new tax-on-taxable-income system that was more affordable for Manitobans, more transparent, more easily understood, and that provided relief. In particular, I wanted it to focus on relief for families in Manitoba, which is why we came up with the family tax reduction innovation. Those preparations were well underway in the period before the federal budget. We knew we had to take responsibility for our tax system. We knew that that tax system should not depend on the whims of the federal government in terms of what results there would be, whether there were increases or decreases. We designed a system that we thought was to the

advantage of all Manitobans and brought that forward in our first budget. That is what we got on May 10.

**Mr. Stefanson:** Mr. Chairman, I find this absolutely unbelievable, the inability to answer some very, very simple questions. I guess I will ask the Minister: Does he have any intention of attempting to get the information in terms of comparing taxes in Manitoba after his budget or what taxes would have been if we had stayed linked for the year 2000?

**Mr. Selinger:** What we want to do with our tax system in Manitoba is we want to use it to ensure that Manitobans have an affordable tax regime and those Manitobans that are raising children have fair and reasonable rates of taxation. We want to ensure that everybody gets the advantage of the Property Tax Credit that we promised in the election. As we move forward, we recognize that it is a dynamic situation with respect to other jurisdictions. The comparison of annual personal costs and taxes, as indicated in most previous budgets as well as in our budget, we believe serves as a useful guide as to the affordability of living in Manitoba compared to other jurisdictions. We still think that we are a very advantageous place to live when you take a look at provincial levies, as well as other costs that Manitobans pay, some of which are directly generated by Manitoba organizations such as auto insurance and hydro.

So what we want to do is we want to make sure that Manitoba remains one of the most affordable places to live in the country, with a good mix of services as required by the demographic realities of this province.

**Mr. Stefanson:** Mr. Chairman, we will get to all of those issues that the Minister keeps coming back to. I thought we would be on to them by now, because the question I have asked for the last half hour is not a difficult question. We are just looking for a yes or no, and we continue to get absolutely no answer. I can only indicate that I am flabbergasted by that, that the information that I am assuming the Minister has and is readily available, that he should have, that he could simply answer the question yes or no. I would encourage his officials to put the

information in front of him sooner rather than later.

We have a number of other tax questions, which we will get to. My colleague has some questions on this issue. I have one final question before he picks it up, because I do not want to lose my train of thought relative to the balanced budget legislation.

We talked about the potential amendment that the Minister is looking at as it relates to the pension issue. Does the Minister believe that any of the tax change issues addressed or introduced in his budget will require any amendments to the balanced budget legislation?

**Mr. Selinger:** We do not believe so.

**Mr. Stefanson:** Mr. Chairman, what I am going to do is, I think my colleague for Fort Whyte is going to see if he can have any greater success getting some answers from the Minister. I am going to pass the torch for a while, and we will come back to the tax issues. I will have a chance later to ask some more tax questions. My colleague is going to ask some questions on taxes.

**Mr. John Loewen (Fort Whyte):** Mr. Chairman, I would like to start by just confirming a couple of statements that the Minister has made, just to make sure I got the information right as we will not have the chance to see Hansard for a day or so. I believe he made the statement that "all the federal tax reductions have been made available to Manitobans," and he believes that all of the reductions that were made by the federal government in their budget of February 28 have been passed through to Manitobans. Is that what he is saying?

**Mr. Selinger:** Yes.

**Mr. Loewen:** Okay. He also made the statement, I believe, that after their analysis there is nobody worse off as a result of their budget of May 10. Would that be correct?

**Mr. Selinger:** Yes, we designed our new tax system to ensure that Manitobans were better off, and we believe we have delivered on that.

**Mr. Loewen:** So you are confirming that, in your opinion, nobody is worse off as a result of the budget on May 10.

**Mr. Selinger:** No, it is our view that based on the analysis of our new tax-on-taxable-income system and the way we have designed it, that combined with the property tax credit virtually everybody is better off. That is the analysis we did. We attempted to design it that way to avoid any negative consequences. Now, how many taxpayers, 500,000—[interjection]—about half a million taxpayers. There is the potential for some anomalies there, but we paid pretty careful attention in our modelling to ensure that nobody would be worse off.

\* (16:10)

**Mr. Loewen:** Just for clarification. Is the Minister saying that there would be nobody worse off on May 11, nobody would be—not to split hairs—virtually nobody would be worse off on May 11 than they were on May 9?

**Mr. Selinger:** Once again, I have to reiterate to the Member for Fort Whyte that the delinking decision was made prior to the federal budget. The tax decisions that were brought down in the provincial budget were designed to offer relief to all Manitobans, and they were a mix of small business, personal income tax reductions, as well as a property tax credit. So, overall, people are better off.

**Mr. Loewen:** Well, would the Minister then be agreeable to, if in fact in Hansard the statement does appear from his quote that nobody is worse off, would he be ready to retract that statement?

**Mr. Selinger:** I do not think there is any reason to do that. Once again, we brought in a package of tax relief and a balanced budget that was designed to be to the advantage of all Manitobans, and it is our view that they are better off.

**Mr. Loewen:** Also for clarification on a couple of comments that were made by the Minister. In answering one question, I believe he said that they did not do a lot of "what if" scenarios, and in answer to a question following that he

indicated that they had looked at over 185 models. I guess I would like to know some clarification between the difference between a "what if" scenario and 185 models. My interpretation would be that would be 185 "what if" scenarios.

**Mr. Selinger:** That is a fair question. The focus, as I indicated earlier, on designing the new tax-on-taxable-income system was to design a system that allowed the Manitoba Government to put in place a tax regime that would be to the advantage of Manitobans, and the analytic process focussed on how to do that, how to design that in terms of the bracket structures, the non-refundable tax credit structures, the family tax reduction. As well, it considered the additional benefits of the property tax credit, and that is where the focus was, and that was well underway before the federal budget came down. There was not a "what if" focus on what the federal budget might or might not do. The focus was on how we could design our system to be to the advantage of Manitobans.

**Mr. Loewen:** Mr. Chairman, just for clarification, too, starting on page 21 in the Government's budget document, they talk about responsible tax relief and a note on that that they break it into two very—well, more than two, but certainly two very distinct sections, one talking about lower property taxes.

I would like to focus on the area titled Income Tax Relief on page 22 in the 2000 budget. In particular, the line that says "We are reducing taxes across the board by enhancing the non-refundable tax credits and adjusting tax brackets," as a taxpayer, and I would assume most Manitobans, too, I would read that to say that as a result of the Budget that was delivered on May 10, that statement would apply, that taxes have been reduced across the board as a result of the May 10 budget, and on May 11, everybody's taxes across the board would be reduced. Is that the intent of that statement?

**Mr. Selinger:** Just a couple of points of clarification. That bullet that he is referring to is in the context of the introductory paragraph, which he can see for himself above, that indicates that there will be additional personal

tax relief of \$68 million in 2001 and a further \$34 million in 2002, for a total of \$102 million.

In addition, the appendix of the Budget is specific as to what the benefits are. I could, for example, refer him to page C9, where there is an indication of the selected non-refundable tax credits that would be made available in 2000-2001 and how they have been enhanced by, on average, 39 percent; in the case of the medical tax credits, 35 percent. So we have tried to provide specific details as to the benefits Manitobans will receive as a result of the decisions we made in this budget.

**Mr. Loewen:** I would also like clarification. In the border, there is a broad statement: "Our government will deliver income tax relief to Manitobans totalling over \$100 million annually." Just for clarification, because it does not seem to me that it rings true with what the Minister has just stated, I would interpret that, as I think most Manitobans would, the Government is offering Manitobans over \$100 million each year on an annual basis. So, over \$100 million the first year, over \$100 million in tax relief the second year, and over \$100 million in tax relief the third year according to the numbers in this book. Is that accurate?

**Mr. Selinger:** That takeout was from that paragraph that I just referred to stating our government will deliver additional tax relief of \$68 million in 2001, \$34 million in 2002, for an annual total of over \$100 million. So that is the specifics with respect to that statement.

**Mr. Loewen:** Well, I would ask the Minister then with his interpretation of the statement in the border that says "tax relief to Manitobans totalling over \$100 million annually," if he was simply to read that statement, would it not appear to him that Manitobans are getting \$100 million each year? Is that not what "annually" means?

**Mr. Selinger:** Is the Member suggesting that it is \$100 million and then an additional \$100 million every year? Is that what you are driving at?

**Mr. Loewen:** I am suggesting that when I read the phrase "\$100 million annually," my

interpretation of that phrase, and I think it would be the interpretation of most people in Manitoba, that if I am told I am going to receive \$100 million annually, it means I am going to have \$100 million each year, not some sum totalling \$100 million after three years.

**Mr. Selinger:** Yes, that statement is intended to convey the fact that when you read the paragraph I alluded to that when you combine the \$68 million in 2001 and the further \$34 million in 2002, that will generate an annual total tax relief of over \$100 million. That is the specifics relating to that statement. So it annualizes out to \$100-million relief over a two-year period, and it gets there at two tranches, \$68 million and \$34 million.

**Mr. Loewen:** Well, my comment to the Minister and his staff would be that I think it would be advantageous to Manitobans in terms of their understanding this document that maybe in future, advertisements could be made a little clearer. I think it is a little deceptive the way it is presented.

In any event, the Minister has referred a number of times to the federal budget—

**Mr. Selinger:** Could I just make a comment on your last point? I think that is a reasonable statement in view of the fact that we did not add into that the \$40 million that was offered January 1 this year and the \$10 million the past year. I mean, if we were trying to mislead Manitobans, we could have actually had a higher number on an annual basis in the order of \$150 million. We just were simply trying to refer to the new tax relief that we were going to be providing in the years 2000 and 2001 that had not been previously announced. So we were trying to make that a moderate statement as opposed to sort of totalling up everything that had happened since we had taken office. So you could look at it from another direction and say it is actually \$50 million under what the annual relief will be to Manitobans.

**Mr. Loewen:** I would suggest, Mr. Chairman, that perhaps to clarify it, if simply the phrase were added: a hundred million dollars annually after the third year of this budget. That would maybe be a little clearer to Manitobans. In fact,

there is going to be a cumulative effect as opposed to a broad statement that I think would lead people to believe, on first glance, that they are getting a hundred million dollars tax relief annually.

**Mr. Selinger:** Once again, if we counted the \$40 million offered January 1 this year with the \$68 million offered next year, you could start at a base that moves you up. On the pamphlet sent out to Manitobans, the new personal income tax reductions will exceed a hundred million annually by the year 2002. So that clarification was made in terms of the popular information made available to people.

**Mr. Loewen:** I am sure Manitobans will appreciate that clarification made in a subsequent document, and perhaps it will be a little more clear to them.

The Minister mentioned that they had made the decision to delink prior to the federal budget. The federal budget was brought down and, in fact, published on February 28. I would assume that that would give the Minister's staff ample time to put into their 185 models the ramifications that the changes in the federal budget would have had on Manitobans. Would this be correct?

\* (16:20)

**Mr. Selinger:** Once again our focus was on designing a new tax-on-taxable-income system that would have a positive distributional impact on Manitoba taxpayers and particularly families, and that is where we were putting our energy and time in designing the new system.

**Mr. Loewen:** Well, I appreciate that that is where the energy went into, but I would also assume that in at least a number of those 185 models—and also have available information which gives the exact details for payroll deduction formulas published by the federal government. The draft I have is dated April 28. It was certainly available through the Internet prior to that and through the federal government prior to that. It is a standard document published by the federal government, which allows organizations throughout the country who are

paying their employees, either manually or by computerized forms, to adjust schedules in time.

I guess my question to the Minister would be: In the 185 models, or at least some of the 185 models that he says his staff ran through, did they at any time input the effects of the changes that were resulting from the February 28 budget and the information that was subsequently published by the federal government and made available through the Internet to employers all across Canada? Was that information ever put into any of the models that the Government used?

**Mr. Selinger:** Yes, that source deduction document that you have there reflects the Government of Manitoba's deductions as well as the federal deductions announced in their budget for the 2000 transition year. So they would have taken into account the Manitoba position, and the new tax-on-taxable-income system really takes effect January 2001. So all of those changes are part of that, as we understand it. The new tax-on-taxable-income system cuts in January 2001, and then there will have to be a new circular put out to reflect that by the federal government.

**Mr. Loewen:** Well, just to clarify that, because according to the Budget document, the Government, the Minister's department has worked out a—as I said, in order to proceed with delinking, has indicated throughout this budget document that they are moving in 2000 to a tax on income. So I am not sure I understand why the Minister referred to a document. There will be a document coming out for January 2001 because, as the Budget indicates, the federal government will be making changes and also, as this budget document indicates, the provincial government will be making changes. But, in addition, there is a document published by the federal government which, contrary to what the Minister says, indicates that information as it pertains to Manitoba is not yet available because their budget had not been published at this time, but certainly this information will have to be updated to incorporate the changes in the Manitoba Budget in order for employers all across the country and indeed for the Government of Manitoba to properly pay its employees.

So I would ask the Minister again: Was the information that was supplied to his government from the federal government with regard to the changes that they announced in their budget that were retroactive to January 1, 2000, were those numbers used in any of the 185 models, or maybe more, that the Government used to determine where Manitoba's taxes would be as a result of this budget?

**Mr. Selinger:** I think we are going to have to take that as notice with respect to that specific document because we have not had a chance to inspect it to see what is actually said there. If the Member would make that available, we will analyze that. I will have the officials analyze that and see exactly what is in there. I am sort of speaking in a bit of a vacuum here, not having access to the document.

**Mr. Loewen:** I would be glad to share this information with the Minister. I do only have one copy of it, so maybe what I could do is refer them to the website where they could get it today as soon as they want it and, I am sure, could get it on into the future so they would not have to rely on members of the Opposition to supply this information to them. But it is [www.cra-adrc.gc.ca](http://www.cra-adrc.gc.ca).

**Mr. Selinger:** We will verify that website a little later. My official informs me he has been at that site many times. He thinks he can find it. I would agree with the Member that we do not want to waste any precious government resources on replicating information if we can get it at source. We will pick it up from there. Once we take a look at it, we will get back to you on that.

**Mr. Loewen:** The Minister has mentioned a number of times in the House—it is mentioned throughout the Budget document—that individuals who want to take a look at the effect of the Budget document on their own personal income tax situation, as it stands, would have the opportunity to go to a website provided by the Government in which they have a calculation which they refer to as the personal tax savings estimator. That is correct?

**Mr. Selinger:** I believe that is correct. Personal tax savings estimator is the way it is described in the householder.

**Mr. Loewen:** I know when I logged onto the site myself through the Internet shortly after the Budget was announced, I was a little chagrined to find out that the only way I could make use of the personal tax savings estimator was if I was already using Microsoft Excel and already had a licence for that program on my own computer. Is that still the situation, or has that been changed?

\* (16:30)

**Mr. Selinger:** I am informed that they believe that that has been corrected to make it easier to access by using an older version that is more accessible, but I think my official wants to confirm that it is working. We think it is more easily used now, in terms of the accessibility, by people. In addition, there are two other ways to get information that I think I have also indicated in the House, the 945-5603 number or the 1-800-782-0771 number.

So we have tried to provide written information in the mailbox, a website for those who have the proper software tools and a 1-800 number and then a local number, so I am hoping that Manitobans can have several different ways to access information on this.

**Mr. Loewen:** Well, I am sure Manitobans will appreciate that. In my own case, it would have meant spending an extra \$200 for software to find out I was paying \$172 more in income tax. So it was a bit of a double whammy.

In terms of the information in the personal tax estimator and again just for clarification, as the Minister is, as well, being a new member, I bring with me some assumptions to the Budget process. One of those would be that the Budget, as announced by the Minister of Finance (Mr. Selinger) on May 10, when comparing it to any previous budget, it would be comparable to what existed on May 9. That is one reason why budgets are kept so strictly confidential, because those changes become effective either retroactively in some cases to the start of the year or at the very worst immediately upon the Government staff being able to institute that.

So I guess just for confirmation, this budget document, in all cases, in particular with the income tax section of it, changes what was in

effect on May 9 for all Manitobans, although understanding that it may take some time for them to see that relief through their paycheques because of the necessity of supplying the payroll providers and others with the necessary information. Is that correct?

**Mr. Selinger:** I think it is important to once again say that the delinking decision was made with notice to the federal government before Christmas and prior to the federal budget and that the 2000 tax year is a delinked tax year that essentially replicates the older tax on the federal tax-based system, and that the new tax-on-taxable-income system really takes effect January 1, 2001. So it is incorrect to say that the May 9, May 10 or May 11 comparison is one where it was based on the tax on the federal tax base. The delinking decision was taken months before that, and this 2000 year is a transition year. Then all of the innovations that have been made as we move to our tax-on-taxable-income system take effect in January of 2001, with the exception of the fact that the property tax credit has been brought into effect this year and the base changes have been brought in this year, for a value of \$10 million. The total of those two is in excess of what might have happened if we had stayed with the old system and not delinked prior to Christmas. I think that timing is important in understanding part of this debate that we are going through here.

**Mr. Loewen:** For clarification, then, is the Minister saying that his statement to the effect that virtually nobody would be worse off as a result of this budget does not come into effect until January of 2001, or is he saying that comes into effect now?

**Mr. Selinger:** I am saying that Manitobans get, in this taxation year of the year 2000, the benefits of the \$40-million personal income tax reduction, the \$5 million to \$6 million in small business tax reductions, the \$10 million in base rate changes and the property tax credit worth \$25 million to \$26 million. Those are the effects for the 2000 taxation year.

There is a difference between the taxation year and the budget year. The budget year runs March 31, 2000, to March 31, 2001. So for the last quarter of this budget year and in the first

quarter of the next budget year they will get the benefits of the new tax-on-taxable-income system and all the specific points that we have enunciated on that.

**Mr. Loewen:** Well, back to the delinking issue then, because I think we need some further clarification there, I guess I would like to go through some information on the personal tax estimator that we were talking about. In that estimator, the Government is comparing, I think again in a somewhat misleading fashion, for Manitobans, in any event, numbers that are certainly outdated as they go back to 1999 as opposed to what in fact would have been in effect in January of 2000. In fact, when looking at the calculation methods that are used in the personal tax estimator, it seems incredible to me that, at least in some of the models that the Government people ran, they would not have had a comparison of the effect of what these increases would have in the year 2000.

So my question to the Minister would be that, in the underlying assumptions and calculation models in the personal tax estimator, first of all, I would ask when these formulas were completed by his department.

**Mr. Selinger:** The estimator was developed concurrently with the provincial budget. It is called an estimator because it does not include within it all of the specific technical tax provisions that would be on a more complete form, a real form. It is intended to give people an idea of what their taxes were in '99, what they would be in 2000 and in subsequent years. So there are some fine points that are not included there. It is a one-pager as opposed to the two-, three-pager, four-pager that most people usually fill out. The idea was just to give people the basic idea of what the new rates and tax credits, et cetera, how they would be advantaged by that, but is it not intended to be an exact replication of what a tax form would be. That why it is called an estimator.

**Mr. Loewen:** Well, in fact, the Minister is somewhat correct when he says it is a one-pager, but when one gets behind the formulas that are used to generate that one page, it becomes a 30- or 40-page document full of very detailed calculations on income tax and how it is arrived

at, not only in the year 1999 but in the year 2000 after the budget. There are no numbers in there for the year 2000 prior to the budget, but it also incorporates cost-of-living factors increasing in the year 2000, 2001, 2002 and attempts to, I guess, project based on those cost of living factors what will happen on into the future. Not only that, that document I shared with the Government goes into—which I would like back at some point. I could always go on the web and get it again if that is easier, but in fact it contains all of the information that is in this document that was published by the federal government, the draft of which I have is April 28 as resulting from the February 28, 2000, budget. So, I think it is safe to say that while there may be some minor discrepancies, this is in fact a very detailed model and calculation of how taxes on an annual basis at least would be arrived at. Would the Minister concur with that?

**Mr. Selinger:** The Member is right. There are several important pieces of information built into it, but it leaves out some of the more exotic provisions that are provided under the Tax Act, carry forwards, and some of those types of more complex calculations that presumably less taxpayers would access and make use of. But you are right. It tries to be as realistic as possible in terms of letting people know what their benefits will be under the new system, on one page. We try to keep it simple but to build in realistic assumptions about what the underlying factors will be at the time that they do the tax for the year that they are doing the calculation on it.

It is in no way meant to substitute for a tax form, but it is to give people an order of magnitude idea of what their benefits would be. I would not want to say that it is out in terms of dollars, but in terms of tens and hundreds of dollars, I think it gets people pretty close to what the real benefits will be.

\* (16:40)

**Mr. Loewen:** I would make the leap of faith with the Minister that seeing as how he is taking the numbers that are generated from this personal tax estimator and included them was, I think, fairly rigid statements in terms of what Manitobans will and will not pay in terms of their provincial income tax as is outlined in his

budget document. If you will bear with me, I will point him to the page, on pages C12 and C13. In fact, I can assure the Minister, and I would be pleased to table if he has not seen the formulas that are included, that in fact it is a very comprehensive spreadsheet analysis of how tax calculations are made. It includes the basic exemptions, spousal exemptions, age exemptions, full spouse exemptions, disability, caregiver exemptions, thresholds for medical disabled dependants, as well as, in fact, the income tax rates that were in effect in 1999. That would be in effect in the year 2001-2002 as published by the federal government in their budget document.

So, I guess, having had some experience in the field of payroll, I would call this a very substantial document in terms of the degree that it goes to in terms of allowing people to calculate what their tax will in fact be. I would ask the Minister: Is that the intention of this estimator and has this estimator been used to calculate the amounts that are published in his budget?

**Mr. Selinger:** The Member for Fort Whyte is, in my view, correct that the underlying formulae used to do the estimator are reasonably sophisticated. The one-page document that people can have access to to do their estimation on taxes is one that is undergirded by some pretty detailed analysis and projections. That was to increase the accuracy and validity of the instrument. It is still called an estimator because it does not do the entire job that an individual would have to do to prepare their own tax return.

That was used in part to provide some of the examples in the Budget book, but other methods were used as well, including just doing it by hand sort of to cross-check it. So when the examples were given in the Budget they were done a couple of different ways to increase their accuracy.

**Mr. Loewen:** I thank the Minister for that clarification. In every example that I checked through the calculator, it matched exactly with the numbers in the Budget document itself throughout the document, particularly in C12 and C13.

I guess my question to the Minister would be were these numbers, in fact, the numbers that—this calculator, this spreadsheet, this analysis, was it used to generate the numbers? I can appreciate that there would have been manual calculations to make sure they were accurate, but is this spreadsheet the vehicle the Government used to come up with the numbers that are in the Budget?

**Mr. Selinger:** It was one of the methods used along with hand calculations as well, yes.

**Mr. Loewen:** I notice in the calculator that it does have the year 1999, and that, in fact, is where most of the comparisons were made. I am sure the Minister and his staff are fully aware that things changed fairly dramatically in January of 2000 not only as a result of changes made by the federal government in their budget but also as a result of changes from the previous federal budget and from the previous provincial budget, so, in fact, in the comparison to 1999, the information is factual; a provincial rate of 48.5 percent is applied. I would ask if that information is correct.

**Mr. Selinger:** The tables presented in the appendices of the Budget include changes made by the provincial government in the year 2000 and take account of changes made by the federal government. The one further back in the book takes account of changes that were made by the provinces and the federal government, as well, in their comparisons to keep them consistent. I think that answers the Member's question.

**Mr. Loewen:** Actually my question had more to do with the personal tax savings estimator and the calculations and formula and basic personal exemptions that were included in there. But, in fact, the comparison as I can see from the formula that have been applied compare a rate after the Budget of 47 percent provincially, and the rate that was used in the spreadsheet analysis prior to the Budget was 48.5 percent for 1999. Would that be correct?

**Mr. Selinger:** Mr. Chairman, 48.5 percent in '99, 47 percent in the year 2000 were the actual rates applied.

**Mr. Loewen:** I thank the Minister for that. I am not sure if the author of the spreadsheet is available today, but my question would be—and given my background in payroll and somewhat limited knowledge of Excel, it took me a little less than an hour to, in fact, go into the formula and change the values that were in the formula—not on the Government side, of course, but for my own edification—on the spreadsheet.

I would ask the Minister, if one were to go in there and change the rates and the exemptions and the numbers that were in the formula for 1999, were to change them for the numbers that have been published by the federal government and the provincial government, including its rate reduction of 47 percent for January 1, 2000, in fact, would these formula be accurate?

\* (16:50)

**Mr. Selinger:** I would suggest that that is almost bordering on a technical question. The data changes that you made in terms of the formula would have to be very carefully checked to ensure that they were accurate. It is almost a question that I think would need to be discussed at a technical level about how you did it and the specifics around that. To give a general answer to a question that specific might actually be misleading. I mean, the formulas were intended to reflect as accurately as possible the information that was on the record and confirmed by policy decisions made by governments.

**Mr. Loewen:** I would ask the Minister then: Would it at least be accurate to use the 47 percent as a provincial rate for January 2000. as opposed to 48.5 percent?

**Mr. Selinger:** I would have to say to the Member for Fort Whyte that any changes that were made to the formula that have been included in the tax estimator would be technical, and they would have to be very carefully checked to ensure that the assumptions under which the calculations were made were not shifting. I think I know where you are trying to go on this, but we would have to be very careful that we did not, in any untoward way, make an error in the assumptions that we were using in the formulas that were there.

The formulas were driven by the information that was on hand in terms of policy decisions that had been rendered at the time the estimator was put together and are intended to accurately reflect those policy decisions.

**Mr. Loewen:** I thank the Minister for that. Would it be accurate to say that the rate in the formula for 1999, as used by his staff, was 26 percent for the middle bracket for federal tax, which, I believe, went up from \$29,590 to \$59,180? Would it be accurate for the year 2000 to incorporate from the federal government's published figures that the rate for 2000 was, in fact, 25 percent for the bracket from an income of \$30,004 to \$60,009 as published by the federal government?

**Mr. Selinger:** The points that the Member is making would require in the application of the rates that every cell was properly linked and connected to get the right outcomes. It is very difficult for my officials to verify what you are saying without actually having that information and running it in real time. It is a bit like trying to answer a hypothetical question without having worked it through. We are being very careful not to either confirm nor disconfirm the data that you are putting in front of us.

The information that was used was the information that was generated as a result of real policy decisions that have been taken by the Governments with respect to rates and were intended to accurately reflect what the benefits would be when the calculations were made.

**Mr. Loewen:** I thank the Minister for that. I would ask the Minister then: Would he make available the technical staff so that we could sit with them and go through this formula and the changes that would be necessary to accurately reflect taxes that would have been paid as of January 1, 2000?

**Mr. Selinger:** In response, the model was based on the policy decisions made with respect to the delinking process, and the information upon which that was based is available. We can discuss it with the Member, but I am not sure that we can make staff available to do other "what if" calculations and projections that are

not related to policy decisions that have been made by government.

**Mr. Loewen:** Would it be possible for the staff who, in fact, put this Excel program or, at least, the author who had the final authority for it, would it be possible for that individual to attend committee Monday?

**Mr. Selinger:** We could attempt to have the person that did a lot of that work available if there is a Legislative sitting Monday with respect to this topic. We will try to see if that person will be available. I am informed that they are working on several projects right now, and the officials that are here feel that they can answer most of the questions, but we will attempt to see if that person could be available.

**Mr. Loewen:** Thank you. I guess I would ask the Minister whether—and there is in his Department's personal tax saving estimator—there is no formula that I could see that properly reflected the income taxes that Manitobans would be paying May 9, 2000. Was that ever a part of this spreadsheet and estimator?

**Mr. Selinger:** Yes, the taxes are calculated on an annual basis, not a daily basis, and the model of the estimator reflects the policy decisions made in the delinking process which was moved ahead just before Christmastime.

**Mr. Loewen:** I guess what I am asking the Minister—and I appreciate fully that these calculations are done on an annual basis—is was there ever, in the spreadsheet for the personal tax saving estimator, the necessary formula that would have calculated the annual tax payable by Manitobans for the period January 1, 2000, to May 9, 2000?

**Mr. Selinger:** The short answer is that the estimator was intended to illustrate to people the taxes they would pay under the policy decisions made through the delinking process. That is the information that was made available to people, and would be made available, on an ongoing basis for anybody that wanted to use that instrument.

**Mr. Loewen:** I would ask the Minister then, as he has already indicated, and it is evident that this calculator was used to produce the numbers in the Budget document that is published—while he has stated, and I would agree, that certainly those numbers were confirmed by some manual calculations and facts, his staff has indicated that the personal tax estimator was used to create the numbers that were used in the Budget, and the Minister and the Budget document is comparing to scenarios prior to the Budget, in this case to 1999 as opposed to January 1, 2000—did the Minister ever receive figures from this tax estimator that would show him what taxes Manitobans would have been paying on an annual basis if the formulas in place for January 1, 2000, to May 9, 2000, were used?

**Mr. Selinger:** I can only in part reiterate what has been said earlier. The delinking decision was made in principle before Christmas and then the design work was done, and the federal budget only came down February 28. The personal tax estimator is intended to illustrate to people what their taxes were in '99, what they would be in 2000, and what they would be in subsequent years, based on the real policy decisions that have been made by the provincial government.

**Mr. Loewen:** Well, I appreciate that, but there at least seems to me to be somewhat of a contradiction in the Minister's answer. So I guess I will go back and maybe he can confer with his staff. A specific example is on page C12, the Manitoba tax payable in the 2000 transition year by a one-earner family earning \$60,000 and two children is \$6,394 for 2000. The number is \$6,625, which they indicate, which is of course 1999 rates not 2000 rates, and \$5,910. In fact, when anybody goes into this website who has the ability to use Excel and plugs the numbers in that are in the document, they come up exactly the same. So I mean the only conclusion I can reach is that in fact the tax estimator was used by the Government as their means of accurately presenting information to Manitobans on the effect of their budget, and at the very least comparing it to what was in effect December 31, 1999. Is that true?

**Mr. Selinger:** Yes, I think it is important to understand that the policy decisions were made about what the taxes would be and the shift to a

tax-on-taxable-income system, and only after that had occurred did the tax estimator get constructed to aid people in understanding what the impacts would be.

**Mr. Loewen:** Again, for clarification, is the Minister saying that there were decisions made to delink the tax system and then—at least by his own admission—185 models were used prior to arriving presumably at the final model? Is the Minister telling this committee that the overriding policy as indicated, as I mentioned earlier, in the previous sections of their book, was not to provide income tax relief, as noted in bold letters on page 22, to Manitobans? Was that not the overriding policy that in fact arose out of delinking? Was that the Government's policy or was it not?

**Mr. Chairperson:** I would like to interrupt here. Keep the conversation down so that the proceedings can go on.

**Mr. Selinger:** I can inform the Member for Fort Whyte that the work done by the Finance officials used a variety of modelling techniques to look at the impacts of a new tax-on-taxable-income system, as is mentioned in that now famous 185 models scenario, and that this personal estimator was not one of those main instruments. It was an instrument constructed after to allow the public to make a more accurate estimation of what their benefits would be under the new system, but it was not the primary instrument used by the officials. They used a variety of methods to do their modelling. They used aggregate data to look at the distributions across various taxpayer units in Manitoba.

\* (17:10)

**Mr. Loewen:** Well, Mr. Chairman, I am getting more confused the more ways this minister attempts to answer a fairly simple question. I only go back to the fact that, given when you plug the numbers into the personal tax savings estimator they come up to the exact amounts that are published in the document. I find it incredible that this tax estimator or the spreadsheet underlying it that makes the calculations was not in fact the spreadsheet used to determine the numbers in the Budget document that the Minister tabled in the House.

In fact, I have to go back through Hansard I guess to check it, but my understanding of his previous answers was that in fact these were the numbers, and they were arrived at through this spreadsheet only to be confirmed by manual calculations.

