



First Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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Speaker*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DACQUAY, Louise	Seine River	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FILMON, Gary	Tuxedo	P.C.
FRIESEN, Jean, Hon.	Wolseley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
LOEWEN, John	Fort Whyte	P.C.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
PENNER, Jack	Emerson	P.C.
PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
PRAZNIK, Darren	Lac du Bonnet	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott	Brandon West	N.D.P.
STEFANSON, Eric	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 5, 2000

The House met at 1:30 p.m.

PRAYERS

MATTERS OF PRIVILEGE

Broadcast of Legislative Proceedings

Mr. Marcel Laurendeau (Opposition House Leader): Mr. Speaker, I am rising on a question of privilege that will be followed by a motion.

Mr. Speaker, one of the fundamental aspects of our parliamentary system of government is the ability of the House to regulate its proceedings and ensure the collective privileges of all members of the House are not infringed upon so to impede them from carrying out the services of the House.

The raising of a question of privilege ought to be a rare occurrence. Maingot at page 217 states: The purpose of raising a matter of privilege in either House or Parliament is to maintain the respect and credibility due to and required by each House in respect to these privileges, to uphold its powers and to enforce the enjoyment of the privileges of its members.

Mr. Speaker, the matter I am raising today falls within this category, and is one which my colleagues and I take very seriously.

The House has put in place a number of procedures concerning how its deliberations are presented to the public. We are all aware of the Votes and Proceedings. We read through Hansard, and we watch the daily Question Period. These are specific vehicles of communication authorized by the House in order to ensure that the people of Manitoba are aware of the actions being taken by their elected representatives. Over the last two to three years, the House has further authorized the monitoring of its proceedings via the special hook-up in this

building, which allows members and their staff to monitor the proceedings of the House and its committees, thereby ensuring that members are able to tend to the service of the House, which is required under our rules, practices and procedures.

Mr. Speaker, last Thursday, June 1, 2000, following the calling of Orders of the Day in the afternoon, portions of our sitting in the House resumed their deliberations in Committee of Supply. Part way through the afternoon, the proceedings of the section of the Committee of Supply which were assigned to the Chamber were interrupted by the Government in order to present the live press conference of the Minister of Consumer and Corporate Affairs (Mr. Lemieux) and the Minister of Northern and Aboriginal Affairs (Mr. Robinson) concerning the release of the report dealing with the aboriginal casinos.

Mr. Speaker, let me state clearly that we on this side of the House do not oppose the Government making announcements or statements concerning the policies which they are attempting to implement. Whatever vehicle they wish to use in order to inform Manitobans is their business. What we object to is when they decide to cut off the televised sound-only proceedings of the House, thereby restricting not only the Official Opposition's ability to monitor the proceedings in the Chamber but the ability of all honourable members from monitoring the procedures in this Chamber.

I would submit for consideration that, Mr. Speaker, by this cavalier attitude, the ministers have shown contempt for this place as the broadcast of the proceedings of the Committee of Supply in the Chamber was being transmitted throughout this building prior to being cut off under the authority of the Legislative Assembly of Manitoba. Therefore, it is only this House, and you as a servant of this House, who can alter such transmissions.

Mr. Speaker, I would draw to your attention page 979 of the House of Commons Procedures and Practices, Marleau and Monpetit, where it states the following: "it was clear that control of any such broadcasting system, including the safeguarding of the electronic Hansard concept, was to remain with the House and under the supervision of the Speaker acting on behalf of all members."

I would also draw to your attention Citation 79 of *Beauchesne's* 6th Edition, where it states: "It has been assumed that the absolute privilege enjoyed by printed materials extends also to the radio and television broadcasts of House proceedings and that excerpts from them enjoy a limited privilege."

* (13:35)

Maingot 2nd Edition strengthens this point when it notes on page 317-318: With regard to control of publication of debates and proceedings of Parliament, the Supreme Court noted that this question in the United Kingdom has always been bound up in the admission of strangers. Since Parliament has the right to exclude strangers, it follows that it has the right to control and to prohibit the publications of its debates or proceedings. This right, it is suggested, is inherent to the Legislative Assembly and the House of Parliament.

I would draw your attention to the ruling made by Madam Speaker Jeanne Sauve on November 6, 1980, where she deals with a question of privilege raised by the Honourable Stanley Knowles concerning the broadcasting of the proceedings of a special committee of the House of Commons.

Madam Speaker Sauve indicated that, while the original resolution of the House respecting the introduction of television states that the House approves of the radio and television broadcasting of its proceedings and the proceedings of its committees, on the basis of the principle similar to those that govern the publications of the printed official reports and debates, and that a special committee shall be appointed to supervise implementation of this resolution, to date, the House has not followed through on the idea of broadcasting committee

proceedings, and in the absence of such decisions of the House the Committee cannot be said to have the powers needed to have their proceedings broadcast. There are two possibilities open to the special joint committee on the consultation: Either it could make a special or interim report requesting such authorization, or the House itself could give a permission instruction to the committee.

Mr. Speaker, I would now like to draw your attention to two Manitoba examples which again demonstrate that it is this House which controls the broadcasting of its proceedings. The first example is the first report of the Standing Committee on the Rules of the House tabled on Tuesday, March 22, 1978. The final recommendation of the Standing Committee deals with the broadcasting of the proceedings of the House and can be found on page 1420 of Hansard. It states: With respect to television coverage of all proceedings of the House, your committee has agreed that TV be accorded the same privileges or access to the proceedings of the Legislature and is subject to the same conditions regarding expenditures by the public. As many other members of the news media, in essence, the conditions are as follows: (1) No additional installation or changes in the atmosphere of the House are required; (2) There are no disputes as between the various television outlets regarding the distribution of film; (3) Arrangements can be made by the press gallery to accommodate TV media members; (4) There is no requirement that the Government become involved in the delivery of the programs, i.e. provisions of equipment, et cetera.

Subject to these conditions, it was agreed that the TV media would be permitted to film such proceedings of the Assembly as they saw fit and that only changes in the physical arrangements needed to be approved by the Committee. The Speaker was given authority that these conditions on special occasions such as opening of the House, Budget Speech, et cetera, augment coverage.

Mr. Speaker, the second example is the first report of the Standing Committee on the Rules of the House tabled Monday, February 9, 1981. This report, as found on page 393 of Hansard, states the following: "The Chairman read a letter

from Robert Foskett, member of the Legislative Television Consortium in which permission was requested to conduct an experiment aimed at improving the existing lighting system to the Chamber. Mr. Foskett recommended the use of long life metal halide luminaries, permanently installed at ceiling height in the arches at an estimated cost of five to six thousand dollars.

The CBC, according to Mr. Foskett, had offered to temporarily light the Chamber during the regular televising of the Question Period to allow evaluation of the improved lighting. Your Committee approved of the experiment and, if it proves successful to the Committee, recommends to the Minister of Government Services that the expenditure of funds to provide for a permanent installation be made.

"On the matter of the taking of still photographs by the printed media, your Committee recommends that the taking of still photographs from the Press Gallery be permitted, that no limit be placed on the number of cameras permitted and that sharing of photographs not be required."

Throughout these examples, Mr. Speaker, it is clear that it is this House and not government or any other outside organization that controls our internal operations. The Minister of Consumer and Corporate Affairs (Mr. Lemieux) and the Minister of Northern and Aboriginal Affairs (Mr. Robinson) and the Minister of Government Services (Mr. Ashton), Mr. Speaker, must be held responsible. They must take responsibility for the authorization of the communication plan which saw the dignity and authority of the House brought into question through the termination of the audio broadcast of its proceedings.

* (13:40)

Further, Mr. Speaker, this was done without your knowledge. I know that, should you have heard about such an attempt to diminish the role of this institution, you would have informed the representatives of the Government that such actions would be against the tradition and practices of this place. The event which occurred last Thursday in which the audio broadcast of the House was interrupted by the Government

goes against the historical tradition role of this place and is in contempt of the House.

As stated at the beginning, the question of privilege is being raised in order to ensure that the privileges of all members of this House are respected and that the dignity and the powers of this place are retained.

Therefore, Mr. Speaker, should you find a prima facie case of privilege, I would be prepared to move, seconded by the Member for Kirkfield Park (Mr. Stefanson), that the termination of the audio broadcast by the Minister of Consumer and Corporate Affairs and the Minister of Northern and Aboriginal Affairs and the Minister of Government Services of the Committee of Supply being held in the Chamber on Thursday, June 1, 2000, without any knowledge of the House or its presiding officers is in contempt of this House, that the Minister of Consumer and Corporate Affairs, the Minister of Northern and Aboriginal Affairs and the Minister of Government Services apologize to this House for their actions and the actions of their departments in bringing into question the dignity and honour of this House and that this matter be referred to the Standing Committee on Privileges and Elections for a complete review and that the committee provide recommendations to this House for further actions in order to prevent similar actions from happening in the future.

Mr. Speaker: Before recognizing any other members to speak, I would remind the House that contributions at this time by honourable members be limited to strictly relevant comments as to whether alleged matter of privilege has been raised at the earliest opportunity and whether a prima facie case has been established.

Mr. Steve Ashton (Deputy Government House Leader): I think it is important to focus in on the prime point here in establishing a matter of privilege, and that is where there is a prima facie case of privilege—I would note that what the members opposite have done is taken whatever happened with the broadcast, made certain presumptions and assumptions and then turned it into a sweeping matter of privilege which is not supported by the evidence. I can say

that because it was referenced, for example, to the Minister of Government Services having terminated the broadcast. At the time that occurred, I was sitting in Estimates where I sat from approximately 2:30 to six o'clock faithfully answering the questions of members opposite, so I did not terminate any broadcast. I would suggest that members opposite should be aware that a dispute arising between two members as to allegations—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order, please. A matter of privilege is a very serious matter, and it is getting very difficult to hear the Honourable Member. I would ask the co-operation of all members.

Mr. Ashton: Mr. Speaker, I want to stress that *Beauchesne's* Citation 31 indicates very clearly that a dispute arising between two members as to allegations of facts does not fulfill the conditions of parliamentary privilege. The statements that were made in the Opposition House Leader's comments were factually incorrect. I did not in any way, shape or form terminate any broadcast. I did not know that a broadcast was terminated until today. I think the appropriate mechanism for the Member opposite and for members opposite to have dealt with this would, first of all, have been to raise this with the ministers involved and certainly with myself. I would have indeed been able to, then, report back to the Member what did happen. Because what the Member opposite is in his statement trying to turn this into a matter of privilege—is turn this from a question of somebody changing the broadcast into three ministers having directed that. That clearly is not true, Mr. Speaker, and I can say on the record that that is absolutely not true in terms of my own involvement. So what the Member has done, has taken what may have been a legitimate concern in terms of what happened and then turned into accusations against three ministers based on no fact whatsoever, Mr. Speaker. That in itself, I think, shows the fact that the Member opposite has a distinct lack of understanding about a matter of privilege because I take very seriously those kinds of accusations. Not only did I not do that, I did not know until this point in time that this had occurred.

What I want to say, Mr. Speaker, the appropriate thing would have been to raise this with myself on Friday or on Monday, to have raised it in Question Period perhaps, to ask for a complete report on what happened but not to make accusations that three ministers had some sort of an agenda and some sort of action in changing a broadcast of our committees into the press conference because that is factually incorrect. That in itself is enough for the matter of privilege not to meet the *prima facie* case. And I want to suggest that the Member, who read into the record various aspects related to the broadcast of proceedings, should be dealing with what happens in terms of the broadcast. Now if he is referring to the broadcast from committees, he should be aware that we have only just recently moved in this House under our rules to having two Estimates committees sitting subsequently concurrently with the House. It used to be two and now it has gone to three. We have two Estimates committees outside of the House, two committee rooms.

* (13:45)

So I would assume, Mr. Speaker, that what has happened here is something related to the fact we are into a relatively new situation; we did that last session. I will tell the Member opposite I will certainly investigate what happened last Thursday. But it is not a matter of privilege; the Member is factually incorrect. If he is saying the broadcast was interrupted, that is one thing, but to make accusations against three ministers based on no factual evidence whatsoever is unacceptable.

I will finish by saying as Minister of Government Services I will immediately find out what happened and report back to members opposite and if the Opposition House Leader I think would do the appropriate thing, he would withdraw the matter of privilege, raise it in Question Period, and I assure the members opposite I will get to the bottom of what happened last Thursday.

Mr. Darren Praznik (Lac du Bonnet): Mr. Speaker, I would like to speak on the same matter of privilege. This is a matter of privilege, and it is a very serious and important one. I would remind the Minister responsible for

Government Services about a thing called ministerial responsibility, that he is responsible for the acts of the people within his department who do manage the Government news press conference room and certainly were involved in whatever decisions were made on Thursday last. So he does have to bear that responsibility even if he was not personally aware of that, as do his two colleagues.

Having said that, the issue here is a very simple one and a very serious one. This Legislative Assembly, not the Government of Manitoba but the Legislative Assembly, of which all 57 of us are a part, an equal part, pays for and has provided out of its allotment of dollars a service of providing a voice monitor of the proceedings going on in this Chamber to members in their offices. That service is not paid for by the Government. It is not part of the Government press news conference or government press release service. It is part of the work of this Legislative Assembly, Mr. Speaker. And for any members of this house to use that for their own press conference purposes, it would require the approval of you, Sir, as Speaker, as the presiding officer and I would assume the Legislative Assembly Management Commission.

Last Thursday, we witnessed two ministers in this House holding a press conference in the facility in which the Minister of Government Services is responsible as minister, finding that that particular news conference interrupted the voice or the sound coverage of this committee going on in this Chamber to provide coverage of that government press conference. That is not what that service was intended for, nor was there an agreement by members that that service would be available for government or any other press conferences.

It may well be that members of this House may decide that that is a worthwhile service. We may decide that is something that we should have on that voice network, and there are many arguments in favour of that. But the point is, that is a decision that should not be made by Government Services, it should not be made by members of the Government, but it must be made by members of this Assembly and you, Sir, as the presiding officer. That is the issue.

The equivalent, if members have not fully comprehended the significance of this motion of privilege is it would be like using Hansard to advertise government press releases. If the Government had printed its news release in Hansard, members across the way might appreciate how outraged we would have been that that would be a misuse of the Hansard process, because we as a House had not agreed to include that in Hansard. And it is the right of every member of this Assembly to expect that the services we have agreed to, as members of this Assembly, will be appropriately used by all members.

Just because members of the New Democratic Party have a majority in this House, that does not give them the right to run roughshod over the rules and processes of this Assembly. It does not give them the right to arrogantly take for granted that all of the services provided to each of the 57 members of this Assembly that they have some right to use them for their own purposes.

Now, Mr. Speaker, that is a fundamental right of each and every member of this House to expect that the services provided for us as MLAs, as part of this Legislative Assembly, will not be run roughshod by any government, however arrogant it wishes to become, but the processes for making decisions will be respected. I think this matter should be referred to the Committee on Privileges and Elections or to LAMC for discussion on exactly what those rules are and how they should be handled in the future. I throw that out because I think that is a good suggestion. Members opposite are just dismissing this, but I can tell you I remember the day when the Member for Thompson (Mr. Ashton) would have risen on just such a matter because it was a breach of the privileges afforded all members of this House.

So, I think in taking this under advisement, one should not forget that that service is a service that is the right of all members of this Assembly, to continue to hear the voice proceedings in this Chamber as was agreed and provided for and that anyone who tampers with that or uses that for their purpose is in breach of each of our collective rights to that service. If the Government would like to change that they

should do the honourable thing and have the matter referred to LAMC, and let us have the discussion about what that service should be.

* (13:50)

Mr. Speaker: I will hear one more, unless someone else has new information to add to it. I would like to now recognize the Member for River Heights.

Hon. Jon Gerrard (River Heights): Mr. Speaker, I would like to note briefly, first of all, that this is a very serious matter, that it is important when we are dealing with the broadcast of what should be House business that it is not usurped for other purposes.

Second, I want to make it very clear that I stand with the members of the Opposition on this case that, No. 1, I was never consulted in any way, No. 2, that I never agreed in any way with this kind of usurpation of the normal function of communication from the Legislature and that it is important when you change procedures that there be all-party consultation.

Mr. Speaker: A matter of privilege is a serious concern. I am going to take this matter under advisement to consult the authorities and will return to the House with a ruling.

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Gaming Licences Plebiscites

Mrs. Myrna Driedger (Charleswood): I beg to present the petition of C. Vandale, C. Young, J. Moore and others praying that the Legislative Assembly of Manitoba urge the Government to hold plebiscites in affected communities before any new gaming licences are issued in the province of Manitoba.

READING AND RECEIVING PETITIONS

Winnipeg Police Athletic Clubs

Mr. Speaker: I have reviewed the petition and find that the petitioners have complied with the authorities and the practices of this House. Is it

the will of the House to have the petition read?
[Agreed]

The Clerk, please read.

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

THAT Winnipeg Police Athletic Clubs, located in 13 schools in Winnipeg, provide young people between from the ages of 10 to 17 an opportunity to participate in community sports under the supervision of university students and police officers; and

THAT the Winnipeg Police Athletic Clubs help reduce neighbourhood crime, enhance the relationship between young people and the police and create positive alternatives to undesirable pastimes for youth; and

THAT total attendance at the Winnipeg Police Athletic Clubs in January and February 2000 was more than 8000; and

THAT the importance of athletic activity on a child's physical and cognitive development is well established and should not be overlooked; and

THAT during the 1999 provincial election, the New Democratic Party, led by the Member for Concordia, promised "to open schools after hours and expand recreation activities for children and youth"; and

THAT the Winnipeg Police Athletic Clubs provide an excellent example of communities partnering with government, schools and law enforcement to provide a safe place for youth to go; and

THAT many parents throughout Winnipeg are very concerned that the Government of Manitoba may choose to close the Winnipeg Police Athletic Clubs.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Legislative Assembly of Manitoba request that the Minister of Justice encourage the Government of Manitoba to continue partnering with schools

and law enforcement to ensure Winnipeg Police Athletic Clubs provide recreational and athletic activities for young people in a safe, supervised environment in 13 schools throughout Winnipeg for years to come.

* (13:55)

Point of Order

Mr. Marcel Laurendeau (Opposition House Leader): On a point of order, Mr. Speaker, I would like to apologize to the Minister of Government Services (Mr. Ashton) for saying he was responsible. It is the Minister of Information Services that is responsible within that motion.

Mr. Steve Ashton (Deputy Government House Leader): On the same point of order, the House Leader of the Opposition is correct. I am wondering, given that, if the Member might wish to withdraw his motion. I can indicate we have determined that there was an error made. The switch was turned accidentally. That has been rectified.

But given the confusion on the Opposition side and the fact that we have determined what is happening, I can say that, on the point of order, even though I was mentioned in the motion and I am not directly responsible, I am sure I speak for the Minister of Culture, Heritage and Tourism (Ms. McGifford) in saying that we will take direct responsibility for making sure that that does not happen again.

Mr. Speaker: On the point of order raised, the Honourable Member does not have a point of order, but I thank him for correcting the information put on record.

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Committee of Supply

Mr. Conrad Santos (Chairperson): The Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

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

Motion agreed to

TABLING OF REPORTS

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, on behalf of the Minister of Justice (Mr. Mackintosh), I am pleased to table the Supplementary Information for Legislative Review, 2000-2001 Departmental Expenditure Estimates.

Hon. Tim Sale (Minister of Family Services and Housing): I table three copies of the Supplementary Information for Legislative Review for the Healthy Child Initiative and for the Manitoba Department of Family Services and Housing.

INTRODUCTION OF BILLS

Bill 31—The Electronic Commerce and Information, Consumer Protection Amendment and Manitoba Evidence Amendment Act

Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines): I move, seconded by the Minister of Highways and Government Services (Mr. Ashton), that leave be given to introduce Bill 31, The Electronic Commerce and Information, Consumer Protection Amendment and Manitoba Evidence Amendment Act; Loi sur le commerce et l'information électroniques, modifiant la Loi sur la protection du consommateur et la Loi sur la preuve au Manitoba, and that the same be now received and read a first time.

His Honour the Lieutenant-Governor, having been advised of the contents of the Bill, recommends it to the House. I would like to table the Lieutenant-Governor's message for the House.

Motion presented.

Ms. Mihychuk: This is enabling legislation and sets framework for the use of electronic transactions. The Bill provides ground rules for the exchange of electronic information between citizens and government, as well as the use of electronic contracts. Through amendments to The Consumer Protection Act, the legislation provides protection under certain circumstances

for consumers who buy goods and services on the Internet.

Finally, amendments to The Manitoba Evidence Act provide rules for the admissibility of electronic documents as evidence in the courts.

Motion agreed to.

Speaker's Statement

Mr. Speaker: Prior to Oral Questions, I have an announcement for the House.

On Tuesday, May 30, at 10:05 p.m., Tanya Schuler, wife of the Honourable Member for Springfield (Mr. Schuler), gave birth to a baby girl, Corina Else Schuler, who weighed in at 7 pounds 6 ounces and was 20 inches long. Her sister Brigitta and brother Stefan are overjoyed with their sister.

On behalf of all honourable members, I congratulate you and your family.

Mrs. Bonnie Mitchelson (Interim Leader of the Official Opposition): I would just like to give congratulations from our side of the House to our colleague Ron Schuler, the Member for Springfield, and his wife Tanya on the birth of their third child, their second baby girl. Corina Else, you have already indicated, came into this world at 10:05 p.m. on May 30 of this year. We just want to extend, on behalf of all of us, to the Schuler family, to Brigitta and Stefan also.

I know that normally speaking we do not have the ability to provide exhibits in the House, but I would like to just show the happy family in a picture that has been provided to us and say that we are extremely pleased and proud that there is a new little Tory in the constituency of Springfield.

* (14:00)

Hon. Becky Barrett (Minister of Labour): Mr. Speaker, I, as Minister of Labour, would like to extend our congratulations on our side of the House to the critic of Labour for the addition to his family. Every birth is a miracle, and we are thrilled that everything has worked out well for the family. I know that the new addition will

make many changes in his life, but we hope that they will all be positive ones. Again, very much congratulations to your wife and your family.

Mr. Ron Schuler (Springfield): Mr. Speaker, in fact, if I have ever been a critic of Labour, Tuesday night made me even a greater critic of labour. For those who have been there and have participated, it gives you an incredible respect for women and what they go through. We were fortunate it was one hour. We were in at 9, and the baby was there at 10.

Corina made her grand appearance weighing in at 7 pounds 6 ounces, as you mentioned. Even though she had her umbilical cord wrapped around her neck and had swallowed some meconium, she was well taken care of by the nursing staff of the Women's Hospital of the Health Sciences Centre and ended up with an Apgar score of five and an eight. Her sister Brigitta and brother Stefan are overjoyed with her. Stefan announced that he will not carry Corina down the stairs or try to feed her popcorn, which gives us great relief.

Mr. Speaker, I received advice today from my former leader and the Member for Tuxedo (Mr. Filmon) that I should wait two years before teaching Corina how to heckle. Well, great, that was a little late. Corina heckles her mother and me often and much better than I ever can. So Tanya and I wish Corina God's blessing and protection as she begins this great adventure we all call life. Thank you.

Introduction of Guests

Mr. Speaker: I would like to draw the attention of all honourable members to the Speaker's Gallery where we have with us today His Excellency Mei Ping, Ambassador of the People's Republic of China.

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

Also, in the gallery, we have from Hillcrest School from Dryden, Ontario, 23 Grades 7 and 8 students under the direction of Mr. Bill Hovi.

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

ORAL QUESTION PERIOD

First Nations Casinos Site Selection Recommendations

Mrs. Bonnie Mitchelson (Interim Leader of the Official Opposition): Mr. Speaker, my question is for the First Minister. Last week the Premier and his government released the recommendations for the establishment of five First Nations casinos, and by all counts it is clear the report raises more questions than answers. Many Manitobans, including the people of Headingley and the unsuccessful proponents, expressed some shock and outrage at why it appears projects that did not have public support and did not meet the criteria outlined in the requests for proposals were approved. The public wants answers to these and many more questions.

Can the First Minister please explain to the House when he or his Minister responsible for Gaming (Mr. Lemieux) discussed the report's recommendations with Mr. Freedman and Mr. Nadeau of the selection committee?

Hon. Gary Doer (Premier): Mr. Speaker, I believe I discussed the contents of this report the day it was released. Secondly, I think the Member opposite somewhat does not deal with page 26 of the report, and I would ask her to read it.

Mrs. Mitchelson: I am not sure that answer assures Manitobans in any way or satisfies their concerns that have been raised. I think it is highly unusual for a report of this nature to be released by a government without the committee being available to explain their recommendations to the public. As a matter of fact, I think it is almost unprecedented.

We now have a situation where there is no trust in the public as a result of this report being released. The selection committee has not been available to the public to answer some very important questions around how their decisions were made. I am not sure how the public can have any confidence in this process that has just been undertaken.

In the best interests of transparency, something that this First Minister and his government talk a lot about, will he call for full public disclosure and explanation of the recommendations by Mr. Freedman and Mr. Nadeau, so the questions that Manitobans have can be answered?

*(14:10)

Mr. Doer: If I am not mistaken, I think members opposite, when they were in government, probably had Mr. Freedman as an independent arbitrator more than any other arbitrator that was agreed to by both management and government. Mr. Nadeau and Mr. Freedman, I think, are people of great integrity and great honesty. Having said that—*[interjection]* Perhaps you could let me speak if you are asking questions, instead of heckling.

We released the report within 24 hours after receiving it. In fact, in the interests of public openness, we knew the report, no matter what it recommended or did not recommend—and particularly for those communities that were disappointed by the recommendations, would be very disappointed—would be, as we would expect, somewhat controversial. Having said that, I think the individuals that were selected to conduct the independent selection process should be available to the public. I understand the Minister has made those two individuals available for tomorrow to explain the process that they went through to ensure independence on the selections with conditions and recommendations that were made.

Mrs. Mitchelson: I am pleased to hear that the gag order has been lifted and that Mr. Freedman and Mr. Nadeau, whom we respect, will have the opportunity to answer all of the detailed questions around the selection process.

Site Selection - Staff Secondments

Mrs. Bonnie Mitchelson (Interim Leader of the Official Opposition): My question again is for the First Minister. According to the gaming selection report released last week, the selection committee established an assessment team from eight provincial government departments or organizations to provide expertise and analysis

of the submissions. Can the First Minister please provide to this House a full list of the people and the departments who worked on this project and what their roles were?

Hon. Gary Doer (Premier): I see no impediment in releasing the information of the individuals in the departments where they are from. I think they are all well known to members opposite. They are individual public employees that work in various technical capacities for government. I will certainly take the specifics as notice, but we see no difficulty in releasing those individuals.

Mrs. Mitchelson: Yes, I thank the Premier for that answer, and I would ask him, when releasing that information, if he could indicate what the mandate of those members of the assessment team was. The individuals that were seconded report to their respective ministers within the Government of Manitoba and ultimately to the Premier. Can the First Minister please tell the House if, at any time during the selection process, he or his minister or any of their staff were provided with any updates or gave any direction to the staff who were assisting the selection committee to produce the report, the report that recommended casinos I might say exclusively in New Democrat constituencies?

Mr. Doer: I mentioned to the Member opposite that she should perhaps read page 26. I would add to that that she should now read page 29 and page 30 that has the list of individuals that the selection committee used. I have to say I thought I had read it and it is in the report. Mr. Speaker, these people worked for the selection committee in terms of the assessment process, a fact that I am sure will be confirmed by Mr. Freedman and Mr. Nadeau.

Mrs. Mitchelson: Mr. Speaker, the First Minister did not answer the question. The question that I asked was: At any time during the selection process was any member of that provincial government team or anyone else in contact with the Premier, with the Minister or with his communication staff or any other staff to report on activities that were being undertaken by the assessment team or by the selection committee? He did not answer that question.

Mr. Speaker, my further question to the First Minister is the fact that a full-time staffperson, the communications person and a senior official with the Manitoba Gaming Control Commission, was utilized on a full-time basis by the selection committee. Can the Minister responsible for Gaming, who said in this House just last Wednesday, and I quote, an independent selection committee that we put in place and that we are very proud of, explain that quote and how the committee was independent of government when the employee that they seconded or used full time reports directly to that minister?

Mr. Doer: Mr. Speaker, here we have members opposite, who almost for a full week asked us to step in and interfere with the process, now trying to retroactively talk about an independent process. I say shame on them.

There is lots of controversy about the recommendations, and there will be lots of controversy and legitimate public debate about the recommendations and the conditions to implement those recommendations. There is specific instruction to the Government that we take into consideration the public views on those conditions and the recommendations that are made. I think those are good recommendations to government. I know the Minister has provided very strong advice to all Cabinet ministers to stay out of the independent process, and that is something we all follow, Mr. Speaker

First Nations Casinos Site Selection - Staff Secondments

Mr. Darren Praznik (Lac du Bonnet): What is at issue here is accountability and secrecy. You have two commissioners who are supposedly independent, the Government claims they are independent, come out, provide the report and are not there to answer questions about it, Mr. Speaker, are not there to answer the questions of the public. That is put off because now it has become a public issue. We have the Government telling us that it is an independent process, yet their staff is seconded. I want to ask the Minister of Consumer and Corporate Affairs, because that minister was asked in this House on the 8th of May if other people had been seconded to that committee, if that committee had hired an economist, and he said, no, it was a two-person

committee—I want to ask him why he misled the House.

Hon. Ron Lemieux (Minister charged with the administration of The Gaming Control Act): The independent selection committee is made up of two people. I mean, these people were seconded. There are other people who have been seconded, as is pointed out in the report, to assist them in looking through the recommendations, Mr. Speaker.

Mr. Praznik: Mr. Speaker, I would like to table today a copy of that section of Hansard just to refresh the—there is a page here to take this? I want to table a copy of that section of Hansard as well as the relevant parts of the report because the Minister was directly asked by the Member for Southdale (Mr. Reimer) whether or not an economist had been hired to evaluate the impact of casinos on the various regions. He could have said yes; he could have said no. He could have explained what was happening. Instead, Mr. Speaker, he said no, it is just two people. Why would he not, at that time, tell this House who was being seconded, how that committee was being staffed? What do they have to hide that would have the two commissioners afraid of being sued?