**Mr. Selinger:** Once again, just to be clear, the examples used in the Budget were done using the personal estimator to give concrete examples to the public, but the instruments used to design the new system were different instruments. They used a variety of different modelling methods and estimation methods using aggregate data and showing the impacts across categories of taxpayers in different income classes.

This was not the primary tool that was used to do that broader analysis that looked at aggregate data. But once the system was designed in terms of the overall impacts, then there was an attempt to sort of generate specific examples that would show the concrete advantages and then the estimator was part of that process.

**Mr. Loewen:** I thank the Minister for clarifying that for me.

I would then ask the Minister: Seeing as how this estimator, as he has said, was used to arrive at the figures in the Budget book, was it at any time a part of this formula or one of the comparisons to compare what is presently in the tax estimator with the annual tax that would have been paid by Manitobans using the formula that was in effect from January 1, 2000, to May 9, 2000?

**Mr. Selinger:** No, the estimator was not used for that purpose.

**Mr. Loewen:** Well, I would ask the Minister then: Were there other spreadsheets or other analysis or other calculations done to compare the tax that resulted from these calculations in this spreadsheet in any way with amounts that would have been payable as provincial income tax by Manitobans for the period January 1, 2000, to May 9, 2000, on an annual basis?

**Mr. Selinger:** I can only restate the process that we went through. The delinking decision was

made, in principle, prior to Christmas. Then the modelling started to occur to see how that system could be designed. This was done well in advance of any information provided in the federal budget of February 28, I believe—was it the 28th?—the 28th, and that budget brought forward some changes at the federal level of which \$10 million in base rate changes were included in our budget announcement May 10, as well as the other tax reductions that we have talked about many times already, the property tax credit reduction, the \$40 million of personal income tax reductions, the small business tax reduction of \$5 million to \$6 million.

**Mr. Loewen:** Well, as the Minister is aware, things, particularly in this day and age with computerization, change rapidly. What I am hearing from the Minister, I find absolutely incredulous. This government in preparing the Budget they announced on May 10, 2000, if what he is saying is accurate, what I am hearing is that they made no attempt to compare the annual taxes that Manitobans would pay. The annual income taxes, as a result of their budget, they made no attempt to compare that to what Manitobans were paying on May 9. Is that accurate?

**Mr. Selinger:** No, it is not.

**Mr. Loewen:** Mr. Chairman, could the Minister then share with us what comparisons were done for calculations of provincial income tax that would be payable as a result of the May 10, budget, what comparisons, and how that was compared to the amounts that would have been payable annually by Manitobans had the formula in effect from January 1 to May 9 remained the same?

**Mr. Selinger:** Once again, the delinking decision was taken well in advance of the federal budget. The provincial taxes paid by Manitobans were consistent before and after May 10 as what had been previously enunciated by the Government of Manitoba, with the only difference being that the base rate changes of \$10 million were passed through to Manitobans.

**Mr. Loewen:** Well, just for clarification—and the Minister answered in a negative form a question that was asked that maybe I would ask him to

answer in a positive form. I believe what he has said is that his staff did in fact compare the amount of annual tax that a Manitoban would pay as a result of the May 10 budget with the amount of tax that a Manitoban would have paid had the budget not come into effect, and the personal income tax rates that were in place from January 1 to May 9, 2000, would apply.

Is it true that that comparison was done by his staff?

**Mr. Selinger:** I think the Member is not drawing the right conclusion from what I have said. The delinking decision was made in advance of the federal budget. The provincial income tax cuts that had been previously announced were followed up on. The property tax credit reduction was followed up on. In addition, the \$10 million in base rate changes were passed through, and all those benefits accrue to Manitobans. Then with our new tax-on-taxable-income system, the new design took effect for January 1, 2001.

**Mr. Loewen:** Well, I have to go back to that question again, Mr. Chairman. What I am asking the Minister to advise this committee of is whether he and his staff did any comparison on what income taxes would be paid by Manitobans as a result of their budget. Did they compare that to what Manitobans would have paid had there been no budget and the rates in effect from January 1 to May 9 were used? Was that comparison done, or was it not done?

**Mr. Selinger:** I am going to try and express it in another way. The decision to go to tax-on-taxable income that was made by virtually all provinces was one to provide benefits to their own citizens of having the provincial government have more control over their tax system and not to have tax policy made in Ottawa without any discussion or negotiations or even any warning to the provinces of what the impacts of that would be. What was done here was a move by five provinces to the 2000 year in order to put in place a system that they thought was to the advantage of their citizens, and that is really what we tried to do.

I think I have indicated earlier that the federal government reduced the health sup-

plement by \$39 million and made several other changes that had impacts on Manitobans. We tried to provide a tax system that would be to their advantage and show the benefits over not only the 2000 taxation year but the 2001 and 2002 taxation year. That decision was made prior to Christmas, and then the modelling work appeared after that decision was made in principle and communicated to the federal government.

I think the reason that decision was made at that time is because there were notice requirements on the part of the federal government to let them know what the intentions were months prior to the announcement of the federal budget. So it was the requirements of the federal government to give them notice with that that drove the decision forward prior to the federal budget, and that is why it was done.

**Mr. Loewen:** Well, based on the Minister's answer, I am beginning to feel quite relieved that I was never in one of his university classes. I cannot imagine what the answers were to those questions. So I would ask the Minister one more time if, in fact, he would answer this very simple question: Did he, or did his department employees, show him a comparison of taxes that are going to be paid by Manitobans as a result of this budget with a comparison of the taxes that would have been paid at the same income and same credit level for the period January 1 to May 9, 2000? It seems to me a fairly simple question. Did he see a comparison from after the budget to before the budget in all of the work that was done by his department? Was that provided?

\* (17:20)

**Mr. Selinger:** Once again, the system that we put in place for taxes for the year 2000 and subsequent years was one that was based on a shift from a tax on federal tax base to a tax on taxable income. It was designed in such a way that Manitobans would be, on the whole, better off and would get the benefit of no surtaxes, no flat taxes on income over \$30,000, more generous non-refundable tax credits and property tax credit relief. It was done so that provinces would have greater certainty over their own tax system and not have it determined by unilateral

federal decisions based on no consultation with provinces.

I think that was the motivation behind all provinces moving to that system, and in a strange kind of way we are sort of following Québec in that respect who was there many years before that and for similar reasons: they wanted to have more control over their tax system. All the other provinces are sort of coming to that view as well. There is still co-operation in the revenue collection arrangements. There is still co-operation in the definition of the tax base so that we do not have 10 separate bases upon which taxes are levied and there is comparability among jurisdictions, but each province now has greater flexibility in how they deliver what they consider to be fair and reasonable and affordable taxes to their own citizens.

**Mr. Loewen:** Well, I would ask the Minister then, it seems obvious from his inability to answer the simple question of whether he has seen an estimation of taxes that would have been paid after his budget, compared to taxes that would have been paid had his budget never been introduced, it seems incredible to me that he is not able to explain to this committee that in fact he has seen those, but in his attempt to answer the question, the Minister again alluded to the fact that it was his hope that people would be better off.

I would ask the Minister, given my own personal circumstances, salary range of a little over \$60,000 courtesy of the taxpayers of Manitoba, would he consider the fact that I am paying \$171 more in provincial income tax as a result of his budget as compared to what I would have paid on May 9? Does he consider me better off?

**Mr. Selinger:** I think, again, the Member is making a comparison on two specific dates which are really missing the point. The provincial government delinked from the federal tax system where rates were based on the federal rate prior to Christmastime. We then moved forward to design a new system that will benefit Manitobans, including Manitobans in his income category, and as I recall he might actually be—no, he has more than two children as I recall, so he

will benefit even greater—he will benefit even more from our new family tax reduction. I hope he will do those calculations and let us know the benefits that will accrue to him as a result of that, having more than two children.

In many respects we designed the system for people in that broad income category that were raising children. We tried to ensure that the new system would offer support to people raising families in Manitoba, and I think as you look forward and use the estimator you will see the advantages that we have designed into the system.

**Mr. Loewen:** Well, I can assure the Minister that I have used the estimator extensively, probably close to the 185 different models that his own staff had used, and subject to the fact that—and quite frankly, that is one reason I would appreciate an opportunity to sit down with the author of the formula, or someone from the Department, to ensure that the numbers I am using are accurate, because I am simply trying to get the facts out to the people of Manitoba about what the real situation is here. But again, I would ask the Minister if he would be surprised by the fact that an individual who was married, two children, one-income earner, earning \$40,000 a year, does it surprise the Minister to learn that that individual on May 11 was paying \$66 more income tax than they were on May 9?

**Mr. Selinger:** The individual in the category that was mentioned by the Member, the family of four, \$40,000 single-income earner, on a year-over-year comparison would be, as I understand, according to our comparisons just on the tax rates, not just the overall affordability, in the '99 taxation year, that family of four would pay \$2,861 and then in the 2000 tax year would see their taxes reduced down to \$2,708, and as we understand it, that makes them among the most competitive tax rates for families in that income category. That advantage increases when you look at all provincial levies and then all the affordability or the living costs that they have to pay, that family does very well in the Manitoba tax system.

We wanted to extend the benefits that family unit received at that level more broadly among middle-income families, which is why we

designed the family tax reduction to have a broader impact with only a 1 percent clawback to benefit families at higher-income levels where they are raising children. That is all, notwithstanding that there was a property tax credit which was also made available to people which offers them additional relief.

\* (17:30)

**Mr. Loewen:** Well, I must say that I am surprised by the responses from this Minister. I can only come to the conclusion that he has been so enmeshed in his analysis of the numbers and the 185 models that were run by his department that he has lost track of the information that, as a Manitoba taxpayer, I would like and I am sure I speak for most, if not all, taxpayers of Manitoba. What I am looking for is: Am I paying more taxes as a result of this minister's budget than I was the day before this minister's budget? In that respect I would ask the Minister: Does it surprise him that, as a result of his budget, a family of four, single-income earner, is going to pay \$113 more in provincial income tax as a result of his budget on May 10?

I appreciate the fact that the Minister wants to justify everything he has done but I think it is a fairly simple question: Was the Minister aware prior to this budget that a family earning \$15,000, two adults, two children, one-income earner, was he aware when he brought this budget down in the House that that family would pay \$113 a year more as a result of his budget?

**Mr. Selinger:** What income level are you referring to?

**Mr. Loewen:** \$50,000.

**Mr. Selinger:** Once again, when we moved to a tax-on-taxable-income system, we moved on it well in advance of the federal budget. What we wanted to do was ensure that all Manitobans were better off. In particular, we wanted to ensure that families were better off. We did year-over-year comparisons to verify that. You might recall that the Saskatchewan budget, in looking at a family of \$50,000 of the unit size that you have indicated, showed that family unit had the third-lowest taxes in the country. So those families are doing quite well on the income tax

side, and they do even better when you look at all provincial levies. Then they do even better again when you look at the costs of living in Manitoba, the other additional fixed costs that they have. So we were particularly sensitive to ensuring that our new system was advantageous to families, and we have designed it that way.

In addition, people with disabilities get additional benefits. Those who make charitable deductions also get additional benefits. We wanted to design it that way to ensure that families were well off in Manitoba and had an affordable place to live with the services they need. I can guarantee to the members opposite that was the spirit and intention behind the design of the new tax system. I can confirm that I made that message very plain to my officials when I was reviewing the various models, that I wanted families to come out ahead.

**Mr. Loewen:** I certainly have an appreciation for the Minister's intentions. I think we would all agree that the more relief we can give to taxpayers the better. I am glad to hear the Minister believes in that approach to government. I would ask the Minister—because I guess my definition of being better off might differ a little bit from him—am I better off if my taxes are \$4,560 a year, or am I better off if my taxes are \$4,447 a year? Which is it?

**Mr. Selinger:** What it is is as follows: that you are better off this year, in 2000, than you were in the year 1999. You will be better off in the year 2001 than you are in the year 2000, and you will be better off in the year 2002 than you were in all previous three years. That is how we designed the system. We designed it to offer progressive tax relief aimed at families, year-over-year comparisons. That is the basis of our analysis, and we think it stands the test of time.

**Mr. Loewen:** Well, I agree with the Minister. I am, when you look at those comparisons, better off this year than I was last year at those levels, as many families are. I would like to thank the previous Conservative government who reduced the income tax rate over the last five years from 52 percent to 47 percent this year, so I am indeed grateful to that government. I am also somewhat grateful to the federal government who have reduced the tax on middle-income earners from

26 percent in 1999 to 25 percent in the year 2000 and has a plan in place to bring that rate down to 23 percent.

What I am having trouble understanding is, while on the one hand I am thankful to the previous government for reducing my provincial taxes and I am thankful to the federal government for reducing my federal taxes, why would I be thankful to the current NDP provincial government for raising my taxes?

**Mr. Selinger:** With respect, I really think that is a misconstruction of what is going on. The federal government has offered tax relief. The provincial government has offered tax relief. Both have taken full responsibility for the tax reductions they have offered. When put together, it is an attractive package to taxpayers. Each of them has to take responsibility and accountability for what they have done. The previous government offered some tax relief. We have followed up on that and gone even further in some respects.

We have looked at removing the surtax as a mechanism for collecting taxes. We have removed the use of a flat tax on incomes over \$30,000 as the mechanism for collecting taxes. We have brought in a family tax reduction which offers specific and focussed relief for people raising children in this province, which we think is well-intentioned and will have good results for those people in those categories. Each jurisdiction now is responsible for what they are doing, and there is less interaction between those jurisdictions because one system is not based on another.

That was the intention when the provinces moved forward with delinking and made their decision before Christmas. Then we put our very best efforts into designing a system that would achieve the results that we think we have achieved. We wanted to ensure that nobody was worse off and that families benefited, both on the tax side and that we brought forward a budget that also addressed their pressing concerns on the services side, in education, health and other vital programs that they were telling us they thought needed some support.

**Mr. Loewen:** Well, once again, the Minister has not answered the question. In his response, he has indicated that it is his intention that nobody would be worse off. I guess my only question for the Minister is: What will he do if in fact it is brought to his attention by credible sources that people are worse off? What steps will he take?

**Mr. Selinger:** We believe that the analysis we have made year over year in terms of taxes from 1999-2000 and going forward are sound. That is why we have published that information. That is why we have put a personal estimator out there on a web page which is available to people. We will try to address the technical issues around that in terms of the software they need. That is why we have made available to people a local number that they can call and a toll-free number from anywhere in the Province.

We think that that commitment going out over the next three years, 2000, 2001, 2002, is a substantial commitment and a focussed commitment and one that we thought was doable given the obligations we had as a government to provide other services and other programs that Manitobans considered vital. I am certain people will be better off year over year, both on the affordability side and on the services side unless there is some unforeseen change that comes about that we are not aware of at the moment.

**Mr. Loewen:** My question to the Minister is: What action will he take if in fact the numbers prove out that a great many taxpayers are worse off as a result of his budget?

**Mr. Selinger:** Once again, we have confidence in the analysis that we have done. We think it will stand the test of time in terms of year-over-year comparisons of what people's taxation rates are. They will be reduced.

**Mr. Loewen:** Has the Minister ever been made aware by his staff that a single-income earner earning \$50,000 will pay \$114 more income tax as a result of his budget when compared to what that individual would have paid had there been no budget?

**Mr. Selinger:** No, the Minister has not been made aware of that. Our year-over-year comparisons also show an individual-man income category as being better off under our new system.

**Mr. Loewen:** Is the Minister saying that he was not made aware of that in any examples?

**Mr. Selinger:** Once again, we did our analysis based on year-over-year comparisons. We tried to design a system that would have benefits for all Manitoba taxpayers based on that year-over-year analysis. We worked hard to come up with one that would deliver that kind of outcome for people. I believe we have achieved that.

**Mr. Loewen:** Once again the Minister is not answering the question. My question to the Minister would be: If it in fact is shown that through his own Department's personal tax estimator explicitly—I think most Manitobans would agree that you do not want to get into splitting hairs about what they are interested in. Are they paying more taxes as a result of the Budget or less taxes?

It is clearly demonstrable to the Minister of Finance that, as a result of his budget, Manitobans of all income, of all family levels are paying higher income taxes as a result of his budget. Has the Minister ever been made aware by his staff that that is in fact the case?

**Mr. Selinger:** The analysis that I have received from my staff contradicts the statement and disconfirms the statement made by the Member for Fort Whyte. Our year-over-year analysis shows real tax savings for Manitobans. Those tax savings accrue 2000 over '99 and for the next subsequent two years that we have projected out. That is the reality as we understand it.

**Mr. Stefanson:** That is an interesting comment. It is the first time, I believe, that the Minister in response to that question indicated his analysis contradicts that. So is the Minister then telling us that he has an analysis of individual—

**Mr. Chairperson:** Excuse me. Could we have order so we could all hear the Member. Thank you.

**Mr. Stefanson:** Is the Minister then telling us today that he has an analysis of examples of Manitoba taxpayers at different income levels and different family situations that shows comparisons of what their taxes are after his budget of May 10 as compared to what the taxes of that family or that individual would have been for the period January 1 to May 9 of the year 2000 under the combined federal-provincial tax system?

**Mr. Selinger:** At the risk of being repetitive, the analysis that we did was year-over-year comparisons. They have been published in our budget and in previous budgets. They have been sent out to Manitobans as a householder. Those analyses show that Manitobans in a variety of income categories and in different family structures and situations are better off. That was the framework that we used to move forward on our tax reform, and that is the one that we think is an accurate basis upon which to make comparisons.

**Mr. Stefanson:** Mr. Chairman, and we will check Hansard, the Minister said that his analysis contradicts the statement and information that the Member for Fort Whyte put on the record. What the Member for Fort Whyte was putting on the record was a clear example of a Manitoba taxpayer and their income taxes after May 10 as a result of this provincial budget and what those taxes would have been under a combined federal-provincial system in the year 2000, not the comparison that the Minister was just alluding to now. So is the Minister telling us that he has those kinds of comparisons, which we certainly have, I am sure all kinds of accounting firms and organizations have? Is he telling us that he does have that information that shows the comparisons under those two scenarios?

**Mr. Selinger:** I was not saying that at all. I was saying that the delinking decision was taken before Christmastime as required in the notice procedures of the federal government. Then the work was done to design a new system, and that new system is intended to provide tax relief to all Manitobans with a particular focus on offering additional relief to families. That is the system that we brought into place and announced in our budget of May 10.

**Mr. Stefanson:** So is the Minister then changing his comment that his information contradicts—his analysis contradicts the information that the Member for Fort Whyte (Mr. Loewen) was putting on the record? Because what he just explained is a completely different issue from what the Member for Fort Whyte is putting on the record.

**Mr. Selinger:** I understood the Member for Fort Whyte is suggesting that a Manitoba taxpayer in a certain category was paying more taxes after our budget was announced than before. I was saying that I do not believe that is the case. We made a decision to delink prior to Christmastime, and then we brought in a budget that offered tax relief to Manitobans. We also implemented, on January 1, \$40 million of personal income tax cuts. Then, on the May 10 budget, we confirmed the property tax credit that we had announced when we ran. So we believe Manitobans are better off now than they were prior to the Budget.

**Mr. Stefanson:** Mr. Chairman, is the Minister of Finance then saying if we had not changed our tax system in the year 2000, he does not recognize or agree that Manitobans would be paying lower taxes under that combined tax system in the year 2000?

**Mr. Selinger:** What we have been saying consistently, I think, from the beginning of this discussion and in the House is that the delinking decision was made in advance of the federal budget. It was made to ensure that Manitoba had the advantages of a tax-on-taxable-income system which included simplicity, transparency and more control for a Manitoba government over its tax system. We took advantage of that ability to do that for the year 2000 to design a new system and put it in place.

**Mr. Loewen:** The Minister just said—well, I will check this in Hansard again—he believes that nobody is paying more tax as a result of his budget. I would ask the Minister: Does he believe this or does he know this?

**Mr. Selinger:** I think I said earlier that we designed the system to ensure that nobody was worse off, but it is possible for some anomalies

under our new system to pop up, but we think they are very few and far between.

**Mr. Loewen:** Well, would a few anomalies include every Manitoban who is earning more than \$60,000?

**Mr. Selinger:** That is not my definition of an anomaly.

**Mr. Loewen:** So, if in fact Manitobans who earn more than \$60,000 are paying more provincial income tax as a result of this budget, is the Finance Minister saying that there has been a mistake made in his intent and in the calculations, that his department has erred in how they attempted to pass tax relief onto Manitobans?

**Mr. Selinger:** No, we are not saying that. We are saying that when you compare Manitobans' taxes in most categories, virtually all categories, in the year 2000 compared to what they paid in the year 1999, that they are better off. In addition, they will be better off in the year 2001 and then better off again incrementally in the year 2002 as a result of the tax relief that we have offered.

**Mr. Loewen:** Well, Mr. Chairman, again, the Minister is twisting in the wind with the question because, as most Manitobans, I simply want to know a simple fact. Am I paying more tax as a result of the Minister's budget? Never mind 1999; that is over. I have been paying tax from January 1, 2000, until May 9. What I want to know, what I think the people of Manitoba have a right to know, is if a large percentage of them, or in fact even a small percentage of them, as a result of this minister's budget, are they paying more provincial income tax now than they were the day prior to his budget? It is simple.

**Mr. Selinger:** Once again, I want to assure the Member that there is nothing in our budget that raised Manitobans' taxes.

**Mr. Loewen:** Sorry, there was some chatter going on in the background here. I was not able to hear the Minister's answer. Could I ask him to repeat it?

**Mr. Selinger:** I would like to reiterate—

**Mr. Chairperson:** Excuse me, I am going to interrupt here. We cannot hear the people speaking, so could you keep your voices down, please.

**Mr. Selinger:** As you know, in our budget, we did raise the tobacco tax. So, with that exception, there are no increases in taxes to Manitobans in our budget. We designed the system to offer year-over-year relief from '99, 2000, 2001 and 2002. We specifically designed it to ensure that families were the beneficiaries of that relief as well as other Manitobans in other family-status categories.

**Mr. Loewen:** Well, again, I ask the Minister a very simple question: Has it ever been brought to his attention or does he understand that an individual earning \$60,000 a year, supporting a spouse and two children, is paying at least \$172 more per year in taxes as a result of his budget?

\* (17:50)

**Mr. Selinger:** I have to emphasize, again, I do not believe that is a correct or fair statement. We delinked from the federal tax system prior to Christmastime. We designed our new tax system to pass on the tax commitments that were made in the Budget of the spring of '99 for the year '99-2000. Then we brought in additional tax relief in our budget of May 10 and made those available to all Manitobans over and above the property tax commitment which we had promised in the election. We went beyond our election promises to offer specific tax relief to all Manitobans, something that we had not run on, something that we had not promised. We tried to exceed expectations to deal with the new tax-on-taxable-income system that all provinces were moving to. We took that as an opportunity to redesign the system to be an advantage to all Manitobans, and we specifically took advantage of that opportunity to ensure more benefits to Manitoba families which we think will be well received.

**Mr. Loewen:** Mr. Chairman, with respect to the Minister, we have a credible chartered accountant firm, well known throughout Manitoba, who has done the numbers. They indicate that, as a result of his budget, the family that I mentioned earning \$60,000—a family of

four, with one earner—is, in fact, paying substantially more income tax. The numbers I have done—*[interjection]* Well, given the fact that I have 25 years in the payroll business and understand fully the formulas that were used in his department's spreadsheet, those numbers indicate very straightforwardly that a Manitoba family of four earning \$60,000 a year is paying \$172 more income tax as a result of—

**Mr. Chairperson:** Order, please. There is too much noise. We cannot hear the speaker and if you would just keep the voices down, please. Thank you.

**Mr. Loewen:** Thank you, Mr. Chairman. As I indicated, a family earning \$60,000, using the Government's own formula, own spreadsheet, is paying \$172 more per year in income taxes as a result of this Finance Minister's budget, and I would ask the Minister once again: Would he be willing to make available to this committee the author of his personal tax estimator that has been used to generate the numbers that are in his budget document, so that we can verify, with his concurrence, that, in fact, that Manitoba family is paying more personal income tax at the provincial level as a result of his budget?

**Mr. Selinger:** Once again I think it is really important to note that the delinking decision was made prior to the federal budget, and then the system was designed to offer tax relief to Manitobans and particular families. I do not know how I can make it any plainer than that.

There seems to be an implication on the part of the questioner that some changes that were brought forward in the February 28 federal budget should be paid for by the provincial government in their budgeting process, in their tax regime. All provinces moved to a tax-on-taxable-income system to offer greater simplicity, to have more control over their regime, to have greater transparency, and they did that as early as they could, in most cases, and that is why five moved this year. What we have simply tried to do is take that challenge of moving to a tax-on-taxable-income system as an opportunity to design a new system that would provide significant benefits to Manitobans, and those benefits have been outlined in the Budget and in the householder. We think they are real

year-over-year benefits for all Manitoba taxpayers—with some anomalies—and, in particular, for Manitoba families who pay taxes.

**Mr. Loewen:** The Minister, again, is contradicting himself time and time again. He has indicated that those provinces moved to delink and that all provinces, except Manitoba, made a commitment to pass the reductions that resulted from the federal tax reductions in their budget of February 28, 2000—all other provinces have indicated and have allowed the benefit of those tax decreases to flow through to the citizens of their province. We have a minister who has stated to this committee earlier today that it was his intent to allow, I believe, to quote his words: "All the federal tax reductions have been made available to Manitobans." In fact, what we have when we use his department's own tax calculator—when we look at what has happened between January 1 and after May 10, that has not happened.

So I think all Manitobans have a right to know, and I think it is incumbent upon the Minister to be forthright and be honest with the people of Manitoba and tell those of us who are paying more taxes as a result of his budget, and are not getting the full flow-through of the federal tax deductions, just tell us what it is. If the Minister believes—and I have no doubt that he does believe—that he has, through his calculations, passed these benefits through to Manitoba, I would ask the Minister: What is he going to do when it is proven to him beyond a shadow of a doubt that he has not? What action will he take?

**Mr. Selinger:** Once again, the federal tax reductions brought forward in the February 28 budget will be available to Manitoba citizens and taxpayers. Our decision to delink from the federal system was made prior to Christmas because of the notice requirements of the federal government, and then we set out to design a system that would also be more affordable for Manitobans, and we believe we have done that. *[interjection]* Well, we have. I think the evidence is clear that we have, and that is over and above the property tax credit which we followed through on as promised in the election. Manitobans will see a reduction in their taxes in this year and the next two years going forward,

and they will realize that we have tried to go beyond what we promised in the election to offer more tax relief than what we promised, and that we tried to do it in a fair and balanced way.

**Mr. Chairperson:** Before we go on, just keep the voices down. Order, please. Keep your conversations down.

**Mr. Stefanson:** Mr. Chairman, I am sure we will return to this issue when we next reconvene.

But I want to ask the Minister: Does he have a written opinion as to whether or not the tax changes brought forward in his budget are, in fact, in compliance with the balanced budget legislation?

**Mr. Selinger:** No, I do not have a written opinion in that regard, but in looking at the legislation I have been verbally informed by my officials that it is in compliance with the legislation.

**Mr. Stefanson:** I want to pick up on a comment made by the Minister earlier. He indicated that the adjustments were done on a revenue-neutral basis in terms of the changes in the tax rate. Is that correct?

**Mr. Selinger:** Could the Member for Kirkfield Park clarify which adjustments he is referring to?

**Mr. Stefanson:** Mr. Chairman, I am referring to the adjustments in the income tax rates for the year 2000 outlined in his budget document and the change in the system. Is it being done on a revenue-neutral basis, as was outlined when it was originally introduced and, I believe, was outlined in the various information that hopefully should have been provided to the Minister?

**Mr. Selinger:** My officials inform me that the rates dropped in the year 2000 taxation year from 48.5 percent to 47.5 percent, and then they were directly translated into tax-on-taxable income rates for the transition year.

**Mr. Stefanson:** Is the Minister aware as to whether or not in the 185 models that he ran, whether or not any taxpayers will be worse off as

a result of the rate in the system change, either in the year 2000 or in the year 2001?

**Mr. Selinger:** Our modelling showed that less than 1 percent of taxpayers would have any anomalous increases, and they were taxpayers in unusual situations. This was also before the property tax credit was calculated into the outcome.

I just want to say to the Member that that was an area that we did focus a lot of our attention on. The Member will remember assessment experiences where, you know, you get a new assessment base and there is a lot of distributional impacts. The thinking here was that if you are going to have distributional impacts, you should try to minimize them to the smallest number of people possible and actually make sure that nobody is worse off. That was the thinking that went into our analysis here on this modelling, so the less than 1 percent figure I think is accurate, and that was before the property tax credit. We believe that with the property tax credit, people are better off overall.

**Mr. Stefanson:** Is the Minister prepared to table that information he just referred to in terms of the modelling that was done?

**Mr. Selinger:** We will take that question as notice and see what we can do with that in terms of the analysis that we have.

**Mr. Stefanson:** So I just want to come back to the Balanced Budget, Debt Repayment and Taxpayer Protection legislation. The Minister is informing us that the only issue flowing from his budget that may require an amendment to this legislation is the introduction of the repayment of the patient liabilities. Is that correct?

**Mr. Selinger:** Yes, the budget statement on page 26 of the Budget document, the last bullet, the paragraph reads: "Our budget provides greater transparency and accountability as called for by the Provincial Auditor and legislation will be strengthened—"

**Mr. Chairperson:** Order, please. I will interrupt now. The hour being 6 p.m., committee rise.

## HIGHWAYS AND GOVERNMENT SERVICES

**Madam Chairperson (Bonnie Korzeniowski):** Good afternoon. Will the Committee of Supply come to order. This afternoon, this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates for the Department of Highways and Government Services.

As had been previously agreed, questioning for this department will follow in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

**Mr. David Faurshou (Portage la Prairie):** Madam Chairperson, I would like to ask the Minister, we did have a lot of dialogue in regard to co-operation, collaboration between municipalities and the Minister's department. I would like to, though, hear a very clear, definitive statement that the continued good relationship that is in current stead with the municipalities and his department will be continued into the future.

**Hon. Steve Ashton (Minister of Highways and Government Services):** I certainly give my personal commitment. At the AMM meeting I met with 24 municipalities and groupings of municipalities in a day and a half. I was just out in Pine Falls yesterday meeting with the municipal council in that area. I have been out to Westman; I have been in various parts of the province meeting with municipal officials, and I plan on continuing with that relationship.

There was a lot of good discussion back and forth between the municipalities and the Department on an ongoing basis, so it is not just a personal statement. It is a statement that I think speaks for the Department itself. I think people tend to not give credit where credit is due sometimes. I do not mean the Member, but, I mean, generally the Department at the regional level and the local level does a lot of work consulting with local residents and particularly municipal councils which have a lot of input, as the Member will know, a lot of input on their ideas on the road system, and we welcome that.

**Mr. Faurshou:** Thank you to the Minister for his comments and I look forward to the continued good relationship, especially with Portage la Prairie and the South Central Region Office of the Highways Department.

Two very specific questions and my time is limited; my honourable colleagues for Springfield and Gimli want to pose questions to the Minister, so two quick snappers here: one, in recognition as a daily traveller of the Trans-Canada Highway between Portage la Prairie and Winnipeg, I am certain the Minister is aware of the more common practice of driving in that 105 to 110 kilometre per hour—*[interjection]* I never made mention as to this own member's driving habits but acknowledging by the number of vehicles passing this honourable member, I can only assess that that is more commonplace as far as speed on that stretch of highway.

In light of the Department's move to increase on paved stretches of provincial roads within the province to the 100 kilometres per hour. is there consideration and perhaps a timetable as to when the Trans-Canada Highway, which is a four-lane divided, could be considered for the 110 kilometres per hour, as is other stretches of the same roadway in other jurisdictions?

**Mr. Ashton:** I think the Member realizes that the previous government had decided not to move on that. Maybe the Member raised that at the time and probably would have heard some of the same concern.