Mr. Lemieux: No, the independent selection committee is made up of two people. We did not go out and hire people. They assisted them in looking at the proposals, and there are people who have been seconded from government and so on. So thank you, Mr. Speaker.

* (14:20)

Mr. Praznik: Mr. Speaker, this is unbelievable. The Minister keeps digging himself into a hole. Is he telling—

Mr. Speaker: Order.

Point of Order

Hon. Steve Ashton (Deputy Government House Leader): On a point of order, Mr. Speaker. The Member is once again out of order. He is not following our provisions of *Beauchesne's* 409(2) which states the questions must be brief. A preamble need not exceed one

carefully drawn sentence and a supplementary question should need no preamble.

Mr. Speaker: The Honourable Member does have a point of order. *Beauchesne's* Citation 409(2) advises that a supplementary question should not require a preamble.

* * *

Mr. Speaker: I would ask the Honourable Member to please put his question.

Mr. Praznik: I would ask the Minister how he can get up in the House today and say no one was paid when on the very report, referenced by the Premier, you have Deloitte and Touche, Eric R. Luke and Associates, a number of economists. Did they do this for nothing? Were they not paid, Mr. Speaker? I ask the Member: Why did he mislead the House on the 8th of May when he would not acknowledge they had hired staff?

Mr. Lemieux: Just with regard to the question that the Member opposite asked with regard to the committee, I am just trying to look at the question that was posed by the Member for Southdale. And it just asked, you know, is there a committee? Well, yes, I mentioned, yes, there is a committee; there is a committee of two. The Member for Southdale did not go into asking who was seconded, who was hired, who was fired, who was anything. He just asked me: Is there a committee dealing with this?

Mr. Speaker: The Honourable Member for Lac du Bonnet, on a new question.

Mr. Praznik: Mr. Speaker, as my preamble, I want to read the second question or the third question from the Member for Southdale (Mr. Reimer). He said: My third supplementary question to the same minister then, also reported in the *Russell Banner* on the 18th of April, there is mention that an economist has been hired to evaluate the impact of casinos on the various regions.

The Minister in his answer said, no, it is a two-person committee. He said to the House today that no one was hired or paid. What does he have to hide?

Mr. Lemieux: Mr. Speaker, the selection committee was two people, Mr. Nadeau and Mr. Freedman, and both of these gentlemen are respected members of the legal community. Both of these people have a great deal of expertise but not maybe in certain areas, and they wanted to call upon others to assist them. But the selection committee is a committee of two people.

Mr. Praznik: Mr. Speaker, I ask the Member again, in the interests of credibility: Why did the Member choose to deny to this House on the 8th of May that that committee was using outside expertise, was seconding members of government? I ask him, surely, did he not know as a minister of the Crown that people were being seconded? I ask him again: Why will he not come clean and tell this House why he misled them on the 8th of May? What does he have to hide?

Point of Order

Mr. Ashton: *Beauchesne's* Citation 489 indicates very clearly that terms such as "mislead," which the Member has used on a number of occasions, or "misled," which he just used, are indeed considered unparliamentary. In fact, I would note we have very clear rulings that to suggest that anybody in this House has "misled" or "deliberately misled" or any statement of that kind is unparliamentary. I would, according to 489, urge that you urge the Member to choose his words carefully, in fact rule him out of order, Mr. Speaker.

Mr. Speaker: The Honourable Official Opposition House Leader, on the same point of order?

Mr. Marcel Laurendeau (Opposition House Leader): Mr. Speaker, *Beauchesne's* 490 also lists the word "misleading," and since 1958 it has been ruled parliamentary to use the following expressions. So it has been ruled both ways, but if he had clearly said "misleading" or "deliberately misleading" I believe he might have had a point, but he did not say "deliberately misleading." He did say "misleading," so it is not a point of order.

Mr. Speaker: I thank all members for their advice. I will take this matter under advisement

to peruse Hansard, consult the procedural authorities, and I will report back to the House.

* * *

Mr. Lemieux: Mr. Speaker, I will quote right from the document that was released from the selection committee. It says: The selection committee wishes to thank the following individuals and organizations for their assistance and expertise in the assessment process, for their assistance in the process. There is a selection committee of two, and they assisted in the process.

Mr. Praznik: Mr. Speaker, I ask the Minister, for the last time, given that he has acknowledged they have existed: Why would he not have told the House, told the people of Manitoba, when he was asked the question about hiring an economist, what the process was? What do they have to hide? I ask him that, and I ask him: Is he going to let the two commissioners have full reign to discuss everything, or is he going to muzzle them?

Mr. Lemieux: The selection committee certainly had a lot of work to do, and they spent their time thoroughly looking through the proposals and certainly needed assistance from a lot of other individuals to do so.

I just want to say that, with regard to the two individuals, their names keep coming up, and there are questions continually surrounding those two gentlemen. Those two individuals have a great deal of expertise and, not only that, are well-respected members of the community.

Mr. Speaker, I can say that the report has been handed out, and hopefully members will read that and will certainly appreciate all of the hard work that they put into it.

First Nations Casinos Community Referendums

Mr. Jack Reimer (Southdale): Mr. Speaker, I have a few questions on casinos also and the report that was just tabled. Now that the Minister of Consumer and Corporate Affairs and the Government cannot keep hiding behind this two-person selection committee, I would like to ask

the Premier: Will the Premier, given that the communities' support is essential in the ultimate success of the five casino proposals, commit today to ensure that a referendum is held in the five affected communities?

Hon. Gary Doer (Premier): The members opposite will know that on page 26 there is a strong recommendation dealing with the public, and, Mr. Speaker, we have already said that we support the fact that we have been able to keep our promise to provide opportunities for—
[interjection]

Mr. Speaker: Order.

Mr. Doer: Mr. Speaker, we are pleased that this report advances us in our election commitment to the opportunity for First Nations people to have some opportunities for economic employment in these proposals, but we certainly support the condition that there must be public support for the casinos in the area. We are not going to, quote, "force" a community to take a casino.

Mr. Reimer: In reference to page 26 that the Premier is referring to, can he assure this House and the municipalities where casinos are proposed that the cost of holding any type of public referendums or plebiscites will be the total responsibility of this government and not the communities that these casinos are being forced upon?

Mr. Doer: Mr. Speaker, the communities are taking different approaches to this matter. The three communities that have been recommended with conditions have different views. The municipality of one community has taken one view, which has been referred to in a plebiscite and was negative in the plebiscite. A second community, apparently, the mayor has taken a public position, and a third community the mayor said he supports it, but he will have a plebiscite.

* (14:30)

Certainly the communities are taking a good account of page 22's recommendations which are conditions for the Government in the recommendations contained in this report.

Mr. Reimer: It is encouraging to hear the First Minister talk about public confidence and public referendums and public consultations at this time in this venture, but my question is—all these public consultations and plebiscites and referendums cost money—who is going to pay for it? Will it be the municipalities or will this government, which is forcing these casinos onto the communities, be paying for all that time and effort put forth by the communities on these casinos?

Mr. Doer: Some of the communities believe that this will have an economic advantage for their communities, and that is why some of the communities that have been successful and some of the communities that have been unsuccessful have stated that it would be an economic advantage for their community.

Mr. Speaker, in the case of Headingley, the council chose to have a plebiscite on top of a by-election, and I think municipal officials are intelligent enough to implement or certainly work on the recommendations and conditions on page 26. There is more public consultation with its positive and negative opinions on these casino proposals than ever has taken place in the history of this province. We need no lectures from members opposite on public consultation. The public—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The Honourable First Minister.

Mr. Doer: Thank you, Mr. Speaker. I can assure the members opposite that the people of Transcona and northeast Winnipeg had no say in the location and expansion of the casino in northeast Winnipeg.

Water Treatment Plants Inspections

Hon. Jon Gerrard (River Heights): Mr. Speaker, recent evidence from Walkerton, Ontario, suggested the contamination of the water supplies there may have resulted from the failure of a chlorine injector which was providing chlorine to get rid of the E. coli in the water. My question is for the Premier (Mr. Doer).

How many of Manitoba's municipal water supply treatment plants use similar chlorine injection systems to treat their water and have Manitoba's water supplies and injection systems been looked at to see if they are functioning well?

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, I thank the Member for that question. Upon the Government determining that in fact there was a problem in Walkerton, we did ask for a review of all systems in Manitoba, a review of all processes in Manitoba in order to assure ourselves that the fail-safe methods that were in place in Manitoba were, in fact, such. We have asked for a review of all the systems and there have been numerous initiatives that have been undertaken by Conservation, Health and other government authorities in order to determine that a situation such as occurred in Walkerton could not occur in Manitoba.

With respect to the specific mechanics of the chlorine injection system, I would be surprised if that matter had not been reviewed. If it has not been, it certainly will be. I thank the Member for that suggestion.

Mr. Gerrard: My supplementary, again, to the Premier: How many of the about 40 000 tests on wells, which the Premier (Mr. Doer) referred to last week, were positive for E. coli? On the basis of that testing, where were the high-risk areas which the Premier referred to?

Mr. Chomiak: Mr. Speaker, the reference to 40 000, I am not sure what the Member is referring to. There is a reference to the fact that there are 50 000 private wells in the province of Manitoba. There are 40 000 tests, but that may not all be specifically with respect to the private wells.

I will take that question as notice and determine what the specifics are with respect to the Member's question.

E. coli Bacteria Testing

Hon. Jon Gerrard (River Heights): My supplementary. To what extent, Mr. Speaker,

since the E. coli 157 strain is found in up to 30 percent of cattle elsewhere, but the extent to which it may occur in cattle here or even in hogs and in horses is unknown, has there been testing for the E. coli 157 strain in Manitoba, and specifically what are the results in cattle, horses and hogs?

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, there is constant testing for that particular strain of E. coli. I will take the question as notice and report back to the Member.

But I do want to assure the House that, at this point, the testing that has occurred with respect to the Elkhorn incident has been negative on all fronts with respect to both the water supply and food and other samples that have been taken from that region. But the specifics of the Member's question I will take as notice.

Mr. Speaker: Just before we move on, I would just like to remind all ministers that, when taking a question under notice, preamble and the postamble are not required.

First Nations Casinos Economic Impact

Mr. John Loewen (Fort Whyte): Mr. Speaker, given the recommended locations of the five new casinos, it is clear that the potential for out-of-province visitors is extremely limited to these five sites. In fact, Manitoba Lotteries has noted that there is limited room for growth.

The Minister of Consumer and Corporate Affairs (Mr. Lemieux) has admitted that the \$225 million that the Government currently receives from gambling, which funds and services all Manitobans for such issues as health care, Education and Family Services, will decrease with the addition of five new casinos in the province of Manitoba.

My question to the Minister of Finance (Mr. Selinger) is: How does he expect to sustain the increased levels of spending that have been found in his recent budget, given the potential loss of significant revenue that his forecasts are dependent upon?

Hon. Diane McGifford (Minister of Culture, Heritage and Tourism): The hypocrisy implicit in this question is so overwhelming that I can only, with apologies to Shakespeare in Henry IV, Part One, say thou art the King of hypocrisy.

Mr. Speaker: Order, order. The Honourable Official Opposition House Leader, on a point of order.

Point of Order

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

Mr. Speaker, coming from a minister who accused people of stealing art and finding all of it, there is hypocrisy.

Mr. Speaker: Order, please. The Honourable Official Opposition House Leader does have a point of order. I would remind all ministers that according to *Beauchesne's* Citation 417, answers to questions should be as brief as possible.

I would like to caution all members at this time to pick and choose their words very carefully because it was very, very close to being over the acceptable tone of language in this House. I would just like to caution all members at this time.

* * *

Ms. McGifford: My point was, under the former government, the members opposite caused the real problems in Lotteries, real problems in any costs to Lotteries. The expansion project, Mr. Speaker, which began at a cost of \$50 million has now escalated to \$112 million. These are the threats—with no plan for repayment, a debt that began at \$55 million and is now up to \$170 million with no plan for repayment. In fact, so slipshod and careless were members opposite with the Lotteries Corporation—

* (14:40)

Mr. Speaker: Order, order. The Honourable Official Opposition House Leader, on a point of order.

Point of Order

Mr. Laurendeau: I need not have to repeat myself, but *Beauchesne's* 417, which you clearly just ruled upon—I do believe this member is stepping all over your toes, Mr. Speaker.

Mr. Speaker: The Honourable Government House Leader, on the same point of order.

Hon. Gord Mackintosh (Government House Leader): Well, Mr. Speaker, there is no point of order, of course. The members opposite only want Manitobans to hear their questions and not the answers. There are stones being thrown from the glass house. That is the only basis of their point of order.

Mr. Speaker: Order, please. On the point of order raised, I would like to take this moment to remind all ministers that, according to *Beauchesne's* Citation 417, answers should be as brief as possible.

* * *

Mr. Speaker: I would ask the Honourable Member to please conclude her answer.

Ms. McGifford: Mr. Speaker, I apologize if I took longer than I should. It is just that the list of ills is extremely lengthy. Perhaps, then, I could finish by simply saying that it was members opposite who the Provincial Auditor judged in his recent—or at least their management judged—as providing incomplete and misleading public reporting, so need I say any more?

Mr. Loewen: Mr. Speaker, I can only assume from that answer that the Minister does not know the answer and the Finance Minister will not. So I would ask the Finance Minister if he can tell this House and can tell Manitobans, who already realize that they are the highest-taxed jurisdiction in all of Canada, what taxes is he looking at further increasing to offset the losses in Crown revenue after the five casinos are constructed?

Hon. Greg Selinger (Minister of Finance): Mr. Speaker, we have no plans to raise taxes. We plan to run the Lotteries more efficiently and thereby derive better value from it.

Mr. Speaker: The Honourable Member for Fort Whyte. Order, order. Your mike was not on. The Honourable Member's mike was not on. I would ask the Honourable Member to please ask his question without a preamble.

Mr. Loewen: Mr. Speaker, my question to the Minister of Finance (Mr. Selinger) is simply: Will he commit immediately to having a study to determine the economic impact that five new casinos in the province of Manitoba will have on Crown gambling revenue?

Hon. Gary Doer (Premier): Mr. Speaker, on April 27, 1999, the Member for Rupertsland (Mr. Robinson) asked the Member for Lac du Bonnet (Mr. Praznik): What is the fear of the casinos being operated by First Nations? Would it give competition to the Province of Manitoba? The Member then answered: as minister, I would indicate very clearly to that member there is no fear at all in terms of the competition. I think there are now some 600 tour buses, he goes on to say, that frequent our province, bringing in people from outside to participate in gaming. There is estimated another 400 potential tour buses that are coming to our province. This industry is one that has growth. That was the study that was conducted by members opposite.

Having said that, Mr. Speaker, I think our greatest financial challenge in maintaining the Lottery revenue line in the Budget, which is a legitimate question, is how are we going to deal with the \$170-million capital where there is no repayment plan for that capital? That is the major challenge we have, and each year we will have to deal with that in our budget.

If one is to read page 26 of the report, there are a number of conditions that are placed on the recommendations of the committee. We anticipate that we will be able to project what the impacts of those will be when those conditions are met, and only then can the recommendations be dealt with.

MATTER OF PRIVILEGE

Broadcast of Legislative Proceedings

Hon. Steve Ashton (Minister of Highways and Government Services): Mr. Speaker, I rise on a

matter of privilege, and it arises out of accusations that were made prior to Question Period and repeated on a point of order, actually a correction on a point of order, accusations that somehow three ministers of this government had flipped a switch or were responsible for the policy of flipping a switch for a specific news conference last Thursday.

I would like to just indicate before moving the motion, Mr. Speaker, what the facts of the matter are, facts that could have been ascertained by a simple inquiry to any one of us on this side of the House. Information Services branch, which, by the way, is not under my jurisdiction—it is under the Minister of Culture's (Ms. McGifford) jurisdiction—broadcasts proceedings in the Legislative Chamber on Channel 43. That is, inside the building it is broadcast.

The channel is used only for the internal audience within the Legislative Building. After the internal broadcast channel was introduced several years ago, recipients of the service expressed an interest in being able to view news conferences that take place in the Legislative Building's news conference theatre. To meet this demand, Information Services breaks into proceedings in the House with the exception of Question Period to broadcast news conferences that are held in Room 68B. Once the news conference is over, the broadcast returns to the proceedings of the House, Mr. Speaker.

Now, this is the operative sentence, Mr. Speaker. The procedure of showing news conferences on the internal Legislative Building channel has been normal procedure for the past several years. In the case of the casino announcement, this practice helped to facilitate the viewing of the news conference by the large number of interested parties who came to the Legislature for the announcement.

Mr. Speaker, clearly the matter before was not a matter of privilege. You will deal with that on the ruling. It might be something that LAMC can look at in terms of the decision, but given the fact that the Opposition House Leader (Mr. Laurendeau) had accused members of this side of the House of initiating this, that has been a standard policy, I therefore move, and perhaps suggest before I move the motion that a simple

withdrawal of the matter of privilege before might resolve this a little bit more quickly, given the fact that the Opposition House Leader was wrong in his facts, but I will move this matter because it is serious to make those kinds of accusations.

* (14:50)

I move that this House ask the Opposition House Leader to withdraw his accusations that alleged that three members of the Executive Council had directed that a news conference on gaming on Thursday be broadcast instead of a committee, when this has been the practice for the last several years.

Mr. Speaker: I would just like to advise all members that I have taken this matter under advisement, and unless members have new information or a new matter of privilege, that I will entertain, but if it is not new information—*[interjection]* Because I have not made a ruling on it; I have taken it under advisement.

An Honourable Member: On a point of order, Mr. Speaker.

Mr. Speaker: A point of order cannot interrupt a matter of privilege. A matter of privilege takes precedence over all other matters.

An Honourable Member: Well, he has not got one. That is why it was a point of order.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order. The Honourable Opposition House Leader, with new information?

Mr. Marcel Laurendeau (Opposition House Leader): No, on a point of order, Mr. Speaker.

Mr. Speaker: I cannot entertain a point of order unless the matter of privilege has been dealt with.

An Honourable Member: On the matter of privilege which does not exist then, Mr. Speaker.

Mr. Speaker: The Honourable Official Opposition House Leader, I will recognize you if

you have new information on the matter of privilege that has been raised, but I cannot entertain a point of order while we are listening to a matter of privilege.

The Honourable Official Opposition House Leader, on the matter of privilege.

Mr. Laurendeau: On the matter of privilege, Mr. Speaker, I rose in the House earlier and apologized to the Minister of Government Services (Mr. Ashton). It was not his department; it was the Minister of Culture, Heritage and Citizenship (Ms. McGifford) who was responsible for the Department, which was, I feel, in conflict.

Mr. Speaker, it is very simple; the buck stops here, and it is the ministers, who were both making these statements, and the Minister of Culture and Heritage (Ms. McGifford), who are responsible for the department. It is not up to me to challenge the Department or the person who threw the wrong switch. The buck stops at the top, and that is the Minister who is responsible. It should not be upon them to be blaming somebody down the scale and saying it is somebody in the bureaucracy that flipped the switch. It is they who have the responsibility to see that we have our rights, not—

An Honourable Member: Apologize.

Mr. Laurendeau: That is exactly what I am waiting for: an apology from that side of the Chamber for flipping the switch. Thank you very much. Mr. Speaker.

Mr. Speaker: Order, order. The Honourable Member for Portage la Prairie, with new information, additional information?

Mr. David Faurschou (Portage la Prairie): Yes, Mr. Speaker. In this regard, I feel it is my responsibility to rise on this point of privilege to clarify a position insofar as it has been brought to the attention of the House that it has been common practice and most persons have appreciated the broadcasts of this nature. It has even been stated by the Member for Lac du Bonnet (Mr. Praznik) that most members appreciate it and would welcome it.

However, it was the timeliness and this House activity. The broadcast of this House activity has, to my knowledge, never been pre-empted by a government announcement, and that particular point is the reason we are bringing this forward on a matter of privilege.

The statement to make that we do not appreciate the announcements the Government has to make and that this is a vehicle in which to do it, that is not the point. The point is that the House business was pre-empted by this particular announcement without the discussion that should have taken place. Thank you, Mr. Speaker.

Mr. Speaker: Order, order. It is highly irregular to raise a point of order on a point of order, so I will be taking this matter under advisement. Because a matter of privilege is a very serious concern, I will be taking it under advisement and seeking the advice and consult the authorities. and I will bring back a ruling to the House.

* * *

Mr. Speaker: Continue with Oral Questions.

Education System Standards Testing—Grade 3

Mrs. Joy Smith (Fort Garry): Mr. Speaker, last Saturday's *Globe and Mail* reported that Canadian school children have made a solid improvement in their science scores due to improved curriculum and testing procedures all across the provinces. It is noted that Alberta students, who have been monitored through regular provincial assessments since 1982, scored roughly 10% higher than the Canadian average.

Mr. Speaker, would this Minister please explain to this House and to the students of Manitoba why he scrapped the opportunity for Grade 3 students to be tested, get used to testing and is proposing further elimination of the tests in Grade 6 and Grade 9?

Hon. Drew Caldwell (Minister of Education and Training): Mr. Speaker, as usual, the Member is making our policy on the run from her seat. Grades 6 and 9, of course there are no

plans to delete them from assessment. As for Grade 3, the proper pedagogical means with which to enhance individual skill development is to have an assessment take place at the beginning of the school year so that the school year, wonder of wonders, can be used to improve those children's abilities. That is what this government will be doing.

Mrs. Smith: It is unfortunate the Member opposite, in his lack of experience, does not understand that providing for early standards testing—

Mr. Speaker: Order. The Honourable Government House Leader, on a point of order.

Point of Order

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, in the initial question from the Member she used a preamble. This is now a supplementary question. She is continuing to use an extensive preamble. *Beauchesne's* Citation 409 says a question must be brief. The preamble need not exceed one carefully drawn sentence. It goes on to say a supplementary question should need no preamble. Citation 410, supplementary questions require no preambles, says the citation.

Mr. Speaker, would you please draw the Member's attention to *Beauchesne* and the rules of this House and ask for her to respect the rules of this House.

Mr. Marcel Laurendeau (Opposition House Leader): The Honourable Government House Leader is probably correct. *Beauchesne* does state that, Mr. Speaker, but when there is no answer to a question, the Honourable Member does stand up and think she should ask it all over again.

Mr. Speaker: Order. On the point of order raised, *Beauchesne's* Citation 409(2) advises that supplementary questions should not require a preamble. The Honourable Government House Leader does have a point of order.

* * *

Mr. Speaker: I ask the Honourable Member for Fort Garry to please put your question.

Mrs. Smith: Why, Mr. Speaker, given the success of Alberta students who are leading the pack and meeting world-class standards, does this Minister of Education threaten the ability of our children here in Manitoba to succeed anywhere they choose to live?

Mr. Caldwell: The Government of Manitoba does not.

Mrs. Smith: I ask the Minister of Education if he supports his Saskatchewan counterpart about the need for our children to meet world-class standards and how standards testing is the only true measure.

* (15:00)

Mr. Caldwell: Of course, Mr. Speaker, it is absurd to say that standards testing is the only true measure of skill development or intelligence. Standards testing, those on the Government side of the House understand and know, is but one component of a very complex arsenal of strategies for expounding excellence in the public school system. Our policy reflects that.

Mr. Speaker: Time for Oral Questions has expired.

* * *

Mr. Speaker: Prior to moving on to members' statements, I would just like to correct what I was ruling on on the matter of privilege. I mentioned that I would bring back a ruling on a point of order. What I really meant to say was bring back a ruling on a matter of privilege, because I could not entertain a point of order when the matter of privilege was on the floor. I just wanted to correct that for the record.

MEMBERS' STATEMENTS

Kivalliq Air

Mr. Gerard Jennissen (Flin Flon): I rise today to recognize a new link between the far North and Manitoba. As of June 21 Kivalliq Air, a division of Keewatin Air, will begin providing air service from Winnipeg and Churchill to Arctic communities like Pelly Bay. Air service

between Rankin Inlet and more isolated communities will also be improved. Passengers will now be able to travel between northern communities in a matter of hours, not days. Flights from Winnipeg to the Arctic Circle will take seven hours.

Expanding air travel to the Arctic will also enhance trade and economic development opportunities for Manitoba and the new territory of Nunavut. In February, our government entered into an agreement with Nunavut to expand co-operation in a number of areas such as transportation, mining, energy, health, tourism, cultural development, value-added processing, resource development and education.

Manitoba communities such as Churchill and Thompson are privileged to provide goods and services to communities in Nunavut. We want to nurture our current relationship and explore new opportunities. The new services provided by Kivalliq Air will make doing business with the North easier.

I would like to congratulate this new enterprise and wish them prosperity, good luck and safe travelling. Thank you, Mr. Speaker.

Canadian Flag Legislation

Mr. Denis Rocan (Carman): For the past six years, the Royal Canadian Legion has been urging the Canadian government to implement legislation to safeguard our national flag from wilful and indiscriminate acts of desecration. Dominion Command has advised their branches that the federal ministers, both present and past, have not been supportive and have declined their request to meet with them on the basis that their schedule is too busy.

The branches have been told that government officials state that the implementation of such legislation would contravene the Charter of Rights and Freedoms and, in particular, section 2 which guarantees the right to freedom of expression. Is this not what many young Canadians fought and died for in the past century in defence of our freedom here and abroad?

* (15:10)

The rationale is very difficult to follow, which suggests that such a law is a violation of individual freedom of expression. To declare by law that anyone who publicly tramples, burns or desecrates the national flag of Canada has committed a criminal act is not very different from the law that makes destruction of property by arson, or whatever, a crime. Do you not agree that it is justifiable in a free and democratic society to protect property which belongs to all Canadians and which symbolizes the very essence of nationhood? By permitting public desecration is acceptance of overt actions which dishonour this country and the veterans, past and present, as well as the legacies left to us by those who made the supreme sacrifice during the great wars to protect our legacy here in Canada.

Our branch, meaning the Carman branch No. 18, strongly feels and showed by a standing vote at our meeting that the Government of Canada must act on this proposal as soon as possible. The branch courteously requests that you take all action possible as our elected representative to expedite the Government of Canada to enact a law forbidding desecration of the national flag. With all of us working together, our flag will be honoured with the respect and dignity that it truly deserves by all Canadians. Thank you very much, Mr. Speaker.

Antigang Strategy

Mr. Cris Aglugub (The Maples): Mr. Speaker, I want to take a few moments to talk about some of the ways our government is working to make communities safer. Recently, the Minister of Justice (Mr. Mackintosh) announced a \$14-million strategy to provide a comprehensive, co-ordinated response to organized crime.

One part of this strategy is a new criminal organization and high-risk violent offenders unit. This specialized team will co-ordinate the arrest, prosecution and supervision of serious high-risk offenders, particularly those involved in gang or organized criminal activity, home invasion and other violent crimes.

We also want to prevent young people from becoming involved in gangs. This strategy will put police officers in classrooms to provide antigang, antidrug education. It will teach

conflict resolution skills and anger management and start a peer mediation program. As well, our government will be producing online and print resources to help parents be aware of gangs and provide tips on keeping kids safe.

Mr. Speaker, our government believes in acting quickly to deal with crime. We also want to prevent criminal activity. Our commitment to public safety is made stronger by the involvement of community and neighbourhood organizations. Together we will continue to build safer neighbourhoods for everyone. Thank you.

Tim Horton's Camp Day

Mr. David Faurshou (Portage la Prairie): Mr. Speaker, it was my pleasure to participate this year as a celebrity server for Tim Horton's camp day on May 24. Over \$3.4 million was raised across Canada in order to send over 6000 children from disadvantaged homes to attend a summer camp. The Tim Horton's Children's Foundation is a non-profit, charitable organization committed to providing a fun-filled camping environment for children from monetarily underprivileged homes.

The Foundation's largest fundraiser is camp day, when Tim Horton's store owners donate coffee sales from a 24-hour period to this foundation. Local Tim Horton's store owners work in conjunction with the community, churches, schools, clubs and local agencies to select appropriate children aged between 9 and 12 who might otherwise not have the opportunity to take part in a camp experience. Campers are given the added thrill of being sent to camp outside their immediate province, with the Children's Foundation covering all the costs for each child, including transportation.

Highly trained staff, excellent facilities and their activity program provide all the fun that goes along with a first-class children's camp. There are currently four camps across Canada operated by Tim Horton's Children's Foundation. I commend all volunteer servers and Manitoba Tim Horton's store owners who took time out to assist Manitoba children through their admirable undertaking. My best wishes to those youngsters who will enjoy a great camping experience this

summer and summers to come because of the work and dedication of Tim Horton's Children's Foundation. Thank you, Mr. Speaker.

Immigration Statistics

Mr. Harry Schellenberg (Rossmere): Mr. Speaker, recently we have heard much talk about the so-called brain drain, the loss of skilled, educated young people to other provinces and countries. Recent media reports show that Canada is in fact experiencing a brain gain by attracting highly skilled immigrants. Statistics Canada reports that for every Canadian university graduate who moved south, four arrive on Canada's doorstep, including one with a post-graduate degree. Our government is committed to making Manitoba the choice of highly skilled workers.

At the recent Manitoba Century Summit, leaders from business and labour agreed that we should increase immigration to Manitoba, and we have moved to do that. Also, for the first time in over a decade, more people are moving to Manitoba than leaving. As graduations take place at Manitoba universities and colleges, it is encouraging to see many award-winning students choosing Manitoba as the best place to start their careers and raise their families. A front-page story in the *Winnipeg Free Press* quoted gold medal graduates in nursing, engineering and education stating that they plan to stay and work in Manitoba. My son is one of the many graduates who are staying in Manitoba to work.

Mr. Speaker, there is increasing evidence that the brain drain mostly exists in the imagination of those who favour irresponsible tax cuts at the expense of health care and education. The brightest graduates in Manitoba know that this is a good place to study, an even better place to stay and put what they have learned to use. Thank you.

Committee Changes

Mr. Gregory Dewar (Selkirk): Mr. Speaker, I move, seconded by the Member for Wellington (Mr. Santos), that the composition of the Standing Committee on Law Amendments be

amended as follows: Dauphin-Roblin (Mr. Struthers) for Rossmere (Mr. Schellenberg).