Decisions on speed limits are not easy ones. You have to deal with a number of factors. First of all, I notice we seem to be getting into confessions here at Committee. I have heard similar arguments, for example, on Highway 6 in my own community over the years, people saying, well, we should raise it to 110 or 120.

The problem is if you raise the speed limit, then that factor of a few kilometres over the speed limit goes up even more. If you would check, for example, where the limits are 110, people usually find a level that is higher than at 100. So there is that sort of reality. I am sure the Member is aware of that.

There are other factors, greenhouse gases. The faster you have speed limits, the more fuel consumption. I am not saying that we would not look at this issue, but it is not actively on our list of items for consideration right now. What I have said in the past, not just as Minister of Highways, is there is a balance with speed.

I mean, the difficulty is everybody says there is that perfect day where you could travel at X kilometres an hour and you would have no difficulty. There are also times when the weather conditions are quite difficult, times when you cannot even travel the posted speed limit. So there is that concern if you keep moving the level up. There are some countries in the world where there are no speed limits. There is a relationship between speed in a general sense and in terms of accident rates. It is not the main cause of accidents, statistically, so I do not think it should be overstated, but it is a factor.

\* (14:50)

I know it is the same debate within urban areas. I have been approached by people who have expressed concern in urban areas in the city of Winnipeg. You have some of the main arteries where there has been a move on some of them to go to 60 kilometres instead of 50. I am sure the Member in his own community, the city of Portage la Prairie, will be aware of those kinds of considerations. If anything, I think there has been an attempt to rationalize. I think 100 kilometres an hour is reasonable on most of our provincial highways. As for moving that bar higher, we are not actively considering that right now any more than the previous government was.

**Mr. Faurschou:** I thank the Minister for his comments. Just if he is not aware that the Trans-Canada Highway, when it was constructed, was designed for traffic flow at 70 miles per hour, which is 112 kilometres per hour.

My final question I would like to ask the Minister this afternoon before yielding the floor to my honourable colleague for Gimli is: In consideration at present time is a proposal for the Long Plain First Nations Band for establishment of a casino, which essentially is located with access projected from a very hazardous—I do

state that on the premise that safety and accident records will demonstrate that this is already a hazardous intersection known as Yellowquill Trail's intersection with the Trans-Canada south of Portage la Prairie. Should Long Plain First Nations be awarded the casino proposal, is the Minister of Highways prepared to look at this intersection and recognize that significant, I repeat, significant increased traffic flow is expected at this intersection, and will he commit to his department following through with another department's acknowledgement and licensing?

**Mr. Ashton:** First of all, on the comment of the Member on speed limits, I would point out that most of our highways are engineered at a higher level than is posted, but once again there is that difficulty that, if you were to move it up you end up with people going 10, 15 kilometres over, or more dare I say. So it is an ongoing judgment issue.

In terms of the specific situation with a casino, we have indicated, as a government, we are not going to comment on individual applications. I am not going to comment on any individual application. I would suspect that even if I was, we are into a very hypothetical realm. We will know very shortly, as the member is aware, the results of the review of the specific proposals through the commissions that were appointed. I would assume at that point in time these kinds of issues will be raised, but I really do not think it would be wise for me to comment on one or another of any of the projects, even in an indirect way.

I think the decision not to get involved in it at the political level, at this stage, was the correct one to do. So I am a little bit wary here. I appreciate the Member's point. I will take it perhaps in a general sense that whenever there is a development there is a Highways issue.

So if the Member is asking would a development create a highways issue, would it factor into our Highways process over time, yes, it does. We deal with that with grain elevators, hog plants, manufacturing companies, malls. I mean, you know there are all sorts of developments that are in that category, and I do not want to sort of pick on one specific application, one specific type of use.

**Mr. Ron Schuler (Springfield):** I have a question for the Minister through you, and it deals with the corner of No. 206 and No. 15, which happens to be right in Dugald. The issue was raised by a Stuart Walker, I believe. He has Harvest fuel station.

What is happening is the traffic comes down from Oakbank. It is heading south on the 206, and the traffic then takes a turn-off lane to go west on 15. The yield sign would be on the northwest corner and people are looking east. That would be correct. So they are looking one way, but the yield sign is on the other side. The concern is that there are a lot of near misses, or there seems to be some fender benders taking place there. Because people are not under the impression that there is actually a yield, and they are just trying to drive through and some are yielding, and it is causing some difficulty.

Having spoken to some of the officials from the department, I understand that it might be the law that it has to be on the right-hand side that the yield sign is posted. Is there any chance of having a yield sign put on the left-hand side, because that is actually the way, if they are looking east to see the traffic that is coming? Is there a chance that something could be done to rectify that corner?

**Mr. Ashton:** I am prepared to review it. There is a legal requirement to have a yield sign on the right-hand side obviously, but I appreciate the Member raising this point. We will get our department people to look at it and see if there is not some additional signage that could be of assistance in terms of that. I have been on that road a number of times in the past so I certainly do know the potential there for some confusion and potential for accidents that might result from it. So it would be my commitment to look into it.

**Mr. Schuler:** I would like to thank the Minister for that. You know, if you do drive down into that corner, it is very difficult to see just even the way it is placed, so I appreciate very much the Minister looking into it.

The second question I have is: Could the Minister tell us the status of the Oakbank corridor? What are the plans? Are there any plans?

**Mr. Ashton:** What I was going to suggest, just back to the first one, one of the options we could look at, just in discussion here, is perhaps an advance yield sign that would still keep some consistency. We will look at some of those sorts of options. In terms of the latter part of the question, there has been some planning work done, but it is very much a long-term plan. There was some planning work done largely to protect a potential future site location from other use.

Obviously, one of the complications, and we got into this earlier today with Highway 9, is if you end up with land use and land acquisition issues down the line. So it is at that state. There has been some conceptual work but not detailed work done on it.

**Mr. Schuler:** As the Minister knows, the plan is eventually to hook that up with the Chief Peguis Trail, and I am under the understanding that the Mayor of the City of Winnipeg and the Reeve of Springfield have had some discussions, and they see that there is a real value in that proceeding. Has the Minister met with either of them? Have they conveyed their desire to see it proceed to the Minister?

\* (15:00)

**Mr. Ashton:** In terms of the City's planning, my understanding is basically it is long term, and they are planning, as well, with the situation there. I have not met with City officials on that. As I said, it has not been something that they have specifically raised. I know we have had some discussions with municipal officials, and this issue has come up in terms of municipal officials in the other area. But in both cases, both on the provincial side and the City side, it is long term.

There has been an open house, as probably the Member is aware, so there has been some public input. The intent really of the Department now is to make sure that there is a sort of long-term conceptual plan and the ability to plan around that. But, once again, it is not something that is an immediate issue either for us or for the City if you actually look at where the City is at either. They have not made any moves toward it within their jurisdiction.

**Mr. Schuler:** Just to close on that particular question. I guess the concern is—and I seem to be driving that stretch considerably—if you drive the 213, Mr. Minister, you actually take Garven Road which goes through basically gravel pits. You have a lot of trucks turning onto that road. I would say it would be the rule, not the exception that you find deer in the ditch. There seems to be an awful lot of deer traffic across Garven Road. Then you have two golf courses or two golf clubs that feed onto that road as well. Garven basically takes on the east side of Bird's Hill Park, the whole Cook's Creek area, and it takes some of Oakbank and it feeds it down Garven Road. Garven Road is really a dangerous highway simply because of the way it does go through the gravel pits.

The alternative to that is Highway 15, which, I understand, is one of the busiest feeder routes into the city. I do not know what its status is, but it is a very heavily travelled area. To twin Garven is, I take it, not feasible simply by virtue of the way it travels, and I understand that twinning No. 15, the cost of it would be prohibitive. So again, I know that the Department and I know the Government has a lot of restraints on it, and I know there are a lot of demands on the monies, but again this is something that I would appreciate if the Minister would have a closer look at it.

**Mr. Ashton:** One of the things we are dealing with is basically some of the possible solutions of one element of the pressure that is there, and certainly the Member is correct in terms of 15 being a well-travelled route, is that for example, there is a fair amount of expense, but if one was to deal strictly with 15 it would not necessarily deal with some of the truck traffic further north, so that is sort of where we are at internally within the Department, trying to balance various factors. It would be a significant cost involved on 15, but once again it would deal with sort of the incoming traffic that is there on 15.

I am just going to get the traffic counts to give the Member—

**Mr. Schuler:** I did not hear your answer. There was a lot of rustling going on. I am sorry. You said that you were looking up to Dugald to—and I never heard the answer.

**Mr. Ashton:** I just was confirming actually what the member had raised in terms of traffic counts and actually just double-checking the specific traffic counts. They are high both on 15 and 213, particularly on 15 once you get past 206, the closer you get to the city, and that is why conceptually one of the things that has been looked at is sort of coming between 213 and 15 in terms of access which would help deal with some of the truck traffic as well. These are obviously issues we have to do a fair amount of work on. The member is right. Any of the options would not be inexpensive, but we are faced all around the northeast quadrant, in fact, it is around the southeast quadrant as well, you are faced with a lot of pressures on all sorts of routes that are directly related to significant increases in traffic volumes.

That is driven by the growth rates in a lot of the surrounding municipalities which I know the Member representing one of the key growth areas is a part of, so what we are trying to do within the Department is work out some longer-term plans which will not only deal with existing circumstance but try and project some of the growth and traffic patterns because that is one of the difficulties. When you get some of the significant shifts over time of fairly significant increase over and above normal increases of traffic, you have to be careful you do not come out with a solution that only lasts for a few years and by the time it is implemented is already out of date. So those are the kinds of issues we are looking at. You mentioned a couple of them specifically but also the concept of coming in between 15 and 213.

**Mr. Schuler:** I will move on to my next question to the Minister. There seems to have been an issue out in the rural municipality, an issue of contention and I am sure he has touched on the issue once or twice and that seems to be the problem with the batch plants, I think it is what they are called, right? Could he just tell us what the status of that is right now? Have we resolved that issue?

**Mr. Ashton:** It is not resolved.

**Mr. Schuler:** That has got to be about the shortest answer I have seen the Minister give yet so far. Again, there is an historical problem here;

I guess there is a lot of tension between different individuals feeling that the aquifers, of course, being very close to the surface and historically speaking there was not the kind of vigilance towards the batch plants that might have been and that has created this. Does the Minister see this being resolved in the near future? Has he had meetings on this? Has the Department moved ahead on it?

**Mr. Ashton:** There have been all sorts of attempts to resolve this, not only at the Department level but with the Heavy Construction Association. If the Member has any suggestions, because this has been raised in meetings with me both by municipal officials and the Heavy Construction Association, we would certainly appreciate it. Quite frankly, you end up in the dilemma in some cases of having work that you plan in that area, right in the R.M.s, and not being able to put the batch plan in place. It does create problems in doing projects in the area. It adds additional costs to it.

So if the Member has any suggestions, I am more than open to it. I do want to note that there has been a real effort I think to try and resolve it between the Heavy Construction Association and the municipality involved.

**Mr. Schuler:** Just on that one. Madam Chair. I think a lot of very good people are involved. You know I think they all have valid concerns, and it is just a matter of how you broker those various concerns. I know, over time, a lot of very good people have tried to broker those concerns, and it has been a difficult process. So, if there is something that we see might be able to break the logjam, certainly we will pass that on.

I will move on to the next question that I have, and that is the Perimeter Highway from No. 1, approximately a quarter kilometre after you turn off No. 1 onto the Perimeter going east to 59. Are there any plans to twin that, or is there still the intention of just leaving it as a two-lane? It is going north. *[interjection]* Northeast. Thank you. Or is it northwest?

\* (15:10)

**Mr. Ashton:** I would actually just confirm that, from the Member's description—I was actually

just down that stretch about 10 days ago. There is some planning in place. There are some potential rights of way. This is one that I would say that, if we had federal funding on the national highway system of any significance, this is the kind of project that we probably could be looking at a lot more seriously than we are. Currently it is not in any sort of immediate time horizon on the capital budget, but once again, if we get a better national commitment, it allows us, since the south Perimeter is part of the national highway system, to look at it more seriously.

**Mr. Schuler:** Just on that point that the Minister makes, I happened to be here when the Minister was making his opening remarks, and I would say that there is probably no greater proponent of infrastructure than myself, and like his predecessors, I am sure he is very frustrated that we have a federal government that prides itself on sitting on probably one of the largest surpluses we have ever seen in Canadian history since the Dominion of Canada was established, and yet we see very little of it going to the kinds of things that the money is being taken out of.

I think it is a great shame that projects like the one we just talked about—and I have another question for the Minister. These projects should proceed—the kind of traffic that is being built upon them, and I will go to my next one, and that is the interchange between the Perimeter and 59. If you have ever driven that, it is just the biggest mess you have ever seen, and the traffic is horrible. The weekend traffic from the long weekend, coming from up north down 59, was just unbelievable. You have lights, you have a weigh station on the one side, you have trucks coming down the Perimeter and they have a stop sign. They move onto 59, they have to turn again to continue going down the Perimeter Highway.

I mean, what a nightmare. It is so poorly set up and if the federal government would only do what is right and look at some of these infrastructure programs and give the provinces the money that, frankly, I believe is rightfully the provinces' money. It comes out of the Province, it should go back into the Province.

I am sure the Minister, like his predecessors and like all of us, are absolutely disgusted by the

kinds of things we see when it comes to infrastructure. On that, where are we with the interchange on the Perimeter and 59? Is that anywhere close? Is it in the foreseeable future?

**Mr. Ashton:** I was just on that stretch last night, actually, coming back from Pine Falls, and it is sort of functional confusion. It does work; it is not necessarily the neatest design. The problem is it is, I am advised, about a \$29-million cost to rectify, and, bar major infusion of money, it probably would not be in the immediate time frame. I am sure it is the same with the previous government. You are dealing with real constraints when you are dealing with a capital budget that essentially is subject to provincial finances rather than federal. You know, if we had the kind of infusion the Member is talking about from the federal government, we could be looking at a lot more major upgrading projects. But with a \$29-million price tag, it is not sort of in the immediate time frame.

**Mr. Schuler:** I have two easier questions for the Minister. The first one has to do with Springfield Road, which I do not believe there is a number on it. It is just Springfield Road heading west on a corner of 207. I know we were all very saddened to hear that about six, eight, maybe nine months ago, an unfortunate incident when Jody Agnew [*phonetic*] was driving into the city. She was a teacher. I believe she was expecting imminently; she was in her eighth or ninth month. There was heavy fog at that time, and she just did not see the stop sign until it was right in front of her, and she drove in front of a gravel truck. The individual driving the gravel truck certainly had no opportunity to avoid Jody's vehicle, and, of course, it ended in a catastrophe. She did not survive.

I do not know if the department has—I should have driven it yesterday—maybe it is something you have already rectified. Would you consider—I do not know if this is a municipal issue either—but would you consider putting up a sign, a safe distance back, saying "stop ahead"? I will explain to the Minister. I would not expect you to understand the traffic patterns of Springfield Road.

A lot of people avoid Garven Road which goes through those gravel pits, and when it is

foggy it is just a terrible, terrible road to drive down. Even at night, Minister, I drive down Garven Road to get home from Oakbank, and you literally take your life in your hands. It is just a horrible road to be driving down. I guess her thinking was that with the fog she would be better off going onto Springfield Road. You go down to 207, and you can either go north and hit Garven, or most people probably go south and get the 15. But what you basically do if you do get to the 207, you head north and then you take 213 or Garven Road—you have actually missed the whole gravel pits—which is the worst part to drive through simply because of all the trucks coming through. So I would suggest to the Minister that there is probably more traffic going down Springfield Road than meets the eye.

Would the department consider putting a stop sign ahead? Again, if that is a municipal issue, perhaps that is something that could be passed along to the Council, but it was an issue that was raised with me at that time.

**Mr. Ashton:** I know that tragedy hit a lot of people, and certainly I have expressed my condolences to the family. It was one of those nightmare type of situations, so I appreciate the Member raising this.

The suggestion the Member is making, I think, is a good one. It is actually a municipal right of way, so we could probably do it through the municipality. What I would suggest is perhaps, following this, if the Member either wanted to write directly to the municipality or perhaps write to me as minister, I will certainly communicate that to the municipality. It may be just one way of adding one additional safety element on that road that it could be done through the municipality itself, but I would certainly be willing to raise this with him in my meetings. I am sure the Member meets with him on a regular basis, but I think it would be the least we could do. You cannot always prevent accidents. I always feel that you try and learn from each situation. Even if it just adds a small degree of additional preventive measure, it is worth it.

**Mr. Schuler:** I would like to thank the Minister for that, and I have one more question. This one is a pretty easy one, and it might even be

something that the Minister has rectified. When I was beginning the process of seeking election in my constituency of Springfield, I had great fun telling people that on my way to Anola I would always drive through Glass, and it never hurt my tires. I would jerk their chain for a little bit until they figured out that Glass is actually a town.

It seems to be—I will try to get this right—heading east, there is usually a sign that says Glass, and I believe that sign was down. I do not know. Has the Department gotten that back up again? Glass is certainly not the metropolis it once used to be. In fact, the Vaags moved the grain elevator with great difficulty and moved it onto their farm, so it does not even have its grain elevator, but it still is a little community unto itself. I was wondering if you have not—and perhaps you have; I have not driven through Glass in a while—if perhaps you would consider fixing up that sign again.

**Mr. Ashton:** I was suggesting that we will ask the Department to fix the broken Glass sign. It might get even more confusing here, but I will make sure that we communicate that to our people in the area, and we will see what we can do.

\* (15:20)

**Mr. Edward Helwer (Gimli):** Perhaps I will maybe move on to Government Services now and get some of these—

**Mr. Ashton:** Should I keep Highways still here?

**Mr. Helwer:** Yes, if you want to keep Highways for us, I think there are some members coming later to ask some questions of Highways too, I believe, if they can. I believe so, anyway.

It is just on the organization, I guess, of the two departments, first of all, Madam Chairperson. There are some of the branches of both departments, I guess. Is the Minister going to review some of the areas in each department and try to amalgamate them to make the Department more efficient, or has part of that already gone on?

**Mr. Ashton:** We have already reduced FTEs by 7.5 as a result of the amalgamation. It was about \$350,000, primarily at the ministerial level. By

moving from two departments into a combined department, moving two ministers down to one, we have been able to save some money. We will be looking at further shared services wherever possible as well.

I think the important point I would like to stress is that, in a way, I think the concept I have for the Department, or the Government has, certainly in the short run, is it is more like—I hate to use this term—a sovereignty association. There are two distinct departments historically. My department is actually one of the biggest departments in terms of employment. We have 2900 employees combined, 2940 staff years, so there is a balance between where you can get savings, but obviously, when you have a very large and diverse combined two departments now operating as Highways and Government Services, there will be areas where it probably is more efficient in a management sense to have some continued distinct operation. The short answer is, yes, we are going to be looking at more efficiencies, but the initial efficiencies have been fairly significant, I think, \$350,000.

**Mr. Helwer:** I want to thank the Minister for his reply. Just further on that, I guess there are some areas of both departments, like physical plant, maintenance and repairs and things of that nature that could see some more amalgamation. Will that be going on in the future as a continuation until the departments are completely amalgamated?

**Mr. Ashton:** The intent was not to go through a massive disruption of the two departments. They both perform a very important role. Our intent has been to move initially at the top level through the amalgamations. We have also done it through administration, through providing combined services, and we will be developing some options over this next period of time that will further move in that direction. I stress again that, my view is that both departments are generally quite efficiently run, and I think that is important to note. The savings we have brought in have come about through changes at the top level—going from two ministers down to one—and shared services.

I would probably suggest to the Member that the greatest areas for efficiencies would probably

be in the area of shared services between the two departments, rather than complete amalgamation, because, once again, our building operations, for example, are quite distinct from highway maintenance. They are very separate functions. There will always be a fairly separate internal structure, no matter how we structure things.

**Mr. Helwer:** I want to thank the Minister for that. I think this is a step in the right direction. I understand there have been some positions already eliminated or, due to the amalgamation of the departments, there has been some reduction in staff and, unfortunately, that happens. Really, I think it is a step in the right direction so there is not duplication of the same services.

I realize the Fleet Vehicles and a number of the special operating agencies such as Fleet Vehicles, Land Management Services, and the Materials division, I guess, is also a special operating agency. On the Fleet Vehicles, though, how are they regulated as far as staff use? Have there been any changes recently with the increase in the price of gas and one thing and another of how you charge back the personal use to some of the employees?

**Mr. Ashton:** I can indicate there has been an adjustment this year by 1 cent a kilometre, as of this fiscal year, to reflect the additional cost.

**Mr. Helwer:** In the special operating agency, because they operate more as a break-even thing—there is no deficit there—have there been any changes in the way they dispose of vehicles or purchase vehicles, or any change in the value of purchases of vehicles there that you are aware of?

**Mr. Ashton:** In terms of the purchase side there is an annual adjustment, as the Member would know, in terms of the price ceilings that reflect the change in costs. In terms of disposal, there has been no change in policy, and we are not selling \$14,000 cars for a dollar, if that is what the Member is getting to.

**Mr. Helwer:** Another special operating agency is the Mail Management. I know over time we have had some difficulty there with some of the

franking pieces that have been mailed out and one thing and another. Is there any way that Mail Management can improve the services and get the mail out of the building faster? Also, in certain constituencies where there is a problem where there are rural routes and things of that nature, where there is mix-up between the constituencies, maybe they can use a system whereby they use the postal codes, or is there any way that can be improved in the Mail Management side?

**Mr. Ashton:** What I can indicate in terms of the issue of franks because this is a concern of the member, it has been a concern of mine. I remember when my frank was sent to Selkirk one time. I know Selkirk is considered the gateway to the North, but I thought that was going a little bit too far. I can indicate there was an obvious difficulty. A lot of the postal walks and the postal codes do not coincide with constituency boundaries. It is particularly a problem in rural areas, and we are working with the federal government on that.

I would also like to note as well—and I know the Member will know this from his many years on LAMC—that we have also, over and above what LAMC has done, been urging that the federal government treat franks at the provincial level in the way it does franks at the federal level. Currently, for example, if you have a sticker saying, No junk mail, no unsolicited mail, the federal MPs' material is delivered, and so it should be. I mean, it is an important service to the public. That is not the case with provincial franks. We believe it should be the same, and I have written to the federal government asking that we have our communications treated in the same way as federal MPs are.

**Mr. Helwer:** I agree with the Minister that there is an item of fairness there whereby they should treat both the provincial frank pieces the same as the federal. I agree there that that should be, and I appreciate your effort to try to straighten that out.

But, in the case of the postal codes, the area that we have a problem with is probably my area, one area between Selkirk and the Gimli constituencies where we go right around the town of Selkirk, where some are rural routes

there and very, very difficult too. The mail has, in some cases, crossed from one constituency to the other. I know we have had some problems there in the past, and we continue to have problems. I think we have talked to Mail Management about that and tried to get them to use a postal code system whereby to try to separate the boundaries so that the proper mail goes in the proper location.

\* (15:30)

But I guess that is difficult, and you are right, in some cases the postal codes possibly do overlap maybe in some cases. So it is a difficult thing, but I would hope that in future maybe Mail Management could, and I think they have made some strides to improve the services in the past—but I would hope that they would be able to maybe use some system to try to keep their constituencies separate. Maybe they could work with the federal government to try, and the federal mail system to try, to improve this system.

The other thing is, I guess, is there any way to speed the delivery up? I understand it still takes two or three days to get out of the building. Am I correct? Is there any way we could speed this up, the system, the mail-handling system in the building?

**Mr. Ashton:** Basically, the normal turnaround is actually about 24 hours. When there are obviously peak situations, that may be affected, you know, if you have a whole series of major mailouts. Mail Management has actually been very efficient. I actually am quite impressed by the degree to which they have really improved the efficiency. They are still working on that, their new business plan for their efficiency. So there is a fairly good turnaround, but we are certainly open to suggestions on how we can improve service.

**Mr. Jim Rondeau (Assiniboia):** My question, Madam Chairperson, would be: What happens when the person, when the Mail Management Agency misdirects mail? Is there an attempt to recover some of the money from the mail costs from the federal government, or what happens to the costs of that, if mail is misdirected or missent somewhere?

**Mr. Ashton:** We have approached them in terms of recovering some of the costs where incidents have occurred, and we will continue to do so. I think there is an obligation for Canada Post to provide the appropriate service. I know I have had problems myself in terms of mailouts where the proper class of mail has not been used in terms of the actual delivery. I have raised that personally with Canada Post. So we are doing that as departmental issues arise of that nature.

**Mr. Helwer:** I appreciate the answer of the Minister on that also because I know in the past Mail Management and the Post Office have reimbursed in some cases for the printing and in some cases like that. So I think that has worked.

Last fall we had quite an issue when the Government changed hands regarding some of the paintings that were spread out around the building and around the various provincial offices and buildings. Has the Department of Government Services now traced down most of those paintings and has that all been resolved?

**Mr. Ashton:** I am pleased to report that we, I think, traced virtually all of the paintings and other art materials. One of the problems, quite frankly, and I know there was some confusion for a number of members of the Legislature, is that you are not supposed to take a painting that has been in your office and carry it with you. There is a process for determining where paintings go. You are not supposed to do it with furniture either. That caused some stress and what not at the time for both MLAs and particularly for staff, but we have been able to track down most of it. A lot of the confusion did stem from that change-over period and the rather significant changes that took place where people were going for offices. But I am pleased to report that we have tracked down virtually all the paintings.

**Mr. Helwer:** Just further on that, it was kind of an issue there for a while. I understand some of the former ministers may have maybe taken them to their other offices or whatever, but I think that part was certainly straightened out.

I wonder if the Minister could put out maybe a newsletter just so to straighten out the facts that there were not any stolen and they were found or

were within other offices or whatever in the building or in different parts of the building. Perhaps a news release would probably go a long way to straighten out the issue.

**Mr. Ashton:** Yes, I believe the Minister of Culture (Ms. McGifford), who is responsible on this, has made a public statement on that. I do recall an article in the paper, and I think it was important too because it left an erroneous impression, I believe, about what actually happened. There was some confusion on the reporting side, but these artworks were not stolen. They were not even necessarily really misplaced. They had been moved within the building. So we are pleased we have been able to nail that down.

But I do accept the Member's point. Actually, I think it is important internally, perhaps, that we communicate to people the proper process and, certainly, Government Services, which basically is responsible for the administrative side. I am prepared to do that. I think actually if this incident, if you can call it that, did anything, it maybe made people aware of some of the procedures maybe the people were not aware of before, but I think the Member has a good suggestion. We may not need to do it publicly, given the Culture Minister's statement, but perhaps internally we need to make people aware of the fact that there are procedures.

By the way, these are often very valuable artworks. I think people underestimate the value of some of the art in our collection. By the way, I think it is a real statement of the importance of the program. It has encouraged our support of Manitoba artists, which I think is very positive, and it has been a great investment for the Province. So I think people should be aware of just how significant of cost those items are, but I will take the Member's suggestion and see what we can do to get better awareness.

**Mr. Helwer:** Madam Chairperson, I appreciate the Minister's reply. I have to agree some of these paintings are very expensive. I can understand they should be well taken care of. Within the Department of Culture, Heritage and Citizenship, they should be certainly handled and respected very well. It has in the past helped

some of the local artists from Manitoba to excel in their works and to show their work. So I think it has certainly been a benefit to some of the artists in the province.

I still would like some sort of recognition of the fact that there was some misunderstanding by the departments, whether it was Government Services or Culture, Heritage and Citizenship. Maybe a news release would go a long way to straighten out some of the misrepresentation or misinformation that is out there. I am sure that none of the former ministers had any intention of taking any home or anything like that. I would like to see some sort of news release.

**An Honourable Member:** Ministerial statement.

**Mr. Helwer:** Well, maybe a ministerial statement, I do not know, but can the Minister give us some assurance that something will be done to straighten this out?

**Mr. Ashton:** I think actually by our comments today on the record, we are actually making a clear public statement on that, but I will pursue it. I think it is particularly important to make us aware, collectively, MLAs, staff, of the procedures that are in place. This is a good start to making sure that this does not happen again in the future. When I say it does not happen, sort out some of the confusion. I think it is important and we will see what we can do to make the public aware of the fact that virtually all the art has been located and was never stolen or never really misplaced. It just was in a different location, perhaps, had been moved. I think that is something we can do.

\* (15:40)

**Mr. Helwer:** I thank the Minister for that. Just moving on to another area of the building, has there been any, as far as our computer programming and desktop publishing and one thing and another, virus protection installed in our software now that does protect us from future viruses?

**Mr. Ashton:** That is, in fact, the case. We do provide anti-virus protection on a fairly

significant basis throughout the system. The answer is yes.

**Mr. Helwer:** I have the Deputy Leader; he has some questions on Highways. When is the plan to bring back some of the deputies from Highways? Later on today?

**Mr. Ashton:** We can get back to you. Some of the staff is still here. Is it specific highways or specific issues?

**Mr. Harold Gilleshammer (Acting Leader of the Official Opposition):** I have some specific issues in Highways that I would like to pursue.

**Mr. Ashton:** Yes, we can go get perhaps a deputy and the ADM on the Traffic side. It should not take more than a couple of minutes.

**Mr. Helwer:** I appreciate that, if the Deputy Minister is not too far away, if he could come and help you with some questions. I would appreciate that. We will just carry on with this computer. I noticed a line in the Budget. It is recoverable from the different, various departments. Is that program complete now? Is that upgraded and we have some assurance that we will not get any more viruses or a virus will not affect it? Is that correct, my understanding of it now?

**Mr. Ashton:** The 9800 units are in place. That is complete. In terms of viruses it is a constant challenge. If you look at the most recent example, the Love You virus shows how one has to be very cognizant of the fact that every time you set up a system and you build in anti-virus protections, somebody will find a way to get around them. So we are constantly aware of that. In fact, when that occurred we acted very quickly to make sure that we protected our system, because that virus particularly did cause a lot of problems in other areas.

**Mr. Helwer:** Still on that computer system, how many departments or computers were affected by that latest virus? I know the Department of Agriculture was somewhat affected. How many departments in the Government were affected by that?

**Mr. Ashton:** The main impact actually of the viruses was our response. We took an immediate response and, in fact, did shut down parts of the system to protect our system while this was going on. In actual fact it was not the virus itself, it was the measures we took to protect the system.

**Mr. Helwer:** Perhaps I will pass over to the Acting Leader if he has some questions for the Minister.

**Mr. Gilleshammer:** Yes, I had some highways questions if the Minister would take them. The first area that I want to ask some questions about is on PTH 110, which is the Brandon bypass. I have a constituent who has written to me on a number of occasions. I know he has written to the Minister, as well, over concerns with the traffic on what is called the eastern bypass.

The original alignment for that was that it was going to go straight north across the river, the railway track, the low road to Shilo and meet with Highway 1. A couple of years ago, a decision was made to create a temporary northern leg of that, which detours through the village of Chater and uses what was the existing PR 468 to deal with this heavy truck traffic.

My first question would be if the Minister would commit to going ahead with the original design in the upcoming budgets as opposed to the temporary situation which now exists.

**Mr. Ashton:** The existing alignment, actually, is working reasonably well. I appreciate the concerns of the constituent, but there would be a very significant cost in terms of a new alignment. Really not much has changed in the transfer of government on that. I have reviewed it, and I have responded on the particular concern, but that is the original thinking that went into the previous government's decisions around this matter. I appreciate the concern, but the current alignment is working reasonably well.

**Mr. Gilleshammer:** Madam Chairperson, am I to understand the Minister is saying that the temporary alignment is now going to be the permanent situation that exists in that area?

**Mr. Ashton:** Actually, I think we are just focussed on the specific element, as I understand the Member's question. It is not the intention to make that permanent, but in terms of the cost of a new alignment, it is something that is not on the immediate horizon, given the other demands not just on our provincial system but in the Brandon area as part of this project. So it is not the intent to make it permanent, but basically we have a very similar situation that the previous ministers of Highways have looked at, which is in terms of the staging and the cash flowing of the project.

**Mr. Gilleshammer:** If I can paraphrase the Minister then to see if we are on the same wavelength, what you are saying is that the original design is still in place and that the Department would foresee at some future date to revert to the original alignment.

**Mr. Ashton:** That is correct.

**Mr. Gilleshammer:** I am wondering if the Department has a traffic count for that highway. My constituent indicates that he took it upon himself to count the number of semis in three one-hour this past week and through his calculation periods this past week, and through his calculations, he determined that there would be between 370 and 528 semis per day using PR 468 at Chater. Can the Minister confirm if this estimate is correct?

\*(15:50)

**Mr. Ashton:** We have not any figures available. With respect to the fact that there may have been some significant increases on an annualized basis, the Member knows there is a whole process in place in terms of collection of the data. I have not gone to one meeting in the province where anybody agrees with the traffic counts. People always want to try it on Saturdays or in the summer or in the middle of the week during the winter. The Member knows this, I know, from having been in government. But in '98, the figures were about 750 vehicles a day, 56 trucks, and even with a significant increase, that is still within the capacity of that road.

I think by raising this question, the Member has sort of raised the issue what the current

traffic count would be. So I just want to make sure that is passed on and that we look at that in terms of our ongoing traffic counts in that area.

**Mr. Gilleshammer:** If I understand the Minister's response, the last time traffic counting was done there, the estimate on behalf of the Department was more like 56 semis per day?

**Mr. Ashton:** That is the annualized average per day. So there may be days when there is virtually no truck traffic. There may be days when it may be significantly higher. The Department's figures I know are an attempt to come up with an average count. I think you are correct in terms of it, but once again I am stressing it is sort of an annualized average count. Those were 1998 figures, so if there has been an increase on that highway, it would not necessarily be the exact count today.

**Mr. Gilleshammer:** Since 1998, of course, the 110 bypass has been completed. It is now also a dangerous goods route. The Maple Leaf plant in the east end of Brandon has been opened, as well as, I think, the expansion of the Simplot plant and other economic activity that has been generated in that part of the city of Brandon. Given that, would departmental officials speculate on whether there has been that kind of increase in truck traffic from what you indicate would be 50-some trucks a day to what my constituent indicates is in the many hundreds of trucks using that route per day?

**Mr. Ashton:** That may very well be the case, but I think it is important to note, too, and the Member would know this in terms of the next step up in upgrading that portion of the road. We have many areas of the province where there are upwards of 4000 vehicles operating a day or more on highways that are not four-laned. So in the sense of the actual road alignments, the capacity of roads is fairly significant.

So what may be happening, and I appreciate the point that is being raised here, is there may have been a fairly significant increase. I do not argue that, but, of course, the question is whether it is within the capacity of the road. It would have to have been an increase here of about 500 percent before you would really have to start raising questions about the capacity of the road.

But we do, as the Member knows, regular traffic counts, and our next information should pick that up. I think, by raising it here, it is useful for us to identify this may be an area in which there may have been a significant shift.

**Mr. Gilleshammer:** I thank the Minister for that response, and I take it that is a commitment to do a traffic count in the near future to give an updated reflection of traffic in that area.

**Mr. Ashton:** Yes, we can commit to doing a traffic count, and I can commit to communicating that information to the Member as soon as it becomes available.

**Mr. Gilleshammer:** Another issue which is raised in his letter is the monitoring of truck traffic in that area. He observes and his family observes that there are trucks pulling triple trailers and trucks that are not completely tarped. I presume this would be hauling gravel. What is the cycle at which you have a highway like 110 monitored by traffic inspectors? I realize they cannot be everywhere all the time, but is there a regular monitoring that is going on? Does that show any level of excessive violations in that area?

**Mr. Ashton:** Of course, the Member knows our people do respond when there are excessive loads or poorly fastened loads. We are aware of this particular highway. We do random inspections. Obviously we do not have enough staff resources to have somebody 24 hours a day on each road. What we can do is make the Department aware over and above the fact that—I know we have already received the letter but perhaps through your questions with the specific concern on 110. I appreciate that. I have raised, as an MLA, in the past, concerns on behalf of constituents about poorly fastened loads and excess weights. It is something that I take seriously as minister. In fact, I think it is important that we give support to our compliance staff when they do do that.

The interesting thing is there are cases where people complain on the other side, as the Member will know. I think people have to understand, by the way, the vast majority of truckers do follow our regulations. But we are talking here, in some cases, about impact on the

roads, which is not automatically evident, but in some cases you are talking about safety situations. I have seen situations of significant overloads on bridges for example that do not have the capability of handling those loads. So I do take it very seriously. We will make sure that the concerns are passed on, not just through the formal letter that was written to me, but also to our local staff. I can assure the Member that whenever there are any violations on this particular stretch of highway or anywhere, it is our policy to make sure it is enforced, period.

**Mr. Gilleshammer:** Are there compliance officers in the Brandon area that are open to a dialogue with members of the public? I know that things like Crimestoppers work very well, if members of the public see violations on a highway that they can contact your compliance officers to have a direct contact with them and bring forward their concerns.

**Mr. Ashton:** That is happening currently, but I think the Member's suggestion, if I take it that perhaps it could be more visible, I think is an excellent one. I think it is particularly applicable in this situation. We have 35 people across the province that are compliance officers. So we obviously cannot have an officer on all roads at all times. I would certainly take that suggestion, and I think it is a very good one, if we can get some greater public awareness and support.

I should just add one point to one of the things that often it is important too to get awareness on the trucking side. We have had some situations in the province where there have been a significant number of tickets issued. We have had our staff go in and make truckers themselves aware of the exact restrictions in place and why they are in place and what is legal and what is not. So it is happening on both sides, but if we can do more to get that message out to the public, I would appreciate any suggestions on how we can do it.

\* (16:00)

**Mr. Gilleshammer:** What I think I am suggesting is that it is probably more efficient for a member of the public to be able to phone a number in Brandon, in this case, and say this is what I have been observing the last day rather

than take the time to pen a letter to me and I in turn copy the letter to you and departmental staff takes some time to work up a response. It just seems to me the public might be better served and get a better understanding of the actual conditions if they can have a direct dialogue with somebody in your shop who is in the compliance business.

**Mr. Ashton:** In fact, I am in total agreement with the suggestion. I think we can publicize this. If people phone the regional office, that will happen. It does happen currently. I think it is important what the Member said. It should not have to be written in a letter, which will take some time to process, although that is useful too. I think that your constituent identifying this concern gives us sort of the global information to know that we need to keep perhaps a particular eye on this stretch of road. But, if people phone the regional office in Brandon, we will make sure that their concerns are responded to.

**Mr. Gilleshammer:** I thank the Minister for that response. I have forwarded the letter to his office. Perhaps in the reply that you give, that could be included. There are a number of other issues he has raised here that I know you will respond to. Perhaps I could just mention two of them at this time.

There are two bridges on PR 457 over what is called Willow Creek. When the highway was upgraded to the standard it is at now to deal with this truck traffic, the dangerous goods route and the additional traffic that takes the eastern bypass, I am given to understand that these bridges were not upgraded at that time. I am wondering if the Minister could tell me what the condition of those bridges is and whether he sees them as a liability and a danger to people using that route.

**Mr. Ashton:** They are older structures, but we have been monitoring them, and they are performing appropriately. The fact they are older perhaps might be the factor for our giving more scrutiny to them, but the testing we have done has indicated that they are performing appropriately.

**Mr. Gilleshammer:** So the Minister and his staff are confident that the bridges do not pose a risk to travellers and the truck traffic. Are they of

sufficient width to handle not only the number but in this case the length of some of these trucks with the various trailers behind them and the weight that they run over them? The Minister is comfortable that these, while built in a previous era, can withstand the weight and allow for any of the turning that has to take place and that there is not a danger there, given that they are older bridges?

**Mr. Ashton:** They are bridges that are built to standard. I can add to the previous answer, by the way. There has been some strengthening done on one of the bridges. So there has been some remedial work done. To both, pardon me, I am advised. So we are monitoring these bridges on a regular basis. I think the Member is probably aware that there are a lot of older bridges in the system.

Our oldest bridge is, what, we actually have a 1918 bridge—no, I do not want to go that far back—a 1915 structure. In fact, we have from all the decades following the 1915s, but a lot of those bridges were built well. They were built to last. We have some newer bridges that are actually more of a problem than some of the older bridges. But we are putting an increasing amount of effort at the departmental level on both remedial work in terms of older bridges, and we are certainly monitoring them on a regular basis, and it is a reflection of the general aging of our system. But these bridges are wide enough, and we will continue to monitor them. Currently they are structurally sound, and they are operating appropriately.

**Mr. Gilleshammer:** Another concern that my constituent raises is that this route now with this heavy traffic runs very close to the village of Chater, and I am wondering if the Department ever does any noise abatement programs to enable members of a community to shelter themselves from the noise that is being made by this heavy traffic?

**Mr. Ashton:** In a general sense there are not noise abatement programs, but in terms of the engine retarder brakes in urban areas we are working to deal with that end because you have the sort of general traffic noise but the brakes can create a significant amount of noise.

*Mr. Jim Rondeau, Acting Chairperson, in the Chair*

**Mr. Gilleshammer:** I do not think that is an issue that really impacts here. It is more the volume of traffic that has increased to this stage, and I gather from the Minister's answer the Department is not in any community constructing anything that would prevent this noise from disturbing people in communities where they have built new roads or changed the volume of traffic on these roads?

**Mr. Ashton:** The only situation, I am advised, was on the northeast Perimeter where there was actually no road previously and there was a berm that was built. Basically, I am not aware of anywhere that there have been specific measures where there has been an existing road that has been upgraded. I sympathize with people in the area.

Unfortunately, it is one of the situations that does develop with roads generally. I mean, the higher level of road, the more traffic, there is going to be a noise factor. Unfortunately, with our limited funds, as the Member will know, we are basically in a position of having to make allocations to, for example I mentioned bridges. Bridges are an increasing part of our budget every year so basic system-related repairs. The same thing on the highway side. So really, there are not measures outside of the engine retarder brakes which deals with actual sort of noise from vehicles where there are any measures being taken by the Department.

**Mr. Gilleshammer:** So I gather from the initial part of the answer that the one effective way of retarding the noise or mitigating the noise is the building of a berm to deflect the noise, but this is not seen to be the business of the Highways Department in terms of fixing the problem?

**Mr. Ashton:** It would have some impact potentially, but we would probably have to spend our entire budget every year on berms if we moved into that area. That is one of the dilemmas we face, as the Member will know having been in government, is there is almost no limit to what could be done, and we have to make decisions. The focus has largely been on improvements to structures, improvements to

roads and basic maintenance of our roads and bridges. So that is, unfortunately, why there is not much ability to be of assistance in that area.

**Mr. Gilleshammer:** I received this letter on May 15 from this resident who lives in the village of Chater, and I did send it on to the Minister on May 18. I know that the Department will, in due course, respond, and I would just urge you to do that as soon as possible.

**Mr. Ashton:** I will do that, yes.

\* (16:10)

**Mr. Gilleshammer:** Mr. Chairman. I would like to move to another issue. I travel No. 1 Highway every week and have done so for many years, have watched the valiant attempts to put a shelter belt in place between the lanes on No. 1 west of the city, and for whatever reason those poor trees wither and die. I am very impressed that on the north side of No. 1 Highway between Winnipeg and Portage that new shelter belts are being constructed, and I commend the department for that work.

Just an observation. It seems to me that perhaps some of those trees which were doing reasonably well two years ago may have been affected by something, and I am wondering if the department would comment on that, whether there has been some chemical that has retarded their growth or killed them or whether there is something else that may be affecting them.

**Mr. Ashton:** Actually, if the Member could provide us with some details—I do not mean now—I would be willing to follow up on it. There can be some cases where farm spraying can drift and create some difficulties for the trees, but if there is a specific stretch, we will look into it.

Coming from an area of the province with lots of trees, I can tell you I find driving on Highway 1, the biggest thing that I notice is the lack of trees and the drifting snow. It does create a lot of hazards, and it is something I know that should have been looked at a long, long time ago. It is a major benefit safety-wise. I am not asking for each specific tree, although I know what it is like. Sometimes when you drive roads enough, you almost feel like you know every

tree directly, but if you could provide us with some sort of information, we will look into it.

**Mr. Gilleshammer:** I think if the deputy will consult with staff in that area—I believe you have a yard at Elie. I know you have staff on that highway frequently. It just seems to me that there was really good growth coming in a couple of areas, and it does appear to me that maybe they have been sprayed or something, and that would be unfortunate. Maybe they will come back, I am not sure, but it is the area west of Winnipeg on No. 1 between Winnipeg and Portage. There are areas where the growth is coming along nicely and looks really good, and over the next few years I think there will be a substantial shelterbelt.

But it appears in at least two stretches there that something has happened to them, and if it is a preventable thing—and maybe they will come back or maybe they have to be replanted, but I anticipate in the next few years there are a couple of stretches that are just going to look beautiful as those fast-growing trees come up. If there is a way of working with landowners and local people there to be sure that those trees do mature, I think it would be a wonderful thing for what some people might call a boring stretch of road that is very straight and long.

But I think something has affected a couple of areas there, and it would be worth looking at.

**Mr. Ashton:** The Member has my commitment. We will get our staff to look at it. Next time I drive on Highway 1—and I know what the Member talks about. It may appear to be a boring stretch at times. I think that is actually a factor with roads, quite frankly. A lot of times you have to be careful with roads. You know, perfect engineering—the Department reminds me of this. It is not necessarily the perfect road; you have to have certain degrees of alertness.

I will keep an eye out for the tree growth. In fact, if the Member would give me sort of the exact locations, I will make sure we get our people out and take a look at what is going on.

**Mr. Gilleshammer:** Thank you very much for that commitment. I think it is something that we all would enjoy to see proceed and grow and it is

going to enhance that stretch of highway which often I think is the worst stretch in Manitoba when you have a blustery winter day and visibility on that road is often down to zero and it has to be closed. Those trees, in time, will very positively affect traffic patterns and decrease accidents, and I encourage the Department to stick with the plan. I am sure it is going to pay off over the years.

I would like to move to another highway that I know I have spoken to departmental officials on in the past and that is No. 10 Highway, south of Brandon, and wonder what the plans for this coming year are for that area from where 110, the bypass, joins No. 10 a few kilometres south of Brandon.

**Mr. Ashton:** Now, if I can get some clarification, is the member talking about 10 between 110 and 453, that particular—

**Mr. Gilleshammer:** Yes, No. 10 Highway as it leaves Brandon and heads south towards the Peace Garden. There has been work that has been done on the area around the existing newly opened bypass, yet to be paved on the southern portion and south of 110, and No. 10 junction I believe work has been slated, and I just want an update on where that is at.

**Mr. Ashton:** I can indicate they are having some problems with landowners not wanting service roads. I think the Member is aware of that, and there have been a fair number of meetings the Department has held to deal with the need for access control to remove access onto 10. I mean, that is a problem with a lot of our highways, as the Member knows, the sort of balance between access and the impact that can have on safety. I think there has been some review of designs; there has not been any property acquisition, I believe. So there is another complication in the land acquisition side, and if there are difficulties they require expropriation which the Member knows takes some time, so that is basically the current status of it.

**Mr. Gilleshammer:** I think what the Minister has said is that there will be no construction on No. 10 south of Brandon this year, that departmental activities will be more to land

acquisition and that that land acquisition will be pursued with in this coming year.

**Mr. Ashton:** I am sorry, I was just getting some information. I know you were asking if there was work going to be done this year.

**Mr. Gilleshammer:** I said, and I will repeat it, my understanding of what the Minister has said so far is that there will be no construction on No. 10, south of Brandon, this year in that area of the Lake Klemecki Hill but that the departmental activities will be directed towards land acquisition.

**Mr. Ashton:** That is correct, yes.

**Mr. Gilleshammer:** Part of the difficulty, from my understanding, that the department is having in terms of land acquisition is that the existing highway does have passing lanes at the present time and the Department is wanting to extend those passing lanes further, probably in both directions, and also to eliminate exits and entrances and go to, is it an access road you call it? I think, in the view of some landowners, they would welcome new construction.

\* (16:20)

*Madam Chairperson in the Chair*

They would welcome a design which is a safe design, but their feeling is perhaps the Department is overdesigning that area and that the land required for the access roads is probably more than what in their mind is really required. I am wondering if there are going to be any face-to-face discussions with these landowners prior to Government going in with the solution to annex that land.

**Mr. Ashton:** Yes, I can indicate there is always a balance. I know the Department has heard from Brandon where people in Brandon would like you to go to four lanes. So there are some people saying it is being underbuilt. Obviously some of the landowners have expressed concerns on the other side. There have been meetings with the landowners in the area.

I should mention, by the way, that there has been some movement on the line to acquisition

already. So I do not want to leave the impression that it is not moving. Seven owners have not settled. They have until May 3, 2001, to make application to the Land Value Appraisal Commission, but generally I think the recommendation of the Department, which I concur with, is that this is the reasonable approach.

There are issues I know in terms of the left turns off the passing lanes in terms of the safety factors. I think the Member is aware of that as well, but this I think will provide a balance. I know it is not something that all the landowners agree with, but we are faced with the usual dilemma we are faced with in terms of highways trying to come up with a balance that is going to reflect the traffic safety and traffic flow requirements.

**Mr. Gilleshammer:** It does seem to many of those landowners that there is a bit of an overdesign here in terms of the length of the area that these passing lanes are going to exist in, certainly much further north than they are currently placed. The proposal I think does affect at least one business in there. In the minds of the business owners, if you could shorten the passing lane by half a kilometre or more from what was proposed, that would resolve the problem with that business. The feeling is if you fail to do that, that particular business is going to have to relocate.

Is there a standard length or distance that is used when you do propose passing lanes? It seems a little excessive.

**Mr. Ashton:** I am advised the minimum standard is two kilometres. I appreciate again, when you are making these kinds of decisions, it is often going to create some difficulty for people. The problem with this particular road, as the Member is aware, it does have a very high traffic count. It is 4600, I believe, is the--

**Floor Comment:** 4698 and it is growing.

**Mr. Ashton:** Yes, and that is from two years ago. Once you are up around that level, you really have to look at, if not four-laning in this particular case, something that deals with a high-traffic volume. The passing lanes do allow for a

significant safety factor, given the ability for high-speed vehicles to pass slower-moving vehicles. So, on balance, given the high-traffic volumes, I certainly felt as Minister and I know concurrent with the Department that this is a reasonable balance. The difficulty we have is if we start moving down from what has, or as I said before, been seen, someone says it is over-designed, someone says it is underdesigned that we really will not be dealing with the significant traffic loads. With that many cars on that particular highway, I think it is important we do look at this fairly carefully and put in place something that will also by the way deal with future traffic polls as well.

Part of the challenge we are facing on that particular highway, and with other highways by the way, is the fact that you are seeing significant increases in traffic movements. That is another factor too even if you get into a debate whether it is overdesigned currently, and I do not believe it is. You have to look at what the traffic counts are going to be once you are able to put the project in place. With the growth patterns that are there, you have to make sure that this is not just a plan that is outdated once it is actually implemented.

**Mr. Gilleshammer:** I would urge you to move forward as quickly as possible. I am aware that there is tremendous traffic there. No one on our side would suggest you compromise safety. I think that is very important and that in the end the Government and the Department will do what they will do. I urge you to have as much dialogue with those people as you possibly can, review whether there is anyway of modifying it, but at the end of the day I think it is necessary to move ahead.

Part of that road has many dips and dives in it that was part of the original construction that you would not put in there now. I know from personal experience that cars can seemingly hide in a little hollow and all of a sudden you are right on top of it and with traffic of 4600 vehicles a day, it is a very busy highway. I would also ask if you have the traffic count for No. 10 north of Brandon?

**Mr. Ashton:** I believe it is slightly higher, around the same, 4590. The big difference, as the

Member knows, is the terrain is quite a bit flatter north of Brandon. I think you have identified one of the key factors behind the Department's work in the previous stretch we are talking about and that is the terrain that is there. I think it is something that the Department is more than aware of in that sense that the combination of the traffic load and the terrain is creating difficulty on the other stretch we are talking about.

**Mr. Gilleshammer:** The traffic going north is equivalent to or larger than the traffic going south from Brandon. Do you have any accidents statistics on that stretch of highway, say, the first 15 miles north or 15 miles south? Are there any statistics which would indicate one is more dangerous than the other—that is heavy traffic for a two-lane highway—and whether it compares favourably or unfavourably with other highways with somewhat similar traffic counts.

**Mr. Ashton:** I can indicate that we can get that information for the Member. I will undertake to get back to him either during Estimates or in writing if we are concluded. There is a functional study that is in place on the northern stretch. I do not want to leave the impression that we are not moving on that, but sort of the decision for the priority on the other stretch is one that predated my being Minister of Highways. I think it was probably the correct decision, given some of the added challenges. As I said, the traffic counts are very similar, but the terrain is less of a problem on the northern portion. So we can try and get that information for the Member.

**Mr. Gilleshammer:** Could the Minister indicate what the traffic counts are east and west of Brandon on No. 1 Highway? Is it fairly similar to No. 10 or does it exceed that number?

**Mr. Ashton:** Basically the peak is 6730. As you move west, it drops to 4710, and then actually west of 270 down to 3800 and it sort of goes down that way. It remains higher on the eastern portion. It drops down to about 5630 just east of 468.

\* (16:30)

**Mr. Gilleshammer:** So the north-south traffic is fairly similar to No. 1 Highway in that area. After you get past that Rapid City corner, No.

270, going north of No. 1 and past the Chater corner, highways going north and south which are two lane compared to four lane are quite similar.

**Mr. Ashton:** Essentially what has happened over the years is, because of limited budgets, governments have basically had to adjust their threshold limits. I know the previous government had to make the same difficult decisions. So that would reflect that. There are various locations in the province that perhaps 10, 20, 30 years ago might have been four-laned at a certain traffic count but because of lack of finances and also other pressures on the system—it is not just actually the overall financial situation problems. We have got more pressure on the bridges we were talking about earlier and the highways. So that is sort of the reflection of that fact. It does not hit the same peak as the Trans-Canada, but it is a similar level.

That is why, when I referenced before the question of underdesigning or overdesigning, there will be those who would have argued for a four-lane highway. I think the decision to have a passing lane, extensive passing lanes, is probably a reasonable balance. By the way, there are provisions in the design for four lanes as well, but, given the financial situation, I doubt that is going to be in place.

I appreciate that these decisions can create difficulty for local residents, landowners in particular. It is never easy, but I think the Member is on the same wavelength in terms of the general principle here that we want to upgrade the highways in that area. I certainly acknowledge the traffic volumes on both stretches that the Member is talking about.

**Mr. Gilleshammer:** Yes, in a perfect world, we would be four-laning those highways I think. Yet, given the pressures that you will have on your budget and succeeding governments will have on budgets, I do not expect to see it done in our lifetime. There are too many other hot spots but, again, I would encourage you to use your safety parameters but to address Highway 10 South as soon as you possibly can. I think that traffic is only going to increase and with the dangerous goods route around Brandon now, and with the advent of these super grain terminals

that are out there, you are going to see more and more traffic on those roads, plus both Highway 10 North and Highway 10 South take many tourists to the lakes in the area and there is an especially heavy count on long weekends and any weekends. I know your traffic counts are averaged out, but I daresay on the May long weekend or the July long weekend, there is excessive traffic going both north and south which would possibly exceed the 4600 that you have mentioned.

One other area that I would ask about is straight west of Brandon on what is known as 1A. Highway 1A goes through the little village of Kemnay, and just on the east side of Kemnay, there is a railway overpass and a highway underpass which has seen far too many accidents even though there is signage there. Hardly, I would say, a month goes past, perhaps a little longer, that some truck goes under that underpass and hits the structure. I do not blame it on lack of signage, because there are signs and there are flags and whatever. Trucks get lodged in there and damage is done. Is there any new strategy that the Department would have? If they are aware of this problem at this level, I am not sure, but it is a very dangerous, dangerous underpass.

**Mr. Ashton:** There are not any immediate plans to replace it obviously. I think the Member is aware of that, but it is a difficult one. I think awareness is probably the best way of dealing with it rather than realistically looking at any change on that in the structure itself.

**Mr. Gilleshammer:** I do not have an easy solution, either. When I bring you a problem, I would hope I would have a solution, but it is one of those anomalies left over from another era, I think, that is very dangerous, and many vehicles have also wrecked, either by design or accident, in that particular area.

I wonder if the Department would be willing to look at what may be a correction. There is a new, I believe it is Pioneer, elevator that has been built in that area. Again, one of those massive cement structures that, I think, are called inland grain terminals now. There is going to be more traffic coming off 1A as well as No. 1, which, I believe, are one mile apart at that

stretch, and the Municipality owns that stretch of road. It is a gravel road that connects No. 1 and 1A in that area. There is going to have to be some work done, I think, in terms of turning lanes and upgrading that road. At one time the provincial government was into doing some swapping of responsibilities and ownership of roads. Whether the Department has looked at perhaps doing a swap with the Municipality on that particular piece of road, it is the R.M. of Whitehead, and I know they raised with me at one time and I believe I passed it on to the Department, but I am not sure where that is at.

**Mr. Ashton:** It has been looked at by the department. It would be fairly expensive in and of itself. I know the elevator was put in. Basically, it was the municipality's decision. It has created some pressures, I realize that, but anything that would be done involving that would be a fairly expensive proposition.

**Mr. Gilleshammer:** I take it then that the department would not contemplate swapping a piece of provincial highway with the municipality and finding some sort of balance between the expenditures involved.

**Mr. Ashton:** The difficulty is finding something that is a balance. The municipality does not have gravel roads that go into other municipalities. So it is a sort of straight assumption rather than a trade. It would involve fairly significant cost. So it was looked at about a year ago and was not proceeded with at that time.

If I can just add, there is some work being done on land acquisition in terms of intersections that is proposed which would help alleviate the difficulty somewhat.

\* (16:40)

**Mr. Gilleshammer:** So this is still under consideration then in terms of what can be done. Because I know as soon as you turn off 1A, if you are going west to turn into that elevator, almost immediately you have to cross the railway track. I think some interesting design work has to be done there because it would be somewhat of a danger.

Anyway, if the Department would continue to look at that and work with the R.M., I would be satisfied to see if there is any common ground. I do not know whether you can reroute 1A to No. 1 in a different fashion. There is an expense there, but maybe it is balanced off with the safety factor that can be accomplished, although I do recognize you have to cross the railway track almost immediately after you turn off 1A. I am not sure what the solution to that would be.

**Mr. Ashton:** We will certainly continue dialogue with the municipality. One of the difficulties again, and this is common throughout the province, is where there is high throughput grain elevators and the inland terminals or any other major developments, in a lot of cases they are being developed and then demand is placed on the highway system afterwards. We have discussed this, I know, in the committee the last couple of days. There really has to be some improved, co-ordinated planning, because there are situations happening where terminals are being put up. There just is not the ability to put the additional resources in to service those terminals. It is not unique to this particular terminal, but elsewhere as well, and the bottom line is there has to be I think a more co-ordinated approach.

I think the Opposition Agriculture critic raised that the first day. I thought it was a point well taken about trying to get some better prediction and better planning related to future developments in rural Manitoba, especially agricultural areas. So in the long term, we need better planning. In the short term, we will certainly see if there is anything that can be done with the municipality. We will certainly continue to work with them. Unfortunately, we have not been able to identify any sort of immediate options that will work, but we will continue to work with them.

**Mr. Gilleshammer:** I thank you. That is the end of my questions. I wish you and the Department well as you deliberate where to spend your allocated dollars in the next number of years and recognize that there is more work to be done than you are able to do, but I wish you well.

**Mr. Jack Reimer (Southdale):** I have a few questions in regard to Highway 59 just south of Winnipeg. I know there has been extensive reworking of that highway just on the other side of the bypass, and I was wanting to know whether all land claim appropriations and swaps with the City of Winnipeg have been completed.

**Mr. Ashton:** Yes.

**Mr. Reimer:** That is what I wanted. There were I know outstanding issues between the City of Winnipeg, the Highways Department and some private landowners in that particular area in trying to get settlement of the claims and everything. I want to be sure that has definitely been settled on all accounts in that area regarding the expropriation of Highway 59 and the circles and the bypasses in that area.

**Mr. Ashton:** We have settled with the City. There is still a private landowner whom I know you are aware of. There is not a settlement on that.

**Mr. Reimer:** Could possibly the Minister or the Deputy Minister give me an update as to the position or the time frame as to the settlement of that private claim?

**Mr. Ashton:** We are into expropriation, and the aim is to have that completed by August 1.

**Mr. Reimer:** Also on Highway 59, I have a housing development in my constituency called Southland Park which is on Highway 59. Could the Minister, Deputy or staff, clarify the responsibilities of that highway as it goes by Southland Park? The reason for asking the question is that there is, as they may be aware, a fair amount of new development in that area and the egress onto Lagimodière or Highway 59 is a very, very short right turn when you are coming out of the development and turning north onto Highway 59. Are there any plans to give a proper egress lane out onto that highway?

**Mr. Ashton:** Normally, if there is existing access, you know, when you four-lane, provide either similar access or some compensation, I am not sure in this particular case if that is what is being sought. It would not be normal to improve the access, but if there is existing access there

would be every effort made to maintain that access.

**Mr. Reimer:** Yes, maybe I should have clarified it a little bit further. What is existing there right now is a set of signal lights for people coming out of Southland Park up to Highway 59 or Lagimodière. There is a short-turn radius to turn right on a yield that goes out onto the highway, but it is a very tight and a very short yield. When traffic is coming down Highway 59 at 100 km/h, people coming out of that Southland Park have to accelerate at a very high rate at a very, very short distance sometimes to get into the traffic.

A lot of them have a fairly substantial egress lane to speed up as you are coming out into heavy traffic. There is no such lane there as you come out of Southland Park onto Highway 59. I know it has caused concern for some of the residents because there is a very significant amount of highway truck traffic that goes up and down Highway 59, and the optics of a truck coming down onto it at a fair amount of speed sometimes is very disconcerting for some of the residents coming out. So they have asked me continually: How do we get a better access road onto Highway 59 out of Southland Park and whether it is possible to have that even considered?

**Mr. Ashton:** Just for clarification, could the Member indicate whether it is north of Bishop Grandin or south of Bishop Grandin?

**Mr. Reimer:** It is in between Bishop Grandin and Highway No. 1 across from the Mint.

**Mr. Ashton:** The reason I am asking is that would be within the city, so the Member, being a former Minister of Urban Affairs, would know where to raise the issue.

**Mr. Reimer:** I got that answer from the City of Winnipeg too. They say: Well, because it is part of the highway, we have to work in co-operation with the Highways Department to get this on the front burner. I guess where the people of the area are concerned is that there is a sort of an "After you, Alphonse" type—the City of Winnipeg has said, well, we need help from the Province, and the Province is saying, well, it is the City of

Winnipeg. In the meantime, it is a very high traffic area which is Highway 59.

Maybe as a sense of clarification, where does the jurisdiction of the Highways Department end? Does it end right at the Perimeter in regard to Highway No. 1 and Highway 59?

\* (16:50)

**Mr. Ashton:** Coming from the south is the John Bruce Road; that is where our jurisdiction ends and the City's jurisdiction is up.

**Mr. Reimer:** Also then to a different highway, and that is Highway No. 1 east. Unfortunately, there was a very tragic accident there just a little while ago in regard to a truck turning off Highway No. 1 east onto Symington Road in regard to a young person who was travelling in a stolen vehicle. However, that stretch of highway, once you go over the Symington overpass, and between the Symington overpass and Highway 59, there is no divider between the two traffic lanes. Not only is it a dangerous situation, but the highway itself curves. Are there any plans for expropriation or for a divider to be put in there, or is there going to be a widening of that highway then. In particular, what I am talking about is from Symington overpass into the city to Highway 59, a distance of maybe about two or three kilometres?