Motion agreed to.

* * *

Mr. Denis Rocan (Carman): Mr. Speaker, I rise this afternoon not knowing exactly which vehicle I should be using, whether I should be using a point of order or matter of privilege. I will leave that for you to decide, Sir.

My colleague the Member for Lakeside (Mr. Enns) and myself were just having a slight discussion about we do not often hear anymore about Manitoba rules. Most often, we hear about *Beauchesne's* rules.

In giving some assistance to the Member for Fort Garry (Mrs. Joy Smith), when she had some particular concern about a particular word that she wanted to use in Question Period, I happened to open my book. In *Beauchesne's* 490—and 490 does have the parliamentary words, as indeed you and your staff already know. But what was most interesting was the fact that I came across a yellow sticky. This yellow sticky was handwritten by one individual who served this Legislature for many, many years, written by one Binx Remnant. The word that Mr. Remnant had put here on this yellow sticky, and I had underlined it, is "falsehoods." In his handwriting it says "the Oxford English Dictionary says about falsehoods: falsity, something untrue, contrary to fact, lying or lies." These, Sir, are all words that are unparliamentary.

Then I went back into Hansard, on May 23, where I did use the word "falsehood." I know, Sir—and this word, because I am not sure which avenue I should be using—you do have right now I believe a point of order under advisement that you must be ruling on very soon. I guess what I am trying to do is I want to apologize for having used the word "falsehood" that is presently before the House, because Manitoba's rule is very, very clear according to Mr. Remnant, that it is out of order. So, for that, I apologize. Thank you, Sir.

Mr. Speaker: I thank the Honourable Member for that.

ORDERS OF THE DAY**House Business**

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, before moving the Supply motion, I wish to obtain the unanimous consent of the House to vary the sequence for Estimates consideration set out in Sessional Paper 138 to consider in the Chamber the Estimates of the Department of Agriculture. This change is to apply until further notice.

Mr. Speaker: Is it the will of the House to change Labour to Agriculture in the Chamber until further notice? Is that agreed? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, I would like to get unanimous consent to vary the sequence for Estimates consideration set out in Sessional Paper 138 to consider in 255 the Estimates of the Department of Labour, which are to follow Highways and Government Services on the Estimates list. This change is to apply until further notice.

Mr. Speaker: Is it the will of the House to change for Room 255, Highways and Government Services followed by Labour?

The Honourable Official Opposition House Leader, on a point of order.

Point of Order

Mr. Marcel Laurendeau (Opposition House Leader): On a point of order, Mr. Speaker. Labour is to follow Highways. It is not to replace it.

Mr. Speaker: Okay, I stand corrected.

* * *

Mr. Speaker: Is it the will of the House to have Labour follow Highways and Government Services after the duration of Highways and Government Services? Agreed? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, I move, seconded by the Minister of Highways and Government Services (Mr. Ashton), that Mr. Speaker do now the leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Motion agreed to.

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

* (15:20)

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 7.5.(a) Economic and Federal-Provincial Research (1) Salaries and Employee Benefits, on page 83 of the Estimates book. Shall the item pass?

Mr. Eric Stefanson (Kirkfield Park): Mr. Chairman, maybe just before we start with our question, I am wondering if the Minister has any additional information to table today in follow-up to some of the items that he has taken as notice over the last couple of weeks.

Hon. Greg Selinger (Minister of Finance): I have one document here that I have not had a chance to peruse yet, but, hopefully, I will get to look at it while we are going through the proceedings today and have a chance to release it at the end. I have not had a chance to review it yet.

Mr. Stefanson: Mr. Chairman, I am wondering about some of the fairly straightforward questions relative to issues like when the Minister intends to release his polling result. It has now been almost a month since his budget, and we can certainly accept the fact that he did not release the polling results prior to the Budget. We did the same thing when we were in government, and we understand the sensitivity, but it has now been a month, and I am wondering if he can tell us when he intends to release those polling results.

Mr. Selinger: I understand that we are following the policy that was enunciated of release within 90 days, and we are reviewing it

right now to see if it can be released earlier. We are doing it in consultation with Executive Council.

Mr. Stefanson: I guess similarly whether or not the Minister's department has been able to compile the budgeted costs for his advertising campaign for the year 2000 budget and what has actually been spent to date.

Mr. Selinger: My officials inform me they are working on compiling the actuals, and that is delayed a little bit in that all the supplier invoices have not yet been received.

Mr. Stefanson: I am wondering if the Minister has anything else to add to our previous discussions on the balanced budget legislation, whether he can give any update in terms of the discussions that his officials are having with the appropriate other departments and so on.

Mr. Selinger: I am informed that while I was away, apparently the question was asked in Question Period, and the First Minister responded. My officials are still working on it, and, hopefully, we will have an answer quite soon.

Mr. Stefanson: Mr. Chairman, I can indicate the First Minister did respond, but he did not answer the question. There is a difference in providing any meaningful information to Opposition members. I am just curious when we will get some clarity around what the potential legislative amendments are and what kind of timing the Minister and his government are looking at.

Mr. Selinger: As soon as that determination has been finalized, I would be happy to convey that to the Opposition critic, but at this stage it has not been finalized.

Mr. Stefanson: In light of the ongoing discussion around personal income taxes, I am wondering if the Minister has had an opportunity to review any comparisons of the personal income taxes paid by Manitobans subsequent to his budget on May 10 and what kind of personal income taxes those same Manitobans would have been paying in the year 2000 had we remained tied to the federal tax system.

Mr. Selinger: I can only reiterate what I said in the last session, that the decision to delink was made with notification to the federal government prior to Christmastime, and the focus was on designing the new system. That is where the effort and energy went, was to design a new system that would minimize the losers and offer relief to all Manitoba taxpayers.

Mr. Stefanson: I guess I just want to clarify while we still have staff here, and we will certainly get an opportunity to discuss this under ministerial salary from a political perspective, but while the staff is still sitting at the table and the Minister has the opportunity to get information from them, we just want to be clear whether or not before, after or during the year 2000 budget the Minister has had an opportunity to look at any calculations showing personal income taxes for Manitobans after May 10, after his budget, and what the personal income taxes would have been for Manitobans if we had remained tied to the federal system. So this is really just a matter of determining what information has the Minister himself been provided with and had the opportunity to review as part of his decision-making process.

Mr. Selinger: The information I was provided showed that in aggregate we would be offering more tax relief this year under our approach than would have been the case otherwise. The other focus was on year-over-year comparisons which are indicated in the Manitoba Tax Advantage for 1999-2000, where we show a reduction in taxes as we go forward. Our projections in the pamphlet and then in the Budget document show reductions as we go forward as well totalling \$102 million starting in taxation year 2001.

* (15:30)

Mr. Stefanson: I was going to move off this question, but the Minister's answer has now made me curious, if he says his calculations show that in aggregate Manitobans are better off. If he has that kind of information, then for that to be an accurate statement, he must have the comparisons of the personal income taxes for Manitobans after his budget on May 10 and what it would have been like under the combined system in the year 2000 for his comment to have any potential to be accurate because he would

have had to do those comparisons. So I am just asking then: Has the Minister seen that kind of information in terms of different income levels and different family situations? It sounds like he has. I just want confirmation that he has in fact seen that information.

Mr. Selinger: Once again, as I presented this in the House and in committee here, we passed on the \$10 million in base changes coming out of the federal budget and offered our property tax credit of \$26 million, and in aggregate we understand that to be in the order of \$6 million to \$7 million greater than would have been otherwise the case.

Mr. Stefanson: Again, I think we can discuss it more from a political perspective under ministerial salaries when we get to that point, but clearly Manitobans are worse off in terms of their personal income taxes as a result of delinking one year early, and in many cases on an aggregate basis per individual even with the other adjustments relative to property tax credits, I think there are many examples where individuals or families are not necessarily better off. But as I say, we will have a political discussion about that later on.

I want to ask the Minister, as part of his budget process during the final stages of his budget review, he would have had an opportunity to be provided with information such as exists on pages D14 and D15 of the Budget document?

Mr. Selinger: The material on pages D14 and 15 of "The Manitoba Advantage" was brought forward very late in the exercise of preparing the Budget by my officials once they were able to do the comparisons with other jurisdictions. It obviously was a piece of preparing the final budget document and was included to give us as accurate information as possible, particularly once we saw what was happening in other provinces.

Mr. Stefanson: I am just curious, at what stage during the budget process did the Minister become aware that the decisions he was making were going to create a situation whereby a family of four with \$60,000 of income would be

paying the highest personal income taxes in all of Canada, as outlined in this budget document?

Mr. Selinger: The first time this information was able to be compiled, with respect to interprovincial comparisons, was after the last budget was brought down in another jurisdiction. That would have been after the budget brought down by the Government of Ontario, which, I believe, was in the first week of May. So, subsequent to that budget being brought down, final calculations were made.

I must remind the Member opposite that the provincial income tax rate here was the one that was proposed in the '99-2000 budget and then carried forward. As well, the other provincial levies were ones that were not substantially increased in any way. Of course, when you go to the living cost at the bottom of the page and you compare the increase of living cost with other provinces to the east and west of us, we have the lowest increase of living cost with all the western provinces and substantially lower than Ontario.

Mr. Stefanson: I think what the Minister clearly either misses or forgets is that he is right. Basically, that number got down to a lower amount as a result of the 1999 budget that we brought in. Many other provinces were reducing personal income taxes in the year 2000 as a result of the budgets that they brought down. He had a choice on May 10 to bring in further personal income tax reduction, and he chose not to do that. As a result of that, his decisions on budget day, May 10, instead of Manitobans being fourth highest at that income level and that family situation which alone, I think, many would argue is still unacceptable, his decisions made us the highest taxed province in all of Canada.

I am just curious: At what stage of the budget review process did he start to do comparisons when he knew that other provinces were reducing taxes, other provinces had mapped out both their immediate and longer term tax reduction? He surely was becoming aware that these other provinces were reducing taxes, and a province like Saskatchewan, our neighbour to the west, was now moving below us for the first time, certainly the first time in

over 12 years, and I am not sure probably much longer than that, Mr. Chairman. So when did he become aware of that?

* (15:40)

Mr. Selinger: As I indicated, that information was only available subsequent to the last provincial budget brought down in another jurisdiction, which would have been merely days before we brought down our budget. In addition, I ask the Member to remember that the cost of living in other jurisdictions, including Saskatchewan, went up more rapidly than it did in Manitoba because they were making adjustments in sales tax bases and many of their user fees, including their telephone system. I just wonder if the Member would also remember that, in the other family comparisons in the table, the taxation levels for family units and single persons at other levels are in the middle of the pack for a family of four and among the lowest for a single person of 20 000, No. 2 position, I believe.

So, in overall perspective, the table reflects accurately the implications for those units of the tax cuts, which we agreed to pass on January 1 of the year 2000. Also, in the context of the fact that we had been made aware of quite serious overexpenditure issues not budgeted for upon coming into government. So, with all of that, the commitment to move forward and all the taxation reductions, including the small business taxation reduction, as well as adding to it the property tax credit reduction, as well as adding to it the 10 billion in base rate changes announced in the February budget of the federal government, was a substantial commitment on the part of the new government to bring forward tax relief in the first budget and then to continue that tax relief in its last quarter of the first budget with changes in the 2001 and 2002 tax year, totalling \$102 million for personal income tax reductions. So there was a very substantial commitment made for tax reduction in the current taxation year and the two years going forward, even with enormous pressures on the spending side.

Mr. Stefanson: I would point out to the Minister that he and his budget made the conscious decision to include any additional 1999-2000

spending in his budget. In fact, he increased spending beyond those additional amounts. So again he had choices and made the conscious decision to include those expenditures in his budget for what, I am sure, he believes are good and valid reasons. I should point out to him that our relative ranking in those other income levels remains fairly consistent.

It is at the family of four, middle income, \$60,000 earnings, that in one budget alone he has taken us from the fourth highest in Canada to the highest in Canada, Mr. Chairman. Granted Ontario's budget was a few days before Manitoba's, but Saskatchewan's was quite a bit earlier, and the Minister clearly had information on what other jurisdictions were doing, and he chose not to reduce taxes at those kinds of income levels in the Province of Manitoba and thereby put us in the position of highest in Canada.

If he looks ahead, if he does get the information to look ahead, which I am hoping he either has currently or he will undertake to obtain, he will see that looking ahead to the years 2001 and 2002, the gap starts to widen with some provinces, particularly our neighbouring province Saskatchewan, where in 1999 they paid higher personal income taxes, and in almost every income level and in almost every family situation by 2001 and 2002, they will be paying lower personal income taxes.

So I would hope he recognizes that that is cause for some concern in terms of our competitiveness with other provinces across Canada.

Mr. Selinger: It is correct that in both cases, on the program expenditure side and on the tax reduction side, we agreed to follow through on the commitments that had been initiated under the previous government. Both in health care, the expenditures that were not budgeted for which were substantial—I believe in the order of \$159 million—and on the tax reduction side starting January 1, 2000, we agreed to follow through on both of those.

Both of those were initiated by the previous government, but we took a look at them, and we did not think it would be prudent to start cutting

back programs which had recently been initiated. Neither did we think it would be prudent to cancel a tax reduction which had already been announced.

So we followed through on both of those things. Over and above that, we passed on the \$10-million base reduction announced in the federal budget, and, of course, we followed up on our election commitment to reduce property taxes by \$75 per unit to the tune of \$26 million. All of that was in the context of coming up with a forward-looking program both on the expenditure side to deal with what has been euphemistically called hallway medicine but also to come to grips with the new transition to the tax on taxable income system and to make that a transition that offered tax relief to Manitoba families.

That is why we innovated and brought in the family tax reduction component which offers larger reductions for children, greater reductions for people caring for individuals who have disabilities, greater reductions on the nonrefundable tax credit side for all units that are dependants, spouses, et cetera, people who are being cared for, caregivers' deductions. All of those things we brought forward as a way to offer relief to those carrying the responsibilities in our community, and we believe that was a recognition of the problem that we saw emerging with respect to taxation levels.

I have emphasized this before, I decided that we needed to really focus on offering tax relief to families, and I directed people in the department to try to design a new tax on taxable income system that would offer relief to families well in advance of seeing this comparative data. I just had this feeling based on experience and based on talking to people in the community that there was pressure there, and there needed to be more recognition of the responsibilities that parents carry in raising and looking after children in this province.

That is why we designed the family tax reduction which, because it has increased reductions and it reduces the net income tax reduction from 2 percent to 1 percent, substantially broadens the relief for middle-income families, and I think we will see the

benefits of that when the new system takes effect in January of 2001.

Mr. Stefanson: Well, Mr. Chairman, as I have indicated, we will get an opportunity to discuss this in further detail when we get to the Minister's Salary.

I want to ask the Minister, he received a report recently from the Lower Tax Commission, from Mr. Clayton Manness, I believe Mr. Norm Cameron and Evelyn Jacks. What does he intend to do with that report?

Mr. Selinger: Well, first of all, we had a meeting with the commissioners, and we discussed the report with them. We listened carefully as they reviewed the recommendations. We have received that report and have given it due consideration with respect to meeting with them, and we will continue to look at that report and see what advice it offers us as we go forward.

Mr. Stefanson: What is the Minister's view of the merit of the report?

Mr. Selinger: Well, I mean, I thought that there was serious effort put into the report on behalf of the commissioners and the analyst they hired to propose solutions and a design of a tax on taxable income system. I take their recommendations in the spirit they were offered. I think they were offered by the commissioners from their perspective as offering a way to move forward.

We have proposed a way to move forward in our first budget on the tax on taxable income system which is not exactly what they had proposed, but their recommendations inform our work and will continue to do so as we go forward.

Mr. Stefanson: Does the Minister share the members of the Commission's concern about Manitoba's need to maintain a competitive ranking with other provinces and, therefore, the need to address personal income tax reductions in a meaningful way?

Mr. Selinger: In general I think the spirit of the report was well intended by the commissioners, I

have certainly accepted it at its face value. There were some concerns we had with the report. One of them was that they took a two-pronged approach. They had two models that they proposed.

One of them would have reduced our tax revenue by a half-billion dollars, but it would have increased taxes to several low-income taxpayers and family units. As well it would have required cuts in services to offset those tax reductions. That was a concern. We did not think that was the place we should start, by increasing taxes on low-income Manitobans and cutting services.

The other alternative proposed raising the sales tax, at least in a temporary way, to offset income tax reductions. We thought that this was not the initial step we should take as well, to raise the sales tax.

As the Member will recall, Saskatchewan has followed not exactly the same approach, but they broadened their sales tax base to include many more categories of goods and services that they had not taxed previously. As well, they have raised somewhere in the order of 60 to 100 user fees, depending on which media reports you can count on.

That has proven to be quite controversial in Saskatchewan and caused a lot of consternation among the public there. We chose a simpler approach. We chose an approach that would offer income tax reductions over the next two years without dramatic increases in either sales taxes or dramatic cuts in essential services.

Mr. Stefanson: I would ask the Minister, beyond meeting with the members of the Commission, does he at some point in time intend to respond in any kind of meaningful way to this report, to outline what he intends to do with the recommendations in the report on a per-recommendation basis?

Mr. Selinger: We have received word from the Commissioners. In terms of a response, we will bring that forward every year as we do our budgets and as we fully implement our tax on taxable income system. That is the approach we have taken.

Mr. Stefanson: I take it from that answer then that the Minister will not be responding in a comprehensive way to the Lower Tax Commission report.

* (15:50)

Mr. Selinger: I would suggest that the most comprehensive response to any report is the response you make when you offer a budget to Manitobans. We made that response, our first step in that response, on May 10. We will continue to respond comprehensively, both on services, taxes and all other manner of things that we deal with in budgets. Over and above that, I do not intend to give a detailed response to every specific recommendation.

Some of the other recommendations have been implemented as well. I have had questions on them in Question Period. I have tried to give sensible answers to those questions, but the Commission made several recommendations. Some of them have been acted on and others will be acted on, but not in the exact way that was recommended. Certainly the idea of making Manitoba one of the most affordable places to live and do business, that spirit will be carried forward in the way we approach it. We will look at it comprehensively and make our initiatives in that respect.

Mr. Stefanson: I would encourage the Minister to respond in a fairly comprehensive way by identifying any of the items he believes he either is or has taken action on, ones that he intends to take no action on and ones that might still be under consideration. I would certainly encourage him. I think the report warrants that kind of response from him. Even though the Budget is the main financial document that governments bring down, more and more governments are mapping out medium or longer term strategies. I believe that is something this Minister should be doing as well.

An Honourable Member: You commissioned it. Why do you not reply to him?

Mr. Stefanson: That is the most unbelievable response that I have heard in my time in the House. You are Government now, Daryl. That is the difference. You are Government, you did

reports, you consider the reports, and then you decide whether you are going to act on them. That is how it works. You have been here long enough to figure out how it works.

Mr. Chairperson: Order, please. There is no debate here. We address our questions to the Chair.

Mr. Stefanson: I would encourage the Minister to do that, both in terms of responding to that report and in terms of his future budgets, Mr. Chairman. I want to move on to just some clarification.

The summary of Estimates of Revenue for the year 2000-2001, total Revenue Estimate for the year 2000-2001 is \$6,414,000,000, that is all in, compared to the Revenue Estimate for '99-2000, which were \$5,897,460,000. That would appear to be an increase of in excess of \$500 million, about \$517 million.

Mr. Chairman, I want to turn to the medium-term fiscal framework in the Minister's document on page 27 of his budget text. In that document the 1999-2000 are the forecast numbers, I believe, not the budgeted numbers. The Minister and his government are projecting out for four years. I see in that fourth year, the year 2002-2003 to 2003-2004, the revenue increases being projected at that particular point in time are approximately \$232 million.

I guess my first question would be with his staff here, would it be safe to assume that the revenue increases in the next year, 2003-2004 to 2004-2005, should be in a comparable range?

Mr. Selinger: The only projections that are done are the ones that have been indicated here. My officials inform me that the farther out you go the more speculative it becomes to do those revenue projections.

Mr. Stefanson: Well, Mr. Chairman, I just pointed out that from '99-2000 to 2000-2001, budget-to-budget revenues are up about \$500 million. If you look at the four-year projection here from 1999-2000 to 2003, revenues during that period are up \$680 million. Let us say, even though I can appreciate that the officials like to be cautious going out four or five years, let us

assume that revenue stays flat in the next subsequent year. So there would be \$232 million of revenue in the year 2003-2004, 2004-2005. So from our 1999-2000 forecast, that would be total revenue growth of about \$912 million over that five-year period. During that same period of time, I note that the Minister also intends to take \$170 million from the Fiscal Stabilization Fund. So the combination of those two alone would total about \$1,082,000,000, let alone the \$500-million increase in the year we are in right now.

So I would ask the Minister, from his perspective, does that sound accurate?

* (16:00)

Mr. Selinger: I think I have to underline the point that I made in my last statement that these revenue projections get quite speculative when you get out four or five years. If you compare last year to this year it was obviously quite speculative in last year's projections as well, because both program expenditure and program revenue exceeded the forecast and the budgeted amount for '99-2000.

The actual growth in revenue in our first budget year is 1.3 percent over last year's actuals, which I am informed is about \$81 million. So there is obviously a lot of play in these numbers. The further you go out, the further the projections hinge upon assumptions with respect to growth rates in the economy, which in turn hinge upon monetary policy, economic policy, not only in Canada but in North America as well, particularly the United States. There are a number of things that can come into play, and they are not easily forecasted.

My hope is that the economy will continue to be robust here in Manitoba and across the country and it will provide us with the resources to meet a variety of policy objectives.

Mr. Stefanson: I do not think anybody disagrees, Mr. Chairman, in terms of the greater difficulty the further out you go. I am just pointing out to the Minister that his own medium-term fiscal framework shows revenue increase over a four-year period of \$680 million. If you take the same amount of revenue in his

fourth year in the fifth year, which would on the surface appear to be a reasonable assumption, you are up to over \$900 million. If you add in his Fiscal Stabilization Fund, you are up to \$1,080,000,000. Clearly over the next five years, if the forecasts that he is using in his own budget end up being accurate, he is going to be taking in in excess of a billion dollars of revenue and transfers from the Fiscal Stabilization Fund. I think the numbers do speak for themselves. We can all agree that they are projections. I am sure they will not be 100 percent accurate each and every year over the five-year period.

Mr. Selinger: If I could just make an additional comment, we reduced our reliance on the Fiscal Stabilization Fund by greater than 50 percent this year from 185 to 90, and we would like to reduce reliance even further as we go forward, as we projected here. So that is another thing that you want to wean yourself from as quickly as possible, and in a way that sort of allows that fund to stabilize.

Mr. Stefanson: Mr. Chairman, I think we are prepared to move some of these line items.

Mr. Chairperson: We will move line 5.(a) on page 83, Economic and Federal-Provincial Research (1) Salaries and Employee Benefits \$1,294,200—pass.

Next, we have line 5.(a)(2) Other Expenditures \$440,400—pass.

Next, we have line 5.(b) Manitoba Tax Assistance Office (1) Salaries and Employee Benefits \$310,100. Shall the item pass?

Mr. Stefanson: Mr. Chairman, I just have one question. If I recall correctly, this was relocated to the Winnipeg Taxation Centre, I think, on May 1 of last year. I believe that was the case or was going to be relocated. I see heads shaking there, so at one point in time it was going to be relocated. What has happened with that whole issue?

Mr. Selinger: The relocation, or what might be called co-location with the federal government, has not transpired yet. There are still negotiations going on. The negotiations seem to be revolving around issues of access to

information between the two jurisdictions that are being sorted out. The door is not closed on that. It is just still under active discussion.

Mr. Stefanson: Mr. Chairman, so those discussions are ongoing, I take it.

Mr. Selinger: Yes.

Mr. John Loewen (Fort Whyte): Mr. Chairman, the other day in Estimates, I had asked the Minister whether there had been any discussion with the federal government regarding the collection of income tax, now that the system has been delinked. I believe he referred us to this area to raise those questions. So I ask him today if there has been any discussion by his department about changing the method in which income tax deducted at source from employees is collected from the existing process whereby the provincial and federal governments' remittances are paid to the same body.

Mr. Selinger: One of the things we wanted to maintain was the efficiency of having a single collection agent called the Canada Customs and Revenue Agency, the CCRA, which is being announced and established by the federal government. It is in the process of being set up as we speak, and we would like to continue to use that facility to collect taxes so that we do not get into a situation where different jurisdictions are collecting their own taxes and incurring the cost of duplicate administrations.

There is discussion going on about the fees for doing those collections. I have met with the Minister of National Revenue once to discuss the framework agreement, of which we have provided you a document. We will have participation on the management structure of that new agency so that we can have proactive involvement in the policies they are setting.

But there is a concern that they might try to turn the agency into a kind of special operating agency that generates an excess of revenue over expenditure, at the expense of the provinces. So we are actively discussing with them the fees that they collect to make sure that we do not get dinged for the cost of this new facility being set up. I can assure you that our officials are

pursuing that vigorously, those kinds of discussions.

Mr. Loewen: So just to clarify, right now when a employer makes a remittance for income tax deductions withheld at source, they basically issue one cheque to Revenue Canada, covering both the provincial taxes and the federal income taxes, as well as CPP and UIC. Is it anticipated that that process will remain that same?

Mr. Selinger: As you can see from my officials, they are nodding in the affirmative that they anticipate that process will go forward. We would not like to see duplicate processes or separated processes. It would be much simpler for all concerned just to have one remittance.

Mr. Loewen: Pass.

Mr. Chairperson: Line 5. Federal-Provincial Relations and Research (b) Manitoba Tax Assistance Office (1) Salaries and Employee Benefits \$310,100—pass; (2) Other Expenditures \$76,200—pass.

Resolution 7.5 RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,120,900 for Finance, Federal-Provincial Relations and Research, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

Resolution 7.6 Insurance and Risk Management (a) Salaries and Employee Benefits \$295,000. Shall the item pass?

Mr. Stefanson: I just have one or two questions in this area. I believe last year this area was looking at the addition of a loss analysis and prevention officer. There were some expected reductions in premiums as a result of that. Did that take effect, and were there any premium reductions as a result of that.

Mr. Selinger: Yes, that position of loss analysis and prevention officer was apparently filled just prior to the election. So they would have had about six, seven, months of experience—eight months now. There have been no premium reductions to date, but there has been quite a bit of information circulated to the government

agencies that she has been involved with. So it is early in the process, but that project was followed through on.

Mr. Stefanson: I am just wondering if the Minister can tell us if there is any new risk management initiatives being introduced in this fiscal year.

Mr. Selinger: My officials inform me that risk control committees in the various departments have been increasing their activity, and they have taken the opportunity of some of the amalgamations of departments, which occurred when government had changed, to become more active and look at their jurisdictions and how they can better manage and control risks and losses. So there has been stepped-up activity in that regard.

* (16:10)

Mr. Stefanson: We are prepared to pass these, Mr. Chairman.

Mr. Chairperson: Item 6. Insurance and Risk Management (a) Salaries and Employee Benefits \$295,000—pass; (b) Other Expenditures \$60,300—pass; (c) Insurance Premiums \$1,385,000—pass; (d) Less: Recoverable from other appropriations (\$1,385,000).

Resolution 7.6. RESOLVED that to be granted to Her Majesty a sum not exceeding \$355,300 for Finance, Insurance and Risk Management, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

Item 7.7. Treasury Board Secretariat (a) Salaries and Employee Benefits \$3,972,800. Shall the line pass?

Mr. Stefanson: Mr. Chairman, could the Minister outline for us what members of Cabinet are currently on Treasury Board and whether or not they still have regular weekly meetings, I believe every Tuesday morning?

Mr. Selinger: The members are the honourables Oscar Lathlin, Rosann Wowchuk, Jean Friesen, Tim Sale and myself. Meetings are held regularly, usually on Tuesday mornings.

Mr. Stefanson: Mr. Chairman, I assume that meetings were held as required throughout the Budget process, and no doubt a number of meetings were held. There were rumours about meetings being cancelled due to difficulties of quorums. Did that happen on occasion, and, if so, does the Minister know how often?

Mr. Selinger: There were many meetings held in the Budget preparation process, certainly far in excess of once a week, including weekends. With respect to budget meetings, none were cancelled. With respect to regular meetings, one was not able to achieve a quorum, so it was laid over.

Mr. Stefanson: Mr. Chairman, I was remiss; like hopefully most, if not all, areas in Finance, this is another area I would certainly compliment the Minister on in terms of the support he will receive from the people in this area, that I believe they are very competent and very professional, and he will be well served. I believe, by the people functioning in this area.

Having said that, I am just curious about staffing in Treasury Board, whether or not the Minister could outline any staff additions or deletions in this area since October 4, 1999.

Mr. Selinger: Well, once again, I thank the Member opposite for his positive comments about Treasury Board. In my very short experience with them, I have found that they have performed beyond the call of duty in preparing material, particularly with respect to getting the Budget done and out the door in a relatively short period, for a new government, of seven months. They put many, many additional hours in and turned around material very quickly in terms of analysis. So I would add my comments that I am very impressed with the performance that they have produced.

I would only add that as I have seen the accumulated holidays, I am planning to take action on that and ask them to take some holidays before the next budget, so that they may be a little fresher when they come back and we start the next round. I am sure the Member opposite would agree with me that they should at least attempt to try and work down to 50 percent

the amount of accumulated holidays they have achieved.

On the matter of staff changes, there have been none since October. However, there has been one person on maternity leave. One person has been seconded to the Communities Economic Development Subcommittee of Cabinet, and one person has joined the Secretariat on a secondment from the University of Manitoba.

Mr. Stefanson: Could the Minister provide the names of those people?

* (16:20)

Mr. Selinger: The individual who is on maternity leave is Katherine McQuarrie. The individual who has been seconded to the CEDF Subcommittee of Cabinet is Don Hurst, and the individual who has been seconded from the university and is not officially on staff, but their salary is being paid back to the university, is Lloyd Schreyer.

Mr. Stefanson: Mr. Chairman, the third position. Mr. Schreyer, is that an analyst position in Treasury Board?

Mr. Selinger: That individual is not occupying a position in the Treasury Board Secretariat. He is on secondment from the university, and the money is being paid back to the university for his time. He acts as the Secretary to the Compensation Committee of Treasury Board.

Mr. Stefanson: Mr. Chairman, does the Minister of Finance chair the Compensation Committee of Treasury Board?

Mr. Selinger: I do provide a chairing function of that committee, along with the Minister of Labour (Ms. Barrett). It is a co-chairing function.

Mr. Stefanson: Mr. Chairman, an initiative called Manitoba Measures, is that an initiative that this government is carrying on in terms of establishing a program for performance measurement within government?

Mr. Selinger: Yes, I can only say at this stage that in principle the Manitoba Measures initiative will be carried forward, but at this stage of the game I have not reviewed it in detail. The notion of having performance measures for government programs is one that I support and will be taking a look at how we can bring those forward and improve the overall performance of government by selecting and recording and collecting data with respect to specific measures.

Mr. Stefanson: Mr. Chairman, during the budget process, did the Treasury Board review the capital programs of all Crown corporations in conjunction with the Crown Corporations Council?

Mr. Selinger: We did review the capital programs for some of the Crowns, and the specifics of that I will take as notice and have my officials provide me with the detail on that.

Mr. Stefanson: As part of that review process, was representation made by the Crown Corporations Council on the capital budgets that were reviewed?

Mr. Selinger: Yes.

Mr. Stefanson: Would the Minister outline for us what collective agreements are currently outstanding and/or what collective agreements will come up for negotiation by the end of this fiscal year?

Mr. Selinger: I will take that question as notice and provide a list of those agreements outstanding for the Member.

Mr. Stefanson: Mr. Chairman, I know there is always a sensitivity in terms of building in any wage adjustments or wage increases in any department individual line items. Would the Minister have provided at some capacity for wage adjustment somewhere in his budget in an area such as internal reform?

Mr. Selinger: Yes.

Mr. Stefanson: So it is clear what I am asking for then. The Minister will provide a summary of all of the collective agreements that are currently

expired and either up for and/or under negotiation and any agreements that will come under negotiation by the end of this fiscal year.

Mr. Selinger: Yes, we will get the request, and we will endeavour to compile that information.

Mr. Stefanson: I want to go back to the period of the change in government, and at that time a transition committee was put in place as the Minister would be very familiar with, I am sure, which is common when the government changes.

In this particular case, the two individuals, I believe, chairing or co-chairing the transition committee were Mr. Vic Schroeder and Mr. Eugene Kostyra. As part of that transition, various briefing documents were put together in most areas of government, and I am certainly familiar with a briefing document that was put together of 1999 for Manitoba Finance.

I am wondering, Mr. Chairman, if that document was shared with the Minister of Minister, and if so, when was it shared with the Minister of Finance?

Mr. Selinger: The document that I believe that the Member is referring to was a document prepared for the transition committee.

Mr. Stefanson: Just so I am clear, Mr. Chairman: Is the Minister saying that the transition committee did not share any of the information in this "Manitoba Finance Policy Pressures Briefing" document with him at any time?

Mr. Selinger: I may have misspoken myself with respect to the previous question because I was not clear exactly what document the Member was referring to, and I was wondering if he could be specific as to which document he is referring to in his questions.

Mr. Stefanson: For starters, Mr. Chairman, I am referring to a document entitled "Manitoba Finance Policy Pressures Briefing, September 1999," and it has a table of contents with a number of issue papers dealing with fiscal projections for the 1999-2000 update, the

medium-term projections of the Fiscal Stabilization Fund and a number of other items.

Mr. Selinger: I would have to check that document, but the first clarification I would have to make is that the document, if it was made available to me, would have been made available to me as a member of Cabinet, not as an individual coming into Government taking on that specific ministry, but as part of a collective Executive Council function.

I did review many briefing notes when I took office, but I would have to take a hard look at that one to make sure that the ones I was reading are the same ones you are quoting from there. I would have to see that document to be clear about that. I may have made an assumption about which documents you were referring to that is not accurate.

Mr. Stefanson: Mr. Chairman, maybe I will deal with one particular part of this document that received some media attention last fall. That is the Fiscal Projection 1999-2000 Update. I am wondering, at what point in time was that update shared with the Minister of Finance?

Mr. Selinger: That document came to my attention specifically around some of the media coverage that it received I believe it was in December. It was not a document that was focussed on prior to that, in light of the Deloitte and Touche financial review that was going on and was intended to provide an independent snapshot or review of the finances of the Province.

Mr. Stefanson: Mr. Chairman, I have to admit being just more than a little bit bewildered by that, because you had a document prepared as part of the transition by Treasury Board and I guess potentially Finance on some of the issues relative to debt servicing and so on. It was shared with the transition team. Why would that not have been shared with the Minister of Finance?

* (16:30)

Mr. Selinger: Once again, I have not seen the document the critic is referring to, but the briefing book that I got did not have those

projections in it. It had several internal issues in the Department of Finance. "Pressures" was one of the terms that was used that I remember reading and asking questions about. I think the document, once again, subject to verification, was a document that was provided to the transition team so that they could have an overview of what was going on with the Government as part of the transition process. I think the point I am trying to make here is that there were several briefing documents that were made available to various parts of the new government. The ones I received and spent a good deal of time reading were ones with respect to internal operations of my various responsibilities, the Secretariat, the Finance Department, et cetera, and French Language Services and so on.

Mr. Stefanson: Mr. Chairman, again I am a little bit bewildered by this, that surely the Minister, upon being sworn in as Minister of Finance, would want a briefing from his senior officials on the current state of the finances of the Province of Manitoba as soon as possible from those officials. That is what this document represents. Is the Minister telling us that he did not receive that briefing, he did not ask for that briefing, he never saw that document until it was presented to him I believe by the media sometime in November of 1999?

Mr. Selinger: Once again, I received several briefing documents upon taking office. The specific document that became the subject of some media discussion, I did not have that drawn to my attention until it became a media item. I think that the Member will recall that it had several questions marks in it. We had decided to go with an independent financial review to get our picture of what the state of the nation was in the provincial government. That process was the one that was providing us with the information that we were asking for in terms of what the circumstances of the government were on program expenditures and potential revenues.

Mr. Stefanson: I would suggest to the Minister he could have saved the taxpayers of Manitoba an awful lot of money if he just had simply dealt with the Treasury Board analysis and his own officials. I am still trying to find out whether or

not this document or the equivalent of this document was shared with the Minister of Finance very early on upon becoming Minister of Finance or whether he basically sat back and waited for the Deloitte and Touche report and did not get any comprehensive briefings from his officials in terms of the current estimate of the state of the finances in Manitoba for the year '99-2000.

Mr. Selinger: Once again, on taking office we received several briefings on several topics. The independent financial review was launched to bring us a comprehensive review of the state of the finances and program expenditures in government. They were combing through the various government departments' statements and interviewing senior officials to ascertain what the situation was. That was the information that we were relying upon as it came into focus to identify where we were at. We were immediately seized with acting on several issues upon taking government, for example, at the Treasury Board level in terms of specific programs that were in front of us and pressure points that we had to deal with. We started acting on those matters as the financial review was moving forward.

Mr. Stefanson: I guess my point, Mr. Chairman, is the Minister received a snapshot and Deloitte and Touche called the document a snapshot in terms of the first document they presented to him, which I believe the turnaround time was something like about 17 days, whereas he had the opportunity to have a comprehensive analysis and briefing by his officials that had been done that identified literally all of the issues identified by Deloitte and Touche. I am just trying to get clear in my mind why that transition team would not have shared that information with him and/or why he would not have undertaken to be provided with that information very early on.

I would just think that would be the prudent thing he would want to do. He would want to hear from a senior official what is the current state of our finances. That information had already been prepared during the transition. It was readily available and it could have been shared with him both in document form, and I am sure the staff would give him a comprehensive briefing in no time at all. So

within a day of being sworn in he could have had a comprehensive snapshot of the state of the finances of Manitoba, not incurred the cost or waited for the Deloitte and Touche report. I am just wondering: Did he ever ask Mr. Kostyra and Mr. Schroeder why they did not share that information with him?

Mr. Stan Struthers, Acting Chairperson, in the Chair:

* (16:40)

Mr. Selinger: This is a retrospective comment, but that document when I last saw it had several question marks in it and gaps in the information. As well, the senior officials in Treasury Board and Finance were part of the review committee supporting the Deloitte and Touche activity and they were feeding their information into that process. I was relying on that process to give us a picture of where we were at as a new government. They did bring out the report rather quickly. There are risks in doing that, but their job was to get in there and review all the departments as quickly as possible and get a picture of where we stood.

The officials assigned to that oversight committee were to be part of that process, so when I did finally see that document in several respects it confirmed the need for the financial review, because it was an incomplete document with several gaps in it, question marks within the text of that document that would have raised more questions than they answered.

Mr. Stefanson: With all due respect, it was no more incomplete than the Deloitte and Touche work that was done in a 17-day turnaround. I am still trying to find out why the transition material, which is comprehensive and important to an incoming Minister of Finance, why that material would not have been shared with him immediately and whether or not he has at least asked Mr. Kostyra and Mr. Schroeder why they chose not to share that information with him.

Mr. Selinger: Once again in response to the Member's question, upon taking office we decided to embark on the independent financial review and on the steering committee replaced senior Finance and Treasury Board officials. It

was their job to review the state of affairs within government on expenditures, on revenues, and to provide a document that would give us an overview of that, which was done by Deloitte and Touche. That was the process that we—*[interjection]*—Touche, yes—embarked upon, and did try to move it in an expeditious manner to confirm that information. That was the process we embarked on, and the officials were involved in that process in order to ensure all the bases were covered.

Mr. Stefanson: Mr. Chairman, even if the Minister wanted to embark on that program, surely he wanted to get his hands on the best information he could as quickly as he could. He had an opportunity to do that on October 4, either by asking for the information from senior officials, or if his transition team had had the common sense to share the information with them. Is he telling me that neither took place. He did not ask for a comprehensive briefing of the state of Manitoba's finances at that date, and obviously Mr. Kostyra and Mr. Schroeder chose not to choose what I consider is very important financial information with the Minister of Finance.

Mr. Selinger: Once again in response to the Member's question, upon coming into office red flags were raised for me with respect to expenditure pressures being over budget. The specifics of that required verification, and we embarked on the independent financial review to get that verification in a timely fashion. That review process was very similar to the one that had occurred in the previous government transition '88-89 period where they also embarked on an independent financial review. That precedent, in effect, was followed here again in Manitoba, and it was also used in other provinces as well. So that was the process that was undertaken.

We had concerns. We had specific concerns coming forward that there had been commitments made that had not been budgeted for. We wanted to identify clearly and accurately what the extent of those commitments were, what it would cost us and how much over budget that was. That is what the Deloitte process followed up on with the input of senior officials from the Government on the steering committee,

and of course the contributions of deputy ministers and their officials in every department.

Mr. Stefanson: Well, Mr. Acting Chairman, I have already indicated that, even if the Minister felt he wanted to proceed with spending hundreds of thousands of dollars on a report from Deloitte and Touche, he had significant comprehensive information available to him from the day he was sworn in as Minister of Finance. I just want to be clear that he never received this information from the transition team till after it became public through the media. They never provided it to him, did not tell him it existed, and he did not think to necessarily ask if something like this existed.

Mr. Selinger: The money spent was in nominal dollars, in the same ballpark as what had been spent by the previous government, in real dollars will confirm whether or not it was less or more. But I think it was quite comparable, so we will get that information. That process of having the independent financial review, the precedent for that had been set by the previous government upon taking office. It was being enacted, again, by our government upon taking office. The idea there was to try and get an overview of the state of government expenditures and how they compared to budgets that had been enacted by the Legislature, and it required an enormous amount of energy to go to these different departments and see what the state of the nation was. That was done by the officials, in co-operation with the outside accounting firm under the guidance of a steering committee, where senior officials also had participation and a role in moving that forward.

I once again want to reiterate, when I did see that document, it confirmed the need for this independent financial review, because there were many questions and question marks in that document that would not have been answered if that document would have been relied upon in its entirety without the aid of any further information.

Mr. Stefanson: Mr. Acting Chairman, I want to ask the Minister: Has he ever asked Mr. Kostyra or Mr. Schroeder why they never shared this information with him during the transition period or at any point in time?

Mr. Selinger: Once again, the process that I placed my confidence in was the independent review conducted under a steering committee of senior officials chaired by the same person that had done it for the previous government, Dr. Ron Hikel. We thought that he had done a reasonable job in '88-89. We thought that his experience had expanded by doing it in other provinces in that ensuing period, and we engaged him again to bring his expertise back into Manitoba to do that review. We assigned senior officials from Treasury Board and Finance to aid him in that process, including the Provincial Auditor, I might add, who was also part of that steering committee. We asked them to give us their best advice on where we stood with respect to expenditures, how they compared to amounts that had been passed in the Budget, and what that would mean in terms of our fiscal situation.

Mr. Stefanson: Well, Mr. Chairman, I think the arrangements were slightly different. Back in 1988, I believe, the arrangement was with the consulting accounting firm of KPMG at the time at which Mr. Hikel happened to be an employee, I believe. But the Minister did not answer my question: Is whether or not he has subsequently asked Mr. Schroeder and Mr. Kostyra why they did not think it was important enough to share this 1999-2000 fiscal update information with him?

Mr. Selinger: Once again the transition team supported the notion of an independent financial review. I can only assume that they supported that based on the documentation they had received as part of the transition process. We as a new government felt that that was a prudent thing to do, to get that independent review, so that we were not enmeshed in a numbers battle, with respect to each department. We wanted a process in place that would provide independent verification by professional accountants who had experience in doing this kind of work. That is why we engaged this firm which was of good reputation. They worked diligently, in my view, to come up with the information that we requested them to.

Mr. Stefanson: So the Minister of Finance did not think it was the prudent thing to do to get an immediate briefing from his senior officials,

career bureaucrats and, in many cases, professional bureaucrats—in all cases. He chose not to do that. As well, the people that were advising him and his government made the decision on their own not to share the information with him. I find that absolutely astounding. You are the Minister of Finance. You were elected by the people of Manitoba—why that information would not have been shared with you immediately upon becoming Minister of Finance. If I were you, I would have been outraged with the two Chairs of that transition committee as to why they did not think it was important enough to share that comprehensive information prepared by all of these officials, with you, immediately, irrespective of doing a subsequent review at Deloitte and Touche—that is irrelevant. It is the information that was available to you immediately that had been compiled by people who have served this province for many, many years. You are telling me that you never received that information upon being sworn in.

Mr. Selinger: Once again, the information to which the Member refers had many question marks within it and many gaps in it, and obviously was less than a complete picture. We decided to proceed with an independent financial review, and ask for timely information to come back to us to guide our analysis of where we stood as a new government. Certainly, my officials indicated to me that they thought there were some severe overexpenditures which had been incurred, and that they needed to be pinned down and verified as to the degree to which they had gone over the Budget. They were involved in the process of the financial review to sort of verify that information and ascertain what the level of over expenditure was.

* (16:50)

Mr. Stefanson: After having this information brought to your attention, did you then get a briefing from your officials in terms of the 1999-2000 fiscal update that they had actually prepared for the incoming government back in September of 1999?

Mr. Selinger: In answer to the Member's question, I relied upon the information provided by the D and T review, as overseen by the

steering committee on which senior officials and Treasury Board, Finance, and the Provincial Auditor participated. That was the body upon which I was drawing information from, and counting on to give us an overview of the government's circumstances.

That information to me was the most current information, and therefore the information I placed the greatest measure of confidence in. I was not, as I said, aware of this document. It was not brought to my attention until the media made a focus on it. To me, the most relevant information was the information provided by the independent financial review. That, I thought, would be the most accurate, comprehensive, and up-to-date information on the situation that we faced as a new government.

Mr. Chairperson in the Chair

Mr. Stefanson: I ask one more time, Mr. Chairman, to the Minister of Finance: Have you asked Mr. Kostyra or Mr. Schroeder why they never brought this information to your attention at the time of being sworn in as Minister of Finance?

Mr. Selinger: The information that I was made aware of was the red flags on overexpenditure. That had occurred upon coming into government—mostly concentrated in three departments, but not exclusive to them: Health, Justice, Education, and some in Family Services as well. My approach was to get that information verified and quantified, with an attempt to try and make it as accurate as possible. I was counting on the financial review steering committee and the principles they had engaged from Deloitte and Touche to make that happen. So that is what I was counting on.

Mr. Stefanson: We could do this again like we had to do on taxes, ask the same question over and over. The Minister seems unwilling to answer what is a pretty simple question. It is whether or not he has ever asked Mr. Kostyra, who still has a role in this Government, I believe, with the Economic Development Board of Cabinet or Mr. Schroeder why they chose not to share the financial information with him as soon as he became the Minister of Finance.

Mr. Selinger: All I can do to address the Member's point is to reiterate that we selected and chose a process of an independent financial review, a process which in our view, the precedent had been set for that in the previous change of government, '88-89 period. We decided to follow that precedent in terms of ascertaining our financial and fiscal position. That was the information I was relying upon.

I was given comfort that that information would be reliable because it had an outside financial review team looking at it combined with the resources of senior officials from Finance and Treasury Board. I thought bringing those two components together would provide the best overall review of what our financial circumstances were. That was the information I was relying upon. That was the information upon which the entire government was relying upon coming into office.

Mr. Stefanson: The Minister is telling us then, by not answering the question, he has never asked Mr. Kostyra or Mr. Schroeder why they never shared that financial information with him. It was not provided to him starting from the day he was sworn in as Minister of Finance where he could have had this comprehensive overview of the state of finances effective immediately. He waited many weeks for a Deloitte and Touche report which was no more accurate than what his own officials could have provided him with. Then, when asked why he did not review or receive the information prepared by Treasury Board and Finance, his quote in the media at the time was he did not know whom he could trust. I am asking the Minister whether or not that is an accurate quote or whether he wants to shed some light and clear the air on that kind of a statement.

Mr. Selinger: With respect to media quotes, they have been widely variant in quality and accuracy. I take them all with a grain of salt, even ones that reflect favourably upon the person giving the quote. There does seem to be a wide variance between what actually occurs and what is reported in the media, as the Member opposite, I am sure, knows from his own experience.

* (17:00)

Once again, I was relying upon an independent financial review based on the experience of the previous government as the instrument to give us information. I thought we had assembled and I still believe that we had assembled a competent team of people to do that, people with professional background in this kind of work and that there was a role for senior officials in Finance and Treasury Board to have participation in that process.

I thought by bringing both the internal agents of the budget process together with an external review group that that would give the best overall situation of where we stood and the most accurate situation. Once again, that document that the Member refers to, when I finally did see it, it did have many gaps and question marks within it, which in my view justified the process we went through.

The other point the Member makes is that I was delayed from getting information for many weeks. Earlier he indicated that the review came out in an unseemly short period of time, 17 days. Somewhere in there lies the truth. We did get a report in a timely fashion provided by that group. It was an interim report that required further verification and validation by a sign-off procedure by senior officials in the various departments at the Deputy Minister level. We tried to strike a balance between getting information in a timely fashion and ensuring that it was accurate information as we went forward and then used that as the basis for our decisions. That is how we proceeded.

Mr. Stefanson: My point is a pretty simple one. That immediately upon becoming Minister of Finance, the Minister had available to him a comprehensive overview prepared by senior officials of the current state of finances in the Province of Manitoba.

He chose to not receive that information, not to review that information, to basically not act in any fashion and waited for a report that came out on November 17th, which by its own authors is described on many occasions throughout the report, in fact, on page 7 of the report, the purposes of producing a quick snapshot of the Province's financial position, as they outlined in their report, whereas the Minister had available

to him a comprehensive overview by senior professional people, people within government. Then the Minister goes on to say the reason he didn't ask for or receive or deal with any of the internal information was because he didn't know who he could trust. I am asking him today: Is that an accurate quote attributed to him?

Mr. Selinger: Once again, media quotes are often inaccurate, out of context and sometimes challenge one's very perceptions of reality. Sometimes they create realities in order to generate a story, as I found out recently.

The process was an independent financial review with participation from senior officials from within the department. The document, remember, continuously refers to as a document that was wanting with respect to certain kinds of information. It had question marks. It had gaps. It certainly did not provide a comprehensive review of our situation. It raised questions that needed to be answered.

The independent financial review was the vehicle to answer those questions, even in retrospect. The transition team obviously supported the independent financial review. That was the vehicle we decided to use to get a grip on where we were as a new government on program expenditures, our fiscal situation and how those compared to the budget that had been approved.

Mr. Stefanson: Well, I would point out to the Minister that the final report from Deloitte and Touche changed significantly from their snapshot, and his third-quarter financial projections for the year-end again changed significantly from both Deloitte reports.

But I am asking him a simple question. Was he quoted accurately back in November when he gave his reason for not dealing with the information provided by his senior official? His reason given at the time was he did not know whom he could trust. I am asking him the simple question: Is that an accurate quote attributed to him?

Mr. Selinger: I can only repeat that the quotes that I have seen in the media rarely reflect the exact situation that I have gone through. They

often are extracted to promote a certain point of view or to create a certain context.

The information that appeared in that particular article and many subsequent articles is not the reality that I experienced. That just seems to be part of what you deal with as a minister in government, is the media reports that often reflect badly on the actual circumstances as experienced and sometimes distort them dramatically.

Mr. Stefanson: Well, we will not spend a lot of time on the media, Mr. Chairman, but sometimes comments are attributed to people. The media can take liberty with those comments when they attribute them to people, but there are other occasions when people are supposedly quoted directly in terms of what they say, and I believe in this case they were quoting the Minister directly as saying his reason for not acting on this information was he did not know whom he could trust.

I am just wanting to know is that an accurate quote attributed to him back in November of 1999?

Mr. Selinger: The question that the Member asks me assumes that I had the information, which is not the case, and therefore the quote is inaccurate with respect to that specific piece of information.

That is the problem I have with using these media sources as verifiers of what went on. They often link certain statements to certain pieces of information where that linkage is not necessarily the case, and they often go far beyond that and suggest by the way the article is written a tone and an attitude and a motivation which was not, in fact, part of the situation at the time.

It has been a source of frustration to me that that occurs, and, where I can, I try to correct that, but it would be almost a full-time job correcting the media on the accuracy of the information they convey to the public. So one just has to thicken their skin and carry on trying to do the job they can do.

Mr. Stefanson: But, Mr. Chairman, based on the lack of answers we have had here during a

number of hours of Finance Estimates, one has to rely on literally every source they can get their hands on, and it certainly would be preferable to get answers here at this committee. It would make things a lot clearer for many of us.

I really have to tell the Minister that, when I read that quote attributed to him in November, I was very concerned. I hope that was not an accurate quote because, Mr. Chairman, I think that is just a totally inappropriate statement to say in any area of government or in any organization. When you come into an organization, I think you accept everybody as they are. You accept that everybody is a professional and will do their job to the utmost. I certainly believe that has been my experience dealing with the people who work for the Government of Manitoba, and having spent five and a half years with the people in the Finance Department, that is definitely the case. So to have a quote attributed to the Minister saying that he did not want or receive or review this information because he did not know whom he could trust is really a very inappropriate statement in my opinion, and I am just trying to look for clarity from the Minister.

He surely can recall what he said, and if he said it and regrets saying it, then he could certainly say that today. If he did not say it, he could say that today. If he said it and he means it, he could say that today. That is all I am looking for, is what did he say at that particular point in time. What were his reasons because if I were him, I would be livid at people like Mr. Schroeder and Mr. Kostyra because as the Minister of Finance the people of Manitoba elected him to represent them. He was sworn in as the Minister of Finance on October 4 or 5. I was not there on that special day. So people were entrusting him with the responsibilities in that area, and I would have thought that people like Mr. Schroeder and Mr. Kostyra would have been bringing this information to him immediately. Even if it was not forthcoming, I would have thought he would be asking for it. But both of those events should have been occurring, and it sounds to me as though neither one occurred.

The transition committee, in their wisdom, chose not to share any of the financial

information with the Minister of Finance, and the Minister of Finance himself was not asking for and receiving a comprehensive update of the state of Manitoba's finances when he became the Minister of Finance. I believe both of those are absolutely, totally unacceptable.

So I will ask the Minister again about his quote in terms of why he did not act, that he did not know whom he could trust. Did he say it and does he regret saying it? Did he say it and does he mean it, or is he now saying that he did not say that in the first place?

Mr. Selinger: Just back to the statement that the Member made, that he has not got the answers he has wanted. I have tried to provide answers to the Member opposite, but what I have tried to avoid doing is what I would call "gotcha politics," where the Member premises a question on an assumption that is inaccurate or on a piece of information that is inaccurate and tries to trap me into saying something that then can be used to spin against myself or the Government. I have tried to give answers by putting them in context. I have tried to give answers that showed the motivation and the intent behind the decision we made, and I have tried to do the same thing with the media.

I think the problem is somewhat similar. Sometimes the media is looking for a story or something that they can make an issue of. I think the Member opposite often is looking for that as well. Sometimes that creates an alliance with the media to generate that kind of information, and I am sure that as a minister he will remember experiencing situations similar to that himself and trying to thread his way through that by giving accurate information without getting trapped into assumptions, presumptions and contexts which were not in fact the case.

That is all I am trying to do here. I am trying to give straightforward answers without falling into the many and interesting traps that the Member puts in front of me here. With respect to the media, what can I say? Many journalists do their best to try and convey to the public certain kinds of information. Other journalists have a certain perspective that they advance through their stories. Sometimes it comes out favourably; sometimes it comes out unfavourably. In both

cases it can be inaccurate. You take the good with the bad. You are always delighted when the information conveys an accurate reflection of the situation whether it is good or bad. The accuracy is preferred. The practices that the media use to verify information are sometimes interesting, and one wishes that they would check with you more before they convey certain kinds of information.

The bottom line is that we selected as a government a financial review process modelled on the one that the previous government had used. We tried to involve senior officials in that process from the Secretariat, the Treasury Board Secretariat, the Finance Department and, of course, the Provincial Auditor, who is supposed to be an independent agent of the Legislature, so that that would have even greater independence from the Government. I wanted to rely on that information, and chose to rely on that information when it was conveyed to me in both the interim report and the final report and used that to make proper decisions as a government.

Mr. Stefanson: Mr. Chairman, with all due respect, in many cases we have asked for some pretty basic information from the Minister and still have not received any answers. All I am asking him to do in this particular case is, when we are quoted or referred to in media articles, I am giving him the opportunity here to clear the air in terms of whether or not he was quoted incorrectly, whether or not comments attributed to him are wrong, or whether or not they are accurate. I think we all as elected people welcome that opportunity to either defend what we say or clarify what was attributed to us in an article.

So I am presenting him this opportunity for what I thought was a very disturbing comment to make about people working for the Government of Manitoba. When he is quoted as suggesting that he did not know whom he could trust, I am giving him the opportunity here this afternoon to clarify that statement that was attributed to him. Most of us would welcome that opportunity. Those that have dealt with the media, sometimes you are quoted incorrectly; sometimes the comments attributed to you are not entirely what you believe you said or are not entirely accurate. What I am doing with the Minister of Finance

this afternoon is giving him an opportunity here on the record, on Hansard, before all of us to clarify just what it was he said back in November of last year. It is that simple.

* (17:10)

Mr. Selinger: If the opportunity was needed, I would be appreciative of having received it. but once again I do not feel any particular need to take ownership of media stories. I did not write them, and I did not edit them, and I did not put the by-lines on top of them. They stand as the product of the journalistic pens and word processors that created those things, and so I guess, not being an employee or a shareholder of any of those media outlets, I do not feel particularly any responsibility to answer for the stuff that they produce.

What I do take responsibility for is trying to get a grip on the finances and Budget of the Government of Manitoba. I tried to do that through an independent financial review that had a steering committee composed of the Provincial Auditor, an independent agent of the Legislature presumably beyond political influence in that he is not able to be dismissed by a government in power, so he has that independence that he brings to his job; the professional services of the Deputy Minister of Finance, who served under the previous minister with the confidence of the previous minister; the Secretary to Treasury Board, who had the confidence of the previous government as well and more than one role, including Treasury Board. I thought all of these officials would bring the same professional care to the task that we assigned them as they did to the previous government. In addition to that, we hired a respected accounting firm to give a review of our finances, and I thought that, given the professional codes of ethics that they follow and standards that they practise that they would give us accurate information as well.

That is where I chose to place my confidence, in that vehicle, in that initiative that combined the talents of internal people, officers of the Legislature and external private sector agents that had experience in financial reviews as well as auditing. That is the group that I placed my confidence in to get information in a timely fashion on the state of circumstances of

the Government, and I still feel and believe that that was a useful exercise and one that provided us with some idea of what was going on in government and some ability to then take action to deal with it.

Mr. Stefanson: Mr. Chairman, all those internal people that the Minister just complimented—and I would echo the compliments—are the same people that would have been a part of preparing the update for him and for his transition team back in September and October of 1999, so he had the opportunity to have access to this information immediately, to be able to take appropriate actions immediately within government. As I say, he chose not to, and his transition team chose not to, share the information with them.

Again, he has not answered my questions about the role of the transition team, what they shared with him, whether or not he has asked them why they did not share this information with him. When it comes to quotes in the media, I would think the Minister would welcome the opportunity to clarify a quote, if the quote is inaccurate. I certainly seized that opportunity any time I could. If I felt I was inappropriately quoted, or my comments were taken wrongly in an article. I would seize an opportunity to clear the air.

I have given the Minister four or five opportunities to do that. I think it is a very serious statement that he made, a very telling statement if it is an accurate statement. Hopefully, it was not an accurate statement. I have given him an opportunity to clear the air on that this afternoon, and he has chosen not to do that, Mr. Chairman. I would suggest to him that the report done by Finance and Treasury Board back in September 1999 was just as meaningful and accurate as any work he had done by Deloitte and Touche. At the end of the day, we have all seen the results with the third-quarter forecast for the end of the year. I want to ask the Minister: What did it cost for the work done by Deloitte and Touche?