**Mr. Ashton:** Basically, that is inside the city limits again, so there is not the jurisdiction or the plans from the Department of Highways, but I certainly encourage the Member to raise that with the city.

**Mr. Reimer:** I realize, as was just pointed out in regard to the jurisdiction for the Highways Department in its dealings with the City of Winnipeg, but when you look at the tremendous amount of traffic that is coming in on the No. 1 Highway which is highway traffic, the only way it can come into the city is through there. That seems to be the only place other than maybe Headingley where the lanes are side by side, if you want to call it, where there is no berm.

I understand that the Highways Department is possibly looking at expanding Highway 1 west that goes out of Winnipeg toward Headingley to

put either a berm or widen that road so that it is not as dangerous as it is now. Is that true?

**Mr. Ashton:** That is not in our jurisdiction, obviously being within Headingley. We are working with Headingley on options to try and deal with that particular stretch of highway. So it is somewhat different from the circumstances that the Member is talking about which is within the City of Winnipeg.

**Mr. Reimer:** I realize that there is always the possibility of pointing out the differences between the two situations. I guess what I am saying is that the Highways Department has recognized that the stretch of highway west of Winnipeg toward Headingley is a fairly dangerous situation that needs to be rectified. In all likelihood, from what I understand, there will be measures to try to rectify that either with a berm or something down the middle to separate traffic.

I guess what I am trying to do is lobby on behalf of the construction of the other side of the city for No. 1 Highway, where you have literally the four lanes being squeezed down from a divided highway into a funnel that is becoming more and more traffic orientated. The highway's safety itself should be of more prominence, and if there is a possibility of working with the City of Winnipeg and try to recognize that should be corrected, because unfortunately, like I say, the accident that just happened about a week ago or two weeks ago in regard to the young lad being killed was actually because of excessive speed. If the Minister is familiar with that stretch of highway, when you are coming over the Symington overpass, there is a momentary blind spot just as you are coming down there. It is very dangerous because you are funnelling down to a situation where there is no berm or any divider between the two lanes of traffic.

So I would try to encourage the Minister or the Department to look at this as a situation where possibly there is cost-shared initiative put forth by this government under the urban capital allocation funds which this province does give to the City. The Province of Manitoba does have the ability to put priorities on the urban capital allocation fund towards highway construction,

pardon me, road construction, and this should be possibly one area where the province should be lobbying with the City, using the province's money, like I say that is allocated to the City of Winnipeg, to increase the traffic flow; not so much to increase the traffic flow, I should not have said that, but, I mean, to make the traffic flow more safe in that area.

I know that we did that for the extension of the Kenaston Boulevard under the agreement that we had with the City of Winnipeg under urban capital allocation funding. I would recommend that possibly this minister talk to the Minister of Intergovernmental Affairs (Ms. Friesen) and see whether that could be one of the priorities for funding, that this province would direct the City of Winnipeg to look at in trying to make it a safer situation on that highway particularly.

So I guess I am relying on some of my old memories as Urban Affairs Minister and lobbying this minister to use his influence to also work with the Minister of Intergovernmental Affairs and address the situation that I think, if anything, is going to get worse because of the traffic in that area and the commercialization in that area and the fact that the trucks are turning not only into the motels and the businesses in there but you have a truck stop that is very busy, and Highway 59 is becoming more and more of a truck route. There is an opportunity to do some constructive reallocation of provincial monies into the City for safety on the highways in a general sense. So I guess that is what I am lobbying the Minister for.

**Mr. Ashton:** I take the Member's advice. Having been a former Minister of Urban Affairs, I know he would know the sensitivities of tying funding to any specific purpose with the City. There may have been occasions where the Minister and the previous government did that. There were a lot of occasions where the Minister and the previous government erred on the side of allowing the local elected council—in this case, the City of Winnipeg Council—to make that decision. I will certainly pass on the Member's concerns. What I would suggest the Member do is probably raise this in Estimates with Intergovernmental Affairs, since that would be the main contact point.

Once again, given the fact it is not within our jurisdiction, we really as a Highways Department have very little role to play in it. I appreciate the concerns the Member is raising. I am not trying to, in any way, shape or form suggest that there are not legitimate concerns. The difficulty, again, is we have so much just on the provincial highway system itself, so many areas where we have similar difficulties, and I get to sort of the earlier discussion we had in this committee about lack of federal funding for highways.

There are all sorts of things we could do if we had access to the 10 cents a litre the federal government takes out of this province. This might be one area in terms of urban projects, but increasingly we are having to sort of narrow our scope of what we are doing currently. We are having to look at more maintenance on our system rather than on the construction side. So realistically, I think, unless we get some infusion of capital—perhaps there will be something under the federal infrastructure program. I do not know. There are various discussions ongoing right now. But I would recommend the Member raise it in Estimates under Intergovernmental Affairs.

\* (17:00)

**Mr. Reimer:** I recognize where the Minister is coming from in his statements. I think that what he and I are both faced with from time to time when we go back into our constituency is the optics and the perception of the people we represent. They will say to him as they say to me that, well, you know, a highway is a highway. What do you mean by the city of Winnipeg. It is Highway 59. It is Highway No. 1. Not to say that we should not try to work with our constituents and try to clarify that, tell them where the responsibility is, but I think that a lot of times in the constituency people just look at the overall picture of saying it is a highway. This is why I wanted to bring it to the Highways Minister's attention.

I realize that it would not be in your budget, but I think that there is an opportunity to do constructive lobbying for the City of Winnipeg and utilizing some of the money that this government and this province does give to the

City of Winnipeg for capital allocations and for urban renewal and infrastructure renewal, that this is something that possibly should be looked at when it comes around for discussions on the senior level, you know, through the various ministers.

I will be lobbying the Minister of Intergovernmental Affairs (Ms. Friesen) on this, but when it does come up the Minister of Highways can say, oh, I know that; I talked to them about that, and I think it is a good idea.

**Mr. Ashton:** I think the Member has put it on the record, and it is so noted.

**Mr. Faurschou:** Madam Chairperson, I assume that we can have a question or two in regard to Government Services in the ongoing discussions at this point in time. In the opening remarks of the Minister, there was mention of the renovations, those of the Brandon courthouse, the 1903 vintage that that courthouse was, and that it was long overdue for renovations.

Coming from Portage la Prairie, I would like to make the Minister aware that our courthouse and women's provincial correctional facilities are of 1906 vintage, and there has been considerable study done as to the deficiencies of those facilities. I would like the Minister to respond in regard to the current situation and whether or not those facilities are, in fact, being looked at for consideration for this year's budget.

**Mr. Ashton:** Before I answer, I just wanted—I introduced Highways personnel before and I would just like to choose some of the people in the Government Services side: Gerry Beresuk, of course, the Acting Deputy Minister of Government Services; Steven Kupfer ADM of Accommodation Development; Tracey Danowsky, Acting ADM of Supply and Services; David Primer, Director of Desktop Management Unit; Gerry Bosma, Director of Finance; Harold Clayton, Executive Co-ordinator of the Emergency Management Organization, who are all in the room somewhere and Hugh Swan, I see, yes, Hugh is here. Hugh Swan, Acting ADM for upper management. I do not think I have left anybody out.

You asked about the Portage Court House?

**Mr. Faurschou:** If the Minister is not familiar with the configuration of the facility in Portage la Prairie, it incorporates the Court House and the women's correctional facilities in an attached structure. Most specifically, the women's correctional facility has experienced in recent times congestion, severe overcrowding as well as accommodations for those persons that have been incarcerated for crimes that are of violent and aggravated convictions. The consideration has been there in studies I am aware of for modification, renovation of those facilities to accommodate those two situations, and I am asking the Minister today whether those considerations are going to be implemented in the current budget year.

**Mr. Ashton:** We are in discussion right now with the Department of Justice and with the federal government, but those are in fairly early stages.

**Mr. Faurschou:** So, at the moment, I understand that the renovations, reconfiguration of those correctional facilities are most certainly active and proceeding in a positive fashion to alleviate the two situations which I previously described.

**Mr. Ashton:** I would indicate that there has been a fair amount of work done in the last number of years in the corrections side by the former Minister who can testify to the pressures on our justice system, but as I indicated there are initial discussions underway. I would not want to give any sense of it being perhaps as developed as the member would like to see, but there is certainly a recognition of the age of the facilities and the need to look at that and other facilities in our system to bring them up to our current level of needs and standards.

**Mr. Faurschou:** I would like to take this opportunity to convey to the new Minister of Government Services that personnel who are employed in those facilities are concerned and most anxious to see improvements to that facility. We are all abundantly aware of what took place with the Headingley Correctional Institute and one would certainly not want to

have that event duplicated with the female inmate population in their correctional facilities.

I do want to make the Minister aware that this is a grave concern. The Ministry of Justice is contracting out some corrections requirements with Alberta. This is, I am certain, a very costly consideration and that one should be placing into the equation when allocating the capital resources that are required in this fashion.

I would also like to ask the Minister in regard to the ageing facilities that are turn-of-the-century vintage at the Manitoba Developmental Centre, as to whether there is consideration for capital improvements at that facility this coming year?

**Mr. Ashton:** Before I get any information on MDC for the Member, I can indicate that in terms of raising issues of the Portage courthouse, he may be advised to raise it actually with the Minister of Justice (Mr. Mackintosh). We essentially are involved as the delivery agency in terms of the actual work that is being done, but it is at the request of departments, as the Member is probably aware. So I appreciate his comments and will make sure the Minister of Justice is aware of them, but there is nothing like communicating them directly in Estimates. So I recommend he do that.

In regard to MDC, we are involved in active discussions now with the Department of Family Services on a long-term development plan. There is a fair degree of complexities, the Member will know, and we obviously have to, once again, work with the Department that delivers the program to assess what the future is in terms of programming in that area. So there are active discussions going on right now between the two departments on a long-term plan.

**Mr. Faurshou:** Madam Chairperson, I understand the complexities of offering facilities through one government department effective to the programming coming from another department, but I really would like to stress the enhancement, if at all possible, between the department communications.

I know the previous Justice Minister was abundantly aware of the concerns of the

personnel at the women's correctional facility in Portage la Prairie and I know was taking active steps to minimize the overutilization of that facility and also to recognize that there are inmates now that are of a more violent orientation than that correctional facility was designed for. So I would just encourage that, and understandably so with the Manitoba Developmental Centre, with the Department of Family Services and long-term utilization of that facility and then programs that are always in a state of review.

\* (17:10)

But, in the meantime, when programming is always under review and there is a hiatus in capital investment, the facilities do get run down. Sooner or later one has to make a decision that he is going to grab the bull by the horns, so to speak, and make the investment in the facilities if, in fact, any programming is going to be continued to that point.

More specifically, the government building in Portage la Prairie is one where many departments are housed, and it has been drawn to the attention of the building management—and I do want to raise with the Minister—because I believe there are other government buildings of similar design throughout the province, the concern with wheelchair accessibility. There are ramps that have been designed into those buildings, however, I will say that those ramps are straight and act more like a downhill slope and are not in keeping with the current desired design where there is only a certain number of metres before there is an ell where, if one loses control of their wheelchair, they are not going a great distance before there is some catchment or barrier that would slow their descent. The ramp in Portage la Prairie, I would say, is about a full half-block in length, and one can gather a fair degree of speed if one does lose control of the braking on a wheelchair.

There have been a number of concerns brought to this member's attention. Is there any consideration in looking at the new standards that are accepted by government and looking into modifications to government buildings in Portage la Prairie?

**Mr. Ashton:** It is a problem in other buildings, as the Member points out, where you have had ramps built to the standard at the time. There has been a change in the standard, and we are concerned about it and are reviewing it. I appreciate him raising to me the concern, because it is a problem in other areas as well.

**Mr. Faurshou:** I appreciate the Minister's remarks, and I know that capital is always a concern. I might want to ask the Minister, because it is a question that was raised on a number of occasions, is actually the configuration within a government building. Is it Government Services that says Agriculture has this office, Highways has this office, Family Services has this office, Distance Education has another office? I want to be most specific to the concern raised that the Department of Highways through their Vehicle Licencing branch is probably next to the least accessible yet probably the most frequently visited office within that building, and I am just curious as to the decision-making process that has this placement come into being.

**Mr. Ashton:** I would like to indicate that essentially we act more like the leasing agent. We try to accommodate departments. What can often happen in a building is it depends on the available space at the time that the Department moves in. For example, in the Thompson Provincial Building, Family Services recently moved a significant number of employees into the building and, of course, there was some relocation that took place, but you end up having to move the Rubik's cube around.

I appreciate that the ideal configuration may not necessarily be the one that develops over time. The difficulty, of course, is the significant costs of any kind of moving and renovations, as the Member can realize. That is essentially the process and, in some cases it will lead to not necessarily an optimal situation for some departments, but it is similar to what happens if you are leasing in a private facility. You have to take what is available. You have some ability to shift things around, but the more you shift things around the more the cost, and we are very cognizant of the need to operate efficiently and with the least costs possible. I am sure the Member agrees with that.

**Mr. Faurshou:** I appreciate the answer there. Now, looking at the amalgamation of the Government Services Department and Highways Department, and now that your Highways' operationals department is much more accessible than your driver's licensing to the layperson, including this member of Portage la Prairie, it is curious as to how that decision was arrived at.

The one other point, and then I will turn the opportunity to ask questions over to my colleague from Morris, is the consideration that all government personnel in Portage have expressed interest in, and that is parking. First off, the availability of parking spots, and then also of the nature of cost recovery, which is an understandable charge to maintain parking lots, which is an accepted one, but certainly the availability in and around government facilities.

I will say that I have personally had meetings within the government building there that have lasted three hours in duration and that the parking meter limitation is two hours and to be presented with a ticket on return to my vehicle is not appreciated. Yet there is no alternative within a two-block area around the government building. It really bothers me for instance—in fact, it is Provincial Road 240 which the meters are placed upon, so the Highways Department is charging the Government Services for a space allocation. To the public it is, again, a curious situation that exists in Portage la Prairie. So I would like to ask the Minister most specifically whether there is consideration in the existing budget as to provide for parking for not only government vehicles but government employees in and around government buildings.

**Mr. Ashton:** If there is any more information on this, I am certainly willing to discuss the specific circumstance with the Member. We do have a process in place. In fact, I know the previous government had a process in place to really rationalize parking, both in terms of cost recovery and also in terms of allocation. There is a particular effort I know to make sure there are enough spots, particularly for people who need their car in the performance of their duties, which is actually a much higher percentage of government employees than I think most people would realize. It is often an issue that is raised in the context of Winnipeg. Many of the employees

do require their cars, the ones who do have parking spots. But, in terms of specifics, I would be more than willing to look into it. I would not want to see the Member get parking tickets.

I guess coming from Thompson I have one advantage is there are no parking meters in Thompson. Not a single parking meter. There are a few at the airport. We do not pay for water, and we do not pay for parking. I know it has been a concern even in the provincial building in Thompson. In fact, there is a small fee that is attached, which is our province-wide policy. So we do try to get some equivalence, even in Thompson. You do pay for parking in a government building. Many people choose to park on the street as a result.

But I appreciate the Member raising this, and we can review it. We do have a very good structure in place to deal with that and a very efficient system that has gotten it out of the way it was a number of years ago where I know the Minister of Government Services might just as well have been called the Minister responsible for parking, given the amount of time that was taken up on parking-related issues just in this building alone. Not that I do not get a few requests now as Minister, but it is usually fairly simple to deal with. I just refer them to my able deputy who then runs through the normal process, and we deal with it that way. So I appreciate the Member raising this question.

\* (17:20)

**Mr. Frank Pitura (Morris):** I would just like to start by congratulating the Member for Thompson on his appointment to Cabinet and being Minister of Highways and Government Services. I know that the Minister will endeavour to do the best job he can possible in that role. I would also like to congratulate both departments, Highways and Government Services, because every time I have had any constituency issues, I have always had great customer service from both departments. Of course, I do have a bit more of a closeness to the Department of Government Services.

But, in the interests of efficiency and time, Madam Chairperson, I restrict my questions to some specific questions about Highways and

then I will be ending up with a couple of questions and thoughts on the EMO section. So, in terms of staff being here, they can ascertain as to whether they need to be here or not.

Anyway, the first questions I have are related to Highways. That is a big switch.

**An Honourable Member:** Like musical chairs today.

**Mr. Pitura:** And nobody has too many books to carry either.

But, while they are getting set up, I might just start. My colleague from Southdale discussed Highway 59. The recent announcement of twinning this section from just south of the floodway bridge to near Ile des Chênes is a very welcome announcement. It has been worked on for a long time as a result of the 1997 flood in working with the community to try to determine what was the best way to protect that community, and the result is using a section of the highway as a retaining wall. The question I have is that it is, in the announcement, listed as three phases, and this was Phase II. As to Phase III, I understand that goes just south of Ile des Chênes—as to when that is expected to be started and more or less completed.

**Mr. Ashton:** I thank the Member for his comments, his initial comments, by the way. In terms of Highway 59, I was very pleased to be able to make the announcement. It is something that is needed in that area, both on the highway side and the floodproofing side. It is interesting being sort of the Minister responsible for EMO as well as the Minister of Highways. I have good exposure on both sides of the issue.

We had a very good announcement with the people from the surrounding communities. I think it is important to note, too, that it is a very significant project. The initial phase to Mondor Road, Phase II, as is indicated, involves \$4 million for the gravel work and \$9.2 million for the surfacing. We are still moving ahead on land acquisition, but we are targeting getting in place this construction season to do what we can. We are probably aiming at August now, once the land acquisition is done. So we are trying to get as much done as possible this year, and it will

take into the following year and possibly a year beyond that. We will have to see what sort of progress we can make on the construction side. It will be the largest project, probably, in the province I think this year. We still have not finalized the capital budget, but it is of such magnitude, and the Member can appreciate that.

So, essentially, our focus has been on Phase II. Since coming to government, we have moved particularly on the land acquisition side, which had not progressed along. We have moved to expropriation in some cases when we have not been able to reach agreement, a number of cases. We are doing it in an expedited manner. The Member knows the process, so I do not have to explain it in detail, but that is because we recognize the fact this is important both in the highways sense but also in the floodproofing sense. We will then look at Phase III.

I want to indicate, by the way, one of the factors that I have identified, and I have raised this with the federal government: 59 is not part of the national highway network, but it is of particular strategic importance for the province, particularly in terms of floodproofing and flood escape route access. I know the Member with his long background in this area and his former role as minister knows how 59 comes into play in terms of that. So we have made the argument. I have personally made this the case to federal ministers, federal members of Parliament, anyone that would listen that one of the key factors obviously in our being able to extend into Phase III would be the degree to which we have the work done, first of all, but then, of course, the funds in place.

If there is any ability on the federal government's side to cost-share with us—there is a small amount of cost-sharing involved in Phase II through the floodproofing aspect, but it is a very minor part of it, although I point out we did have a joint announcement. I thought that was important to recognize that, but I put it to the federal government that any ability we get to cost-share any of the very significant costs on 59 would allow us to look at Phase III and look at it sooner rather than later. When I say sooner, sooner than we would otherwise if we have to deal with the overall budget pressures.

So, once we are completed Phase II, which is still going to be a lot of work over the next period or two, we will definitely look at Phase III. I know the MLA for LaVerendrye (Mr. Lemieux) has raised 59 with me, I think within a few days of coming into office. He is a good lobbyist. My arm is still a bit out of joint from the arm twisting. Actually, I say, in all seriousness, in one way that he has been a very vocal lobbyist on that particular highway. It does have high traffic volumes and is very much tied into floodproofing and flood escape routes. So I appreciate the Member raising this. We are committed certainly on Phase II on 59. I am more than aware of the concerns on Phase III.

**Mr. Pitura:** I concur with the Minister when he made some statements about certainly the high traffic volume that travels on 59, especially between the city and Ile des Chênes. Actually, there is a high volume of traffic that even flows from there all the way to the St. Malo Provincial Park. During the summer months there is high traffic volume on the weekends.

I believe the Member for LaVerendrye and myself have had the privilege, I guess, of meeting with a committee calling themselves a Highway 59 committee. They can be a half dozen in number or 35 in number, and they are quite vocal about the needs of their Highway 59. Of course, their desire is to have Highway 59 twinned all the way to the U.S. border. They do make, I think, a strong logical argument from the standpoint that Highway 59 in terms of flood years is a highway that is high and dry. Of course, their concern is that the condition of the highway to the border is not sufficiently strong enough to support heavy truck traffic. But my understanding is that from St. Malo south it is being upgraded in terms of the base, but I was just wondering, from the standpoint of a flood alternate route, whether that concept that they have put forward to use that route as a Canada-U.S. connection has a lot of validity with the Department of Highways.

\* (17:30)

**Mr. Ashton:** I can indicate that we have communicated that argument to the federal government. Our commitment on 59 as a

provincial government is fairly significant, and we feel there is some value to the arguments, some validity to the argument. I have personally communicated that to a number of federal ministers, including the Minister responsible for Western Diversification, and would communicate that to the Minister responsible for emergency measures at the federal level if he ever agreed to meet. We have made seven requests and still do not have a meeting with him. That is another story.

In a general sense, it is a point well taken, and in our planning—and when I say our planning, I note the Minister of Conservation (Mr. Lathlin) is here. We did set up a Cabinet working group to try and develop plans, and 59 is part of that process in terms of moving that ahead, but also identifying ways in which we could accelerate floodproofing. We did deal with 59 at that committee level, as well.

So the short answer is, without getting into sort of the details of what the implications are, there are legitimate arguments that could be made in terms of the escape route concept.

**Mr. Pitura:** Madam Chairperson, a number of years ago Highways established a shelter belt program. I believe it started along PTH 75 in the St. Jean-Letellier area, and then it expanded to Highway 1 west between Portage and Winnipeg.

I was just wondering, in terms of that entire program, is the Department of Highways still involved in that type of a program and welcoming new additions to it in terms of projects, or what is the status of that program.

**Mr. Ashton:** That program has been basically completed, and it is a question of maintaining what was put in place under the program.

**Mr. Pitura:** The next question is kind of I guess technical in nature. I believe a couple or three years ago Highways experimented with using treated stone for road surfacing for gravel. That was in regard to dust control, and the stone actually became hard surfaced. I was just wondering, what were the results of utilizing that material and whether Highways are contemplating continuing using it or not?

**Mr. Ashton:** We have had some discussions within the Department on that, and the dilemma is where it works, it works well and where it does not work, it is a problem. It leaves very sharp edges, so very mixed results.

**Mr. Pitura:** Is there any particular part of the province in terms of the soil base that it works better than others?

**Mr. Ashton:** I am advised 227 has worked reasonably well, and it does vary on the soil conditions with the aggregate base. Various components go into it, so it can vary quite significantly according to the road conditions and the underlying soil conditions.

**Mr. Pitura:** Sorry, I am not sure I understood the Minister on this. I guess I will be specific. Does it perform well with a heavy clay base?

**Mr. Ashton:** I am advised that if there is a significant clay base it does perform better.

**Mr. Pitura:** Madam Chairperson, I would just like to ask a question with regard to the contracted-out services that are presently being utilized by the rural municipalities of Morris and MacDonald. What is the contract as to the state of that agreement with the Province and whether or not the Province contemplates continuing with contracted-out services for road maintenance?

**Mr. Ashton:** We are not going to be renewing that based on feedback from the area.

**Mr. Pitura:** I am sorry, not renewing it?

**Mr. Ashton:** Not renewing based on concerns expressed by the Municipality and municipal representatives.

**Mr. Pitura:** When is the contract expiring?

**Mr. Ashton:** I am advised that it is November 2.

**Mr. Pitura:** Thank you very much for that answer. The next question, I would like to just move across the river to the other side again to PR 200 from Ste. Agathe south to the corner of PR 205, which is the turnoff to Aubigny. In terms of long-range plans for that particular

section of road, of course, the people living along it would like to see it paved.

**Mr. Ashton:** Actually, I just want to check the traffic count because it is below the threshold. It is about 180 vehicles a day, 18 trucks or 10% trucks, which is significantly below the normal threshold, so unless there was a significant increase in the traffic movement on that particular stretch of highway, it would not be in the normal range for paving.

**Mr. Pitura:** Madam Chairperson, could the Minister share with me what the threshold numbers are?

**Mr. Ashton:** One of the factors is 400 movements per day. There are other factors that go into it, whether it is prime access, whether there are other routes available, et cetera. It is below that one component fairly significantly, the 400. I appreciate, by the way, having a fair number of gravel roads, and I am used to driving on them. Everybody wants a gravel road to be a surfaced road, and it is a difficult situation. It was difficult for the Member when he was in government, but with those traffic volumes it would not really be in any sort of immediate time frame.

**Mr. Pitura:** I would like to now flip over to another provincial road. Provincial Road 332 that runs from Rosenfeld to Lowe Farm; it joins up actually with Highway 23 just east of Lowe Farm. There is a very active group in that area seeking to have that section of the road hard-surfaced as well, and I was just wondering what the status on that was.

\* (17:40)

**Mr. Ashton:** If I could just clarify. The portion of 332 the Member is referencing is the portion north of 23 or south?

**Mr. Pitura:** South of Highway 23 going to Rosenfeld on Highway 14.

**Mr. Ashton:** I think we were confused between Rosenort and Rosenfeld.

**Mr. Pitura:** Rosenfeld.

**Mr. Ashton:** I should indicate there has been some work done, as the Member would know, in the last number of years, additional gravel. In terms of the current status, the traffic volumes are 205 per day, with 10 being trucks. So it is in a similar circumstance to the previous route the Member referenced.

**Mr. Pitura:** I might just indicate here that if traffic counts thresholds are used to determine whether roads would receive a hard surface or not, a lot of local residents in the area take exception to that because they have indicated to me over the past that the reason the traffic count is low on 332 is that the road is in such terrible shape all the time that they avoid it at all costs. They said they cannot get the traffic count high enough to ever warrant pavement because of the condition of the road. So I just leave that as a passing comment as told to me by constituents.

I would like to now move over to another provincial road, and that is Provincial Road 247 between Sanford and La Salle. I was just wondering, the status of the reconstruction on the bridge on 247 as to when it will be opened, or it may be open now.

**Mr. Ashton:** I was going to suggest maybe if the Member could check it out over the next few days and get back to us, and we will check it out from our side, but the bridge is complete, if it is the same bridge we are assuming it is, completed March 17, 2000.

**Mr. Pitura:** I would just like to ask the Minister with regard to Provincial Road 330 which runs south of Osborne to Morris and it crosses Provincial Road 205 at McTavish. For the Minister's information, that road was fairly severely damaged during the flood of 1997 and had to be rebuilt in many places. I was just wondering whether the intent in the future is to elevate that road to a higher level, and in terms also of the surfacing of the road.

**Mr. Ashton:** There are no plans currently, although I would indicate obviously with some of the proposals coming from the IJC and some of the overall reviews, one element that is part of that, I have met with the IJC along with my colleague the Minister for Conservation (Mr.

Lathlin). It may involve a number of roads in terms of raising the roads, but it is not something within the normal parameters of the Highways budget that we are looking at currently.

**Mr. Pitura:** Following along 330, and you turn and hit Provincial Road 205, which extends from Highway 75 to Rosenort, that section of highway there, I know that the community of Rosenort during the 1997 flood and after the 1997 flood certainly were concerned that the provincial road, because of the improvements over the number of years, actually held back water. They claimed it actually gave them more water in their community of Rosenort.

I know that the IJC report is out and is being discussed. I guess the argument would be as to whether a maximum type of storage is utilized within the Red River basin or a more natural flow of water is allowed in the basin.

If you go on the second premise, that a more natural flow of water could occur, could there be or would there be any consideration given to allowing the water to move through Provincial Road 205 at will rather than having to go overtop it to be able to flow north?

**Mr. Ashton:** Depending on what the recommendation is, I mean, you could look at dropping the road. There are various options, but we are getting into a much broader issue really that relates to a lot of the IJC-related issues and other issues. So I would not want to respond too definitively other than to say if that was part of the overall flood management plan, if you want to call it that, that there would be an option of that nature.

**Mr. Pitura:** I thank the Minister for that answer. Also, I guess just recently the Rosenort and District Chamber of Commerce had officially requested from the Department of Highways that the elevation of PR 422 from PTH 23 to PR 205 be raised, which is the road going from Rosenort south to Highway 23 and also pavement on PR 205 from Rosenort to PTH 3. I have with me here the letter that was in response to the request. But I would just like to pursue the PR 422 because of the fact that Rosenort is a large manufacturing community, and a lot of heavy truckloads move out of that community on a

daily basis, going in a number of different directions. I was just wondering if over the short term PR 422, which is the connect between the community and 23 Highway, would be considered as a priority.

**Mr. Ashton:** The community does have TAC loading on 205, I understand. One of the difficulties again is there is general pressure on a lot of areas in other communities that have no TAC loading access. It comes to a question of setting priorities and finances. So it is fairly difficult for us to, in a case where communities have TAC loading access in comparison, say, to communities that do not have any access whatsoever to look at immediate further upgrading. In the immediate sense, we are not looking at the TAC loading.

\* (17:50)

**Mr. Pitura:** I thank the Minister for that answer. I would just like to now move around to the north end of the constituency into Headingley. I know that my colleague from Southdale asked a few questions about the construction on No. 1 Highway West. I have had the privilege of sitting in at a session where the departmental staff from Highways talked about the configuration and design of PTH 1 through the community of Headingley.

I guess the question I have is where this lies in the priority basis or the scale of timeline for this project to be completed. I think, as the Member for Southdale indicated, extremely high traffic volumes go through that area, especially trucks that are turning onto and off that section of highway, as to whether or not there would be provisions for providing a centre turning lane or of that nature for that section of highway.

**Mr. Ashton:** We are essentially working at the planning stage to try and make sure that land use policies, particularly with the Municipality, are in keeping with future agronomists. As the Member has indicated, our Department has been quite involved with discussions with the Municipality. It is really difficult to put into a time frame at this time, it is fairly early stages, but the Department certainly acknowledges the traffic volumes and the need to look at these kind of future enhancements on that particular stretch.

**Mr. Pitura:** Madam Chairperson, I am looking at the clock, and I am running out of time here. I do not know if I will get back to more questions, so I would like to switch over now to the Emergency Management area.

The discussion I would like to take up with the Minister is of a general nature. Having been associated with this area before, what I want to do is share information with the Minister so that in terms of transition, he has every advantage possible, at least, I hope. When I had the pleasure of being the Minister responsible, we did have a ministerial conference which was held here in Winnipeg, at which Manitoba was the host. There was an agreement at that time to convene another ministerial conference, and I believe Ontario was to be the host.

The way it was discussed and set up was that the conference would take place prior to a federal-provincial conference on disaster assistance. It was believed at the time that the federal minister responsible for emergency preparedness, who does not return phone calls or respond to letters, had staff in his department who actually had prepared a white paper with regard to emergency preparedness and what kind of disaster financial assistance policy would be put on the table for discussion with the provinces.

Of course, many things happened from the time that white paper was drafted, i.e., the '97 flood of Manitoba, the ice storms, the Saguenay flood. In fact, I believe the white paper was probably drafted after the Saguenay flood because of the high magnitude of the cost. I believe in that white paper the federal government was speculating that 50-50 cost-sharing would be a maximum level that they would obtain.

So I guess what I would like to ask the Minister is if there has been any further pursuit in terms of a national ministerial conference, whether there is a federal-provincial conference in the wings or whether the white paper is dead forever, or is it going to be resurrected?

**Mr. Ashton:** There is a process now at the technical level. We are looking at possibly if we can complete that process of getting a conference

this fall. So it is proceeding and there are agreements on the basic principles.

**Mr. Pitura:** I would like to ask the Minister: Is the federal government going to be present at that conference as well, or is this just a ministerial conference of provincial ministers?