Mr. Selinger: The total contract let for the financial review was half a million dollars, and my officials indicate to me that it should come in within budget, perhaps slightly less.

Mr. Stefanson: Just to be clear then, the payment to Deloitte and Touche for their services for the two reports that they prepared will be in the vicinity of \$500,000.

* (17:20)

Mr. Selinger: The direct payments to Deloitte and Touche are in the order of \$400,000, and once again we will verify the specifics on that. The difference was money that was provided to the chairperson of the financial review, Dr. Ron Hikel, and that was where most of it went. There was some other minor money provided to some other members of the Committee. The amount provided to D and T was in the order of \$400,000. I have asked my officials to sort of verify the specifics of that, and we will confirm that with you.

Mr. Stefanson: Mr. Chairman, I want to ask about a document that the NDP prepared during the last election, and it was circulated as a costing of their election promises and commitments. In this document for the year 2000-2001, they outline what are called program savings of \$69 million. I have been trying to find these \$69 million of program savings in the Budget, and I have to admit I am having a great deal of difficulty doing that. I will ask the Minister, maybe some of the larger amounts, where they can be found. The document they tabled, I believe it was, two days before the election showed a reduction in business subsidies in the year 2000-2001 of \$23 million. Could the Minister inform us where we can find that in his budget document?

Mr. Selinger: I will take that question as notice and get specific information for the Member on that.

Mr. Stefanson: I appreciate that, and I will await the information from the Minister, but can he give us a sense of what kind of program savings relative to that area are reflected? Is he suggesting that he will be able to show us in the Budget where there are \$23 million of business subsidy reductions, or what did he finally reflect in that area?

Mr. Selinger: Once again, I will take that question as notice on the specifics. I will just

indicate that since we formed government, we have tried on specific situations to reduce government subsidies. One of them was on the Schneider's arrangements. We tried to ensure that project came to Manitoba by providing less subsidy than had been the case with the Maple Leaf project in Brandon. There were some other specific reductions done as well, and we will provide the detail on that.

Mr. Stefanson: I should point out that I believe these reductions they are showing are reductions from the 1999-2000 budget year, so I would be interested in seeing the reconciliation of \$23 million in business subsidy reduction this year. I am sure it does not exist. I would be curious to see what, if any, amount was achieved against what was one of their commitments in the year 2000-2001.

Another commitment made was a one percent reduction in program savings totalling \$25 million. Could the Minister provide me a reconciliation of all the elements that make up that \$25 million?

Mr. Selinger: I believe the Member is asking me what program reductions were made in the Budget process, and the number was 25 million that he had indicated. When we went through the Estimates process, we obviously received requests from various departments for support for various programs and we made an enormous number of program changes. Some programs were reduced in scope and cost; some new initiatives were undertaken that offset some of those reductions, so there was an enormous amount of change that was made. That included reductions in several specific program areas. Those are being reviewed by each minister, as they go through their departmental Estimates, in their respective Supply committee hearings with the appropriate critics asking the questions on that.

So literally throughout the entire budget, there are initiatives that show savings. Some of the obvious ones that we have announced on more than one occasion were: the reduction in the number of ministers and some of the staff that went with that; the amalgamation of the long-term care authority with the hospital authority. There were initiatives in other

departments, as well, that achieved economies that allowed us to do some of the new things that we are committed to during the election.

Mr. Stefanson: I should point out for the Minister, the reduction that he showed is not from expenditure requests coming from individual departments. It is a reduction basically driven off of the previous year's budget, Mr. Chairman. As well, in the summary document costing out their program savings, they show a separate amount for the WHA bureaucracy of \$2.5 million. I would like to see a reconciliation of what is reflected in that area. As well, there is an additional \$3 million in reductions in senior positions, and I would like to see a reconciliation in that area. As well, there is a reduction of \$3.5 million in Education administration, and I would like to see a reconciliation in that area.

So we are not talking about program expenditure reductions from requests that come from departments. We are talking about program expenditure reductions driven off of the previous year's budgeted amounts.

I also want to ask the Minister about, in the summary, there is also a reduction of \$330,000 for the Ottawa office. I am wondering if that budgeted reduction has been reflected in this budget, and if so, what are the implications to the Ottawa office and what was the rationale?

Mr. Selinger: I have to point out to the Member opposite that that document, if I understand it correctly, was a document that was brought into public view before the new government took office and before they conducted the independent financial review. The independent financial review often, as we know, provided us with a new set of information with respect to program overexpenditures. So it had a considerable impact on that pregovernment, pre-election document in terms of what was possible. Nonetheless, as we went through the Estimates, we did make several reductions and reallocations on a department-by-department basis.

With respect to the Ottawa office, it is not directly I believe in the Finance Estimates. I believe it comes out of Executive Council or I, T

and M, and can be reviewed appropriately there. But I do know that we discussed it as part of the Estimates review, what was needed there and whether or not it could be reduced. The specifics of that I think will come under that particular Minister's Estimates review.

Mr. Stefanson: Mr. Chairman, the Minister refers to the independent financial review. What I am asking about here are program savings that the NDP, two days before the election vote, said that they would be achieving in the year 2000-2001. We have heard the Minister and his leader stand up talking about attempting to fulfil their commitments and this reflects some of the commitments that they made at that particular point in time. So the Minister is not giving us any clarity around the Ottawa office.

I will ask him as well: This document shows a reduction in Advertising and Communications of \$7 million. Could he provide a reconciliation of that reduction as it relates to his budget?

Mr. Selinger: Once again, I will take that question as notice with respect to the specifics on the Communications. Note again that these items are reflected in the Estimates of other departments, and even though Treasury Board reviews them in the overall, the specifics are dealt with through the Estimates of each minister as they account for what is in their detailed Estimates book. I am sure they are going to be reviewed there and brought forward.

Those items were followed up on, but they were in the context of a new reality that we encountered upon taking government with expenditures having exceeded dramatically what was projected in the Budget, and we had to take a look at that. Of course, all of these specific items here were in the context of the five big election commitments that we made upon taking government: on ending hallway medicine; providing hope to young people through reduced costs of education; the commitment to maintain Hydro and use it as a tool for economic development; safe neighbourhoods; and balanced budgets and lower property taxes, which were the main foci of our budget deliberations. How to bring those major commitments that have been made in the pledge to Manitobans come to life. This detail that he is

providing here was some of the specifics on how that could be accomplished. Those specifics have to be put in the context of the new reality we encountered upon coming into government.

Mr. Stefanson: Again, I am confused by the Minister's response. First of all, the majority of the expenditure adjustments in '99-2000, he has built into his 2000 budget. In fact, health care alone, he built in the additional spending in '99-2000, plus put in, I believe, another \$130 million or thereabouts. And what we are talking about here are areas of program reduction, Mr. Chairman. I am not talking about program addition. I am talking about program reduction, which, if you listen to the Minister, would be things that he would be looking for that would help him with his choices, would help him affect more tax reductions for Manitoba, would help him do a number of things.

So I am asking about program savings that he and his party outlined two days before the election vote. I am just trying to find out what happened to the \$69 million of savings in the Budget document that we saw on May 10. I cannot find these savings in his budget. I cannot reconcile them back to his budget. I am asking him to do that, and I am asking him to provide as much clarity for all of us here this afternoon as he possibly can.

* (17:30)

Mr. Selinger: Again I thank the Member opposite for that question. He will note that the spending in the 2000 budget, 2000-2001 budget, is 0.6 less than the third-quarter forecast all in. So there was a very serious effort to try to constrain expenditure going forward. Program expenditure was a modest increase of 3.2 percent when the provisions are done with. These are as were reviewed in the overall to try and find economies. The specifics of that are available in the departmental Estimates of the respective ministers.

Mr. Stefanson: Mr. Chairman, as much as I accept that we will be going to each individual department, at the end of the day there is one budget brought down by the Minister of Finance and program savings of this magnitude, when he

is going through his detailed Treasury Board analysis, he referred to the many meetings and weekends and so on, surely he as Minister of Finance would have a sense of what they were able to achieve in all these areas. I would expect him to be able to outline that this afternoon here. If unable to do that, then he should be able to provide us a reconciliation or a summary of what he was able to achieve.

Mr. Selinger: I thank the Member again for that question. Those specific areas were ones that were reviewed by the ministers responsible and Treasury Board, of course, with a mind to achieving economies. It was part of an overall approach to coming up with a balanced budget, which was one of the major election commitments made. And, of course, that balanced budget was achieved. So we took a look at how we could do that while bringing to life the other commitments that we have made with respect to health care, education, property tax credits, et cetera. So the objective of Treasury Board and the Chair of Treasury Board is to try and bring all of these pieces together to meet the overall commitments. The specific details of that and what has been achieved in each department with respect to advertising, with respect to business subsidies are properly the purview of the ministers responsible in their Estimates process, and I am sure that that detail is available from them in their Supply committee hearings.

Mr. Stefanson: Mr. Chairman, this minister and his colleagues made this was one of many commitments made to Manitobans. I would think he would want to provide a summary and a reconciliation of how he fared in all these areas. He should not expect individuals to have to go to each and every department in an attempt to compile what he achieved in the area of advertising and communications when that can be summarized and done through the Treasury Board process and through the Budget process. I am giving him the opportunity to provide that information to show all of us and show Manitobans how he did against the \$69 million of program savings.

Mr. Selinger: Well, once again, how we did was we said we would bring in a balanced budget. We said we would live up to the big five election

commitments, which we did. We went beyond that and offered tax relief not promised in the election of \$102 million rolling out over the next couple of years. We have made some additional investments in education with close to a \$6-million bursary program. So where we could make decisions that went beyond our election commitments we did. Where we could achieve economies to allow us to go further and invest in Manitobans and reduce their affordability costs all in we did. The specific details of that are available in the Estimates of each minister with respect to their departments. I know that the Opposition critics will diligently pursue that when they talk to those ministers. So we followed up in the overall purpose and architecture of what we promised in the election and tried to bring forward a program that reflected what we promised to Manitobans.

Mr. Stefanson: Mr. Chairman, the third-quarter report for the nine months ending December 29, showed a projected surplus for the year '99-2000 of \$4.8 million. I am wondering if the Minister has any revised projection for the year end at this particular point in time?

Mr. Selinger: Yes. At this stage there is no revised information. My Treasury Board officials inform me they are working on the year-end as we speak. The Third Quarter Report stands as is.

Mr. Stefanson: Mr. Chairman, when does the Minister expect to table the year-end report?

Mr. Selinger: I am informed that most years that fourth-quarter report is provided in July. We will try to meet that test as well.

Mr. Stefanson: Mr. Chairman, I just want to go back very briefly to the second-quarter report which I find interesting, if I am correct, that that report was tabled on December 22 and that the Minister was not available to respond to the second-quarter report. Is that accurate, both in terms of the tabling date and the unavailability of the Minister to respond to that second-quarter report at that time?

Mr. Selinger: I will have to verify the specifics of the date, but it does sound like it was in that ballpark. I recall being in the Legislature every

day over Christmas, before and after. Christmas Day I think I stepped out of the room for a while, but I remember being there on Christmas Eve. I remember being there right after as well. Once again, it is one of the great wonders of the world about whether you are available or not as reported by the media, but I certainly remember being in my office.

Mr. Stefanson: I guess what compounded that is ever since I have been in this building since 1990 in an elected capacity, the Minister of Finance, when he or she releases a quarterly report, usually holds an event to make themselves available to the media and respond to questions. I am led to believe that did not happen with the release of the second-quarter report. Is that accurate?

Mr. Selinger: Once again, I was available, and I received no specific request. I did see a note in the newspaper that said I was not available, which stunned me because I remember being in the building and not seeing any reporters around. Certainly none approached me directly. That is the experience I had.

Mr. Stefanson: Mr. Chairman, what is the Minister's definition of being available, that he hold a media event in his office the day of the release of the second-quarter report?

Mr. Selinger: No, I did not. I was in my office. The report was made available, and then I was available, if anybody wanted to discuss it with me, but I did not hold a media event.

Mr. Stefanson: What prompted the Minister to change what had been a fairly long-standing tradition in terms of the release of quarterly reports?

Mr. Selinger: First of all, I was not aware that was the tradition. I was informed that I should get the report out into the public arena, which I did. I maintained my activity in my office, and I do not recall getting any specific requests for an interview. When I did get them over the Christmas break from some of the electronic media, I was immediately available to answer questions about it.

* (17:40)

Mr. Stefanson: Mr. Chairman, I would just encourage the Minister of Finance to follow what has been a traditional approach of having an event, usually in his office, making himself available and attempting to answer questions that come from the public through the media, and so on, that he has an opportunity not only to be there himself but to have senior officials with him and provide as much information as he possibly can in terms of the state of finances of the Province of Manitoba.

That certainly was how we dealt with every quarterly report that I was a part of releasing for five and a half years, and certainly it is my understanding of what has been the pattern for quite some time.

I think a few people found it interesting that the Minister decided to change that approach on December 22.

Mr. Selinger: Once again, I was available when the media contacted me, and I did do some interviews with respect to that report and was happy to do that. I think the turnaround time on that was quite quick. I remember doing one radio interview in particular where, within a matter of a couple of hours of receiving the request, I was on the airwaves answering questions about that.

Mr. Stefanson: Mr. Chairman, I think we are prepared to move some of these to get to ministerial, and we can have a further political discussion about a lot of these issues.

Mr. Chairperson: Resolution 7.7 Treasury Board Secretariat (a) Salaries and Employee Benefits \$3,972,800—pass; (b) Other Expenditures \$921,100—pass.

Resolution 7.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,893,900 for Finance, Treasury Board Secretariat for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

Resolution 7.8 Office of Information Technology (a) Salaries and Employee Benefits \$1,913,100. Shall the item pass?

Mr. Stefanson: Just an opportunity to remind the Minister that, in all areas of his departments, he is going to provide me with a summary of staffing adjustments since October 4 of last year, any additions and/or deletions by position and by individual. So I would like the same obviously in this area.

I would just like some general comments from the Minister in terms of how, when you look at page 98 and you review the activity identifications for the Office of Information Technology and Expected Results, some general comments from the Minister in this area about the IT capital projects, including Better Systems and other initiatives, how he feels those projects are going, from his perspective.

Mr. Selinger: To start on a positive note, I would like to say that the Information Protection Centre has proven its worth in recent months with some of the attempts to break into our system with viruses and other specific attempts to access our information system. They have minimized the damage with respect to—was it the love letter? what was it called?—"love bug" virus which swept the world and apparently shut down the Parliament of Britain. It did not shut down our system. It had a minor impact on our system. So that mechanism that we have put in place inside the Government to protect the integrity of our information system has proved to be quite valuable.

The other thing I have noticed in this area is that there are considerable pressures for upgrades. The Member for Fort Whyte (Mr. Loewen) asked me some questions about that earlier, particularly with respect to the SAP system. I do not believe you were here. So there was quite a bit of discussion about that, but there does seem to be a lot of pressure built into these new systems to upgrade and make additional capital and consulting investments as you go along, which is necessary but it does put a cost driver into the budget, which can be difficult.

In general, this area is one that the Government needs to continue to provide better service to the public through information technology, but at the same time has to find a very cost-effective way to do that. That requires, I believe, strong oversight in management from

the internal system that we have to manage the vendors and the consultants we engage to provide these services.

The other thing I think is necessary here is that we continue to develop our internal expertise of people who live and work in Manitoba to manage these technology projects so that we can maintain that expertise and talent within the community and specifically within government to provide these services. As we go forward, governments more and more will be offering seven-day-a-week, 24-hour access to certain information, certain products that the Government makes available, and we will have to find a way to do that to satisfy that public demand in a cost-effective manner. This area is a challenging area, I would say, overall, which requires focus and requires the ability to work within budgets and to project ahead on what the anticipated increases are, both on the operating and the capital side. That would be by way of an overview.

The Y2K project, I believe went quite successfully. We did not seem to have any glitches that came out of that. That is one of those projects where if nothing happens it is good news, and nothing did happen. Presumably that means the \$70-plus million that was spent on that was a good investment, but the outcome measures there are sort of things that did not happen. But it also provided us with the opportunity through the desktop initiative to upgrade several pieces of technology and software within our system as part of that Y2K initiative, so there is a positive legacy that was left as a result of that through those upgrades. I will leave that by way of preliminary comments and answer any other specifics the Member may wish to ask.

Mr. Stefanson: I just wanted a sense in terms of some of the overall—the Minister touched on it a little bit—projects like Better Systems and Better Methods, the Desktop. How would he assess their progress to date and their prospects for the future?

Mr. Selinger: Once again, this was one of the items reviewed in the independent financial review. The Better Methods, or what is also known as the SAP system, which has now been

changed again to the Enterprise System Management—it seems to be morphing into several new names as we go along; ESM is the current one, Enterprise System Management—that project, compared to other jurisdictions, seems to have been implemented quite successfully in that it came in on time, in a sense. It got up and running, but it was also an incredibly challenging project for the people involved, and it has not yet provided its full functionality. I do not believe it is providing the human resource component that we so need in government. It did start providing the financial data, started processing the financial data, but it has not, in the present version of that software, given the high-level summary information that the managers need to be able to monitor what is going on within the system.

I have been told that the next upgrade, which we are in the process of bringing on-line, will provide more high-level information to the financial managers. There have been some training requirements necessary there for people involved in that system. The Auditor has made some comments that he would like us to ensure that, with the switch from a paper-based system to the SAP system, that the financial controls may be different but they are still necessary to be put in place. If the comptroller would like to join us at the front here, he may provide specific comments, if they are requested, but we need to have a different way of providing verification and security with respect to financial information as compared to the old paper system. It is a training requirement of staff to do that. We have a bit of a comptrollership function that we are rolling out in the various departments, and they will play a role in monitoring and extracting high-level information from that system. Many of these comments I believe I made in response to questions to the Member for Fort Whyte (Mr. Loewen). So that is Better Methods. It is being upgraded and rebranded, and we plan to go forward with it.

The Desktop service is another one we think was reasonably successfully implemented. There have been many questions with respect to the cost of that service and the ongoing costs provided to an outsource vendor. The cost per maintaining each unit of desktop to the lay person seems high. My IT officials inform me

that it is reasonable and with perspective comparable jurisdictions, but it is a bit of a swallow the annual cost per desktop. But it is working, and as I visited the various departments and talked to people like internal auditors, they told me that they appreciated very much the desktop system and the utility that it provided them in doing their job. That system was one that was well protected by the Information Protection Centre when the love bug attacked our jurisdiction, as well.

The BSI initiative we believe was trying to do too much. It was trying to do several things at once, and so our objective there is to refocus that and to tighten up its deliverables. In particular, we want it to deliver on the business side of government. We wanted to do a job with respect to land titles, commercial transactions, in the Ministry of Consumer and Corporate Affairs, the Taxation Branch of government. We want that area to come into play immediately. We have slowed down on the human services side, particularly with the idea of integrating all the information into one mega sort of database.

* (17:50)

The wisdom of that decision, I think, has been confirmed by some of the recent difficulties experienced at the federal level in the Department of Human Resources and Development where there has been a major concern expressed about having individuals' information all compiled in one place and shared between departments not necessarily with the informed consent of the individuals whose information is being shared. So we are slowed down in that area, but we want to very much deliver on the increased efficiencies offered on the business side.

This will be supported by the legislation which we will be bringing forward on electronic commerce, which we think will provide e-filing capacity between government and business, as well as the ability for business-to-business transactions to occur in this jurisdiction with greater security, greater evidentiary requirements having been met. So our e-commerce legislation will also support some of the things we are doing in these IT projects. I hope that is enough for

now. If there are other questions, I would be happy to answer them.

Mr. Stefanson: Mr. Chairman, I know I am getting it for the overall department, but could the Minister outline any additions or deletions in this area since October 4?

Mr. Selinger: With respect to staff increases in the budget, the Information Protection Centre will go from three to six positions in 2001, and funding has been allocated to hire information technology students under the co-op program with the universities.

On ManWeb, staffing levels have been increased by one, from six to seven, to accommodate increasing demands on their services. We have also added a position for what we call modular contracting to implement this strategy, which allows us to break down projects into smaller components which allows a greater variety of vendors to be able to bid on those projects.

This was a point that was explored with me by the Member for Fort Whyte (Mr. Loewen). Sometimes projects are so large that only certain firms can bid on them. By doing this modular approach, we think we can allow a wider variety of Winnipeg-based companies to bid on these projects and provide us with good services and clear deliverables. So we have identified what we call a modular contracting position to better manage those relationships.

In terms of new appointments, we have a gentleman who has become what we call a technology alignment specialist. The gentleman's name is Brad Semenko. We also have Colin McDonald, who has been on an acting status in the position of Director, Information Protection Centre, and this person has now been appointed on a regular basis. The executive officer of Planning, Policy and Resources has resigned, that is Dorothy Albrecht. She has, I believe, moved to the private sector. We have had a contract expiry for the CIO in the person of Kal Ruberg.

Mr. Stefanson: Mr. Chairman, the Minister refers to a contract expiry with the CIO. What are his intentions going forward in that area?

Mr. Selinger: Yes, our intention there is to appoint an acting CIO, who will report to Treasury Board, and that person will be an interim arrangement, and over the next six to eight months we will decide how we want to position that OIT office in the broader public service.

Mr. Stefanson: Could the Minister elaborate on his last comment, decide how he wants to position the information technology office in the broader public service?

Mr. Selinger: Mr. Chairperson, we will specifically decide whether that should be directly reporting through Treasury Board so that we can have better management of the cost side of it, or whether we need to have it as an independent office, or whether it should be part of an existing government department and what relationships it would have with that. At the moment, we decided that with the cost pressures there that we would have it report through Treasury Board and be situated in that regard.

Mr. Stefanson: We are prepared to pass this section, Mr. Chairman.

* (18:00)

Mr. Chairperson: Item 7.8 Office of Information Technology (a) Salaries and Employee Benefits \$1,913,100—pass; (b) Other Expenditures \$3,003,700—pass; (c) Less: Recoverable from other appropriations (\$120,000).

Resolution 7.8: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,796,800 for Finance, Office of Information Technology, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

Next we have 7.9 Amortization of Capital Assets (a) Enterprise System (Better Methods) (1) Amortization Expense \$3,527,600.

Mr. Stefanson: Mr. Chairman, this obviously is the amortization relative to what is now being called the Enterprise System, formerly Better

Methods, so at what rate is this being amortized, over what period of time?

Mr. Selinger: I am informed that the amortization of the original investment is being spread over fifteen years, and this is the first full year of that amortization period.

Mr. Chairperson: 7.9 Amortization of Capital Assets (a) Enterprise System (Better Methods) (1) Amortization Expense \$3,527,600—pass; (2) Less: Recoverable from other appropriations (\$3,527,600).

7.9(b) Amortization Expense \$1,313,300—pass.

Resolution 7.9: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,313,300 for Finance, Amortization of Capital Assets, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

7.10 Net Tax Credit Payments, Manitoba Property Tax Credit \$146,470,000—pass; Cost of Living Tax Credit \$54,350,000—pass; Learning Tax Credit \$14,350,000—pass; Pensioners' School Tax Assistance \$4,040,000—pass; Political Contribution Tax Credit \$640,000—pass; Federal Administration Fee \$880,000—pass; Less: Recoverable from Education and Training, Manitoba Property Tax Credit (\$146,470,000); Pensioners' School Tax Assistance (\$4,040,000); Learning Tax Credit (\$14,350,000).

Resolution 7.10: RESOLVED that there be granted to Her Majesty a sum not exceeding \$55,870,000 for Finance, Net Tax Credit Payments, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

7.11. Public Debt (Statutory) (a)(1) Interest on the Public Debt of Manitoba and related expenses \$1,394,575,600; (2) Interest on Trust and Special Funds \$51,858,000.

The hour being six o'clock, the Committee shall rise.

HIGHWAYS AND GOVERNMENT SERVICES

* (15:30)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of 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. Marcel Laurendeau (St. Norbert): Madam Chairperson, through you to the Minister, I was wondering if the Minister could give me direction on what the Government policy is on weed control on government property such as right of ways, government property such as the Legislative Grounds and other properties which the Government has responsibility over.

Hon. Steve Ashton (Minister of Highways and Government Services): Starting on the Highways side, we work with the weed control districts in terms of Highways. I can double-check on the Government Services side as well. Our head greenhouse manager on the Government Services side of the Legislature that is responsible for that. The Department does try to balance aesthetics with consideration for the impact of any herbicides.

Mr. Laurendeau: Can the Minister inform members at what level the spraying would occur? Within the city we have a city ordinance by-law which, if private property owners do not spray their dandelions or their noxious weeds, we can contact the city Weed Control and they will go in and spray them and bill that property owner. At what level does it have to get, how bad does it have to get before the Government will do both the Highways or government property such as the Legislature?

Mr. Ashton: On the Highways side, the spraying is actually done for us. We work with the weed control districts. They basically

indicate if it does require spraying. The Government Services side will use spot application rather than general spraying.

Mr. Laurendeau: Has the Minister had a chance to walk through the grounds of the Legislature in the past couple weeks to see if spot spraying might be beneficial to improve the aesthetics of the properties around this building, seeing as we are coming up to tourist season, unless we are now going into the dandelion business. I understand New York buys a lot of dandelion clippings for their salads, so unless the Minister is attempting to do a new economic plan for the province right here at the Legislature—or possibly dandelion wine.

I am just checking to see if it might be a good decision to do some spraying other than spot spraying here at the Legislature.

Mr. Ashton: First of all, in regard to the question of whether I have had a chance to walk through the grounds, unfortunately because I have been in Estimates, as the Member will know, I have not had much time to get outside, let alone walk around the grounds of the Legislature.

Second of all, I am advised from those who have had more access with the outside world than I have had that there has been a fair amount of wind which does affect our ability to spray, and as I look out the window, I think—yes, it is windy again today, so I suspect that is one of the factors. But I knew the Member was leading somewhere, and what I would suggest probably is that we take his concerns under advisement, and I am sure our staff will follow up in terms of that when the opportunity permits.

Mr. Laurendeau: What do we do if there is no weed control committee or weed control district? The Perimeter Highway is not under a weed control district, and at this time the grass has been getting cut approximately twice a year, I believe, probably once a year, and it is not the grass as such. It is more the weeds that are growing that are becoming a problem.

Mr. Ashton: One of the areas of maintenance that has been affected in the last number of years has been in terms of grass cutting. That was not

a decision of this minister or this government. Basically, if it is inside the city, that would be the City of Winnipeg jurisdiction in terms of the weed element.

Mr. Laurendeau: So the Minister is telling me that if I contact the City of Winnipeg then and have them spray it, they can directly bill the Province of Manitoba for this spray?

Mr. Ashton: Well, the City would have to determine whether it is required, and, obviously if there were concerns expressed, we would respond.

Mr. Laurendeau: Just to give advance warning, the weed man from the City of Winnipeg will be in touch with your department in the very near future.

The other question we are having out in our area is the cankerworms which are in the shrubs and bushes along the highway which are infecting all our properties. We can spray all of our properties all we want for our cankerworms, but the next day they are just crawling over from the government property onto the property owners' areas. Does the government have any type of spraying in place for the cankerworms?

Mr. Ashton: It is not normal procedure. There is one exception between here and Portage. Some of the trees in the shelter belt which have been weakened somewhat, to begin with, by drift—you know, that wind again from farms, but it is not the normal procedure with Highways.

Mr. Laurendeau: To the Minister, Madam Chairperson, here at the Legislature we have our old elm trees which are very sensitive these days because of the Dutch elm disease that has been putting a lot of them down. We have been losing a number of the trees. Are we looking at spraying the trees here on the grounds and within government properties downtown?

Mr. Ashton: Yes, Madam Chair, we do spray but we are looking at some potentially more environmentally friendly options, including a detergent spray which does not have as much impact on the environment but could be as effective. So it is a balance.

Mr. Laurendeau: Can the Minister tell me that, if the province does not fall under The Noxious Weeds Act, do the private citizens of Winnipeg have to clean up their mess when the Province is not cleaning up theirs?

Mr. Ashton: The Member, I think, should be asking that to City Council. That is within City Council's jurisdiction. One of the areas, again, which has been under a fair amount of pressure in the Highways budget, is in terms of maintenance. how much grass cutting, for example. There are other areas. For that reason, I am sure, the Member will be pleased to see the increase in the maintenance budget this year to at least allow us to maintain the level which we are at.

We are in a position where, quite frankly, without that increase level we would have been seeing even lower levels of maintenance, which is something that does concern me greatly. But, once again, the Department works with the resources it has. We have a lot of ditches. We have a lot of kilometres of road to cover, and the Department does do the best with the resources it does have.

Mr. Laurendeau: Through you, Madam Chair, I wonder on a different subject—we will get off the weeds for a little bit; we will go back to the highways. This is a little bit of a local issue for me, in my constituency. The Perimeter Highway between the Red River and Pembina Highway, the north lane, it is an east-west lane, but the north side; it is the side where the homes are backed on to, where the concrete slats are—what is it, 18 or 26 feet? When the trucks or the cars are coming over, there is a lot of lift in that area. Is there any talk of doing a resurface on there? I know they scraped it down last year, to take out some of the roughness, but is there anything in the near future to put down a coating to eliminate that?

Mr. Ashton: We are looking at normal maintenance on it, which does include remilling it, but not a major upgrading or a major surfacing.

* (15:40)

Mr. Laurendeau: Through you, Madam Chairperson, has there been a cost study to show

the effect of putting a coating over this concrete before the heaving actually gets to an extent where the concrete has to start being replaced again? The City of Winnipeg has found that, by putting asphalt over some of the residential components, they are extending the life of those streets. I was wondering if we have any cost analysis done within the Department to see if we would prolong the life of this infrastructure by putting an asphalt coating over some of it.

Mr. Ashton: I am advised that there is asphalt on the section currently. There already is an overlay.

Mr. Laurendeau: You might want to go and check it one more time. I think most of it was scraped off last year. As the grader drags it down, and they actually bladed it back down to the concrete. There were other sections on the east side of the bridge that were put down, but they never did do the west side of the bridge.

Mr. Ashton: What I would suggest is that we will get the departmental people to look at it and get back to the Member. If not during Estimates, I will get back to him right after.

Mr. Laurendeau: That will be fine. Thank you very much.

Mr. Frank Pitura (Morris): I just have a single question for the Minister. I thank my colleague from Ste. Rose for allowing me the time to ask it. I was just visiting with some constituents in St. Pierre-Jolys over the weekend, and they had indicated to me that there is a request for proposals, an invitation for proposals, for the Department of Finance, French Language Services Secretariat. Before I go any further, I would like to say that I was pleased that the Government opted to accept the Chartier report and the recommendations in that report, and then proceeded along those recommendations.

This was an issue that was brought up to my attention out in St. Pierre. The RFP was in the paper, I guess at the beginning of May, and it asked for a response by Monday, June 12. Their concern was that they would like to see an extension to the date on that RFP, and I will try to give you some of the reasons that they gave me for requesting the extension. First, it has

probably been in excess of 20 years since anything like this has ever happened in the village of St. Pierre-Jolys, where there was a request for an invitation for proposal for new building space. The local community lacks the experience in being able to address an invitation for a proposal, and they are finding out on contacting Government Services that they have to prepare a design, the office space laid out for all of the employees that would be located there, they have to provide architectural drawings.

Most of the people out there just have no knowledge of any architectural services, have to find it, have to pay for it, plus provide all of the necessary lease rates over a 10- and 15-year period plus a 5-year renewal. So they are saying that from the standpoint of the local community and because of the fact that this is a new venture for them and they are inexperienced, they asked if I would ask you, the Minister, if some extension to this date of June 12 could be given to this local community to prepare their RFPs.

Mr. Ashton: Yes, we can certainly look at that, and if the Member has any more information on this, in terms of any particular concerns, we would be willing to look at that as well. But we would certainly be willing to look at that. I will review that with the Department.

Mr. Pitura: If I can make a suggestion, I think that they would be wishing to probably have, in all likelihood, a two-week extension to the date. If that could be accommodated, that would be appreciated by one and all out there.

Mr. Ashton: I appreciate that, and I will follow up with the Member fairly quickly on that.

Mr. Larry Maguire (Arthur-Virden): I just have a couple of quick questions, as well, to finish up some Highways discussions that I was asking the Minister on last week and maybe some questions on Government Services as well, just quickly.

We were in a discussion last week, Mr. Minister, in regard to the issue of Highway 21. There has been a good amount of work done from No. 1 north, and I appreciate that. There has been a request from my colleague from Russell to do some more in that area, and we

have had brief discussions with you in regard to the group that has come in from Hartney to discuss the potential of getting an extension in the area of No. 2 down to the community of Hartney in regard to No. 21 highway.

Can the Minister give me any update as to where we are at with those people's request and that discussion?

Mr. Ashton: We have had the meeting, and basically it would be fairly expensive obviously in terms of extending to RTAC weight, but one of the things I am looking at is whether this program on the agricultural side might fit into this area.

In fact, Madam Chair, without prejudging other areas, because as the Member will appreciate there are other communities in very similar circumstances, I have asked that we start identifying possible projects, notwithstanding the fact that we will also be involved in consultations with AMM and KAP. I am not trying to preclude any particular consultation process with them as well. I think it is important to get agricultural producers collectively and the municipalities to be part of the bigger picture.

But I obviously met with the people from the area, and I appreciate the concern. It is more a question of trying to see if it would fit. The reason that I am looking at that program is obviously this upgrading to RTAC weights has been fairly difficult for a lot of the roads in the province. I mean, we do have the RTAC network, but it tends to be quite expensive, as the Member will know, and there are a lot of communities that are not on the RTAC network.

But that is why I am looking at the new programming, to see if there is some possibility there in terms of not just Hartney, but other communities too.

Mr. Maguire: The new programming the Minister is referring to then is the funds from the federal government in regard to specific transportation changes, or what was the project you were referring to?

Mr. Ashton: I am referring to the grain program. I can indicate, in terms of seasonal

RTAC weighting, we have discussed that. That is not a problem. I realize that is not the ultimate alternative that the community wants, but seasonal RTAC weights are possible.

Mr. Maguire: I appreciate the Minister's answer on that, and we will continue to look for some developments with it. I realize that two years is about as far out as you can go with those. I appreciate looking at a longer period of time to do that kind of a commitment.

The other one that I mentioned was perhaps the area of 21 highway. Probably the worst condition of that highway right now is from No. 1 to No. 2 as well. I have to put it on the record that I want to just check and see what kind of feedback the Minister has had from that area this spring. I have talked with reeves in that area and with the municipal councils that border both sides of the highway and a lot of that area.

It has been going through an ongoing fixing program, I guess, of repair and maintenance over a number of years, but, certainly, last year—and the Minister referred to it earlier in one his comments last week, that there could be some long-term damage to some roads from the excess of rainfall in southwest Manitoba last year. I would go so far as to say that this is certainly a stretch where it is one of those that was most heavily impacted by it as well. It seemed to have a pretty good base until you got water to the shoulders for the period of time that we did last year, and it will take some commitment to restructure this road.

I wondered what discussions you had had on it and if you could give us any indication of the planning that is going on for that stretch of Highway 21.

Mr. Ashton: The prime focus actually in the meetings we had, as the Member is aware, was actually the stretch around Hartney to 2, so the main focus was not between Highway 2 and 1. It is one of those many highways that have been identified as having not the ideal riding conditions. There was nothing particularly programmed on it before, and, obviously, we would consider it more a longer term, really, compared to some of the more urgent situations out there.

There are a lot of other highways that are in similar shape. There are also a fair number that are in significantly worse shape throughout the province. There has been a number of projects we have already approved this year that fall into that category. So it really was not that advanced in the planning stage. I would assume that it would be the kind of thing that we could look at in the longer term.

* (15:50)

Mr. Maguire: Thank you, Mr. Minister. I would also just appreciate your comments in regard to some of the short distances that you are looking at in regard to the plan that we talked about earlier. You will be aware, as you mentioned, of some of the inland terminals that will be seeking some support, I would assume, for road construction in that area. I would have to mention the Agricore elevator at Elva, southwest of Melita, as one of those, and I wondered what kind of requests and that sort of thing you have had in that area and if there is any plan to do upgrading to the facility?

Mr. Ashton: The Department is aware of it, but there has been no specific discussions we are aware of. There may have been some discussions at the regional level, but certainly nothing further developed to reach the senior levels in the Department. I am certainly not aware of any particular developments.

Mr. Maguire: Madam Chair, my final question in regard to the highway situation then is, we had some discussions last week as well in regard to the by-pass coming from the interchange between No. 83 and No. 1 Highway at Virden. There has been a good deal of work done in regard to the twinning of this highway from the community of Virden west to 83 Highway particularly. We have talked about the paving plans for this coming year coming up to Scallion Creek and the bridge work that might be done there subsequent to that to extend that farther west.

I would like to ask the Minister what their thoughts are in regard to this government's commitment to extending the twinning of No. 1 Highway to the Saskatchewan border at least, to try to make safer the Manitoba section of

Canada's only Trans-Canada Highway from border to border within our province, and certainly eliminate some of the safety problems that we are seeing in and around the border to Hargrave, Manitoba, on the corner of 83 presently.

I want to point out that there is a lot of seriousness in regard to the numbers of accidents that have been on this section of highway in the past. I want to bring it to the Minister's attention that this should be, in my estimation, one of the greater priorities of the Province of Manitoba to try to work toward getting more of this highway done, whether we have to do it in conjunction with federal partners or not. Can the Minister indicate to me what their plans are for that extension of twinning the rest of No. 1 Highway in Manitoba to the Saskatchewan border?

Mr. Ashton: What I can indicate is we have identified this on our list of "national highway" projects, and I use the term "national highway" in quotation marks because, as the Member knows, for all intents and purposes we might as well call it the trans-Manitoba highway for the amount of money that we get from the federal government.

I asked for a quick cost estimate, and this is very rough, but it would be at least in the \$35-million range, so it is not something that is easily accommodated within the normal Highways budget. It is one of the projects we have indicated as a priority on the "national highway" system, and with the discussions on the National highways Program, we will certainly put it forward. I really think this is probably the best example of something that should be undertaken through a national commitment. Essentially that is what has happened in the United States if you look at their national highway system. The reason we are in this situation is largely because, you know, given the demands on other highways. Take, for example, 59, which we are proceeding on there. It is not part of the national highways network, but sort of in the context of Manitoba, that was a real priority; I mean, floodproofing, traffic volumes, et cetera.

This is going to require the federal government to provide the support to really allow us to do it. We are, as the member has

pointed out, completing the work between the 259 junction and the 83 junction, finishing the pavement on that end of it.

But to deal with a \$35-million project to extend the four-lane highway, one would need a serious federal commitment, and, quite frankly, the amount we are talking about on that would probably absorb the entire budget we are talking about with the federal government over the life of the program at a time when we have similar problems on 16, on the Perimeter Highway and other stretches of the national highway system. I would not want to even assume that with a new program, it will necessarily allow us to complete this type of project.

The bottom line is if we can get the federal government to be more serious on the National Highways Program. It has been identified as a priority and we will continue to raise it as a priority, and I appreciate the Member for raising the concern. I have been on that highway before. I am sure a lot of us have. I have been in Virden on many occasions in the past, and I know it is obviously one of the questions that is raised on a regular basis.

But I think that is sort of the status of it. It has been identified as a project that would be a benefit to the province, and if we can get the federal government to be more serious in highways funding, we certainly could look at doing some work on it.

Mr. Maguire: Could you just clarify, I believe you said 3500 the last time, and your first comment was \$35 million. It was \$35 million, the ballpark figure, that it would take to finish the twinning. Does that also include the paving, the whole project?

Mr. Ashton: That is the cost of doing the new lane, the additional lane. Just to give the member some idea, the project we are talking about that is under completion now, the total cost is 4.9 for paving and close to a million dollars for the structure. So it is not cheap.

Mr. Maguire: Thank you, Mr. Minister. I just have a couple of quick questions. I wanted to, of course, look at one of your other responsibilities, and, of course, in the region that I come from,

having been so hard hit by the flooding of 1999 and with your responsibilities for emergency measures and preparedness, could I just—I know the Minister has been very forthright with me to this point with regard to requests for letters and that sort of thing from Mr. Eggleton, the correspondence between him and Mr. Eggleton.

Would you be able to make available to me any further letters that you have or existing letters, just in a package, Mr. Minister, of correspondence that has taken place between you and him at this point or you and other members of the federal Cabinet or caucus who are dealing with this issue?

Mr. Ashton: I actually tabled a package of letters, so they are available through the Clerk's office. But if the Member prefers, I am sure I could get another copy from the office. It did detail the correspondence going back to the summer of last year and all the relevant correspondence between the provincial government and the federal government on this issue.

Mr. Maguire: Thank you, I would appreciate that. If I could get that sent over, I would appreciate that.

Can you indicate to me what kind of discussions you have had with them lately in regard to the whole process since your trip with the Minister of Agriculture (Ms. Wowchuk) to Ottawa? Has there been any further correspondence between them in regard to where this situation is for disaster assistance in the southwest?

I want to assure the Minister that I continue to get a number of calls on this in spite of the fact that there seems to be an atmosphere of more optimism out there, because there is actually a crop going into the ground and it is growing this year, whereas that was not the case a year ago at all.

* (16:00)

Mr. Ashton: What I can indicate is, as the Member knows, our meeting in Ottawa was very disappointing. The response from the federal government was what we had been hearing from

them up until that point in time, which is that they were not prepared to look at any further disaster assistance over and above the existing program which deals with property-related damage. We have an update on the potential of that program because some of the highways work. We are looking at up to \$23 million under that program. So if the Member hears an additional amount compared to the previous \$16-million estimate, it is primarily the highways work that is required in that area.

But they had basically said no to DFAA funding for input costs. They basically said no to a JERI-type program. They indicated—in fact, I appreciate the candour of some of the ministers who dealt with it—there was not additional money available. The one thing I did do, I had other business in Ottawa, again, recently, and I requested for the seventh time to meet with the Minister responsible for emergency measures. Once again, we got no response. I will just put on the record that in the years I have been in the Legislature, I have met with federal ministers in the past as an MLA, Mr. Eggleton is the least approachable I have ever seen. Quite frankly, I would appreciate it if he would show some courtesy to the Province of Manitoba by at least explaining why he does not want to meet or even respond to requests for meetings.

I was in Ottawa last Monday. Once again, I figured, you know, you keep on trying. Quite frankly, I talked to people in the House of Commons who were at the committee hearing where he came in and made his comments. I hate to use some words that we may throw around in the House back and forth here because it kind of cheapens the word, but arrogant, bizarre. You know, people were quite surprised by his demeanour.

I tell you what frustrates me is he went into Shilo to inspect the military base, did not tell anybody; people found out, not that far from the southwest. Whether he had visited on site or not, he could have met with people in the area. I would have felt a lot better if he had met with people in the area and met with government officials.

I want to note, by the way, that I appreciate Minister Duhamel. He has been available. He

has been very up front, Mr. Axworthy available and up front and, on the government side, again, people like Mr. Alcock, Mr. Iftody. You know, we have had various meetings that have arisen on various issues, including the southwest. The federal Minister of Agriculture at our meeting in Ottawa met with Mr. Axworthy and Mr. Duhamel and the Minister of Agriculture (Ms. Wowchuk) here and myself. I just do not understand why the Minister responsible for emergency measures seems to feel that he is above meeting with representatives of the Government of Manitoba.

I can indicate that I will be raising that with my counterparts, because one of the things that makes government work or not work is some degree of accessibility, and there has been none. I do not take it as a personal insult. I take it as more of an insult to the people who we represent. When we go to Ottawa or when we request a meeting, it is not as the NDP Government any more than it was the previous government as the PC government. I mean, you go on behalf of the whole province. I just wanted to note that because that has been the extent of it. I do not know what I have to do.

You know, Mr. Eggleton does exist. I have seen him. I actually saw him at the Tomb of the Unknown Soldier and saw him in the parade. He is obviously around. Why he cannot find time to meet with, like I said, a minister representing a province that has been affected, has been declared a DFAA—I mean, I do have it in a letter with his signature. I have never seen that in the entire time I have been in politics. I just hope we can raise this with ministers.

I can indicate that I have already communicated this to the Premier (Mr. Doer). I am hoping the Premier can at some point in time raise this with the Prime Minister, because this is just not acceptable in a country like Canada, which is a democratic country and prides itself on accessibility.

My apologies for a longer answer on that. If the Member senses some frustration, it is absolutely the case. It is not for me personally, it is just that I do not know how a minister can go into a parliamentary committee and make the blunt and arrogant comments that he did and

base them on no consultation and apparently a complete ignorance of the facts on what is going on in southwest Manitoba.

I cannot fathom how someone can be so darn sure of themselves. I guess his approach is he does not want to be confused by the facts. So that is why he has such great certainty in what he is saying there. I hope the Member can communicate back despite some of our disagreements in the House and whatnot that Mr. Eggleton's lack of availability and his comments I think were an insult to the entire province and particularly the people in southwest.

Mr. Maguire: I thank the Minister for those comments. I think the concern with the citizens in southwest Manitoba, they are very well aware of where the federal government has stood on this at this particular point. There has been criticism of the provincial government for not being at the table in regard to a 50-50 program, realizing the efforts to try and get a 90-10. I applaud those.

I have said that in the House myself but, given the fact that other programs in the Red River Valley were not paid on a 90-10 basis, it perhaps was more realistic to have tried somewhere in the 50-50 and with the federal transfer payments. Correct me if I am wrong, but it is my understanding that the federal government is continually saying to the Province, we have given you enough in federal transfer payments this year already that if you want to do a 50-50 program, put something on the table and we will match it. Is there any truth to that?

Mr. Ashton: I can make it absolutely clear. I appreciate that people may have concerns based on lack of information in terms of what has happened. We met with three federal ministers. We indicated to them that we already have money on the table. The Province has at least \$20-21 million out of the \$71 million authorized payments that are not credible under AIDA. So the Province has already put money on the table.

When I say the Province, it goes back to not just this government, the previous government. This is not a political statement, it is a statement on behalf of the Province of Manitoba. I want to

assure the Member that what seems to happen here, in some cases people are—I do not know where they are getting this assumption, because it is not based on anything to send any communications back and forth to federal and provincial governments. There may have been an individual M.P. or M.P.s that have made suggestions.

You know what I do is I phone the person who has the cheque book, the Minister. I talk to Mr. Duhamel. There were some reports that maybe there was some potential for further agreements. The answer was no. The answer from Mr. Duhamel was, I do not have money in Western Diversification. The reason we went to Ottawa was to deal with it face-to-face with the three ministers. They were very up front. They basically said this time there is nothing.

* (16:10)

I do not know how more clearly I can say that. I want to stress again that I think people should realize that the appropriate thing to do is I think to ensure for the future of this province and other disasters that we do have 90-10 accepted as the prime funding mechanism. It is absolutely critical. That is the first thing. I point out the Red River, for example, that the Red River flood did. Over \$220 million of federal money came from the 90-10 funding on DFAA. The JERI program was in the \$11-million range. So JERI was very much a supplement to the main DFAA funding. I point out that the DFAA guidelines do deal with some of the input costs. We believe we had a legitimate argument. So I make no apologies for arguing that DFAA was appropriate as a funding mechanism to deal with this and the fact that it was the appropriate mechanism. I think everybody in the southwest realized that.

But, you know, the federal government has been unwilling to discuss anything more than what is in place through DFAA for property damage and highway damage. It has indicated clearly that it is not willing to look at input costs. I also want to clear up some confusion that is out there that somehow the \$100-million program, the \$400-million pro program, if you want to call it that, it has been described in various different terms. I do not want to get into the details of that obviously because that is more appropriate to the

Minister of Agriculture (Mrs. Wowchuk). But it was very clear at that time that was a program that was to be applied generally across the province. That was the federal government that indicated that. In fact, the Member can confirm that asking the Minister of Agriculture.

So we have raised 90-10 and we have raised 50-50. The federal government has said no to 90-10 and no to 50-50. They basically said zero. Whether that is acceptable or not, that is the case, but it was not because we were not willing to discuss either of those items. With the correspondence the Member will be able to read, we raised 90-10 continuously, in fact going back to the previous government. We indicated in terms of the JERI program there is a letter on file in November. That was indicated at that time. I raised this within the direct discussions with various ministers.

So all the way along we indicated 90-10 and 50-50. So it was not a question of that, and it certainly has not been a question of the Province not willing to put up money, because the Province already has \$20 million on the table, money that has been spent unilaterally by the Province of Manitoba in the context of an emergency money that has not been cost-shared by the federal government.

I indicated to the federal government when we talked to them that I wanted a clear answer because I wanted to know for my own mind, but I also wanted to be able to communicate back to people. What disturbed me was that there was a period of time in which statements were being made in the press by people that clearly were not the ones in the position of being able to indicate whether there was going to be any funding or not, but suggesting, well, there might be something or that it was the Province's fault or whatever. Never once in any of the formal discussions that were raised were there any of the kind of things I saw reflected in some of the press comments.

The only time where there appeared there might be something coming was shortly before the federal budget. I know there were leaks in the paper, by the way. There were talks about various amounts of money. It was never the Province that leaked that information. It was

never the Province that took anything off the table. It was the federal government presumably that leaked it. I cannot prove that, but certainly it was not coming from us. We would not be able to give an indication of that kind, the \$30 million that was in the *Free Press*. In terms of it being withdrawn from discussion, as the Member knows from discussions we have had, it was the federal government, I can only assume, that presumed that the \$400-million package, the \$100-million package to Manitoba, that that somehow took care of the southwest. We indicated that was not the case all the way along.

We always sought additional recognition of what was going on in the southwest and always used the argument of 90-10 and 50-50 and always had our money on the table. The answer consistently with the federal government was no. I can only assume that part of what may have happened is they took a fair amount of flak on the agriculture program being applied to Saskatchewan and Manitoba, not to other provinces. This is speculation on my part; I assume that may be their reasoning. But, whatever the reasoning, the federal government was clearly not willing to go beyond the very narrow interpretation of DFAA, and that has basically been their consistent message—to be fair, their consistent official message, maybe not others who do not really have the jurisdiction as ministers.

At this point in time, basically, we have received a clear no from the federal government, despite our best efforts.

Mr. Maguire: I appreciate the Minister in regard to the discussions with the federal government. I realize they have said no to the 50-50 sharing of the 21 out of the 71 million being there. You mentioned earlier that there might be 23 million, that they were looking at another 23 million in DFAA? Or did I misunderstand you there?

Mr. Ashton: Yes, the 23 million is previously the amount that we would estimate it to be about 16 million. This is for property damage and highways, basically, the sort of narrowly defined DFAA. So, when I mention additional 23, it is actually the total amount that we are anticipating will come out of that particular program, which

is 90 percent. It is on the DFAA form. So it is not 23 additional, the revised figure from 16 to 23.

Mr. Maguire: Okay, I appreciate that. The discussions in regard to AIDA and year ends and those kinds of things, with NISA coming into income dollars that have cost farmers in the southwest Manitoba, where there have been more NISA dollars coming into those communities, it has taken out their ability to qualify for more AIDA and all the ramifications that negative margins have around that. The stories out of Ottawa emanating are that these kinds of programs do target money into that region are basically being undermined by the farmers' use of their own funds in some of these cases to try to get themselves into a stable position, which really just detracts from their equity position.

I would like to point that out for the Minister as you talk to some of the federal counterparts down the road in some of these kinds of discussions. I would hope that these discussions are continuing to be ongoing between yourself and the federal government, that we will not let this rest at this time either because I want to point out that, while the land is being farmed, I continue to get calls from young farmers, middle-aged farmers who are not on the land this spring, who are getting jobs in other jurisdictions. There were another two, just last week, that I was not aware of in regard to young people that are not farming the land. They are still living in that particular yard site, but they are working completely off farm. One took the opportunity to get out while he still had a bit of equity, and the other one was forced into another occupation.

There are many cases of that; I am sure the Minister has heard from some. Certainly his counterpart in Agriculture has. That is certainly the reason why we need to continue to the ongoing discussion with them.

I guess a leadership role will be required in this whole area. I respond that the Minister's department—I looked at \$43 million as lost inputs in western Manitoba, that you determined that. We will not go into the detail of the discussion of how that was done at this time. That was

about half of what the farmers were looking for in that area. But I think there has been some concession by them that they are just about in a desperate situation, that these kinds of dollars would definitely help that economy out there right now, the \$43 million. He who comes with a \$21.5 million to the table first is going to get a lot of recognition from that particular area of Manitoba. But it looks like it would have to be new dollars to come with that area. *[interjection]* My colleague says maybe not too much recognition. But I guess I throw that challenge out there, and I will take my risks.

The situation that I am more concerned about is that my colleagues, regardless of their political affiliation out in Arthur-Virden and the southwest Manitoba—it is a situation where there are still many, many families out there that not only need those dollars, but the counselling that goes along with it. That whole process, the longer we go down the road, it is still extending into family farm homes and the farm families themselves in regard to their ability to cope with the whole process as we move forward.

I guess I ask the Minister if there would be any hope that he would be able to work with his colleagues in regard to being the ones that would take the first leadership role. I can assure you that if you want all-party unanimity that at least many of us would work very hard with the Government if there was another \$21.5 million by the Province put on the table to get new money to get a sharing of that with the federal government. Then we would have something arm in arm to go to Ottawa with.

I realize the dollars the Province has already put in and the commitment. I think what Ottawa is telling us is: These are your citizens and we do not care about them unless somebody is willing to come to the table in Manitoba and do some more. I guess that is how I read it and certainly how the citizens out there are reading it, not just the farm community, but the people in those communities as well.

So I would just ask the Minister if they have given any serious recognition to being able to look at putting \$21.5 million on the table for this disaster.

* (16:20)

Mr. Ashton: I think it is important to recognize, first of all, I think it is misleading for people out there to suggest—we keep sort of going back on this point—that somehow because the Province is not putting money on the table, that is why the federal government is not doing anything. I thought the unfortunate argument that was used was sort of the idea that we can embarrass the federal government into doing something.

We have already put \$71 million dollars into direct programming, and \$21 million of that, that is the estimate, but it is not credible under AIDA, so that is stand-alone provincial money. That was done some time ago. It did not work then and it is not going to work now. That is the first point. This idea of kind of embarrassing them, that has never been the issue. The federal government does not want to put any more money into the DFAA other than the very narrow confines.

I do not know how more simply I can say it. I do not know how many more letters I can write and get the same answer. I said when we left the meeting that if they changed their mind or—I don't believe that anything is over permanently. That is why I even tried to meet with the Minister one more time, Eggleton, meet with him for the first time and request it one more time. I think it is also important to recognize though as well that there is not the ability of the Province of Manitoba on disasters to be able to go it alone.

I think that the Member is aware of that. In terms of finding the \$20-odd-million which the Member talks about, I hope he will recognize, and I realize that he was not part of this decision, but the previous government, when it came to the Fiscal Stabilization, which has been trotted out as being a potential source for this, in its last budget, the budget brought on by the Member for Minnedosa, drained the Fiscal Stabilization Fund below its target level significantly, arguably some of it for disaster purposes, but a lot of it for general spending.

Mr. Jim Rondeau, Acting Chairperson, in the Chair

I could get into a longer discussion about the fiscal management of the Province and how we maintained the Fiscal Stabilization Fund at that level by selling off MTS and then spending it in three years through the fund. I do not think it is, I am not criticizing the Member here but, I think it is misleading people to suggest that somehow we can just sort of tap that fund once again when it is already significantly below its level.

In fact, the Finance Minister this time, in order to live up to our requirements under the balanced budget legislation brought in by the previous government, legislation that we indicated we would abide by—there will be some amendments and we have indicated what they were, but we are now reducing the draw on the Fiscal Stabilization Fund this year to down payment of the debt requirements under the legislation, which was brought in previously. *[interjection]* The Member is giving me some advice on this, but he knows, having been part of the Government.

An Honourable Member: No, you extended the payment dates, so you could acknowledge the unpaid liability. You did not put any money in.

Mr. Ashton: Well, the reality is that the previous government drained the Fiscal Stabilization Fund going into the election, and we are now left with a Fiscal Stabilization Fund that under the target set by the Government is not only less than 50 percent of its original target but is now rapidly reaching the point that when at the top of the business cycle, when revenue growth is significant, we were spending money going into the election for operating expenditures out of the Fiscal Stabilization Fund.

I do not want to get into a long debate about this—I cannot, I appreciate that—because I do not want to take away from the sincerity with which the Member is raising the point about people in southwest Manitoba. But you know, just in the same way that the previous government had to deal with the financial challenges ahead for this province, we are in the same situation. It is interesting. I know we are criticized on the one hand. Day after day, I hear people saying we should have more tax cuts, even though we are bringing in what I would consider moderate responsible tax cuts. Now I am hearing demand

that we go and spend money unilaterally for something that we have already put \$71 million in for.

I think people in the southwest of the province—I know a lot of people in the area. I have some good friends in southwest Manitoba. Anytime I have ever been out there, you know what, if they were critical of the NDP for anything, it was in terms of not facing up to the fiscal reality. Well, it would be a lot easier to say, yes, we will add more money on the table, but we do have to be responsible for the province's finances. But we also have to—and I say this to the Member in all sincerity—make sure we preserve the federal role in terms of disasters.

We have had two major disasters in this province, '97 and '99, in the last three years. There has been expenditures that probably are probably approaching \$450 million, \$450 million in three years. In the southwest, if you add the input costs of \$71 million, you add in the estimated \$23 million, we are up to \$94 million, \$95 million in the southwest. So the southwest is about, well, close to \$100 million, to put it in rough terms.

So we as a province cannot afford to go to 100 % funding for disaster assistance. Not only that, it is not, I believe, our role. Our role is to be there as a partner; we have been. We have gone above and beyond that.

By the way, I say politically, I have said before, I give full credit to the previous government for some of the initiatives that were made in the southwest. We supported that 100 percent. We said that was the appropriate thing to do.

But, quite frankly, we have to preserve the federal government's role in this because, if we do not, until the moment we start buying into the short-term idea that we can just put money on the table, which we already have and, if the feds say no, that we just kind of put more money on the table and put more money on the table, first of all, we will not be able to manage our province's finances in the immediate sense in that fiscal year, because we do have a requirement to run a balanced budget. But in the

long term, we will allow the federal government—and I warn the Member in this particular case.

If you take the portion out of the picture of the last three years, the federal support which is probably in excess of, well, it is over \$300 million, significantly above that, if we start setting that precedent in the future, we will not be able to help people in the southwest next time this happens, if it happens, and I hope it does not. We will not be able to help people in the Red River Valley. We will not be able to help anybody anywhere with one cent, because we will have drained our financial abilities. I tell you, it is not easy to sort of make those of decisions as to where you do draw the line, but what I felt was important as minister and I think what we felt as government was to say—

Point of Order

Mr. David Faurshou (Portage la Prairie): I appreciate the information that the Honourable Minister is placing upon the record. However, I believe that perhaps it is getting a little lengthy insofar as the point that was trying to be made, will the Province be proactive in this response.

The same House rules are carried on in committee as are acknowledged in the Chamber. Responses are to be specific and not provoke debate. I know that references have been made to MTS and other things that I do not think are too pertinent to the specific question.

Mr. Ashton: On the point of order, actually the Member is incorrect. In terms of our rules, this is not Question Period. We are allowed to give lengthier comments. The only reason I had gone into some of the points I did was because the Member had raised the points, but if I got a little bit lengthy, a little bit too comprehensive in the answer, I have no difficulty in reverting back to some of the answers. I think if the Member will reflect on the Estimates the last number of days, when I am asked straightforward questions, I give straightforward answers. When there is a bit more of a debate or discussion involved, I thought it was important to respect the Member's question and give him a full response. I do not think the Member has a point of order, but he may have a point.

The Acting Chairperson (Mr. Rondeau): On the same point of order, sir? The Member for Arthur-Virden, on the same point of order.

Mr. Maguire: Thank you, no. Just a comment to wrap up.

The Acting Chairperson (Mr. Rondeau): Then we will just deal with the point of order first and then go forward. From the point of order, the Minister was just finishing up his answer to the question, and that is okay. We will ask the Minister to conclude his remarks.