**Mr. Ashton:** Provincial and territorial.

**Mr. Pitura:** I know that there has been some study done of the FEMA program in the United States, federal emergency measures, and the flood insurance program that they had for U.S. citizens.

I guess I am asking the Minister for his thoughts and his reaction as to whether or not there would be a willingness on this in Canada to pursue a federal-provincial individual disaster insurance program.

**Mr. Ashton:** There are discussions right now with the Insurance Bureau and the federal government along those lines.

**Mr. Pitura:** Madam Chairperson, the last question of the day. I always had the pleasure of having the Member for Elmwood (Mr. Maloway) as a critic for the last two or three years, and the one question he always asked I have got to pass it on and ask it again: When will Fleet Vehicles start using electric cars?

**Mr. Ashton:** We provided resources to look at it this year. I am actually amazed because I know the Member for Elmwood, I think, went eight hours or so. I was just wondering if you were going to emulate that in this set of Estimates.

**Mr. Pitura:** Madam Chairperson, that ends my line of questioning.

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

## AGRICULTURE AND FOOD

\* (14:40)

**Mr. Chairperson (Conrad Santos):** Will the Committee of Supply please come to order. This section of the Committee of Supply has been

dealing with the Estimates of the Department of Agriculture and Food. The Minister's staff can now enter the Chamber.

We are on page 26 of the Estimates book, Resolution 3.2. Risk Management and Income Support Programs (a) Manitoba Crop Insurance Corporation (1) Administration \$4,211,400.

At noon, the Minister had received a question from the Honourable Member for Arthur-Virden (Mr. Maguire). The Honourable Minister's first task is to respond to that question.

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Chairman, if I can recall the question, the Member was asking about training and how the field staff was hired. Field staff are hired at the beginning of each year, and we have to understand that, although they are hired at the beginning of each year, many are repeated. They come back year after year, so they bring a lot of expertise and knowledge with them. But, along with that, at the beginning of the crop year there is a week-long training session, sometimes at Assiniboine Community College or another location, depending on where the adjusters are coming from. There is also in-field where the field representative, the team leader and the front-line workers could also provide some training on-site for the adjusters.

**Mr. Jack Penner (Emerson):** Mr. Chairman, I want to commend the Corporation for the fine job that they do in training their adjusters. Very seldom ever that you hear a complaint about the professionalism of the adjusters out in the field. Specifically, I also think that you have, at least in the areas that I am familiar with, excellent staff, your field staff. I think they do an exemplary job of delivering the program that was designed to support a disaster or part of a disaster even when it comes.

There are a number of areas that I would like to dwell on for a bit. Number one, can the Minister tell us whether there are any policy changes in crop insurance for the coming year or foreseeable future?

**Ms. Wowchuk:** Mr. Chairman, the Member would know as a farmer that, as the agriculture

industry changes, there is always need for changes in types of support and types of coverage. We have a board that is very cognizant of the needs of producers, and they always bring forward recommendations of what is needed. Certainly, when we saw what happened in southwestern Manitoba last year when there was no excessive moisture insurance that resulted in the necessity to bring in an ad-hoc payment to help those farmers out, we recognized that as a very serious issue and a need for that type of program through crop insurance.

Even though that program was available earlier on, it was not implemented, so we made the decision that we were going to make that change. As a result, we now have excess moisture insurance for our producers at a level of \$50 an acre. We hope that there will not be that kind of situation where producers will have to take advantage of that program, but it is there.

We have also made the final seeding deadline date as now being June 20. In previous years, some crops could have been seeded up to June 25 with reduced coverage, and we recognize that in some parts of the province that created difficulty for producers to be trying to seed that late. That change has been made with the final seeding date of June 20, one that the Member will probably be interested in, in his part of the province, where open-pollinated corn is a crop. So beginning this crop year, 2000, open-pollinated corn is now insured, which was not in place before.

We have a new crop of hemp in Manitoba. I certainly hope that industry is successful, but beginning in 2000, we have an insurance for hemp seed, not for the fibre but for the seed. Beginning also in 2000, crops grown specifically for green feed will be insurable.

The other one is the high-value dollar option that has also been introduced that I am sure producers will take advantage of.

**Mr. Jack Penner:** I appreciate the response, and I am very pleased, quite frankly, as all of us are on this side, that the current government decided to proceed with the policy announcement that the previous minister, Mr. Enns, had indicated would be forthcoming in the nonseeded acreage

coverage being mandatory. Also, quite frankly, I think the general, what is it, \$50 coverage on a straight crop insurance coverage without fee, is that the number, the crop insurance coverage? It is a \$50 coverage without premium. That includes nonseeded acreage as well as general crop losses, right?

**Ms. Wowchuk:** A producer must have a contract with Crop Insurance, and they are then entitled to a \$50-an-acre coverage, if they are unable to seed.

**Mr. Jack Penner:** Does that also include all losses covered at \$50 an acre? And is there a fee for that coverage? What is the fee, if there is?

**Ms. Wowchuk:** It is a 20-cent-per-acre administration fee up to \$50 to qualify for the 50 percent. Then, with that 50 percent, you would get the excess moisture insurance at 50 percent.

**Mr. Jack Penner:** So that includes the basic coverage for all crops that are registered under a contract.

**Ms. Wowchuk:** That is right. For 20-cents-an-acre administration fee, you get your basic coverage, all risk at 50 percent; plus you get the excess moisture insurance.

**Mr. Jack Penner:** Mr. Chairman, I am going to turn the mike over to my colleague, if you will. I think he has some questions in this regard as well.

**Mr. Larry Maguire (Arthur-Virden):** Just to follow up to that, there is a second level or an enhanced level—too moist—

**An Honourable Member:** Unseeded acreage.

**Mr. Maguire:** Unseeded acreage program as well. You do get the basic with your 20 cents an acre, but there is a fee that you can pay to receive another level of that?

**Ms. Wowchuk:** Under the whole farm, you have the first 5 percent that is not covered when you buy the insurance, but you have the opportunity to buy up. For 35 cents an acre, you can, I guess, buy down to zero.

**Mr. Maguire:** In essence, then, you are buying back the amount that is deducted under the normal. Okay.

**Ms. Wowchuk:** He is right. The producer has the opportunity, for an additional 35 cents, to buy that down to zero and not have the 5% exemption.

\* (14:50)

**Mr. Maguire:** So, then, for 55 cents an acre, you can get the 50% coverage and nothing deducted from the unseeded side.

**Mr. Jack Penner:** The wildlife compensation, have there been any changes made to the coverage levels under Wildlife Compensation?

**Ms. Wowchuk:** The change that has been made in the Wildlife Compensation is the fact that we have brought in an appeal system where, if a producer has a concern, they can now take it to an appeal panel. The other change is, where Natural Resources was going out to do the adjusting or looking at, with the wildlife, with the livestock depredation, now the Crop Insurance adjusters will be looking at that.

**Mr. Jack Penner:** So the adjusting will now be done by Crop Insurance adjusters instead of the conservation officers, as was the case before. Will they also be, Madam Minister, doing the adjusting on wildlife damages to cattle as well, or is that another program?

**Ms. Wowchuk:** Yes, the adjusters will now be doing the adjusting on the livestock damage as well, the wildlife one as well.

**Mr. Jack Penner:** Mr. Chairman, I commend the Corporation for having made those changes. I think it is desirable to have adjusters that are familiar with the program as well as livestock damages. I would suspect, and I might ask the question whether there would be adequate training given to some of the adjusters that would be able to identify true wildlife damage and whether it in fact would have resulted in a kill by wildlife. I make the differentiation between dogs and wildlife.

**Ms. Wowchuk:** I think the Member would recognize that there are only certain parts of the province where this would be an issue. In those parts of the province where it is an issue, the adjusters will be given the training that they need. They also have the ability to call on a vet for verification. I am sure if they ran into difficulties, we could still call on resources officers if that help would be needed. But the responsibility now lies with the adjusters.

**Mr. Jack Penner:** I think that is a welcome change. I commend the Corporation and Minister for making those changes. I think that will be welcome by most of the agrarian community. The other question then is: Does the appeal process also apply to wildlife predation where there is a dispute or a question.

**Ms. Wowchuk:** Yes, it does.

**Mr. Jack Penner:** On hail insurance, are there any changes to hail insurance? Maybe, Mr. Chairman, you would allow me to revert to the premiums, a question on premiums and what premium changes have happened in the crop insurance side and what the coverage levels might be on, for instance, the grain side. Have wheat coverages changed significantly? Have the premiums changed significantly, on wheat, for instance? *[interjection]*

**Mr. Chairperson:** Order, please. The Opposition critic is asking the question.

**Mr. Jack Penner:** Mr. Chairman, I am sorry I confused you. I had asked initially about hail insurance. Then I said I would like to revert back to crop insurance premiums and find out what the changes in premiums might have been. If you give me wheat and maybe corn and beans, an indication what the coverage levels are there, what the changes in coverage levels are on those three and what the premium levels might be, the basic premium level changes, and about soybeans.

**Ms. Wowchuk:** The Member raised a wide variety of questions in there, so I will try to go through them. I will start out with wheat and then we will go through some of the other ones. Certainly our premium rates are down by about 4.7 percent overall. That is due to declining

prices, but also there is a surplus in the Corporation and we are able to reduce the premiums this year. Also, the level of coverage is down as well because the value of grain is down. That is one of the reasons we also brought in the high-value option, so that producers will have the opportunity to buy up their insurance should there be a change in price.

When we look at the value, in 1999, red spring wheat was insured for a value of 4.35, this year the value is 3.57. Canola, last year the insured value was 7.94, this year it is down to 5.06. Corn last year was \$6.60, this year is \$4.70. The other one the Member would be interested in is white pea beans which was at 25 cents last year and now 23 cents.

I am going to correct the record on that. I have read from the wrong line for corn. I was reading you the prices of flax, not corn. The corn, last year value was 2.90 and this year is 2.39, so I will correct that one. It is flax that was at 6.60 and this year is at 4.70. Obviously, it is a huge drop and one that causes us great concern. I know it causes producers an awful lot of concern to have the insurance levels there. As I say, that is why we brought in the high-value option, and it will be interesting to see what percentage of producers take advantage of that.

**Mr. Maguire:** I was going to thank the Minister for correcting that, because I was going to try and figure out how that corn that I just put in the ground two weeks ago all of a sudden becomes so valuable. Thank you.

**Mr. Jack Penner:** Mr. Speaker, on the coverage levels, I think the coverage levels and the premiums are indicative of what has happened over the last year to agriculture, specifically, the crop side of agriculture. I think livestock has seen a different side of the equation. Hog prices, I think, have firmed up fairly significantly, as cattle prices seem to be continuing their upward firmness in pricing. I believe our poultry sector is in fairly good shape by management, as are most of the other commodities.

I think this should be a warning maybe, a sign to us, that there might have to be significant involvement by government to keep at least the young farmers on the land. I think here is where

my concerns lie the deepest, and that is, when most of our young farmers today are well-educated people, a lot of them are university trained and it is a departure from where we used to be. Most of these young people, if they see themselves as not having the ability to make a living in agriculture, they will quickly move. They will throw up their hands and say "we are out of here" for two reasons, because the agriculture industry is changing dramatically. Much of the land today is not owned by the operators anymore; it is leased. Much of the equipment that you see, the new shiny stuff out in the fields is not owned anymore by the operator; it is leased. So the liability becomes only a very short one-year liability unless they sign long-term contracts. Even then, it is relatively easy to get out from under.

\* (15:00)

So the elderly, the older people, are the ones that own the land, or foreigners in many cases, or corporations, but outside interests, very often professional people. They own it simply because they like to own it. But very often it stays in the family and is leased by these young operators. It allows them to get out relatively quickly. I would hate to see the day when we would have commodity prices at a level that these young people could not see themselves continuing and just throw up their hands and walk away because I do not know who would take on the amount of land that would become available, and it could become available like that because there is just too much of it going on nowadays in our community.

So I say to the Minister that she might have her hands more than full come next round of negotiations with the federal government. I am a bit sad to hear that she negotiated a three-year arrangement at 25 percent less funding than other provinces get. I think it will come to haunt us at some point in time. The reason I raise this with the Crop Insurance people here, I wonder whether it might be feasible or advisable to take a good long look at what the Americans are doing with crop insurance and how they are utilizing crop insurance and what they are doing in their rate-setting policy as well as coverage policy. I think we might want to take a look at it and take a bit of a snapshot of what they do and

might want to devise or make a proposal to our federal government that we might put in place a similar-type program, even though we are probably going to be forced to have provincial participation here, but a similar type of a program.

I know that the Americans have used, in part, our GRIP program because I talked to some of the farm organization people, and still do once in a while. They have also taken a good look at some components of our NISA program and incorporated that into an insurance scheme. I wonder whether we might want to use some of that kind of innovative thinking to get us down the road to devise and propose a significant change to programs. I am quite willing, and I believe many other farmers are quite willing, to sit down with the Minister and her department and help them devise new programming that would give us a line of defence, I believe, in situations such as we are seeing here today and that you are describing. I think it would be useful to bring a group of these young agrarian entrepreneurs into your midst and ask them about those kinds of things. I think you would be surprised the kind of advice you would get.

**Ms. Wowchuk:** I am well aware of the level of funding that the U.S. government provides for their farmers. There is a tremendous amount of money, I believe. If you look at our federal funding, we get about 9 cents on the dollar, and I believe the U.S. gets about 38 cents on the dollar compared to us in their support of agriculture. So there is a tremendous amount of support. I am sure the Member realizes, though, that in the United States all of the farm support comes from the national treasury. It is not from the state governments at all. The federal government has recognized the importance of the industry and, yes, they do use crop insurance as the vehicle to distribute it through and are able to support their farmers in that way. I want to indicate that we are aware of what is going on there and, in fact, the general manager of our Crown corporation is on the Extension Advisory Committee of the U.S., looking in on their committee, so has participated and been involved in the discussions as to what the United States is providing.

We have to look at various types of programs. As I indicated earlier, there have been

producers who have put various programs forward, various suggestions, and that is how all of these programs are designed, through producers. They are the ones at the grass roots, they are the ones that are impacted, they are the ones that know whether the programs are meeting their needs or not. We are always prepared to listen to them.

The Member also indicated that he was disappointed in the agreement we had accepted from the federal government to be reduced by 25 percent. I have to tell the Member that had we not been as stubborn as we were at those meetings, we would have been in a lot worse shape, because their intention was to cut us back by \$10 million this year. By having very strong discussions, we were able to negotiate for the length of the agreement that we would not be reduced. Our level of support would be maintained for the next three years and then we would review the process. Had we not been as difficult as we were at those meetings, we could be in real trouble this year with \$10 million less. Then that would have created real problems for us as far as the kind of safety nets we could provide for our farmers.

It is a big challenge anyway. We have to continue to look at how we can improve programs that we offer through the corporation and other kinds of programs that we can implement with the support of the federal government to ensure that our young farmers, young and old, who have a very important job, that is, producing food for this country, can indeed get a fair return for their product. Right now they are in pretty tough shape when commodity prices are as low as they are and the input costs are as high as they are. I think we all just hope we will see some turnaround in that and that we will see a better year this year than we saw last year.

**Mr. Jack Penner:** I realize the difficulty of negotiation with our federal counterparts, especially this Liberal administration that is there. They seem to have no conscience nor heart. They have really raped western Canada. There is no better word for it than that. They took \$750 million in transportation support out of this country. They have taken other agrarian support and killed programs that we had.

None of the farmers would have complained about that had all the rest of the countries followed suit. But they did it under the auspices of meeting the trade requirements, which was an absolute fallacy. There were no changes required at all, except the 20 percent reduction in freight rates by the year 2001. Yet, everybody bought into this because prices were at \$6 for wheat or better. We were facing \$8 canola, some days up to \$9. Everybody sort of yawned and lay back and said: No big deal, we can afford it now.

\* (15:10)

Yet, a year later, two years later, we face the kind of situation that we are in today. I pity some days our departmental people when they have to sit there and face this kind of criticism from producers and/or questioning as to how we can survive by paying these rates. When you have fuel prices from last spring almost double to today and nothing is said or done to make adjustments to the level of compensation, and prices are still heading down. One is not surprised at all at the young farmer, young entrepreneur today who throws up his hands and says, you know, I can make a better living somewhere else. I do not know what that is going to do. Then, when I listen to, as I said before in my opening remarks, to the environmental committee in Ottawa making recommendations that there be over a period of time the total phase-out of pesticides and herbicides in the crop production cycle, one has to wonder at the mentality of those that regulate agriculture in Ottawa.

I think it is indicative of the warning we made in Ottawa to the bureaucrats back in 1986 when Ottawa was at that time proposing that much of the pesticides regulation would fall on the Department of Health and be taken away from the Department of Agriculture. We warned Ottawa then that this is what we could face because Health had no vision or any feeling in agriculture at all, nor did they have any hesitancy in applying rules and regulations that would be detrimental to the production of agriculture. Here we sit today and look at these kinds of reductions in coverages in crop insurance because the formula indicates that is where it has to be based on what the current prices are. I respect that, but I truly would ask, Madam Minister, whether you

would pay a lot of attention to implementing some of the other-thinking programming and make those propositions to Ottawa during next spring's negotiations that I know will happen. I would like to know whether you would be amenable to doing that kind of analysis and assessing what those programs in the U.S. are and taking a look at making those kind of recommendations to Ottawa. Would you as a department be amenable to picking up your share of the cost if Ottawa insisted on that?

**Ms. Wowchuk:** The Member is putting forward a proposal that we would look at the programs that the U.S. government has put in place and whether we would be amenable to funding those kind of programs. I ask once again for him to consider the fact that the U.S. programs are funded fully by the federal government. They are not funded by the state governments. I would be more than willing to try to convince Ottawa that they should be putting more money on the table for our programs here in this province, but I have to tell the Member also that we raised the issues about the loss of the Crow and the impacts on Manitoba. I do not know if the Member is aware, but the losses in Manitoba are greater than all of the eastern provinces as far as transportation costs go. They are huge losses. We raised those points with the federal government, but they did not make any difference to them because they had decided that they were going to support the group of eight, which was moving towards cash receipts.

We have a system here in Canada where, when programs are introduced, they are shared federally, provincially. We also have a cap on the amount of money that is available for safety net, so it is very difficult to say that, yes, we are going to accept these programs without knowing what the details of the program are and whether the federal government is willing to participate in them. The programs that people are talking about that have been brought to my department have been forwarded to the federal government for consideration, and those discussions will be ongoing, keeping in mind that the way the program is changed now, there is some restriction as to how much money is available.

**Mr. Jack Penner:** I asked two questions, and I am sure the Minister did not hear the last one.

The last question was, Mr. Chairman: Would the Minister be amenable to cost-sharing if you got agreement from Ottawa to make some significant changes to a program that might be more support-oriented than what we currently have now? If Ottawa would be amenable to making the changes, as I referred to before, that the American program uses, would the Province be amenable to picking up its share of the cost, if Ottawa agreed?

**Ms. Wowchuk:** If I could ask the Member, is he talking about the program that would replace AIDA? The disaster assistance portion of the safety net program, is that what the Member is talking about?

**Mr. Jack Penner:** Well, I want to get back to a discussion that we had in the Crop Insurance office, and the general manager and some of his staff were in on it. There was a proposition made for changes in a program. It was my view that what I heard at that table, what I heard the farm group that was there recommend to Crop Insurance, was really very similar to a GRIP-type program. I suggested to the group, if you did an overlay of a GRIP-type program and a bit of a marriage between Crop Insurance and GRIP, you could actually make it work.

When I looked at the American program a little bit later and how that was devised, it appeared to me that the American program was almost a marriage of our GRIP program, our Crop Insurance and a bit of NISA added in. So I would think that Mr. Hamilton, being the wise person that he is, would take a look at that. But I think we need to take one step beyond that. I think we need to have, first of all, for Crop Insurance's sake and management's sake, a commitment from our minister that she would in fact be amenable to adding whatever resources were required to implement a program such as that if she could get concurrence from the federal government.

It is new thinking, Madam Minister, but, as I indicated to you right after the election, I was quite prepared, and my colleagues are, to sit around a table with you to devise new programming and new processes, if that is needed. We are not here just to criticize; we are here to offer I think good, sound, principled

programming ideas that we think could be implemented.

I look at the general budget and the revenue side of the provincial budget, and I see that our revenues have increased almost a half a billion dollars over last year. I just hope that this government would not have the audacity to say: Sorry, we have not got money. Half a billion dollars of additional revenue in one year to the Province of Manitoba is significantly enough money to add to a fundamental program that would increase the revenue flow, the revenue stream on an ongoing basis, and add stabilization to an industry that needs it badly.

**Ms. Wowchuk:** Mr. Chairperson, there have been several proposals that have been put forward. As I indicated to the Member, those have been looked at by the department. They have been forwarded on to Ottawa for their comments. We have not heard any further from them, and we await their response to those things.

The Member knows that he is comparing to U.S. programs. Again, I remind him that the U.S. programs are funded by the national government. It is very difficult to compare programs in the U.S. that are funded by a national government and then say: Well, you know, can we bring those same kind of programs to Canada and to Manitoba and share them on a provincial-federal basis? But all programs that are put forward are taken into consideration, and we always look at ways that we can improve them.

\* (15:20)

As I indicated earlier today, the disaster assistance portion, "the son of AIDA," as people call it, has not been completely designed yet, and the kind of program that will be available will have to be funded from within the safety net envelope that is there. That is the program.

The Member asks if I am prepared to take new programs. That is a hypothetical situation. When a program is designed and when we see one, ministers have those kinds of discussions with their staff, first of all, to see what they think about it. Then if staff sees it as viable, it then goes on to the next step. But at the present time,

there is no program that has been put forward. I guess the Member also has to remember that programs that are designed have to be trade-friendly. We are an exporting country, and we have to be careful that we do not create programs that then cause trade barriers for another sector of agriculture.

So, it is one thing to talk about whether we would be prepared to take it and put money in. You have to have details of the program, and you have to look at where the federal government is on it, what the impacts are on other commodity groups. There is a whole mix of things that has to be taken into consideration when anybody is designing a new program. As I said, we do not have the details of what the disaster assistance portion of this round of safety nets will be.

**Mr. Jack Penner:** Mr. Chairman, I want to say to the Minister that sometimes, one has to step out a bit and be a bit radical in your thinking. The second point I want to make with the Minister is you have to, I think, realize that under the North American Trade Agreement, the NAFTA agreement, there would be no retribution if we would mirror the American programs. If we would mirror the American crop insurance program or if we would mirror their other support mechanisms, there would be no retribution.

I give the Minister full credit for making the point that, in the United States, it is a federal responsibility as I think it should be here. I agree with her. However, traditionally we have not functioned that way. Crop insurance was designed as a jointly funded program. It was the initial design. It was a jointly funded program. Whether that was right or wrong, the fact is that is the way it was designed. I think we are probably stuck with that unless we get a new administration in place in Ottawa that actually recognizes that western Canada also exists. I think we all need to work towards that and maybe we need to do some united political thinking in that regard to get us to a point where there would be some recognition of that.

However, I think we should not entirely discard the fact that the farm community will need some major support, unless there are some

very dramatic price changes, and I think the Minister should not just out of hand say, well, it is all the federal responsibility. That is why I asked the question whether she would be amenable to cost-sharing that kind of a program, those kinds of ideas, if she would be amenable to cost-sharing if she got agreement from Ottawa.

**Ms. Wowchuk:** Well, I would ask the Member to look at the record that I have had in seven months, and from that record he will realize that I am amenable to looking at programs that will support the community. We have put in \$40 million to help in transportation adjustment. We have put money into the enhanced AIDA. We have made changes to crop insurance that will help producers in this difficult time. I am always open to new suggestions and quite prepared to look outside the box at how we can come up with new ideas to help our farm families, because I am very committed to young producers and to people having the ability to continue in what, I believe, is one of the most important industries in Manitoba.

**Mr. Jack Penner:** I just want to make another couple of points. I know my colleagues also have some questions that they want to direct.

As far as support for the flooded areas for Manitoba were concerned and the program announcements made last year by the Honourable Member for Lakeside (Mr. Enns), who is sitting here, who was then the Minister of Agriculture, I think it took some guts for him to make a \$71-million commitment to support an area of the province that through no fault of its own found itself in a position that they were not able to seed large portions of Manitoba and in many cases where forage crops were totally lost or partially lost. Programs were put in place to support that community during a time of need last year so that they would at least have some income to tide them over the winter months.

Now, there was a \$75 forage restoration program put in place, there was a \$50-an-acre nonseeded acreage program put in place, and there was \$25 an acre, according to the Government news release, for pasture and hay lands program put in place. I received a number of phone calls over the last couple of weeks indicating that the Department has said that there

is no such program. There is a program for supplying hay lands or hay to feed their cattle, but not a program at \$25 an acre for pasture. The news release clearly says there is.

I am wondering, Madam Minister, whether you can clarify for me and Manitobans what the meaning of that government announcement was at that time, or has there been a change made to that program or a change to the payouts on pasture land?

**Ms. Wowchuk:** Mr. Chairman, the program has not changed. As the Member indicated, there is \$75 available for forage restoration, \$50 for unseeded acreage and \$25 for a hay shortfall. There were many applications for the program. There is also an appeal process where if people were not satisfied with the way their application was being handled they had the opportunity to go to an appeal. My understanding is that those appeals have basically been resolved. There may be one or two that are not. But if the Member has a specific case that he is referring to with respect to pasture then I would ask him to provide me with that information and I would get him more detail on it, and I could get him the reason for the decision that was made.

\* (15:30)

**Mr. Jack Penner:** I am a bit perplexed by the wording that the Minister uses in describing the hay initiative—for lack of better words.

The news release at the bottom of the page says \$25 per acre for pasture and hay lands, so it clearly spells out pasture, and when farmers read this they would get a clear indication that if their pasture was damaged beyond the point where it could not be used in a given year, there would be a \$25-an-acre pasture payment. I have talked to the previous minister about this and he indicates to me that that was the intent, and the person that I talked to indicated clearly to me that his response had been no, that was not the intent. It was to ensure that his cattle would have feed for the winter, that there would be hay for the winter. So he has been through the appeal process and has been turned down. However, the program news release says \$25 per acre for pasture/hay lands.

So I would ask, Madam Minister, that you personally maybe take a look at this and have that discussion with those who implemented the program. Maybe you want to have a discussion with the previous minister and ask what the direction clearly was in this regard, because, obviously, there is a level of misunderstanding here somewhere, I think. Maybe there is not, but if you can clarify it for me, then I would appreciate that.

**Ms. Wowchuk:** Mr. Chairman, as I indicated to the Member, the program has not changed. The program that was implemented last summer is the program that is in place, and should he have a specific case where an individual is having difficulty with the interpretation, then I would ask him to forward that to me, and I would have someone follow up on it and resolve the issue.

**Mr. Jack Penner:** Well, Mr. Chairman, is the Minister indicating to me, then, that the written information provided to producers might have been wrong?

**Ms. Wowchuk:** No, I am not indicating that the program is wrong. Pasture qualifies, providing there was a shortage of over-winter hay. That is what the program was before and that is what the program was when it was completed.

**Mr. David Faurchou (Portage la Prairie):** Honourable Minister, it is a pleasure for me to be here this afternoon and have the opportunity to pose some questions in regard to risk management and most primarily the Manitoba Crop Insurance Corporation, which is headquartered in my constituency.

Right off the hop here, I would like to ask the Minister: Is it her intent to continue with that current arrangement with the head office maintaining its location in Portage la Prairie?

**Ms. Wowchuk:** I would not want the Member for Portage la Prairie to be starting some nasty rumours. If he has heard something that I have not, I would encourage him to share that with us right now because there has been absolutely no discussion about moving the office from Portage la Prairie, and I am sure he is not advising us that that is what he would like to see happen.  
[interjection]

**Mr. Chairperson:** If the Member for Lakeside (Mr. Enns) wants to participate in the interaction, he is obviously most welcome, but he has to be recognized first.

**Mr. Faurchou:** Certainly there is no indication nor should there be any insinuation of an indication that there be a change from the current practice. However, I wanted the Minister to know that Portage la Prairie is the proud home of the headquarters of Manitoba Crop Insurance and wants very much to continue with that situation.

In light of the Manitoba Crop Insurance Corporation's support through this recently announced budget, it indicates a reduction of allocations for the premiums that are going to be planned expenditures for this government by \$2 million. I would like to ask very specifically why there is an expected reduction in required premium support, and could she potentially elaborate on that?

**Ms. Wowchuk:** I think the Member is aware of the prices of commodities right now. Premiums dropped because prices of grains and commodities dropped, and these prices are set by the federal government. That is how we determine the premium rates. Because of these prices, there are some reductions in premium rates and market prices.

**Mr. Faurchou:** Well, it is disappointing to see an expected reduction of income for Manitoba producers, and to see it in black and white here, the Government expecting like to actually occur in the farming community. It has been mentioned in fact that this government, through the budget statement by the Honourable Minister of Finance (Mr. Selinger), that there is an enhancement of Manitoba crop insurance. Is she prepared at this time to elaborate more fully on an enhancement of Manitoba crop insurance which will be available to producers here in rural Manitoba at this time?

**Ms. Wowchuk:** The Member has to realize that this is not the whim of the Government to lower or increase the coverage that is offered through crop insurance. These are prices that are set by the federal government based on actuarially sound base numbers. They develop the numbers

based on the forecasts of what they see the prices have been. The Province has absolutely nothing to do with determining that level. They give us the prices. We go from there. That is how these numbers are derived.

But I hope that the Member will also recognize that these numbers, had we not brought in some new programs, could have even dropped further, and in recognition of the difficulties that farmers are facing and in the anticipation and hope of higher prices, we have brought in the flexible price option which gives the farmer the opportunity to buy up. That in fact will cost the corporation a substantial amount of money. We have brought in the excess moisture insurance which, I hope, our farmers do not have to draw on, but it is there.

We recognize that there are changes in cropping, and we have brought in new programs. So in reality we have brought in a lot of new programs to help the producers, but when you see the drop in the corporation's budget, it is based on the numbers that the federal government puts in, and the funding between the federal government and the provincial government, these are numbers that are used to arrange it. It is not for lack of support for the farming community. It is because that is where, unfortunately, the market prices are.

\* (15:40)

**Mr. Faurshou:** I recognize that the federal government is a partner in the programming. It is, though, very disappointing and certainly disheartening to see in black and white that you expect the producers' revenue to drop accordingly and that you are already making provision for that to happen. I would much rather see the Government prepare to be consistent in their level of funding, if not enhancing it. Should that not take place, then so be it, but to be prepared to at least support agriculture in this most vital program as well as they did in previous years if not increasing it. I recognize that the formulas are assessed by the federal government as a nationwide statistical analysis of net revenues and culled from expenses and cross revenue, but the provincial government does have latitude in its proviso for levels of coverage. One can certainly enhance that and go

more fully to a higher level. I would like to ask the Minister why this was not a consideration rather than reducing the budget here, potentially adding further coverage at higher levels rather than doing as obviously she has done in this document.

**Ms. Wowchuk:** I do not know whether the Member heard my comments earlier, but we have taken steps. We have reduced the premiums to a lower rate than they have been, given that there is a surplus in the Corporation and recognizing the difficulties that the producers are facing. But I really do not think that the Member would want us to build false hope in the farming community of higher prices and then of course charge higher premiums and do that kind of thing.

We have the ability to do some things. The Member is right. As far as setting the level of coverage, the federal government sets those, but I guess again I would ask the Member to recognize that we have put in the flexible price option, which does give some additional coverage for producers. There are varying levels of coverage. A producer can choose the 50 percent. They can buy up to 80 percent. The Insurance Corporation cannot be offering insurance that is higher than market value. I am sure that that is not what the Member is wanting us to do. But we have taken steps in recognition of the difficulties by reducing premiums and introducing some new programs.