* * *

* (16:30)

Mr. Ashton: I think I gave a full response. It was not my intention to give an overly full response, but we are allowed in committee up to half an hour, but I was trying to give the Member a fairly comprehensive answer. I think I have probably said enough and certainly will return the floor back to the member.

Mr. Maguire: I just want to wrap up by saying a couple of things. I guess I feel and the citizens out there do feel the fiscal responsibility. They would certainly agree with you, but they feel that fiscal responsibility also involves support in natural disasters as well. They would agree, as I do, that we do need a long-term solution to these disaster problems. We would deal with that in your department as well as Agriculture and need to work with the federal government in regard to do that, to get on with it.

There is no dispute there at all, but they would certainly agree that fiscal responsibility is required to run any province, but it also feels that they would require that in case of a natural disaster as well. I would just pass that off to our member for Highways here again as well and my questioning on this important issue.

Mr. Ashton: I appreciate the Member raising concerns on behalf of his constituents. Certainly if I was in his shoes I would do the same. I tend to think, despite some of the disagreements we may have from time to time, we are probably a lot closer on this. I think we all recognize what has to happen in terms of future policy in terms

of disaster assistance. I appreciate the Member's comments.

Mr. Glen Cummings (Ste. Rose): I am not going to encourage the Member for Thompson, the Minister of Highways, to filibuster, but I do want to pick up on a couple of comments that have just been made in the last exchange. One is, I distinctly remember the current premier saying that he was not going to go to the Fiscal Stabilization Fund because he has tended to save those dollars for balancing his own budget. It was always my understand that that was one area where situations like this could have been dealt with.

Secondly, I would remind him that when the Red River Valley issues were being raised, there was \$34 million on the table from the government of the day in Manitoba before there was any agreement or any understanding on the principles of an agreement of support. That was necessary, not done unwillingly, but certainly the risk was taken on behalf of the people in the valley. That was a different program where there was flood recovery, and the damages were pretty obvious.

I would also, lest this becomes too parochial or too regional, remind the Member that when the previous government found itself in a position of disagreement with the federal government over some of the relief that occurred during the fires that occurred in the North where a large number of evacuations occurred, that there again, there was about a four-year argument that ensued, where the province was indeed out some of the dollars because they had taken the lead and had taken the risk on behalf of the people in the area.

So I am hoping the Minister understands that we are not here so much to harangue him as we are to remind him that we will be behind him if he can encourage his colleagues to put their necks out on the line on this a bit. We believe that there are ways. Over the last decade, there are examples of where governments have taken the risk. Unless he wishes to reply, I have another question.

Mr. Ashton: I would suggest we continue the debate on the motion if we ever have that motion

brought back forward in the House, but my point is that is exactly what the province has done. We put \$71 million up as a province, \$50 million of which is credible under AIDA, \$21 million which is stand-alone provincial money to cover unseeded acreage and input costs. I think it is really important.

I appreciate if the Member is saying we should have put up more. That is another debate. But I think it is important that we make it clear, when we talk to the federal government, that we have put money up on the table, as was done in '97, and as was done in the forest fire situation, and focus on whether it is enough. I mean I appreciate the Member for Arthur-Virden (Mr. Maguire) or other people are saying we should be putting up more over and above what we have.

The reason I make that point is it gets, once again, to the fundamental point that the province, this government and the previous government, did put money on the table, 100 percent money unilateral. So I do appreciate the advice from the Member. He is quite correct. I think we are agreeing on the principle. Maybe the disagreement will be over whether we have the ability to put more money than is currently on the table, and it is probably better saved for the Chamber.

Mr. Cummings: We get into these difficulties when there are several departments involved, and I want to be on the record reminding this committee that there were \$19 million that was in the federal AIDA program, where the Minister of Agriculture (Ms. Wowchuk) was indeed the lead negotiator, that was made available to cover negative margins, and those negative margins would have, in the main, occurred in southwestern Manitoba.

The province chose not to participate in negative margins. Therefore, the people that we represent, and certainly the southern three-quarters of the constituency that I represent as well, were disadvantaged in terms of negative margins, being able to take money out of the AIDA program. When we get into acronyms and short forms and everything else, people's eyes glaze over, but I think it is worth reminding ourselves that the very people we are seeking to

assist with the arguments we are making here under disaster assistance may well have been disadvantaged by a decision that was made in another department, that being the Department of Agriculture.

When we consider those ramifications, then it gives us some impetus to continue to beat on this minister through the disaster assistance part of his portfolio. I hope that he will take that message back to his colleagues. The money that was spent assisting all of the farmers for crop inputs this spring, we are still very suspicious that that was saved by not using the negative-margin approach in AIDA. What happened was we now have all the farmers in Manitoba, some of whom had the best crop in history last year, receiving assistance from this government, while those who had the worst crop in history were not eligible to participate in the negative margin program. I know I am outside of this minister's jurisdiction, so that is somewhat unfair, but that is what puts those of us in western and southwestern Manitoba in the predicament that we are in.

I would like to follow up, if I could, on a question that was asked earlier. It relates back to policies of Highways on drainage, water flow. I know quite well what some of the long-term policies have been, but both the Member for Portage (Mr. Faurschou) and I have some concerns in this area that we would like to ask a few questions. I would start by the question: Is it still the continuing policy that it would be by exception only that Highways' ditches would be used for any kind of drainage assistance?

Mr. Ashton: I think the key point is the Department of Highways' basic mandate is obviously Highways itself. We do, where it does not affect the integrity of the highway itself allow for the appropriate authorities to use the structures. But we are not the ones who are dealing with that directly. It is something that if the request is made we deal with it. One example where we get into drainage issues, floodproofing issues, is Highway 59. The Highway 59 four-lane which we announced does provide diking protection. It is part of the overall floodproofing plan in the area. So that is sort of a classic case where that happens. It is primarily a highway, the vast majority of which is from the Highways'

budget, but it does perform that function. So we do it on a co-operative basis rather than being proactive on it largely because our mandate is to build roads, not to manage the drainage for the province.

* (16:40)

Mr. Cummings: Well, succinctly as I can, I will ask the Member for Portage (Mr. Faurichou) to help me in phrasing this, but we have an issue that we think needs to be discussed in relationship to the potential new legislation regarding drainage and water management in the province and whether or not Highways will be involved as a player or only a passive observer in this strategy.

Let me give you an example. Where existing conservation districts are in place, for example, if it fits within an overall water plan, is it possible that Highways might have a role to play in a time like that if it meets engineering standards?

Madam Chairperson in the Chair

Mr. Ashton: Basically the only time which we would be involved directly is if there were some benefit to the highway itself, but unless it is directly on a proactive basis, but normally would not be, you know if it was a drainage-related matter it would not be something that Highways would be responsible for. We do work with the relevant authorities on that, and I do know, any AMM meeting the No. 1 issue may be highways, No. 2 may be drainage or vice versa, so I am quite aware of the small "p" politics of drainage in rural Manitoba.

Mr. Cummings: Madam Chair, I would only add one point to that and that is that it would be our opinion, the Member for Portage la Prairie (Mr. Faurichou) and myself, that this should not be a passive relationship, that there are more often not on the main highways but on some of the other three-numbered roads where there are probably obvious opportunities for co-operation and this is not—it has to come from the top down, Mr. Minister, and that is why I would suggest that we are probably putting some of the district engineers in an awkward position by making these comments, but I do believe it needs to be

examined, and I would encourage him to talk to the Minister of Conservation (Mr. Lathlin) as that discussion progresses, because I can tell you categorically that, where there has been an opportunity to co-operate, the community is 100 percent pleased and supportive for highways construction and local needs have occurred.

I think there might well be a role that should be acknowledged in the potential new water—if I understand the initiative correctly, there could be at least three or four acts under the other department that will impact water control and drainage and jurisdiction. Whether they come up in this session of the legislature or in the next one, I would encourage the Minister of Highways to involve himself and his department whether there might be potential beneficial implications.

Mr. Ashton: I appreciate the Member's point. I know it has been raised—I would say at least half the meetings I have held with the municipalities have raised drainage issues along with highways issues in our discussions. We do try and work co-operatively. The real challenge for the Department obviously is in terms of its main focus mandate, and our main focus is basically on the road building side, but I certainly take the Member's advice seriously, and if he has any particular projects or concerns, I would certainly be willing to look at that as well, although I do feel once again, our main expertise, let alone our main mandate is on the road side and I think our main ability in this case is to be working co-operatively as a supportive player with others that have the expertise and the mandate and jurisdiction over drainage.

Mr. Cummings: We would be prepared to leave the Minister's salary. We are prepared to deal with the rest of the line by line expenditures, which by tradition the Minister would no longer need a staff. We may have a couple of questions at the end.

Madam Chairperson: Item 15.1.(b) Executive Support (a) Salaries and Employee Benefits \$697,000—pass; (2) Other Expenditures \$127,300—pass.

15.1.(c) Administrative Services (1) Salaries and Employee Benefits \$302,700—pass; (2) Other Expenditures \$244,000—pass.

15.1.(d) Financial Services (1) Salaries and Employee Benefits \$1,232,700—pass; (2) Other Expenditures \$422,700—pass.

15.1.(e) Human Resource Services (1) Salaries and Employee Benefits \$1,397,200—pass; (2) Other Expenditures \$376,700—pass.

15.1.(f) Information Technology Services (1) Salaries and Employee Benefits \$2,287,200—pass; (2) Other Expenditures \$816,400—pass.

15.1.(g) Occupational Health and Safety (1) Salaries and Employee Benefits \$154,800—pass; (2) Other Expenditures \$65,900—pass.

15.1.(h) Lieutenant Governor's Office (1) Salaries and Employee Benefits \$105,300—pass; (2) Other Expenditures \$100,000—pass.

15.1.(j) Land Value Appraisal Commission \$27,400—pass.

* (16:50)

15.2.(a) Management Services (1) Salaries and Employee Benefits \$368,500—pass; (2) Other Expenditures \$57,500—pass.

15.2.(b) Operations and Contracts (1) Salaries and Employee Benefits \$1,879,700—pass; (2) Other Expenditures \$576,600—pass.

15.2.(c) Bridges and Structures (1) Salaries and Employee Benefits \$2,047,200—pass; (2) Other Expenditures \$343,500—pass.

15.2.(d) Transportation Safety and Regulatory Services (1) Salaries and Employee Benefits \$2,783,100—pass; (2) Other Expenditures \$1,091,800—pass.

15.2.(e) Regional Offices (1) Eastern Region Office (a) Salaries and Employee Benefits \$2,264,800—pass; (b) Other Expenditures \$538,000—pass.

15.2.(e)(2) South Central Region Office (a) Salaries and Employee Benefits \$2,307,500—pass; (b) Other Expenditures \$618,400—pass.

15.2.(e)(3) South Western Region Office (a) Salary and Employee Benefits \$2,134,000—pass; (b) Other Expenditures \$548,600—pass.

15.2.(e)(4) West Central Region Office (a) Salaries and Employee Benefits \$1,727,200—pass; (b) Other Expenditures \$463,900—pass.

15.2.(e)(5) Northern Region Office (a) Salaries and Employee Benefits \$1,424,800—pass; (b) Other Expenditures \$454,100—pass.

15.2.(f) Other Jurisdictions (1) Gross Expenditures \$2,500,000—pass; (2) Less: Recoverable from other appropriations (\$1,000,000).

15.2.(g) Planning and Design (1) Salaries and Employee Benefits \$1,687,600—pass; (2) Other Expenditures \$456,000—pass.

15.2.(h) Northern Airports and Marine Services (1) Salaries and Employee Benefits \$3,471,900—pass; (2) Other Expenditures \$2,470,800—pass.

15.2.(j) Materials and Research (1) Salaries and Employee Benefits \$1,736,400—pass; (2) Other Expenditures \$527,700—pass; (3) Less: Recoverable from other appropriations \$1,049,200.

15.2.(k) Traffic Engineering (1) Salaries and Employee Benefits \$816,800—pass; (2) Other Expenditures \$247,300—pass.

15.2.(m) Policy, Planning and Development (1) Salaries and Employee Benefits \$1,765,400—pass; (2) Other Expenditures \$799,400—pass.

15.2.(n) Driver and Vehicle Licensing (1) Salaries and Employee Benefits \$11,779,500—pass; (2) Other Expenditures \$5,701,900—pass; (3) Manitoba Public Insurance Cost-Sharing Agreement \$4,592,000—pass.

15.2.(p) Boards and Committees (1) Motor Transport and Highway Traffic Boards (a) Salaries and Employee Benefits \$373,900—pass; (1)(b) Other Expenditures \$200,300—pass.

15.2.(p)(2) License Suspension Appeal Board and Medical Review Committee (a)

Salaries and Employee Benefits \$246,300—pass;
(b) Other Expenditures \$116,000—pass.

15.2.(p)(3) Taxicab Board (a) Salaries and Employee Benefits \$333,100—pass; (b) Other Expenditures \$99,200—pass.

Resolution 15.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$59,501,500 for Highways and Government Services, Highways and Transportation Programs, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

15.3. Accommodation Development and Property Management (a) Accommodation Development (1) Salaries and Employee Benefits \$2,315,700—pass; (2) Other Expenditures \$2,384,800—pass; (3) Less: Recoverable from other appropriations (\$2,020,000).

15.3.(b) Workshop/Renovations (1) Salaries, Wages and Employee Benefits \$2,044,100—pass; (2) Other Expenditures \$299,800—pass; (3) Workshop Projects \$4,575,000—pass; (4) Less: Recoverable from other appropriations (\$6,918,900).

15.3.(c) Physical Plant (1) Salaries and Employee Benefits \$14,541,200—pass; (2) Other Expenditures \$30,371,300—pass.

15.3.(d) Leased Properties \$20,059,600—pass.

15.3.(e) Property Services (1) Salaries and Employee Benefits \$723,000—pass; (2) Other Expenditures \$291,400—pass; (3) Less: Recoverable from other appropriations (\$216,000).

15.3.(f) Security and Parking (1) Salaries and Employee Benefits \$3,321,200—pass; (2) Other Expenditures \$689,600—pass; (3) Less: Recoverable from other appropriations (\$1,792,200).

15.3.(g) Accommodation Cost Recovery (\$42,345,100).

15.3.(h) Minor Capital Projects \$3,946,000—pass.

Resolution 15.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$32,270,500 for Highways and Government Services, Accommodation Development and Property Management, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

* (17:00)

Item 15.4 Supply and Services (a) Procurement Services (1) Salaries and Employee Benefits \$1,596,200—pass; (2) Other Expenditures \$375,600—pass.

15.4.(b) Government Air Services (1) Salaries and Employee Benefits \$4,712,400—pass; (2) Other Expenditures \$4,866,500—pass; (3) Less: Recoverable from other appropriations (\$9,578,900).

15.4.(c) Desktop Management Services (1) Salaries and Employee Benefits \$809,800—pass; (2) Other Expenditures \$3,293,500—pass; (3) Less: Recoverable from other appropriations (\$103,200).

15.4.(d) Telecommunications (1) Salaries and Employee Benefits \$1,121,900—pass; (2) Other Expenditures \$8,827,200—pass; (3) Less: Recoverable from other appropriations (\$8,817,400).

15.4.(e) Mail Management Agency (f) Materials Distribution Agency (g) Land Management Services (h) Fleet Vehicles Agency.

Resolution 15.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$7,103,600 for Highways and Government Services, Supply and Services, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

Item 15.5. Emergency Management Organization (a) Salaries and Employee Benefits

\$1,006,100—pass; (b) Other Expenditures \$471,300—pass.

Resolution 15.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,477, 400 for Highways and Government Services, Emergency Management Organization, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

15.6. Infrastructure Works (a) Maintenance Program \$64,289,600—pass.

15.6.(b) Mechanical Equipment Services (1) Salaries and Employee Benefits \$6,966,000—pass; (2) Other Expenditures \$18,440,000—pass; (3) Less: Recoverable from other appropriations (\$25,010, 000).

15.6.(c) Construction and Upgrading of Provincial Trunk Highways, Provincial Roads and Related Projects \$100,500,000.

Some Honourable Members: Pass.

An Honourable Member: No.

An Honourable Member: On division.

Voice Vote

Madam Chairperson: Money for 15.6.(c) Construction and Upgrading of Provincial Trunk Highways, Provincial Roads and Related Projects for \$100,500,000.

All those in favour, say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those against, say nay.

Some Honourable Members: Nay.

Madam Chairperson: The Yeas have it.

* * *

Madam Chairperson: Item 15.6. (d) Aid to Cities, Towns and Villages \$1,300, 000—pass.

15.6.(e) Work in Municipalities, Local Government Districts and Unorganized Territory \$3,229, 000—pass.

15.6.(f) Rural Municipal Bridge Assistance Program \$400,000—pass.

15.6.(g) Other Projects \$3,905,800—pass.

15.6.(h) Winter Roads \$3,782,900—pass.

Resolution 15.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$177,407,300 for Highways and Government Services, Infrastructure Works, for the fiscal year ending the 31st day of March, 2000.

Resolution agreed to.

* (17:10)

15.7. Amortization of Capital Assets (a) Desktop Management Initiative (1) Amortization Expense \$15,040,800—pass; (2) Less: Recoverable from other appropriations (\$15,040,800).

15.7. Amortization of Capital Assets (b) Air Services (1) Amortization Expense \$1,742,600—pass; (2) Less: Recoverable from other appropriations (\$1,616,200).

15.7. Amortization of Capital Assets (c) Amortization Expense \$11,349,300—pass.

Resolution 15.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,475,700 for Amortization of Capital Assets for the fiscal year ending the 31st day of March, 2000.

Resolution agreed to.

27.1. Emergency Expenditures (a) Emergency Expenditures \$20,000,000—pass; (b) 1997 Flood-Related Expenditures.

15.1. Administration and Finance (a) Minister's Salary \$27,300. Shall the item pass?

Mr. Cummings: Madam Chairman, I think the Minister has probably been anticipating that there would be some discussion at this point

from this side of the table. It has to be on record that, given the fact there has been significant opportunity to increase expenditures in this area because of the revenue potential the Government has and because of the long-standing maintenance issues that there are on Manitoba's highways, we are asking for a vote on the Minister's Salary because it is probably one of the few opportunities that Opposition has to express clearly its concern to the Minister and urge him to deal with his Cabinet colleagues in terms of the capital side of Manitoba Highways.

It is a long ongoing outstanding issue, and there is nothing in this set of Estimates that gives me much comfort that there will be a significant move made to deal with the backlog which is continuing to grow. Certainly we were expecting and hoping that the new Government would have made at least some effort to deal with the accumulative backlog that is occurring on the Highways side of his responsibility, and therefore we are voting against his salary.

Mr. Ashton: I am not disappointed in the motion. I think it is a legitimate motion for an opposition to move. I have debated in support of such motions in the past. But I am somewhat disappointed that the Highways critic left the impression that this government and this minister is not dealing with some of the difficulties that we inherited on the Highways side. I want to state for the record that we inherited a system which, and I will start with highways equipment.

The previous government was putting in \$1.3 million a year to replace our highway equipment. That is a 97-year replacement cycle. Our equipment is on average in the shops one hour for every four hours it is on the road. We have significantly increased our equipment acquisition in this Highways budget. I think that is only reasonable and responsible for us to do. In fact, the poor shape of our equipment was threatening our ability to properly maintain our roads, particularly dealing with major weather incidents, snowstorms, et cetera.

So I will put on the record that we inherited a problem in that area, and we have responded to it. We have responded to it in this budget with significantly increased resources. That is No. 1;

No. 2, highways maintenance. I notice the Opposition critic glossed over, in fact did not even mention the fact that there is a significant increase in the allocation in this budget for highways maintenance. I want to note that the last several years the former government had underbudgeted for highways maintenance each and every year.

We were in a situation where we felt it was important to improve the highways maintenance budget for a number of reasons. One is increased cost, but the other is the simple fact that given the fact that 70 percent of our gravel highways are in substandard condition and 30 percent of our paved roads are in a similar condition we felt it was very important to have a proper maintenance budget available. I want to stress that maintenance also allows us to deal with issues such as spot paving. So that is No. 2.

Number three, another initiative of this government, I noticed the winter road budget. There was not a single question about the winter road budget. I want to outline to members opposite the situation we inherited when we came into government. Upon coming into government, one of the questions I asked was: How come we have three communities in northwest Manitoba that did not have a provincially cost-shared, toll-free road? Do you know what the answer I got was: Well, it has always been that way.

But we as a government, within months, found the money internally, went to the federal government, and I am very proud that we were able to announce in co-operation with the federal government an extension of the winter roads season into three of the remaining four communities in northern Manitoba that did not have it. You know, not a word, not a word in the discussion about that significant move, a government, within months of coming into office, extending the road network, and we got into two of those communities. We almost got into the third. We are going to get in there next year. In fact, we are going to have discussions with the three communities early on to extend the road network. Not a question on them, and by the way, not even a question about the significant increase in the Budget this time to cover not only that road but the fact that there is

one community left in Manitoba that does not have a winter road, and we are even looking at extending the winter road network into that community.

Now, I would contrast that to the previous government which, a number of years ago, cancelled Winter Roads. I know from personal experience they cancelled the winter roads into Thicket Portage, Pikwitonei and into Ilford, and we had to work very hard, and I say we, the communities, the Opposition at the time, to reinstate that.

* (17:20)

No mention of the fact that we also, through the winter road budget, the extension of the winter road budget, are going to be able to look at extending maintenance on the winter roads. The sad part is that a lot of times—I say this as someone who has experience travelling on winter roads personally—what happens with a little bit of extra maintenance money is you can extend the winter road season, and quite frankly that is part of our initiative in terms of that.

No reference to the situation we inherited in terms of northern airports. Now in terms of northern airports, throughout the '90s, the average budget every year was about \$685,000. Now you know what that bought? Gravel. Barely enough gravel. Not a cent for significant upgrading. Now, following a number of incidents that occurred and following a lot of pressure from communities, from opposition at the time, there was an airport study done and there was some work that was done. But you know what? What we have done in this budget is put into the base budget a significantly higher investment in upgrading our airports, our northern airports, than anything that we have seen throughout the '90s. Just in this one year alone we are significantly above the average throughout that period.

There was some discussion, and I appreciate this, of the fact that in this particular set of Estimates we have increased our research capabilities by working with our partners, the University of Manitoba Transport Institute, significant increase to \$250,000, support for an institution that was established with great hope

and fanfare that does a tremendous job on a shoestring budget, major initiative of this government through our department to extend into using that research for our own purposes.

I just want to deal with that because then, after ignoring all the other items, after all the other major initiatives, the Opposition has attempted to make the argument that we have, and I want to deal with this because this is what is interesting, cut the capital budget for Highways. First, I want to deal with what the amount that is in this budget is for in terms of the base budget for Highways, \$100.5 million. You know what? That has been the base in the Department of Highways for the last several years, in fact, for the last couple of years.

Well, it is interesting what the Member talks about what was spent. I can provide him with information that shows that his government spent as little as \$90 million. In fact, after their election in '95, they cut the base budget for Highways. They cut the Highways, '95, '96, '97, '98. Now what they did is the last two years they put in—one year they put in a one-time-only \$5-million additional expenditure, and the next time they put in a \$10-million expenditure. Just before the election they increased it on a one-time-only basis. If you look at the Budget document, I find it rather interesting that the Opposition actually voted against \$100.5 million for Highways.

You know, I always, as House Leader in opposition, used to advise against that. Now I am sure that was not their intention, to vote against the entire capital budget for the year, but if you look at the document, and I think this is important to note, Madam Chairperson, Infrastructure Works—if you look at the summary document, Infrastructure Works, the total expenditures are up this year.

Now, if you want to see what has happened here, and this is to show you how the Conservatives are talking about cuts in Highways capital, but in actual fact their own documents from last year show exactly what happened. What you do is you go to the Estimates of Expenditure for Construction which is listed under 6.(c), but you go down to 6.(j) Less: Recoverable From Capital Initiatives, that

was where the \$11 million, \$10 million of which went for roads, \$1 million of which went to airports. It was a one-time-only expenditure. In fact I checked the average expenditure for the last four years. The average expenditure is virtually identical to what we have in our construction budget, the average expenditure the last four years. I just want to compare this, by the way, average expenditure is the same, notwithstanding the bump before the election, the basic expenditure. We have increased Maintenance; we have increased Winter Roads; we have increased northern airports, and we have increased our support for the University of Manitoba Transport Institute.

Four major initiatives, and yet we have still managed to come with a Construction budget that is exactly right on par with their average base budget. In fact it is even higher than two of the years that they were in government. I could go back earlier when it was even lower again because, after their election in '95, you know what they did? they cut the base budget for Manitoba Highways. I realize that things have changed somewhat the last little while. Members now, some of them wake up to discover they are Canadian Alliance instead of Conservatives; they are Reform. I realize that things change. Probably the main thing that has changed is that the members are now in opposition. If they are making the point that we need to spend more money on our highway system, I appreciate that. We have in Maintenance; we have in Winter Roads; we have in airports; we have in terms of our Transport Institute. We have increased it, our base budget. That is what really counts in finance. Our base budget on the Infrastructure Works alone is up from \$170.1 million to \$177.4 million. So we have maintained that support.

I want to stress again to members opposite the Government makes choices. You know, we had to make a choice here. We chose to keep the basic capital budget what it has been the last number of years and address urgent situations with highway equipment. I suspect, perhaps, a created situation. I am sure members were going to turn around in a year or so and say you know what, we have to privatize our highway's maintenance. We just do not have the fleet to do it. Darn, we are going to have to go out and privatize. Well, you know, it is interesting

because that has happened in places like B.C. What was interesting is what happened there is when they did privatize highways maintenance, the first year they got not bad contracts. The next set of contracts, guess what happened to the price. It went up by 30 percent. We, faced with the same decisions, have decided on a prudent basis, on a long-term basis, to rebuild the highway equipment process. I can repeat what I said before, but I am proud of the fact that this government, in its first budget, has made a real commitment to highways maintenance, which I think is the most important expenditure that can be made.

I recognize that we could have taken some of that money for maintenance and we could have put it into the capital project. When you announce the capital project, you can have announcements, you can have ribbon cuttings, the sign goes up. That is all part of the process. When you have money for maintenance, you do not see the announcement for it, but I tell you, when you are in the middle of a snowstorm and you are driving on the highways and you want to make sure that that highway is maintained properly, you rely on maintenance. With an underbudgeting the last four years in a row in Maintenance, we felt the only logical thing to do was to increase that budget and reflect the real cost. In fact, through this budget, we are going to be able to not only maintain those expenditures but hopefully improve our ability to maintain the system.

I say to members opposite, if your argument is spend more money on highways, we are spending it, but our choice was to put it into the other areas on a target basis. I make no apology by the way for extending the winter road network into Manitoba communities. In the 21st century every Manitoba community should have the right to have transportation access, at a bare minimum a winter road. The previous government ignored that. They sat on it for 11 years. I am proud of the fact that we have significantly increased that. We are going to get a road into Granville Lake next year.

I want to go one step further. If the Member is really concerned about the need for more money in Highways, and I accept that as being his basic point here, you know what, do not

blame the provincial government, blame the federal government. How many more times do I have to say on the record, and by the way, I will credit the former Minister of Highways for saying the same thing. I look forward actually, and I want to make a suggestion here, perhaps that we can work out some all-party approach on this. Because I have talked to the Member for Lac du Bonnet (Mr. Praznik), in fact I was in his constituency, meeting on Highways issues just a matter of weeks ago. We talked about the need to get the federal government to put more money into our highways system.

Now, let us just deal with it for a moment, by the way, with the fact that the Province of Manitoba, including in this year, is putting, within a matter of cents, back into the system what it takes out in terms of gas taxes and transportation taxes. By the way, there has not been a significant growth this year in the gas taxes, largely, I assume, because of some of the projections now in terms of fuel prices. When fuel prices go up consumption goes down.

* (17:30)

But, you know, I think it is important to note that we are still within a few cents, as was the previous government. By their own calculations, I think it was 97 cents on the dollar. I always say to people, you pay a dollar in gas taxes in this province and you get back pretty close to a dollar. That loonie, you might get 97 cents. The federal government, you pay a dollar in gas taxes. The last number of years, you know how much you have got back in this province? Zero. So if the members had not brought forward a motion that says we regret the fact that there is not more money available for our highways system, we say to the federal government, put the gas tax back into the province, put back the \$145 million it takes out, we could have had a unanimous motion in this.

But instead, and now opposing my salary, I would in defence of my salary point out that you are getting a two for one this year. It is actually reduced. There used to be two minister's salaries. I go back to the original motion here; \$54,000 last year. Two ministers running the department. This year, all I am asking for is for half of that. I do not know how many other people would

actually come before the House with half. You are getting two for the price of one here. So, if I could, and I will leave any more pleading to my colleagues on that end. But, apart from the fact that it is a long-standing parliamentary tradition, I want to make this very clear for the members of the Opposition and for the members of the general public. This is an important area of government. We have not decreased expenditures on highways.

I outlined four key areas where we have increased it. What we have done on the capital side, we have gone to the base budget that the members opposite had. If it was so important for them to increase expenditures on highways, you would have thought they would have increased the base budget. They did not. So they put in, year before the election and two years before the election, one-time-only initiatives. Right out of the slush fund, as was predicted. It was not a long-term commitment on the Highways side. I want to say to members opposite that that I do not think was the responsible thing to do.

You know, when we turned around and made these decisions I suspected there would be some attempt to turn it around a little bit and suggest that we are cutting. I have seen comments in newspapers from members saying that we have cut Highways expenditures. Well, that is not true. You just look at the Budget, and it is not true. If the focus is on the capital side, you can criticize us for moving back to the same base budget you had, but we have now built into the base—these are not one-time only expenditures—an improvement in maintenance, an improvement on the winter roads, an improvement on our northern airports, and an improvement in terms of support for the University of Manitoba Transport Institute. So what you are essentially doing, I believe, by this motion, is saying that either that is not important, or you are against that. In fact, you actually even voted against the capital budget to demonstrate your point, which I find rather surprising.