**Mr. Faurshou:** Well, I do not want to give the impression that I was not listening to her answer. I think her interpretation of my question is a little bit different from what I intended. The higher level of coverage, is it or is it not a possibility? We are at 80 percent. Can we not consider a higher level of coverage and in that way we all know the margins are so narrow these days in agriculture that even at an 80% coverage level one will not break even.

**Ms. Wowchuk:** The Member raises an important issue and one that others have raised about the level of coverage and whether we can increase it. Right now, under federal regulation, 80 percent is where we can go to. There have been exceptions made. For example, when there are very low-risk crops, as in the case of sugar

beets, then there was the ability to raise that to 85 percent. Those are the regulations that we are operating under now. It is an issue that has been raised that there has been some discussion on. It is something that, at some point, has to be looked at, recognizing the difficulties and the high input costs that are there but also recognizing that it is a federal regulation that determines the level of coverage that can be provided.

**Mr. Faurchou:** Having been in the past a sugar beet producer, that is precisely what I was speaking of, where there were situations where higher coverage was available. I was aware of the 85 percent. I would very much encourage the Minister to take that forward to the federal government, if that is the stumbling block. I was unaware that, as a participant in this program, that was not a variable that we could address. Certainly, I think, in this time, where margins are so narrow, we must do all that we can to minimize the risk to producers. Otherwise, the continued operations of many producers are in jeopardy. So I would like to leave that in that regard.

Now, further to Manitoba Crop Insurance, you have mentioned one program in particular, the unseeded acreage. Is there further programming in this line considered in future? Can she further elaborate on this enhanced crop insurance programming that was alluded to in the Budget, or is that it?

**Ms. Wowchuk:** Mr. Chairman, the Member has asked about changes to Crop Insurance and additional programs, and we are always open to looking at new programs and ways that we might be able to help producers. We have an excellent board at the Crown corporation now that I know is also open to suggestions of how we can make enhancements. Many times that is how changes come about, through the board and through producers raising issues.

The changes that we have made that we hope will be helpful to the producers this year, the Member outlined the excess moisture insurance, that is one that I am very pleased that we were able to introduce and one that I feel should have been introduced some time ago because other provinces took advantage of it, for example, Saskatchewan, and they did not have

the difficulty in the southeast part of their province and the need for an ad hoc program that we did. But we now have that program, and I think it is going to be very helpful for producers.

We have also recognized that there are new crops and that our producers are always looking at new crops. One of the changes that we have made is to introduce insurance for open-pollinated corn, which I am sure the Member, in his part of the province, will see some of that crop. We have recognized that hemp is a new crop in Manitoba and one that is very important in the Dauphin area and I hope will be successful. Given that new crop and the experimentation that is going on, we now have insurance on hemp for the seed, not the fibre, but only for the seed. We also have introduced insurance, beginning in 2000, for green feed crops, which is something new as well.

One of the steps that we have taken as well is to extend the seeding deadline. The final seeding deadline is now June 20. In previous years, some crops could have been seeded as late as June 25, with reduced coverage. We have now made the decision and given the deadline as June 20, without extension.

So those are some of the changes that we have made. We are always open to suggestions, and I am sure that the producers in the Member's area may have suggestions. When these suggestions are made, you know, if there are new varieties, then we will look at them and look at how we can improve the services that we provide to producers.

**Mr. Faurchou:** Thank you, Minister, for your comments. I do not want to give any impression that I am not anything other than a stellar supporter of Manitoba Crop Insurance Corporation. I have had a long history of co-operation through the Corporation when I personally introduced the triazine-tolerant canolas that were developed in the University of Guelph, and there was nothing known of their production here in western Canada. When I introduced that, Manitoba Crop Insurance was most co-operative in looking at that new option for canola producers.

\* (15:50)

On the policy side of things, I would like to perhaps encourage the Manitoba Crop Insurance Corporation to maybe step out into the producer realm and make it known that, just as you have stated here in the House, we are looking for new ideas and approaches and to encourage individuals who attend many meetings throughout the winter months, that perhaps Manitoba Crop Insurance could be active in that regard and get out there. I do recognize that Manitoba Crop Insurance is a very well-supported program and that our participation level is very high, and most producers are in touch with the Crop Insurance because of their participation and enrolment in the program, but we can always improve and always show that we are looking for new ideas. So I would certainly encourage that and maybe we can even increase that further.

One more question on policy involving Crop Insurance. A number of years ago, we saw the leaving of an individual by the name of Mr. Brian Manning to Alberta jurisdiction, and he was given the task of bringing under one administration the crop insurance activities in Alberta as well as that of their agricultural credit organization or agency. I am wondering whether or not this is a consideration. We know certainly that Manitoba Agricultural Credit Corporation has gone over the last eight years from an annual allocation of under \$20 million to last year's allocation of over \$200 million into the farming sector, and I have to compliment the former Minister of Agriculture, the Member for Lakeside (Mr. Enns), for his very constructive and visionary approach to agriculture in this province, which has allowed for this magnitude of a tenfold increase in such a short period of time.

So I would be appreciative of the Minister's thoughts as to whether or not this type of management restructuring is a consideration or a possibility.

**Ms. Wowchuk:** I am pleased to hear that the Member holds the Corporation in such high regard, because it is a very important corporation, and I am really proud of what is happening here in Manitoba. The Member asks about getting information to the public, and I think the Corporation must be doing a pretty

good job of communicating with our producers, because we have over 80 percent of our acres under Crop Insurance right now. That is the highest in the country. The next best is at about 60 percent, and I believe that is Saskatchewan. We have tremendous participation in the insurance program.

The Member asked about how we consult with the public and make them aware. There are public consultations and meetings with farm groups and farm organizations annually. The board members are available for meetings. There have been public meetings and discussion where there are public meetings, and that is something that can be considered. There are newspaper ads that are taken out to outline the programs, and, as the Member is aware, participants in Crop Insurance meet to fill out their application forms with their agent, and at that time they are given information. When they are mailed out their information from the Corporation, if there is a new program, there is always an insert that goes into the envelope with it.

So there are many ways that there is communication. The Member suggests public meetings, and that may be something to consider, but I believe that at the level of participation we have right now, there is a pretty good understanding of the programs that we have.

Now, the Member raised the issue of Brian Manning, this gentleman going to Alberta and merging the corporations. My understanding is that those corporations were merged before he got there. The Member asks whether or not that is something that I am considering right now. No.

**Mr. Faurchou:** I appreciate the Minister's frank and very decisive answer in regard to that. As far as crop insurance, I might just now ask a couple questions that are more pertinent to perhaps field operations. In the operations and assessment of claims, is there an allowance provided for persons that voluntarily submit the acreages of individual parcels of property and attest to with their signature that this is true and correct, whether the administration has a flexibility, a tolerance between the producer's assessment of the field area and potentially the

satellite analysis that we are all now familiar with of parcels of property in their area that was used during the western grains transitional payments program.

*Mr. Stan Struthers, Acting Chairperson, in the Chair*

**Ms. Wowchuk:** When there are claims that are within 3 percent, they are left as the farmer has indicated. But when they are over 3 percent, then they are adjusted to the data that the Corporation has.

**Mr. Faurichou:** In regard to a particular parcel of property that is not perfectly rectangle, which offers a great deal of overlap, regardless of what operation, what it is doing, you are stating that if the by-area satellite analysis states that is 72 acres you are looking that up to 74 acres would be considered within the latitude as far as a claim is considered.

**Ms. Wowchuk:** If that is within 3 percent, then yes.

**Mr. Faurichou:** Mr. Acting Chairperson, I would ask, though, 3 percent, in most cases, is when one is looking at topography that is relatively flat, fields that are relatively rectangular in orientation, 3 percent is a figure which I believe is within the realm of overages and underages as to overlap or misses.

\* (16:00)

I would ask the Minister whether she herself has had opportunity to farm properties that offer far more overlap. That irregular fields by nature allow for a great deal of overlap, in some cases 8, 10, 12 percent. Extra seed is used; extra fertilizer is used; extra pesticides are utilized. Those are legitimate expenses that go into that field. To say that is wrong or not acceptable, I am asking the Minister: Is there some consideration in individual cases, where the producer demonstrates clearly that these are the expenditures on an individual parcel of property, that those be recognized as legitimate inputs and therefore available for assessment in a claim?

**Ms. Wowchuk:** The Member asked whether I had any opportunity to farm on some of this

rolling land. I have to tell him that the land we farm is pretty flat, but I have had some experience driving tractors on those rolling hills. It was not a very pleasant experience, and I do not want to experience it again, because they can get away on you. It is a different situation.

But the Member talks about fairness to the producer. If a producer has a concern with the way the land is being measured, the Corporation will come out and measure it physically. If the producer is not happy with that measurement, then there is the ability to appeal that and work through it that way. There is no doubt that there are some different situations that arise when there is a different type of terrain, which we do have in some parts of the province. There is a process to appeal that situation, if a producer is not happy with the measurement that he or she has been given.

**Mr. Faurichou:** Could the Minister outline the actual process of appeal insofar as. I will set the scenario, that the producer had applied for a particular claim for a given area, the response by the Corporation was that, by analysis, utilizing the satellite mapping information at their disposal, he was in excess of the allowable tolerance and essentially denied the validity of the claim, but made no mention to him of an appeal process? So perhaps the Minister can enlighten this member at this time.

**Ms. Wowchuk:** The process is that, should a person have a claim, an adjuster will go out and do the adjusting. If the individual is not happy with that and refuses to sign it, a more senior adjuster will then go out and redo the claim. Again, if there is a refusal, then the regional coordinator will visit the producer and, of course, discuss the situation with him. Again, if the producer refuses to sign, then the regional coordinator would give him the papers and indicate to him the appeal process. *[interjection]* The appeal process? The responsibility would then fall on the producer to file the appeal papers and once the appeal is filed, the appeal tribunal will set a hearing and the individual will then have the opportunity to state his or her case and have the appeal tribunal make a decision on it.

**Mr. Faurichou:** Please correct me if I am not interpreting that the appeal process involves a

tribunal which is constituted how? How was the producer notified of this tribunal and that he may apply to them? Is it binding or is it final or does it then go to the Minister, if there is still no resolution?

**Ms. Wowchuk:** Mr. Chairman, the appeal application and the information is presented by the regional co-ordinator. If the individual files their claim, then the appeal tribunal, which is a three-person board that deals with issues of quantity of claim, takes over the process. The tribunal lets the individual know when the hearing is going to be held. Three people are appointed by Order-in-Council and their decisions are binding on both parts. Should it be that the tribunal rules that there is an underpayment, then the Corporation pays more money. If there is a decision on acreage, then the adjustment is made because the decision is binding.

**Mr. Faurshou:** Obviously, I am not familiar with this proposal having had good experiences with crop insurance and wanting to be familiar with the proposal. My understanding though in regard to some determinations of penalty or what sometimes may be considered less-than-responsible claims that one of the penalties that is put forward by the Corporation is the removal of ability to hold coverage by the Corporation. In light that the Corporation is being used as a vehicle for delivery of any in-the-future programming or may be considered of support, how could the Minister explain to an individual that for lack of a better resolution, the Corporation has withdrawn its ability to serve or this producer has the ability to take out insurance through the Corporation? This individual or this producer, how is he to continue with receipt of programming and/or consideration of coverage?

\* (16:10)

**Ms. Wowchuk:** In the case of non-payment, if a person is not paying their premiums, it is an automatic cancellation of that individual's insurance. Other cancellations, such as misrepresentation, those kinds of cancellations go to the Board and the Board has to make the decision on whether they will be cancelled. After one year they can reapply and have their application reconsidered by the Board.

*Mr. Chairperson in the Chair*

The Member said that the individuals cannot be in other programs. I do not think there are restrictions on other programs that an individual would face if they are not in crop insurance.

**Mr. Faurshou:** The program of which I speak specifically is one that is in current administrative process, that being the Canada-Manitoba Assistance Program, CMAP. One individual is in dispute that has contacted me in that their premiums were effectively held. The situation, if I might use that word, between the producer and the Corporation is yet unresolved. Yet his CMAP monies that he was to be receiving have been held by the Corporation. It is curious if in fact the producer has yet to have the opportunity of the levels of appeal or dispute resolution yet to be exhausted that this in fact would be the case. I am wondering if the Minister has concern with that.

**Ms. Wowchuk:** If the Member is referring to a specific case with which he has been in discussion with the Deputy Minister, my understanding is that that case is in litigation. Perhaps we should wait for that to be settled and then look at it rather than having further discussion here. If that is the particular case that the Member is talking about, then I would prefer that we wait until there has been some resolve to it.

**Mr. Faurshou:** I appreciate it, and, yes, I am referring to a case where I had a short discussion with the Deputy Minister in regard to this, but I was wondering whether or not there are other cases and how, in fact, the whole program such as CMAP or any others would effectively be impeded or prevented from actually forwarding those disaster dollars to the producers.

**Ms. Wowchuk:** On the particular programs that the Member talks about, there are no offsets. Even if an individual owes money to the Corporation, they still get their payment, unless they voluntarily indicate that they want the money that is coming to them from the program to go towards their payment to the Corporation. Then that can happen, but there are no offsets.

We recognize that this is a difficult time for producers, and we want the money to get to the producers so that they can carry on with their business. That is the way it is being handled unless there are some very unusual circumstances, as the Member touched on in his previous question.

**Mr. Faurichou:** I thank the Minister for her response, and I certainly appreciate the sensitivity in some respects here. What you describe here of the dispute resolution mechanism that is in place as well as the restoration of eligibility for insurance coverage I think is legitimate and very fair. However, I am wondering in a couple of cases whether or not this is communicated as well as could be. It is not that we are looking for confrontation as a producer to the Corporation, but, certainly, as a producer, I would appreciate that it be clearly spelled out as to whom I am going to be contacting.

I am not speaking of the fine, fine print that all of us find on the backs of our contracts here, but to be comfortable with an understanding that if we have a difference of opinion with an individual who represents a Crown corporation, that we are comfortable knowing that we are able to have an opportunity to speak to someone else and to ultimately resolve the differences that are causing this dispute. So I leave that with the Minister, and if she has comment I would appreciate it.

**Ms. Wowchuk:** I thank the Member for the suggestion, but I want to say that this is something that the Corporation continues to stress. That is part of the education. We talked about refresher courses for adjusters. Part of it is for them to be sure that producers whom they are serving have all the information they need and know that should they not be satisfied, they have recourse and have the ability to appeal. It is something that will continue in the Corporation, to ensure that the producers have the information.

I hope that producers feel comfortable coming into the office for discussion, but these are also ongoing programs. I guess we can look at all options to get more information out, but the real contact is when there is a claim, and the

contact is with the adjuster. That is why it is important that each year there is a bit of upgrading and refreshers for the adjusters to understand any changes that might be made in the programs, any new services that are provided, and it is a good suggestion that we continue to do that.

\* (16:20)

**Mr. Faurichou:** Just in conclusion, Mr. Chairperson, I wanted to say I do feel the Corporation has good solid foundation in an operation. I do see a few rough edges, if I might use that term, but I am certain that the Corporation will continue to offer a very valuable service to producers of Manitoba.

I want to take this opportunity to compliment the Corporation on its support of research that gathers information that provides better understanding of the changing pace of agriculture, and I speak most specifically of the Crop Insurance support of some rival testing, that goes on within the province too, so that they can adequately understand the new varieties that are spawned each and every year here so that they can offer the coverage of those new varieties with the confidence that they will perform in varied areas of this province of ours.

Also, I want, on the personnel side, to leave the Minister and the Corporation administration with the thoughts that experienced individuals in the field are most valuable to a corporation's overall effective service to producers, and I would encourage them to continue their employees. On recognizing that Order-in-Council and board appointments are certainly a part of the Crop Insurance but also to recognize that we do have a great diversity within our agriculture within this province, not only by topography and available crops, but in climate and varied skills of production, so I would like that the board appointments be reflective of the community in which they serve, that they have the skills and awareness. That will allow that to be a part of the board makeup, and I encourage her to keep that very much in mind when bringing forward names of individuals for service to the Corporation.

**Ms. Wowchuk:** Mr. Chairman, the Member covered a wide range of issues there, and I want to recognize that the Corporation does do a lot of collecting of data on the various crops that are grown; but also, when they collect that data, it is shared back with the producers and back to the individual producers so that they can recognize the benefits of their work and reap the rewards and be able to use the data that are collected. It is an important part, and I am pleased that the Member recognizes the work that the Corporation does in that area.

The Member mentioned appointments to boards. I am not sure if the Member is aware of the board members that are on right now, but I believe we have a wide diversity of people and representation from across the province, people who are in specialty crops, people who are grain farmers. I think they bring a lot of knowledge to the table, as have previous members to the board. I think that we have always had a board that has served us well, and it is very important that we have producers who are interested in new crops and that we have representation from across the province.

Just for the Member's information, the board chair now is Walter Kolisnyk from Minitonas; Vice-Chair is Ian Wishart from Portage la Prairie. Pat Fern is from Rosetown; Barry Routledge from Lenore; and Brad Mroz from Beausejour. So I think the Member would agree that that is a representation from a wide variety of areas of the province, and I am quite confident that these people will make some very good decisions and very good recommendations that will enhance the operations of the Board.

**Mr. Jack Penner:** I was rather interested in some of the comments that were made by the Minister in regard to a lot of new programs. I think the Minister used the term: We have implemented a lot of new programs. Would the Minister articulate for me the new programs on a one-to-one basis, all the new programs that she has initiated, or is it just adjustments to the current program that is there?

**Ms. Wowchuk:** My goodness, Mr. Chairman, I did not realize I had to be so careful on the words that I use with this member that he was going to be picking on just proper grammar in

this. For the Member's information, I will again repeat the changes that we have made to crop insurance. The Member knows that a very important program that we have brought in is the excess moisture insurance. It is unfortunate that we did not have that program earlier. Had we had it last year we would not have had to have an ad hoc program in the southwest part of the province and we would not have faced the challenges that we do in Saskatchewan where they had the excess moisture insurance there. The Saskatchewan government is not facing nearly the challenge that we are in the southwest part of the province. The Member would recognize that that is a new program.

The others have been enhancements to existing programs. Again, making the decision on the seeding deadline to now be on June 20 rather than having a seed deadline up to June 25 is going to make a difference for producers. I think the Member would agree that the change to introduce new crops for coverage, for example the open pollinated corn, as a new crop for coverage is something that has been added to crop insurance. Beginning in the year 2000, this crop will be covered. The open pollinated corn is a non-hybrid and is more commonly known as dwarf corn. I am sure the Member is familiar with that. Canamaize is another name for it.

The introduction of insurance for hemp is also something that has been added to the program. This begins in the year 2000. I hope that given the difficulties that people who have been growing hemp have faced in the last year that they will continue in this production. If they do, we now have insurance for them.

Also beginning in 2000, we are going to have insurance on crops that are grown specifically for green feed. That is something that has not been covered in the past. I am sure that will be appreciated by those producers who use green feed production as part of their rotation.

Variety restrictions on hybrid corns and dry edible peas except for soybeans have been eliminated. I would assume that the Member, who comes from an area where there are a lot of edible beans grown, will recognize that as a change that is valuable. I have to say to the

Member, we were just talking about the Board. Board members and producers are the ones who come forward with recommendations. I know that the people in the Dauphin area were the ones that were looking for coverage on hemp. I am sure producers in his area were looking for changes to the dry bean variety.

\* (16:30)

So those are the changes. I would expect that the Member opposite would look at these as good changes and recognize them as changes that have been brought forward in the interest of giving producers the kinds of options they need in protection as they look at new varieties, and that is a pretty important part of the farming economy of Manitoba.

You know, we have very, very diverse crops in this area. In comparison to what some of the other provinces have, our producers have been very progressive in their farming practices and in looking at new varieties. Therefore the corporation also has to be progressive enough to recognize the changes that are required to meet the demands of the producer.

**Mr. Jack Penner:** Can you tell me whether the June 1 deadline, or the 20th, is that universal now right across the province?

**Ms. Wowchuk:** That is the deadline across the province for the major crops, the wheat and the barley. There are some other deadlines for specialty crops that have some variation to them. But that is across the province; it is universal.

**Mr. Jack Penner:** Could the Minister inform the Chamber as to what specialty crops would have different deadlines?

**Ms. Wowchuk:** If the Member is looking for specific details, we do not have those in the Chamber right now, but I would bring them for him at our next sitting where we could have details of the various contracts and those deadlines. The universal one is tied to—now that we have the excess moisture insurance, we have to have that deadline across the province, and that is what has been implemented.

**Mr. Jack Penner:** Could the Minister tell us how many acres of hemp are insured this year?

**Ms. Wowchuk:** Mr. Chairman, we will not be able to provide that detail until the final seeded acreage reports are completed, and those have to be filed by June 30, so there is a bit of time. My understanding is that last year there was somewhere in the range of 18 000 acres that were seeded into hemp.

**Mr. Jack Penner:** I am wondering whether the Corporation might know whether that acreage might be up, down or sideways, in light of the fact that the consortium that was looking at building a processing plant has virtually collapsed. I know that there are significant difficulties in collecting some of the—or even selling the seed that was produced last year. I am not sure what has happened to the fibre of that crop, whether there is any indication that there is a significant amount of hemp going in this year or not. In our area, it appears to me the interest has almost collapsed, so I am not sure whether there is any significant amount of hemp going in at all this year.

**Ms. Wowchuk:** That would be very hard to determine at this time, because there have been no reports filed. But the Member raises an important issue. There is difficulty in the hemp industry. We hope that it will be a viable industry. That is why we have made the changes to the crop insurance so that we are able to offer producers protection, but we will not know those details until the reports are filed.

**Mr. Jack Penner:** Mr. Chairman, I respect that. I think most of the farmers are still in the process of planting beans. That crop is another one that we will not know for awhile how many acres really went in, but there seems to be a significant increase again this year on edible beans going into the ground. I do not know what the soybean situation is like. There seems to be a decrease in soybean acreage, at least in our area. But I do not know about the edible dry bean. There could be a fairly significant increase again.

That, of course, puts us in sort of an envious position. Talking to my Ontario bean producer friends, they recognize the tremendous advancements that farmers and the Department,

with the encouragement of the Department, have made in edible bean production. It really has become the pivotal crop. It has taken the place of sugar beets plus. So from an economic standpoint, I would suspect that beans now would probably outrate financially the sugar beet crop that was previously there, although I think it is interesting to note that the American sugar industry is probably in significant difficulty at this time. My next-door neighbours tell me that if they get another year like they had last year, they doubt whether they will be in business, whether the industry can, in fact, survive on the American side, and somebody else's failure or detriment is sometimes our benefit in the long term.

That might add some emphasis for us to go back to Ottawa and see whether we cannot find some way to encourage the re-establishment of the sugar industry in this province. We have always known that we could very easily raise anywhere between 60 000 and 100 000 acres of sugar beets on an ongoing basis. If Alberta, in fact, collapses, as it appears it might, then we might well have an opportunity to be the sugar-producing province in this country.

Ontario, I understand, is back into sugar beets in a small way. They are exporting their raw product to Michigan, I understand, and doing quite well with it. So, again, if that is an indication as to what the Ontario producers are looking at, there might even be an opportunity there. If we could get that industry re-established in Ontario, then I think we would have a much better chance of convincing the federal government to come with some kind of programs that might be receptive; in other words, mirror programs that other countries use to protect their industries. Ottawa might be more receptive to initiating that.

I want to indicate to the Minister that I appreciate the candidness with which she has answered most of the questions. I also want to show my appreciation to the Corporation for the tremendous support that I think they have been to agriculture and quite frankly the professional way in which they deal with virtually all the cases that I have had some knowledge about. I think that is highly commendable. I think it demonstrates how efficient our civil servants

really are. I include all of the people at the table and indeed virtually all our civil servants. We get a bad apple here and there, but we get bad apples amongst farmers, too. So if we get one that sort of softens up around the edges once in a while, then we have to deal with that one. Take it out of the box and replace it with a good one or eat a different one.

\* (16:40)

I want, however, to indicate to the Minister that I think one should always be careful in not taking too much credit where credit is not due. It has always been my view that whether you are in government or in other industries or on boards, if you have had an involvement, then I think there is fair option for taking credit. If there was an announcement made on unseeded acreage coverage, crop insurance, as there was when we announced the \$50-an-acre payment, and I think the premier made the announcement at a meeting in Brandon with many of the farm organizations involved, indicating that we would provide a \$50-an-acre seeded acreage coverage, however, it would carry with it the requirement for farmers in Manitoba to carry non-seeded acreage coverage. I think the announcement was either made in June or July of last year. So I say to the Minister, if she would have couched her words, saying the previous administration had announced a non-seeded acreage program, I would have appreciated that, and I think many others would have too. In future, when making reference to those kind of things, give credit where credit is due.

I think the Corporation deserves a lot of credit for demonstrating that it could be done in the manner that it has been done, and I give them a lot of credit for that. We as politicians sometimes stand on the stump and take credit for much of the actions that our staff come forward with. It is not a criticism, just a caution, that I will catch words and I will catch announcements that might actually be catchable.

I want to also commend the Board, and I think you are absolutely correct. You have a tremendous amount of expertise on the Board on Crop Insurance. I know one of the people quite well, and her name is not Fern. It is Fehr, Pat Fehr. I know her. She and her husband are fairly

large potato producers. They grow a lot of edible beans—specialty crop—and are very good at it. They are a young couple and very professional people. I also want to indicate to you, Madam Minister, the appreciation I had for the previous Board chairman and how openly he dealt with matters with all of us. I think Charlie Mayer was truly a proficient and professional chairperson, and I think we have gained significantly from his experience in Ottawa, and I think he brought that to the table. He was respected as a board chairman across the province. I want to personally go on record thanking him for his years of service on the Board, because I think he did that in a very non-partisan way, and I think that is sometimes difficult for past politicians to do in the manner he did it.

I want to thank you, Madam Minister, and your deputy and his staff, for coming in and presenting the crop insurance program to us.

I want to ask one or two further questions. That is, the crop insurance is now provided to approximately 10 500 producers farming somewhere in the neighbourhood of 8.5 million acres. What percentage of the total cultivated acreage is that in the province?

**Ms. Wowchuk:** Presently, about 81 percent or 82 percent, in that range, of the cropland is under crop insurance. *[interjection]* There are about 10 million acres of arable land in the province, and about 81 to 82 percent of that is covered by crop insurance.

**Mr. Jack Penner:** The Hail Insurance Program, are there any changes in premiums and rates and coverages in the Hail Insurance Program?

**Ms. Wowchuk:** Yes, there have been some changes made in the rates. The minimum rate is down from 2 percent to 1.8 percent. There has been an increase in coverage from \$100 to \$125 an acre. The crop factor has decreased from 2 percent to 1.75 percent for canola and peas, and there is a 5% discount for cash payment.

**Mr. Jack Penner:** What are some of the other coverage levels? What would dry beans be, the coverage on dry bean hail insurance?

**Ms. Wowchuk:** Mr. Chairman, for dry beans, you now have a choice of coverage of \$75, \$100 or \$125 per acre.

**Mr. Jack Penner:** What are the premium rates on that?

**Ms. Wowchuk:** Premium rates will vary by region. Again, if the Member is looking for specifics to a region, we might be able to get that for him, if there is a specific region that you want the details on. They vary according to the region.

**Mr. Jack Penner:** Well, most of the beans with the exception of the Portage la Prairie area, I would think, would be grown probably in D12, in that area.

**Ms. Wowchuk:** Mr. Chairman, again, we do not have that specific here in the Chamber, but we can get that for you for the next session.

**Mr. Maguire:** Yes, I do have a couple of questions, Mr. Chairman, just in regard to the canamaize that is being offered this year, cereal corn, in regard to the kinds of discussions, I guess, that were held in regard to accepting canamaize this year as an insurable product. I do not believe it was insurable last year. I think, if looking at my own contract serves me correctly, it is available at the 50% and 70% levels this year.

I would like that confirmed, and then, as well, to look at some of the discussion around the differences and why it is different than regular corn.

**Ms. Wowchuk:** Mr. Chairman, the Member is correct. The level of coverage for canamaize is at 50 percent and 70 percent. That is the same level that we are offering on hemp, which is also a new crop. In order to get the 80% coverage, you have to have an actuarial certificate and because they are new crops, you cannot get that certificate for them. So that is why there is no coverage to 80 percent.

\* (16:50)

**Mr. Maguire:** So we will need more regional data, then, is what you are saying before we can

come up with the high-end coverage and an associated premium with it.

**Ms. Wowchuk:** That is right. Once it has become a crop and more data are collected on it over a few years, then you would have the proper data to offer that kind of certificate. Then the Corporation would have the information they need to make the decision as to whether or not it can be moved to the next level to allow the 80% option.

**Mr. Maguire:** Can I have some understanding of how many years data they require for that, to put it together to come up with another level? How did they arrive at using the present 50% and 70% levels that are coming up with the present coverage levels?

**Ms. Wowchuk:** The requirement for a certificate is a federal requirement. It is not a provincial requirement. At the end of five years, you can make application for this certificate, but should it be that the crop was very successful and we were collecting the data here in the province, we could make application earlier.

**Mr. Maguire:** That is application then to the federal government, based on the provincial data that we would have here, here being in Manitoba?

**Ms. Wowchuk:** After a couple of years, the data would have to be discussed with the actuary, and then from there a decision would be made as to whether or not it can be certified. Again, it is a federal regulation that has to be met here, and that would be the process. But it will take at least two to three years of data collection before you even begin the process of taking that step.

**Mr. Maguire:** Mr. Chairman, I was wondering again, and I did not look closely enough, perhaps whether the information would even be on my individual return this year, contract, in checking for our own area. Number 1, I guess, are the rates the same for crops of this experimental variety, such as canamaize and hemp throughout the province?

**Ms. Wowchuk:** Grain corn has a rate set by region, but this is an experimental crop in new program and it has one rate across the province,

as does hemp. As new crops that are being tested out, they have one rate.

Just getting back to the other question about certification, normally the Corporation does not apply for the certification before the five years, but in this particular case they are looking at and hopefully will be able to collect data that will enable the certification sooner.

**Mr. Maguire:** So, on the rates being the same throughout the province then, we are talking about the premium rates. Would the premium rates be the same throughout the province then, or the yield that we are looking at or both for crops like hemp and canamaize?

**Ms. Wowchuk:** Mr. Chairman, on these two particular crops, the premium rate is the same across the province. The coverage is on an individual coverage, so if they have not grown the crop before, it will be the same. But, if someone has grown the crop before, then their production, their averages will be taken into consideration on their application. In many of these it will be—*[interjection]* Well, some have grown it before, so then they will have some records that can be taken into consideration.

**Mr. Maguire:** They would look at using a previous year's record. I am thinking of canamaize in this particular case in regard to an individual that had grown the product a year ago who had the marketing receipts for it and that sort of thing. Would they look at using it then in the year 2000's historic averages if there was a loss this particular year?

**Ms. Wowchuk:** When the Corporation is figuring out an individual's production record, there is a two-year lag when the data are used. For example, for the year 2000, the information from 1998 would be used in their production records, but the 1999 data would not be used until the 2001 claim, so recognizing there is a two-year lag as to when the information was used.

**Mr. Maguire:** So the 1999 data, then, would come into play in 2001. Can the Minister give us any indication as to—and perhaps you have had this while I was out—how many other

experimental or new crops might be in place this year besides hemp?

**Ms. Wowchuk:** The Corporation is always looking at what producers are doing and what crops are being grown. We know that Manitoba producers are very aggressive in trying new varieties. Our corporation is very aggressive in trying to get new crops covered. For this year it is hemp and canamaize and green feed that are covered, and the Corporation is looking at additional crops for the upcoming year. But those crops have not been finalized, and it would not be right to speculate on what they might be for the upcoming year.

**Mr. Maguire:** There are a number, two of which come to my mind, would be—and I do not have specific varieties—but in regard to forage production, grass production, because I think that is going to be a very much growing part of the diversification of our Manitoba rural economy with some pretty sound markets in those areas, in other parts of North America. The Minister has had an opportunity, I think, of being in Mexico first-hand, seeing some of those herself; I think that they are growing. There is certainly more interest in it in all areas of Manitoba from what I find than there has been in the past, so I think it is an area that we need to keep tabs on very closely.

Another one is in the area of vegetable production, and some of the specialty crops that we might look at. I guess my reference might have been more in the area of vegetables and some of the specialty productions than in some of the more wheats and flax cereals, pulses and oilseeds that we traditionally think of as to the kinds of insurance that we may need for those kinds of products down the road.

**Ms. Wowchuk:** Mr. Chairman, the Member is right. We are seeing producers looking for crops that are more valuable than the traditional crops. More and more producers are looking to get out of the grains in particular. If you look at the number of acres that are in production, you can see a decline in those crops.

The Member also raises the issue of forage crops. I believe that there are tremendous markets for forage crops providing we can work

out transportation costs. That is going to be the major stumbling block in the growth of the forage industry here in Manitoba. But we have the land base, we have the weather conditions, and we have the producers who are interested in participating. So we have the right combination. The transportation is a very important link that has to be worked through.

\* (17:00)

But the Member is right. As our farmers look for new crops, ways to support their families and make a living, we are going to see new crops coming in, and the Corporation is going to have to address those. Certainly there is the vegetable industry, there is the forage industry, and there are many other varieties of crops that people are testing out there.

So it is an ongoing process that we have to be cognizant of and work on and try to get the protection that the producers need, but there are opportunities.

**Mr. Maguire:** There is another area, I guess, that is pretty near and dear to my heart because of the experience I had being on the Agriculture Research and Development Initiative, the ARDI committee, over the past couple of years from its inception, and that had to do with being a part of the implementation of the research facility—or not the research facility; it was there with the St. Boniface Hospital Research Foundation that married, if you will, the amalgamation of agriculture and medicine in the province of Manitoba.

It was a strong belief that I had at that period of time, that I had the opportunity to spend time there and develop that, to second the motion to tie those together, that we would be better served as farmers and as industry in Manitoba if, in fact, our consumers had the confidence that these kinds of products were being tied together in the health industry, much safer products for our tables and our families.

Some of those products that are likely going to be grown down the road will have perhaps some very small acreages available to them, whether it is Echinacea or St.-John's-wort or whatever these researchers perhaps were able to

come into and find some very small portions of those crops grown right here in Manitoba to be used in the development of those medicines, if you will. But to put scientific data to the things that may be out there today generally accepted in the population but does not have the same kind of scientific detail and data to it that would give it the clinician's test of management, if you will, in a federal jurisdiction to meet federal regulations.

I am wondering if Manitoba Crop Insurance has looked at any kind of role that they might play in the development of packages of insurance for those very small crops. This has not been done on a large basis yet, but it would mean in some cases quite an investment to producers to get into some of these crops perhaps. I do not know what the costs are on all of them. Traditionally, we have always worried, I think, about expanding farming operations to meet the needs of our operating costs today, but this is one area where small acreages could be very much used to be very profitable in regard to agriculture and another one where we may have to look at some of the minimum requirements that actually define what a farm is.

So I am wondering if the Minister could elaborate on what kind of work has been done in that area, if any.

**Ms. Wowchuk:** Mr. Chairman, the Member raises an important issue, and it is the whole issue of research and nutraceuticals and new crops that people are looking for and healthier foods. Those, in many cases, result in very small plots, but people want some protection, as well. That would probably fall better under what is called self-directed risk management and that type of program is still in the experimental stage.

There is a pilot project that is being tested in Ontario right now, and we have tried to get a pilot project for the horticultural industry here in Manitoba. Up until this time, the federal government has not given us that opportunity to have the pilot project here, but it is something that we will continue to work on. Of course, along with trying to get it here, we will be following the data as well that come out of the pilot project to look at how this self-directed risk management works to see whether that is what

fits in with the particular crops that the Member has outlined.

**Mr. Maguire:** Thank you for that answer, Madam Minister. Certainly, I think they will be important in the future. As to how we handle them, I am very pleased to see that there is this kind of a project ongoing.

Can you give us some indication of the self-directed program in Ontario? Is it totally in these smaller kinds of crops now, or are they using it on a more broad-based acreage for some of the cereals that we grow, as well?

**Ms. Wowchuk:** The pilot project of the self-directed risk management that is on in Ontario is only in horticulture right now.

**Mr. Maguire:** I would put forward, I guess, that there have been a number of self-directed kinds of projects in regard to insurance throughout North America, and I am not familiar with the ones in Europe if there are any there. I am somewhat familiar with a few of the ones that have been looked at in the United States by our neighbours in North Dakota, and I wonder if we have looked at any of those as well.

\* (17:10)

**Ms. Wowchuk:** Mr. Chairman, the Corporation is always interested in looking at what is happening in other parts of the world. The general manager is serving on a U.S. advisory committee, a research extension committee, and always looking at what is being offered in other places.

As crops change and there are new opportunities, you want to look at what other people are offering. No different than any other industry. Whether it is in education or in health, you look at other places to see what they are doing and glean a little bit from them and look at how you can improve services for producers here. As crops change and producers look for new alternatives, we will continue to look at what we can do and what the Corporation can do to enhance the services that we provide for producers.

**Mr. Maguire:** I appreciate that answer and am certainly glad to—never had the opportunity of discussing this issue with the general manager in regard to some of the issues there, but I would refer more directly to my colleague, the critic from Emerson for Agriculture, on our side. His comments earlier about being very aware of the subsidies in other world markets, how these U.S. and European policies have impacted us, the kinds of insurance levels—it is not even insurance levels. I guess it is subsidization. You would have to put the word too directly. But they have had some very obnoxious, I would say, if I could put it on the record, programs by our neighbours in the U.S. as well.

I certainly would not recommend that we pick up everything they do. I am referring more to the durum one a year ago that promoted a lot of durum production in North Dakota as opposed to some of the more regular data that we have used, I think, on a per regional basis for yield and pricing that has given a pretty sound mechanism. In some areas, a bit of a shortfall in some cases.

I would refer to one of the ones in the U.S. in regard to the yield option program that they had through the marketing mechanisms that are available to them in the U.S. that was pretty much totally self-directed, but it was administered.

The administration costs of starting that kind of a program up, in my understanding, premiums and those kinds of things, were provided by the U.S. government. I have not seen it in the past. I raised it as a farm leader with our safety net people nationally to see whether or not they were prepared to utilize any kinds of funds, No. 1, for education processes because there would be a great education process required here in Canada to do that. It was not done statewide when it was first started. It dealt with corn, soybeans and wheat originally in the U.S. I guess I am wondering if there has ever been any discussion to do that sort of a thing in regard to a particular region or an area in the province of Manitoba.

**Ms. Wowchuk:** As I indicated, there is a pilot project that is on in Ontario right now. I do not think that the federal government is looking at anything else until that pilot project is

completed. We would like to have a pilot project on horticulture here in Manitoba, but that has been denied as well. So I think that the only thing that the federal government is considering right now is the self-directed, risk management pilot project that is in Ontario. We will have to wait for the results of that. That is the only thing that they are considering now.

**Mr. Maguire:** I have to ask the Minister: Is it only available then on horticulture at this time? That is only available on horticulture at this time, that self-directed program in Ontario then?

**Ms. Wowchuk:** Yes.

**Mr. Maguire:** In your upcoming Agriculture ministers' meetings and discussions in those areas, would there be an opportunity to try and challenge them to look at further issues beyond just horticulture and see if it would be a fit in the province of Manitoba? It would take quite a bit of leadership and perhaps quite a bit of the Corporation's time to try to develop that sort of thing here.

What I am referring to, in regard to the self-directed programs, is that the Americans, of course, can purchase options and that sort of thing in regard to the price of their product, but there was a program at one time to also do options on yield based by county in the U.S. as well. I am not even sure if it has got off the ground down there, but it is something that is worth looking at.

**Ms. Wowchuk:** Mr. Chairman, the Member began this discussion by talking about small acreages and the importance of the nutraceutical industry in Manitoba and the opportunities for producers to grow small acreages, and I think he is right, that there are going to be those things happening in Manitoba. I do not know if the Member is aware, but the University of Manitoba has applied for a nutraceutical research centre here. Should we be successful in getting that to Manitoba, that would be a bonus and then that would lead to more of those crops, I would imagine, in this area.

Right now our goal would be if we could get the federal government to have a pilot project on the horticultural crops here and then work

towards the nutraceutical side in combination with the university and the work that is being done at St. B and those kinds of things, recognizing that there are going to be some changes and there are going to be some opportunities for producers in those areas. I think that is what we have to work on at this time, and, again, follow the results of the pilot project on the self-directed risk management, see what the impact is of that and then move forward.

But I think that is where we would want to focus right now rather than trying to get into some of the other issues that the Member has talked about like the yield option programs. Those are not what we want to focus on. I think we want to see what is happening with the other risk-management programs.

**Mr. Maguire:** The Minister is quite right. I did start off my discussion talking about the small acreages and the horticultural side of it, and I appreciate that. I certainly am aware of the importance of the nutraceutical through my association with ARDI that I referred to earlier, having some input into the development of that whole process.

I am very pleased to see that the results that we had hoped to get from beginning that process have actually taken fruition and began here in Manitoba and that the university has gone a long way towards the development of this nutraceutical process, making Manitoba, hopefully, the place in Canada that can be known throughout North America and the world as a home for the development of the nutraceutical industry and a scientific basis to be put to each of these particular products.

So I appreciate the Minister's answer, and she had raised the issue of Ontario having this self-directed. I was not aware of that, so I appreciate that and wanted to follow up with it in that line of questioning. Our critic's comments earlier about the situation in the U.S. led me to get on to the whole idea of what we can do with the bigger crops that we traditionally grow and where we are. I think that we need to look at that, because we all thought about St.-John's-wort and some of the other products that could start to be used in the nutraceutical industry and put some scientific data to it when we were

brainstorming for this whole idea of the foundation being begun. It became very clear that, what if there is a new kind of germ or something that we can get from a kernel of wheat, that is a very traditional crop that we have here but may very well lead us to the scientific data that we need or the scientific basis that we need for cures to diseases like Alzheimer's and some of the other ones that we began that whole process to look at.

I appreciate that and wanted to know if we could look at expanding it into some of the areas like white wheat. Do we have data in the crop insurance base today that would continue to look at white wheats down the road? I know there has been from my work on the western standards committee of the Grain Commission, that there is work being done in the whole area of white wheats. What data do we have for basis on those at the present time?

\* (17:20)

**Ms. Wowchuk:** Mr. Chairman, when the Corporation collects their data from a producer and they fill out their papers, they also collect data on crops that are non-insured as well. So if a producer has been growing an uninsured crop like white wheat and they have provided the information on a voluntary basis to the Corporation, then we would have some of the data there on those particular crops. If they are being grown and if the producers who are growing it are reporting it as a crop, then there will be some data there.

**Mr. Maguire:** Perhaps we can follow that line of questioning a little further under Marketing and Development and those areas, Madam Minister. I appreciate that. It is an area that I think we have a vast future for in regard to the flour milling industry that we have in North America and worldwide. I would not want us to get left behind by other countries that are presently in the process of developing more of those. I think, in order to be responsive to farmers' needs, when those kinds of products come on-stream, with the kinds of acreage and commitment that might be there and our proximity to some of the mills in the U.S. being so close to here that might use that product more readily than some of the farmers to our west in

Saskatchewan and Alberta, I would hope that we are able to respond fast enough to providing insurance for them that, if there is going to be an opportunity for expansion of that acreage to replace some of perhaps even the durums or the hard reds in Manitoba that we have presently been growing, that we do not miss the boat with that one and have the opportunity to go ahead and expand it.

**Ms. Wowchuk:** As I indicated earlier, our producers are always looking for new crops and new market demands, and if there is a new market demand there, producers fill them pretty quickly. The Corporation itself can respond fairly quickly if there is growth there within, if you see there is a pattern there. They follow the patterns of cropping and can respond to that need fairly quickly. You only have to look back at the hemp industry. The hemp industry has not been—I believe there are a couple of years of growth of that particular crop in Manitoba, and the Corporation has been able to respond to that need and put in an insurance program. If there are other crops that we see the volume increasing on, and there is a crop, the Corporation has the ability to take the steps to provide the coverage for it, providing that the data are there and they are able to collect it and the producers are prepared to share, because that is a pretty important part of it.

As they are filling out their production reports, they have to also be prepared to report these crops that are being grown, so that the Corporation can see the trends that are there, make the adjustments, and introduce the necessary changes.

**Mr. Maguire:** I guess it also looks at the kinds of response we would get in regard to regional basis on these crops. Of course, durum is another one. Historically, the high-quality durum was always grown in the Swift Current area of Saskatchewan, but over the last—not in the last two or three because of perhaps more enticement to fusarium in our province, but over the area of the mid-'90s the best quality durum in all of Canada was grown in southwest Manitoba and southeastern Saskatchewan.

Everybody wondered why all of a sudden, because they always felt the Swift Current area

had a great climatic advantage in that whole area, but they forgot that Manitoba farmers and producers have been using more fertilizer perhaps than some of the area further to the west and southwest of Saskatchewan. It has become a more intensive farming process. It was becoming very apparent in the mid-'90s that some of the durum production that we had, some of the varieties that we had in the durum area were not of as good a quality as we would have liked to have kept up in our development in those areas.

I guess I was just asking the question from Crop Insurance's angle. Do they see a change? I guess they are able to work with any new varieties that are coming on-stream in that whole area of durum, and has it changed the yield levels very much, therefore any of the premium levels that we have had to look at on durum over the last four or five years?

**Ms. Wowchuk:** The Member is talking again about the different varieties that are grown and the southwest part of the province becoming an area where more durum is grown and the need to change. The Corporation looks at the data, and, as the data come in, they make the necessary adjustments. I think on that particular crop there are going to be reviews made on it.

You know, we are going to see many changes. You talk about the Swift Current area being the area where durum wheat was the major crop and was the best growth there. We are having a lot of changes in our climates, and I think we are going to see a lot of different crops and different areas growing different crops, and the Corporation is going to have a lot of work.

As cropping changes, as weather changes, as all of that happens, there is the need to make adjustments, and that happens on a regular basis with the Corporation.

**Mr. Chairperson:** The Member for Virden.

**Mr. Maguire:** The people, the residents of the Municipality of Arthur, Mr. Chairman, might appreciate you mentioning them as well as the town of Virden ones.

**Mr. Chairperson:** The Member for Arthur-Virden.

**Mr. Maguire:** I always get criticized for them leaving us out, so I have to make comment on it.

**Mr. Chairperson:** That is right.

**Mr. Maguire:** The Minister makes a good point, and I very much have followed the whole progress with durum because we have always grown a bit of it on our own operation. It has never been a big part of the farms. There are not many farms, I do not think, in southwest Manitoba that grow totally durum. I know of a few where that is their major wheat, if they are raising wheat.

She is quite right, there are climatic changes, but I think the biggest change that has driven the whole process into the specialty crops and some of these others, of course—and she has referred to it before as the whole change in the Crow benefit—well, the whole change in the Crow benefit and that impact. So farmers there today are looking more and more and more—I mean, everybody is trying to diversify. They may be looking at livestock, the various venues that are there, even to the point where I have mentioned a few times in the House about some neighbours that are specializing in goats now, but I do not know if we have got too much insurance on that sort of the livestock industry.

We are seeing, of course, a lot of these specialty crops and that sort of thing that may come in. We are growing soybeans in our own operation this year on very small acreage for the first time ever, just to try and see if some of these newer varieties will meet the eight units that we have got in southwest Manitoba. There will be a plethora of navy and white beans that are being grown out there now that, even five years ago with the change in the Crow, were not being grown in southwest Manitoba at all. My critic, my member here for Emerson, partner in the House, mentioned that we are now the bean capital in Canada, and we are to be commended. The farmers are to be commended for making that shift greatly.

\* (17:30)

I think the whole area of the kinds of corn varieties, the kinds of bean varieties that are going to be available down the road will mean

that we will quickly have to gather more data on many of those crops in all of the regions of Manitoba. I think if we could expand that down into the southwest, there is also room for that more in the Interlake region than we never ever had before and in the Minister's own home region.

I only put it out there that we have to be more and more aware of the kinds of products that we can grow here. The canamaize is being grown as a replacement basically for barley because of the yield, and it is not to get into the milling industry in that regard for corn, and the brewing industry. It is just one example of a replacement for barley, if you will, or feed wheats in that area.

I guess we would look at some of the vast amounts of bean meal and meal that will be coming into Manitoba now being replaced by all of these acreages of peas that I think when you get your reports back in June 30, you will find a good number of acreages of peas in Manitoba as well this year, if the amount that my neighbours have got coming out of the ground now is any indication. There will be more peas in this province as well.

I think that is all going to augur very well for us as we move forward in replacing the meal that has been coming into this province with the product that is already here. Of course, we have seen the combination of canola meal and pea meal already being discussed and expanded upon. So we need to continue to work on the basis for the new rates and yields on beans and some of the corn varieties as well.

Having said that, and knowing that there are specific needs in the various regions of the province on those, as we become more self-sufficient, the train of thought I had in that previous question was in regard to a presentation that I made a few years ago before Maple Leaf was ever built in Brandon. It became very apparent that, when you are killing 90 000 hogs a week in a province like Manitoba at that time, with the limited acreage that we have—you have indicated the 10 million is pretty close to what we have in Manitoba in cultivable acreage, arable acreage for crops, very much smaller than the rest of the Prairies, about an eighth or a ninth

of the whole Prairie region. With that plant in Brandon going alone, the amount of feeder pigs that would go through there at 90 000 a week if they hit their second level, would have consumed all of the feed barley, all of the malt barley, and about 20 percent of the wheat that was going for feed that was being presently grown in Manitoba in the fall of '96, when I made that speech to a diversification development program in Brandon, where I had the opportunity to speak, and which was sponsored by *The Brandon Sun* at that time. That was before Maple Leaf had been built. It was only as a subsequent vision of where this industry is going that we got into this discussion at all because of the Crow change on August 1 of '95.

I guess I want to doubly reiterate, now that we have got a second plant this government has agreed to here in St. Boniface, and I commend you for that, that if we have that kind of livestock base as well as the expansion in the cow herd that I am seeing in the rural areas today, we will be quickly moving towards bringing in what I even heard referred to this week in the news as some of the cornmeal varieties down into the 1900, 2000, 2100 heat unit varieties that can easily be grown in southwest Manitoba. Certainly you can almost get two crops of those in the Red River Valley—*[interjection]* Hardly.

Very much higher yielding varieties is the point I am trying to make than any of the varieties we ever have had access to or availability to before. I believe that we will have to pay very close attention to those crops as we move forward. I am sure that the Crop Insurance Corporation is.

My question is then: Do we continue to look at the regional basis that is presently set up within crop insurance and can the Corporation or the Minister give us any indication as to what thought has been given through the Crop Insurance Program to changes in the regional boundaries that may be needed in that area in the future or are we prepared to go ahead with where we are at at the present time? I assume that, but I would want to look at what kind of changes we might look at in the future.

**Ms. Wowchuk:** Mr. Chairman, the Member across the way covered a wide range of issues and then talked about the growth in the livestock industry, the need for new varieties and need for more feed. I anticipate that that will be happening very quickly. There are changes that are happening with the processing plants we have here, one that we have and one that we are going to have. The interest from producers, I know that there is going to be more livestock and, as the Member indicates, the need to look at new varieties of crops that are higher producing. There is always research being done and farmers are always looking for something new that they can grow.

With all the information that you have on the Internet and with television and ag shows, there is a wealth of information out there that farmers can go to to decide on what they are going to grow. With new crops, the Corporation is going to be challenged to look at which crops they provide coverage for and how they provide coverage. That is not new to the Corporation. It is something that happens on an ongoing basis as they collect data and follow the work that producers are doing.

We talked about changing the boundaries. The regional boundaries that are in place right now are in place for the basic crops that we have, the basis of adjusting and setting the rates for our major crops like our wheat and our oats and canola and our crops that have become a tradition. As you look at specialty crops, beans and peas, the boundaries have been adjusted a little bit different than the crop patterns that are there. So as new crops come in, the Corporation has the ability to redefine boundaries. I am sure when those new crops come in or there is a shift in cropping patterns, the Corporation will make the necessary adjustments to address those issues as they arise.

**Mr. Maguire:** I appreciate the responsiveness of the Corporation. It has always done a good job, I believe, in being able to meet the needs of the farm community in regard to the kind of yield data that they have been able to collect and the premium levels that they have been able to try to keep to a very responsible working level for the agricultural community in this province. Certainly, I do want to add my commendation to

them as well for the work that has been done in that area. I am not for one minute hinting that they are not going to keep on top of the kinds of response that we need in the future. I merely bring it to the point of where many feel that this industry is going. Just from practically being there and looking at the changes that are taking place on a day-to-day basis, it is changing perhaps much quicker than even some farmers thought that it might a few years ago, so I would not blame anybody for having difficulty keeping up with some of the changes that are taking place in our industry today. But they have done an excellent job, and I think we need to do that and continue to look at expanding the kinds of crops and varieties and mechanisms that we use.

\* (17:40)

While I was referring to mechanisms earlier, I really only asked that question about regional bases for these because there may be some crops that we grow in the future, that, of course, could be taken in, and I was going to say that they could be grown in the more non-traditional areas and may cross from one region into another, which, of course, they could just hold the premiums and the yield levels the same in those two areas. Some of our producers out there today have indicated that perhaps some of the regions are a bit too large, and some of them need to be redefined and brought down to smaller size.

There are other crops like hemp, as you indicated—well, I do not have scientific data to prove that—that may be able to be more broadly based across the province and, of course, would therefore be reflected in the kinds of programs that the Corporation comes out with for premiums and levels. I would just like to stay on that one for a minute in regard to the discussion on region sizes. We have yield insurance in Manitoba at this time. I had to step out, so I do not know whether in the discussion that took place earlier today, that there was any discussion in regard to the combination of the yield insurance being tied more closely to price insurance to come up with some kind of an income insurance available in the province. I am not talking about GRIP, the Gross Revenue Insurance Program, that we had at one time.

Are there always ongoing discussions within the Corporation to look at defining how that kind of a system might work in this province again?

**Ms. Wowchuk:** The Member talks about yield insurance more closely tied to cost of production. I know there has been a lot of discussion over the last winter in his part of the province about a proposal that was put forward. There have been several proposals that have been put forward. When they are, we look at those proposals and look at whether or not it is something that can be implemented, whether it meets trade requirements, whether it is something that is affordable. All of those things have to be taken into consideration when you look at these various programs. There have been several that have been put forward, and certainly they have been discussed and reviewed and passed on to the federal government because the federal government, no matter what kind of program we put forward, has to be a partner in the program. The Corporation looks at suggestions that are brought forward by producers and looks at programs that are being developed in other parts of the country that follow what is happening. In answer to your question, these proposals that are brought forward are given serious consideration and the impacts on them on provincial and federal governments as well as the impacts on producers are all taken into consideration.

**Mr. Maguire:** Thank you for that answer, Madam Minister. Certainly, I guess I would want to raise the issue while we are on the topic. This could fall into some of the discussions we could have later in regard to disasters and other departments of your portfolio as well. I believe that it has been indicated there were some shortfalls in regards to how abuses might have occurred in the Gross Revenue Insurance Program at one time. I wonder, to place the question to the Minister: Has there been any discussion in regard to within the Department—and it has been some years now since that program was in place. Has there been some discussion as to what kinds of cures would be required to the Gross Revenue Insurance Program to make it functional in Manitoba today?

I realize as well that we are limited by our restriction on our federal partners in this process, but they have indicated for some time that they could—it has been the indication to me when I was a farm leader—solve those problems with all the data that the PFRA presently has or the administration. I believe they were the administrators of some of those programs at those times. Can they elaborate in regard to the kinds of cures that they might have seen for the old Gross-Revenue-Insurance-Program kind of a program?

**Ms. Wowchuk:** The Member talks about programs like GRIP that were in place, and certainly that program did put money into the producers' hands when there was need for money. The question about programs like that is whether we are going to be running into countervails, and that is a major concern for us as an exporting country about what the impacts will be. I indicated that there are other proposals that had been put forward, but I think what we really have to look at in all of this, no matter what kind of program we talk about, is that the federal government has set the budget for safety nets. They have put a fixed amount in that is going to be available for disaster assistance or the program called AIDA, and the new program, which has not been defined yet, "the son of AIDA." We do not know. Details of the program are being worked out.

But, when you talk about programs like GRIP, those are very expensive programs. We need a partner to participate in them, and the federal government ain't coming to the dance floor. They have told us how much money they have got, and they are not looking at additional money for additional programs. I know that we could easily say: Go it alone as a province, go ahead, put some money in and then the federal government will come to the table. That is not the way it works. They are federal-provincial programs, and they have to be worked out. You have to work within the budgets that are part of the agreements that we have. Right now the funding that we have for safety net programs is limited, and we have to design a program within those parameters. A program like GRIP would be way beyond what is in the envelope right now.

\* (17:50)

**Mr. Maguire:** Just before I turn it back to my colleague, who has some questions before the end of the day, Mr. Chair, I concur. We have seen the jig that the feds have done, so I am not going to get into a discussion with the Minister today in regard to where they are. I certainly will do that in some other disaster discussion.

My point is in regard to crop insurance and the kinds of insurance that we can provide for our farmers today in this province. We look at that kind of a revenue-based, yield-based program, whether we call it GRIP or something else, that has even been referred to now as an American-style crop insurance because basically they have picked up on the kind of program that we ran, if you want to look at it. We are not stealing anything from them. They have developed a program that we had, the way I see it, in some of their states and may have tried to expand from learning a lesson that we gave them here in Canada.

Some of the same things I have always had on the STB in the U.S. with the Service Transportation Board. They made some pretty major mistakes when they just made some major changes in their country's transportation sectors. We have been able to learn from that and move in a much more methodical, more reasoned and more thought-out manner than they did in that area.

I think if we can do that on a crop-insurance base and look at trying to combine some of the various levels of insurance that we have talked about, whether it is yield and revenue, in a new program—I appreciate that the Minister has had some discussions with a farmer that lives in Arthur-Virden in regard to the discussions she has had with him this winter. I appreciate her time that she has taken to hear that plan out. Originally, I said I was in favour of that style of a program, and I may still be in regard to that kind of a program. But I am also very aware that there are other programs out there that meet the same kind of criterion needs than what was being offered in that one. There were some shortfalls in that particular program that, I will admit, I had some concerns about as well. I have expressed those to that individual.

I think that we need to work closely on the kinds of programs that might give us a competitive balance, not an edge, not leaving us behind. I think what I am asking for is a competitive balance. I have been pleased by the work that the Corporation has done in that area. I know that they are always ongoing and onlooking at the kinds of changes that could be required in looking at our neighbours. But we cannot just rely on the federal government to come up with the answers to those. We have farm leaders in Manitoba that have designed and worked on these programs. The programs that they have initially worked on have been well accepted by the federal government. I think that some of them have been planned for all across the nation. I think we should take the opportunity of using the skills within our own corporation here in Manitoba and the skills within our farm community that are out there today to be able to draw sound programs together in Manitoba that will give us the balance of being able to compete with our neighbours in Saskatchewan and Alberta as well as our neighbours in Ontario, not forgetting the fact that we are doing more trade across the border south in agriculture with all of our neighbours there as well.

I raise it to the Minister's attention that there was one county in the state of North Dakota that last year received upwards of \$124 million of aid in the county alone. It certainly was not on a crop insurance program base. There are a lot of other programs. But those are the kinds of things that, when we rely on crop insurance and when we rely on the kinds of transportation adjustments that have been made, farmers not just along the Manitoba border but right up to your region and some of the further regions from the U.S. border, are impacted by all of those things. Those are phenomenal numbers to my way of thinking. The report I got was \$192 an acre program base that this farmer was able to achieve last year. While I will be checking those numbers out to make sure that they are correct—and, if they are wrong, I will be bringing it back to the House to make sure that there is a correction—if it is even half that, it certainly puts the farmer in a very uncompetitive edge here. So all I am saying in the programs that we need to develop in the future, that we do it with thought of everyone around us and use the expertise that we have got to continually expand that.

So I would like to raise that and perhaps get a response from the Minister. I very much take your comments to heart in regard to the impacts that we can have on trade. The last thing we want to do, as we have seen from the cattlemen, is put a program in place that would impact the trade in that area, because we are moving more into a livestock province. As we can even see from the projections of the percentage of income, the province is becoming more dependent all the time on the livestock side as opposed to grains and cereals, oilseeds, pulse crops, special crops, and I think it is a good move that we do that. We will become less reliant.

I have always indicated to the railroads that—you know, why was I so anxious, was I not afraid of the railroad's market power? I said: Well, I am paranoid by the idea of the railroad market power, but my goal is not to have to use you, that we need to be able to process more of that product here and move it out.

I guess I wanted to just as well take heed in regard to your comments on trade because that is a most important factor, and I guess that is why on our side of the House we look at how parallel some of these programs can be to expanding our market future as well as having the basis of protecting our farmers through some kind of an insurance program.

**Ms. Wowchuk:** Before I comment, I wonder if I might be able to ask a question. Can I ask the critic whether he is prepared to pass Crop Insurance today or whether there are additional questions that he is going to be wanting to ask at the next session?

**Mr. Jack Penner:** We are prepared to pass it today. Yes.

**Ms. Wowchuk:** Thank you, Mr. Chairman. Then I would just like to comment briefly on the issues that the Member raises. The Member raises the support that U.S. farmers get, and they get a tremendous amount of money. He talks about the particular state that got \$124 million—*[interjection]* A county. If we got \$124 million for our province, all of those things make a difference. We have to recognize in the U.S. that it is the federal government that is prepared to

invest in their industry and support their agriculture community and that we have a fixed amount of money. We have a fixed amount of money that we have to work with.

Now, you talk about all these new programs and ideas. Working within the box that we have, are we prepared to sacrifice our basic programs? Are we prepared to sacrifice crop insurance which is a basic program to develop some of these other programs? Are we developing new programs? Then there is an envelope that is there, and we have to work at developing it within that envelope. The envelope is not very big. In fact, it has been reduced in size because of the changes that the federal government made moving to farm cash receipts versus risk, so our numbers decrease.

Mr. Chairman, it is a whole issue, lots of discussion on that particular issue and one that will take much more time than we have in this committee.

**Mr. Chairperson:** Resolution 3.2. Risk Management and Income Support Programs (a) Manitoba Crop Insurance Corporation (1) Administration \$4,211,400.

**Mr. Jack Penner:** Before we pass that line, could I get some concurrence from the Minister that, if one of our colleagues wants to put comments on the record without having to call staff back regarding these, we can bring these issues back at some point in time so that we can open discussion on Crop Insurance—it would not require staff—if one of the colleagues chooses to?

**Mr. Chairperson:** Is there an agreement about the fact that they can make comments without bringing in the staff—

**Mr. Jack Penner:** Right.

**Mr. Chairperson:** —relating to Manitoba Crop Insurance Corporation? Yes, there is? No?

**Ms. Wowchuk:** Yes, Mr. Chairman, it is agreed that if another member wants to—

**Mr. Chairperson:** Again, because we need to record this.

**Ms. Wowchuk:** If there are issues that someone wants to bring forward a little later on or under Minister's Salary or somewhere in there, then we can address them then.

**Mr. Jack Penner:** Pass.

**Mr. Chairperson:** Okay.

Item 3.2.(a)(2) Premiums \$27,600,000—pass;  
(3) Wildlife Damage Compensation \$1,000,000—pass.

That is it. The hour being 6 p.m., committee rise.

Call in the Speaker.

#### IN SESSION

**Mr. Speaker:** The hour being 6 p.m., this House is adjourned and stands adjourned until 1:30 p.m., Monday.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, May 25, 2000

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