But, if the point is that we need more money on the highways system, that we can agree on. But this province is doing its job. It did it under the previous government. You know, I did not agree with all the priorities. The bottom line, you

know, the province as a whole was putting money back into transportation.

The members, I know, do not agree with our priorities. That is fair ball. That is part of what debate and discussion is all about. But for members opposite to turn around and suggest there is some big cut in Highways is simply not true. If the base budget, the \$100.5 million is not good enough now, where were they the last three, four years. In two of those years, they were below the base budget. In one year they spent \$90 million. Their actual expenditure in that year was \$90 million. That is more than \$10.5 million less than what is in this particular budget.

I realize this is difficult, because I have been in government and then I have been in Opposition, and now I am back in government. So I know what it is like when you are defeated and you get in and you want to raise issues. I was always careful. The advice I always gave to my colleagues was you have to be careful that people do not throw back at you and say, well, it is fine for you to say that, but it is a question of what you actually did. If the members had put \$10 million extra into the base budget and we had cut \$10 million out of the base budget, I would have said: Move this motion, a conscious decision by government, but the members did not. The members were quite happy with a base budget of \$100.5 million over the last couple of years, an average of barely more than that. They were quite happy with putting money in just before an election, but that did not deal with the ongoing problem.

I want to suggest to members opposite, I just want to finish off on this point, that I am quite prepared to debate the priorities of this government. That is what Estimates are all about, and I think it is quite legitimate for members to bring in a motion of this kind. I think that is part of the process. But we are going to take further action to ensure the long-term sustainability of our highway system.

One thing I should note, by the way, is that the Department, essentially the Government, was cited for not having a long-term planning process. The Provincial Auditor noted that. We have had a lot of discussion at this committee. I

note some very useful suggestions from a number of members. The Member for Arthur-Virden (Mr. Maguire) in particular raised some issues, the Member for Emerson (Mr. Jack Penner), a number of others, on the need for long-term planning. That was not in place. We did not inherit any long-term planning structure. There were some things on the drawing boards, but I hope very soon to be able to put in place a province-wide planning exercise that is going to ask some real serious questions to the people of Manitoba, what kind of transportation system they think we need, how we are going to finance it, and then basically how, on an ongoing basis, we can get better long-term planning.

There are a lot of challenges out there, by the way. In our rural economy, on the agricultural side, a lot of pressures, northern roads. I look to the fact that we have 24 communities in this province that do not have an all-weather road. Now we have extended the winter road network into three of them. We are going to get the winter road in the fourth, but in the 21st century we have 24 communities without an all-weather road. These are the kinds of questions we are going to ask the people of the province of Manitoba because, unlike the previous government, we will, I can assure you, be taking a long-term approach. Putting money into a budget on a one-time-only basis on the capital side does not do that. Taking on the challenge of long-term planning, taking on the challenge in this budget of allocating money into areas like maintenance and northern airports and winter roads.

You know, I know these are not the issues that get the political attention. I know that we have been criticized in some areas for doing too much for the North. It would not be too hard to do something for the North because for 11 years nothing was done in the North. But I can tell members opposite, we are committed to the entire province. We understand the problem, not a problem we created. It is a problem we inherited. I understand that we are not going to be able to fix it in one budget. We are going to deal with it by dealing with our priorities first—we have done that—and by working on a long-term plan that will build a sustainable transportation network. We do not have it now, but it is not the fault of this government after one

budget. It is the situation we have got into for many years. I would suggest, by the way, in fairness I do not even blame the previous government totally for what happened. I blame the federal government for its underfunding of the highway system.

I say to members opposite I look forward to a discussion on their motion, but do you know what? For them not to give any credit whatsoever for the significant moves we have made in this budget on Highways, I think is very unfortunate. I hope it does not mean that they do not agree with us on improving maintenance for all Manitobans, improving the winter road network, improving northern airports and improving our relationships with UMTI because, by definition, in this motion, that is exactly what they are doing. They are voting, I believe not on a single, narrow item, but they are expressing non-confidence. not only in this minister, but in this department as well. I think that is unfortunate because I will defend those decisions.

Our government will defend those decisions with Manitobans. Faced with the same challenge we would deal—I think every Manitoban would have done the same thing we did in this budget, do the responsible thing.

* (17:40)

Mr. Cummings: Well, the Minister does a spirited job of defending himself, as I knew he would, but what he completely ignores is the context of highways in relationship to the overall direction and priorities of his government. That is an issue that goes beyond whether or not he is, and he completely ignores a number of efforts that were made by my colleagues and myself to point out that there are plenty of reasons that all of us on all sides of this House and electors in this province have plenty of reason to look to the Department of Highways as signalling some direction in where it is going to go.

The Minister talks about a long-term plan, Madam Chairperson. The fact is going back about six years in this department, the Department has been engaged in discussions with municipalities, with farm organizations in rural Manitoba, with trucking enterprises, as to

what is the optimum use of a dollar in order to accommodate the economic engines of this province. Frankly, the Minister knows full well that there is not much in terms of the long-term objectives that he just talked about that an opposition of any stripe would be overly critical of.

What he does not acknowledge is that at a time when revenue growth and priority setting are the mandate of this government, the two are unquestionably linked, they have just inherited one of the strongest economies in the recent history of this province, have just inherited revenue growth to government that is quite strong, just inherited a growth in transfer payments from Ottawa that I am sure was unexpected by this minister the same as it was by his colleague in Family Services. The fact is that we were looking for a signal from this minister that Highways, in the long-term plan of this government, was an important economic engine.

If he wants to place his priorities putting additional roads into remote areas of the province, additional winter roads, that is his choice. But what I fear is that he may not have acknowledged that in terms of some of the main arteries, some of the market roads in this province and he conveniently ignored in his comments that he was asked specifically, maybe too gently to have jogged his memory, but he was asked specifically about whether or not he intended to work on a plan to deal with market roads, whether there was opportunity for expansion of market roads, which means that priority setting is going to have to occur. There are some roads that, to the disappointment of those who live on them, will not be upgraded. There are others that will have to be upgraded to appropriate load levels so that we can carry on with commerce in parts of this province where it is extremely important to be able to move goods by truck. That is a problem that we all face.

It is interesting that the Member ignores the economic climes of the early '90s when our neighbours to the West cut their Highways budget even further, trying to come to grips with the same balanced budget problems that this jurisdiction was grappling with. Yes, unless the federal government comes to the party, we are

going to continue to struggle with road construction. He knows that. I think every one of my colleagues who have stated that in this discussion pointed out that we have recognized that there is more than just the province has huge interests and a huge stake in the development and the planning of the road network in this province.

But what he failed to do, in my opinion, is to provide some vision on where he saw this moving, and when the capital budget did not grow he can compare it to any benchmark that he likes. The fact is that there was significant concern in the industrial agricultural area of this province about the ability to maintain minimal traffic loads on some of our highways, and that does require capital expenditure not just the purchase of equipment, as he pointed out. He wanted to put a priority on the improvement of equipment within the Department, but that is always a little bit dangerous and a dangerous signal, too, that perhaps he considers that as a priority over some of the areas where roads have literally come apart during the spring season this year.

He inherited a problem from the wet weather in southwestern Manitoba last year where, as my colleague for Turtle Mountain pointed out, there was extreme deterioration in some areas because of the conditions. Through his other responsibility, he was able to make a case where some additional dollars need to be spent on restoring those roads to pre-flood conditions, just the same as there was in the Red River Valley.

But the reason that we put the motion forward—and the Minister acknowledges that it is not an inappropriate motion, but he does not, in my opinion, defend himself well in terms of where he intends to take this department in relationship to the overall approach of his government. If we do not see some of that prioritization in support of the Department of Highways at a time—and he referred to the economic growth in this province—when the revenues are growing, at a time when the economy has strengthened, then we need to reinvest in the highways infrastructure in this province.

I know exactly what his rebuttal might be in that respect, but when we came into government—if he wants to relive history to any extent—I remember moving, prior to my time in government when I was in opposition, I remember moving that the Minister's salary be reduced to something equivalent to a yard of asphalt. I think he should take comfort from the fact that there are many of the issues that are debated here today—*[interjection]* That might have been too much in today's market.

But the fact is that where he is vulnerable to criticism and where the Opposition will continue to hold him accountable in terms of how he positions this department to show leadership in an area that is very important, as it happens, to a large part of the province where it is represented by Opposition members. It is part of the economic engines of the Department.

He will have to acknowledge that on a percentage basis his predecessors tried, with what were sometimes very difficult expenditure decisions, region by region, to make the dollar expenditures relevant to the workload of the highways, if you will, or the volume of the highways and the population that were being served. So I would expect nothing less from this minister, and I expect that, when he finally shows us his capital expenditures for the year and the distribution of that—

An Honourable Member: Probably tomorrow.

Mr. Cummings: As my colleague says, if we pass his Estimates tonight we might see that tomorrow. But the fact is that, as always with ministers of Highways, the final judgment will be when he does demonstrate his willingness to distribute according to the load of the highways, the volumes and the population need.

I suspect that one other thing that this minister is going to need to reflect upon is the east side road, which was a very important issue for which he was part of a caucus that was very critical in terms of the environmental/economic activity. There will be a lot of debate which will not occur at this table tonight but a lot of debate that will occur around the opportunities on the east side of Lake Winnipeg, which he as Highways Minister will need to have the support

of all of his colleagues in Cabinet, and the federal government, and private industry in order to make happen—[interjection]

He has indicated he is working on that, and I think that is positive. I hope he applies some of the same energy to the issues that we have raised around the existing highways network that is in place in this province and does his best to convince his colleagues that he should not be short-changed and that he should soon be earning a reputation as being one of the best-heeled ministers of transport, given the economics that are occurring in Manitoba and in rural Manitoba, as we speak.

* (17:50)

Hon. Tim Sale (Minister of Family Services and Housing): I am going to support my honourable colleague. I just feel very badly for a northern minister who already puts out so much time on the road, particularly the northern road. For the Opposition to question the value of getting a half-price minister, who not only is half-priced but has to drive on northern roads. I would say that this is an incredible bargain that we are getting, because I have had no where near his experience of driving on the northern roads. I have had a little bit of it, and it is interesting, especially if you are in a four by four with good springs in them and good shocks, you can actually get airborne about twice a kilometre, even driving at a relatively modest speed, which very few northerners drive at, in my experience. So I certainly would speak in support of the Minister's very modest salary.

I do, though, on a more serious note, want to talk about the experience of sitting in Treasury Board.

An Honourable Member: Are we going to vote on this guy's salary or what?

Mr. Sale: Well, only if we are going to vote in favour of it.

I had the privilege of serving on Treasury Board, and it is a unique privilege to be able to sit there for hours on end. But it was truly appalling to me when I heard our Minister of Highways and his deputy telling us that his

equipment had a 97-year replacement cycle. I was reflecting on the fact that I am going to my mother's 90th birthday in September in the little town of Goderich where I come from, and the roads there are in sort of not bad shape. Anyway, we are going there, and I am thinking 90, let us see. That means she was born in 1910. So the equipment we are talking about would have been made in 1903, in terms of the 97-year replacement cycle. So I was just trying to visualize this equipment in terms of the horses that would pull it down the highway and the little scraper blades that might be there.

I mean, this is an appalling situation, and I think that probably the Minister is quite correct that at the end of the day the intention of the previous government was not unlike the intention, perhaps, of the federal government with the CBC, if you starve it long enough, people decide that it does not work very well and then you get into the question of privatization. So we will just get rid of it.

It is the same approach that certain governments have taken in regard to Medicare. Starve it long enough, make people dissatisfied with it, and then you hold out the carrot that you can get better services, if you are rich, from a private system. So I think that was clearly, as the Minister said, likely the strategy. Starve it and then eventually we will have a rationale for privatization.

I think that the experience of the City of Winnipeg and privatization is kind of interesting. They finally came to the conclusion that certain services cannot be completely privatized, because you get into the subcosts that a private provider makes a nice bid for the first go round; then you have got out of the business; you no longer have the capacity; you do not have the equipment. So the next time around, three or four or five years down the pike, the next contract that goes out, the prices are miraculously 30, 40 and 50 percent higher.

That, of course, has been the experience with American cities that contracted out all of their capacity and then suddenly found that, at the end of the day, their prices went out of sight because they had lost the critical mass of ability to meet their own needs and they were hostage

to the private sector. So I am sure that is where the previous government was going.

Now, I want to move, though, to the bigger picture, and I had some experience in opposition to being in a lot of Public Accounts. We were always fascinated by the peas moving under the pods in the Stabilization Fund. We had this Fiscal Stabilization Fund that should have had in it some \$600 million or \$700 million after the Province forced through the Legislature, against the will of 80 percent of Manitobans and against all parliamentary procedure, the sale of MTS. There should have been at least \$440 million from MTS plus the very modest surpluses that they ran in the two years that there actually were surpluses.

Mind you, in the other years that they claimed to have had surpluses, the bond rating agencies and others involved pointed out correctly that there were no surpluses there. There was simply shell-game accounting, and I think that Dun and Bradstreet and a variety of the bond raters always did the numbers properly. They always came to the conclusion that Manitoba did not have a balanced budget. It was drawing down its capital and subsidizing its operating side with revenue that it was counting twice.

Well, now, I think we see that the previous government was not just subsidizing some of the ongoing operating expenses. They had the audacity, in buoyant economic times, which the critic has just finished talking about as the best revenue times that have been along in probably two decades, I would guess—I do not imagine our revenues grew this fast in real terms even in the 1980s, as they did this year. Yet the previous government was drawing down for one-time-only pre-election spending out of this Fiscal stabilization Fund.

Then, of course, they are in the situation where they draw their own fund down below their own targets at the highest rate of revenue gain that we have had in more than two decades. Now what kind of economic planning is implied in spending your Fiscal Stabilization Fund in the year in which you have got the most rapid revenue growth in real terms since—and I have to think about this, but I think actually the '60s, in

real terms, was the last time we had revenue growth of about 7 percent in real terms.

So this previous government took what should have been a true Fiscal Stabilization Fund that should have been preserved through very good times and instead spent it on pre-election spending, which I think is an indefensible economic policy from a government that used to pride itself on sound economics. I would point out that in almost every year there was no real surplus. This government was spending off the sale of MTS, spending off its lottery trust funds and pretending that this created a surplus. So we have a situation in which our structural deficit that we inherited was an extremely large, over \$300-million structural deficit.

Now, the previous government had no idea of the one-time revenues that we were going to get. They could not answer the question of where those monies were going to come from to balance this budget, so we were lucky and the people of Manitoba were lucky that the federal payments largely covered the excessive spending, the out-of-control spending that the previous government had got itself engaged in, so when I looked at the plans for the Minister of Highways spending I was very impressed with the fact that he had set clear priorities and in spite of the incredible constraints we were under, he had increased spending on northern roads.

I do not think members opposite realize that when you cannot get food in a northern community at a reasonable price, kids do not eat well, families do not eat properly. Houses do not get built at a price that any of us would be able to afford. The cost of getting goods into the northern communities that are not served by winter roads is simply atrocious. People who do not know it would be just astounded at the price of milk, for example, at \$11, \$12 for two litres in Tadoule Lake. It was just simply an unacceptable price.

So our minister was able to put together a northern winter roads program that had federal cost-sharing and in fact, even though the price of the final road was somewhat higher than the estimate, the federal government still cost-shared to its full 50 percent level. This budget from the Highways Minister is a budget that did set clear

priorities. We will be improving the maintenance of our northern roads. We will get into a planned cycle of equipment replacement. This is a new government that takes seriously long-term planning, and I know that the Minister is going to hold consultations around this province to find out what the long-term needs will be. We will in the spirit of responding to Manitobans' needs respond with a long-term highways plan.

Finally, Madam Chairperson, I want to underline that all of these expenditure decisions that we make in our government are all linked together. We need a strong economy, so we need a good road system. We need social welfare systems that get people back to work, give them opportunities. You cannot have isolated northern communities and have opportunity. The two do not go together. You cannot have a northern economy that is sustained by mining and by tourism and not have good access to that economy, so all of those decisions are linked together.

I think our government understands that and I want to commend the Minister of Highways for being able to work within a very, very difficult set of parameters and still be able to increase spending in critical areas, and therefore would strongly support the payment of his very meagre salary on a two-for-one basis, especially given the fact that he has to drive on the heritage of northern neglect on the roads in the North much more than the rest of do.

Thank you for the opportunity to speak on this motion, Madam Chairperson.

Mr. Scott Smith (Brandon West): I would like to speak as well, Madam Chair. Thank you for the opportunity to support, as the previous member has mentioned, a good two-for-one sale on a minister that not only works for half the price but does twice the work as the previous gentleman.

It is incredible to note that our "blue light special" is a minister, as one mentioned over here, said "blue light special" is doing a considerable good job—

Madam Chairperson: Order, please. The hour being 6 p.m., Committee rise.

An Honourable Member: Do you want to come back tomorrow or do you want to go for a pass? Do not see the clock for two minutes and you could be out of here.

Madam Chairperson: Item 15.1.(a) Minister's Salary \$27,300. Shall the item pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Voice Vote

Madam Chairperson: All those in favour, say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those against, say nay. The Yeas have it.

* * *

Madam Chairperson: Resolution 15.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,384,600 for Administration and Finance.

Resolution agreed to.

Line 27.1. Emergency Expenditures was read into the record and passed earlier in this section of the Committee of Supply. This section of the committee cannot pass resolution 27.1 as Enabling Appropriations are to be considered in Room 254, and the House has not granted unanimous consent to transfer this to 255.

This completes the Estimates of the Department of Highways and Government Services. The hour being six o'clock, Committee rise.

AGRICULTURE

* (15:20)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply please come to order? This section of the Committee of Supply will be dealing with the Estimates of the Department of

Agriculture. Will the Minister's staff please enter the Chamber now? Honourable Minister?

Hon. Rosann Wowchuk (Minister of Agriculture and Food): Mr. Chairman, when we began this Estimates process, we said that we would do the Agriculture Crop Insurance and Agricultural Credit Corporation the last day. We had to revert to another section of the Department, but today I would like to request that we go to the Agricultural Credit Corporation, because that is the staff that is available.

Mr. Chairperson: Does the honourable critic agree to the statement of the Honourable Minister? Is that agreeable to the honourable critic?

Mr. Jack Penner (Emerson): Everything is agreeable to me.

Mr. Chairperson: The Committee will be dealing with resolution 3.3 Agricultural Credit Corporation, Administration.

Ms. Wowchuk: Mr. Chairman, I would like to introduce the staff from the Agricultural Credit Corporation. Joining us today is Mr. Gil Shaw, General Manager of the MACC; Karen McEachen, Director of Finance and Administration; and Charlene Kibbins, Director of Corporate and Program Development. Also at the table is Deputy Minister Don Zasada.

Mr. Harry Enns (Lakeside): Mr. Chairman, to the Minister, I want to confess a failing on my part. I had the opportunity of being the Minister of Agriculture and in particular answering to this Chamber the affairs of the Manitoba Agricultural Credit Corporation. That is simply to appreciate and recognize the very, very significant workload that the Corporation has undertaken in the last several years. Partly that has been because of the changed circumstances, the policy direction that I was able to provide to the Corporation as a result of the changing face of agriculture in Manitoba, the loss of the Crow, the need for more capital investment into various diversified forms of agriculture. That would be a legitimate question for my colleague the Member for Rhineland to pursue just briefly.

Just look at the size of the portfolio of the Corporation and how that has changed in the last two or three years. It is truly noteworthy and one that regrettably I start off by confessing to a failure. I believe the Corporation needs some support for some additional staff in handling that portfolio. It is, after all, a service-oriented organization. If you are handling a loans portfolio of \$50 million, that is one thing. If you are handling a loans portfolio of \$100 million, that is another thing, plus added specific programs like the diversification program that we introduced and I hope my colleague pursues and is still ongoing. That helps provide very often that catalyst of capital along with private banking money and other bank money, enables some of the very significant establishments of livestock production centres in the province to continue.

All of that has been handled by the Corporation and, on top of that, is always prepared to lend a hand to government as a lending agency when needed and feels quite outside of agriculture. The Corporation in the '97 flood had an exemplary record of providing additional loan services to individuals in need, which my colleague the Member for Emerson (Mr. Jack Penner) will be fully familiar with. I believe again there is close to \$20 million that was loaned out by the Corporation to flood victims in a very expedient manner, all of this done with the existing staff to a large extent. So I just want to put that on the record.

I will accept the challenge of the Minister, if she says, well, fine and dandy, why did you not do something about it when I was there? I am acknowledging that I consider it one of my shortcomings in that I did not appropriately lean on my colleagues at Treasury Board, through the administration of the Department of Agriculture, to see that there is an acknowledgment of the additional workload that the Corporation is currently handling and, in my opinion, will continue to handle for the foreseeable future. I express that concern to the Minister during this portion of the Estimates. Thank you, Mr. Chairman.

Ms. Wowchuk: Mr. Chairman, I thank the Member for those comments because indeed the staff at the Corporation do play a very important

role as a lending agency and have taken on many responsibilities as different events have arisen.

He outlined the flood loan program issue that is handled through the Corporation. That program is phasing out, but certainly the portfolio continues to grow within the Corporation. The accounts receivable have grown by some 22 percent, and guarantees have grown by some 32 percent. So just from those numbers, it is clear there is additional work that has to be done. I know that the people at the Corporation have carried and have been very willing to carry on a lot of additional work and sometimes under very stressful circumstances because programs have to be moved very quickly. But it is a credit to the staff that they have been able to address those issues when they have arisen and deal with them very quickly.

The Member talks about the need for new staffing. I would like to inform the Member that indeed we have begun to address the shortages in the staffing. As a result of this budget, MACC is now in a position to hire three new staff: one a financial analyst for the Diversification Loans Program and two floating field reps. There are also eight people, who have been there for a long period of time as term people, who have now been converted to permanent status. That will be happening, but those are the staffing issues at MACC that have been addressed in this budget.

Mr. Jack Penner: Mr. Chairman, when we last ended the agricultural Estimates, we were in the throes of a discussion based on The Labour Relations Act and the provisions within Agriculture. I know the Minister tried very hard to make sure that the clock would run out before I could make some final comments on that provision within the Act, and I appreciate the Minister's position on this.

However, I just want to put a few comments on the record in regard to the proposed or supposed changes that the Minister is looking at in The Labour Relations Act, specifically in the areas of hog production and livestock production and the increased employment, statistics that she put on the record last week.

I would suggest to her that if those employment analyses are done based on taxation

reporting. I would suspect that one of the reasons might be that many of the farms are and are being incorporated these days. Many of the employee, employment statistics might well be family employees of the corporation and therefore they might be somewhat innocuous.

I would caution the Minister on making significant changes. I use that word "significant" again because if she read her own statement, if she read my statement, she will note that I used the word "significant." I think she questioned me about that the other day.

I read very carefully the comments that the Minister did put on record. That still concerns me, very much concerns me, that she is portraying the agricultural relationship with their employees as something more distinctive than I think it really is, because I truly, having talked to a number of farm operators that employ people over the weekend, I get the feeling that there is a very significant good relationship between most of the employees and the employers in agriculture. That is what I thought it would be if you really discuss this issue with them.

The one issue that constantly gets thrown back at me when I discuss this with producers is, and the question came to the first person I discussed this with: Is this going to mean more red tape? Is this going to mean more reporting? Is this going to require us to fill out more paper?

I do not know whether the Minister read over the weekend that the average farmer in Manitoba now spends three hours a week just filling out documents for government agencies and/or chemical companies, reports and all those kinds of things, whether they are environmental reports, whether they are financial reports, whether they are labour-related reports and/or others.

* (15:30)

I noticed in our own operation when the corporation questionnaire on labour comes up, it is a very significant document that needs to be filled out even now every quarter. It takes a significant amount of time. The amount of red tape that farmers are facing these days is exceeding their capacity and increasing.

If I look at only the AIDA program and the amount of money our farm has spent on filling out questions and documentation and all those kinds of things for the AIDA program when virtually all that data is currently in existence under the NISA program, you have to wonder where we are really at and whether this simply means that we are going to need and require more reporting and more red tape.

I would suggest to the Minister that anything that she can do, I would request this of the Department, if there is anything they can do to give us less red tape than we have today, and I know that the former member for Portage la Prairie was in charge of a process that would reduce the red tape required in government under the previous administration. I think that was a step in the right direction.

I would just caution the Minister that she not initiate another process which would require more red tape, more reporting and a negative impact on the employer-employee relationship, which, I believe, is extremely good in the province today.

Ms. Wowchuk: Mr. Chairman, the issue that the Member raised is under section 4. He is right. We were having this discussion in this section. He did not get his final comments on the record. I welcomed those, but again I will remind the member that we are looking at a changing farm labour force. I indicated to him in the last session that the number of part time, people working year round is changing. We used to have, if we look at the record in 1985, about 2600 farms reporting paying wages year round. In 1991 that rose to 3487. In 1996 we are now up to 7992 farms reporting full-time employment.

This just spells out clearly that there is a change in the type of employment and that there is more full-time employment on farms. I also indicated to the Member that there are many calls at the Labour office making enquiries about this, and the Member talks about changes that are going to be made. What I indicated to him is that there is a changing environment there, and people are looking for more information on various issues, and, in fact, it is issues such as

hours of work, benefits, holiday pay and those kinds of things that employees are requesting.

I would suggest to the Member also that for more detail on this particular subject, we can go back at it when we get into section 4(a), or his colleagues can pursue it a little further when we get to the Department of Labour because that is the area that has been getting the phone calls.

But I think we have to be very cognizant of a changing environment. We have to ensure that people who are working full time have the opportunity to take advantage of benefits that are there for other employees. The Member is aware that this agriculture employment is outside of the labour act, and those are the kinds of issues that people are asking us to raise.

I can assure the Member that we are concerned about employees and want to ensure that they are treated fairly, and that is why in this budget we have made the change to the people who have been working term for some time, and there has been approval for conversion to permanent status for eight term people at MACC as a result of this budget.

I am sure the Member would agree with us that people who work full time should have the benefits that go with other full-time employees, but I can also assure him that this issue is raised by farm organizations. This issue is raised by employees in the farming industry, and it is one that has to be recognized. But it is not one that we are expecting to deal with in a big hurry. It is an issue and we will review it very carefully, as the Member advises, as we proceed on this matter.

Mr. Jack Penner: We could go on on this issue I suppose for some time if the Minister chooses to, although I appreciate MACC staff is here, and I would certainly like to pursue the discussion with MACC. I will take her up on her suggestion that we will continue this discussion at a later date when we get back into 4(a).

I want to, first of all, ask the Minister whether she can tell me when MACC came into being in this province? How many years have they been here?

Ms. Wowchuk: The Manitoba Agricultural Credit Corporation came into existence in Manitoba in November of 1958.

Mr. Jack Penner: Which government was in power when MACC came into existence?

Ms. Wowchuk: If I remember my political history correctly, in 1958 there was a Conservative government in Manitoba.

Mr. Jack Penner: I just wanted the Minister to put that on the record. I think it is important to note that it has been Progressive Conservative governments that have continually been progressively involved in devising and initiating programming that has been advantageous to continuing development of the agricultural community. I know that many young farmers have been the beneficiaries of the Manitoba Agricultural Credit Corporation and the programs they have brought forward and extended to, especially, young farmers in this province. I believe that has stood agriculture in good stead.

There was a real need, I believe, back in the early times when the Agricultural Credit Corporation in this province was formed, because I think banks and others, including the federal Farm Credit Corporation, were simply not recognizing the need in agriculture.

So I want to congratulate the Agricultural Credit Corporation for the initiatives that they have taken and the programs that they have put in place. I heard what the previous minister just said a few minutes ago about the continuation and the increasing staff requirements. I am pleased that the Minister is recognizing that need and has addressed it in putting in place three new positions within the Credit Corporation.

The eight positions in term staff that were there previously and now permanently, putting them in place in the Corporation, will not increase the work capacity in my view. It will however permanently give these staff people permanent government status and therefore the benefits that accrue to them will accrue here as well.

* (15:40)

I want to ask the Minister, during the recent visit that the Keystone Agricultural Producers made to her Cabinet, what were the main issues as far as credit was concerned? Did the Keystone agricultural organization bring forward a list of recommendations that were pertinent to Farm Credit or MACC?

Ms. Wowchuk: Mr. Chairman, the Corporation, as I indicated, has been in place for 40 years, coming into existence in 1958. Since that time, there has been a tremendous support for producers. The Corporation continues to provide dedicated service, primarily to young and beginning as well as high-risk farmers, for establishment, expansion and diversification of their farm operations.

The Member raises an important issue with respect to the need for this kind of corporation because in many cases, and we see more and more, the banks are not as interested in lending money to farmers. Indeed the Corporation was started during a Conservative administration at the same time as a lending institution was being set up in Saskatchewan, both provinces, and I am not sure which other provinces, recognizing the need for support.

The Member talks about these additional term positions not enhancing the service. Although he may not think it enhances the service, I think, in fact, giving the assurance that these people will be there full time does give some comfort to those people. Some of them could have been brought in when special programs were being implemented and now they are there as permanent staff. That just shows our commitment. We recognize the need for this kind of financial support, and we are prepared to show our commitment by ensuring that there is staff in place. That was the reason we added a financial analyst under the Diversification Loan Guarantee Program because that is a program that is in great demand.

With respect to the meeting with KAP, I want the Member to know that the Corporation has a good working relationship with KAP. There are ongoing meetings. Should there be issues—as I say, they meet on a regular basis. Should they have suggestions about loan programs or how programs should be changed,

that dialogue is ongoing. The recommendations, coming from a farm organization, are taken seriously. So there are no specific issues that were raised at the meeting because there is the kind of ongoing relationship between KAP and the Corporation so that issues do not have to wait until there is a meeting with Cabinet. They are discussed on an ongoing basis with the Corporation.

Mr. Jack Penner: I wonder if the Minister could give me a bit of an overview as to what sorts of programs the MACC currently provides in the province. Give me an overview of all of the programs.

Ms. Wowchuk: The Corporation offers a wide range of services, beginning with the direct loan programs. The current delivery model for direct loan programs was established in 1978-79 to provide financial assistance to Manitoba farmers in establishing, developing and operating their farms. That is an ongoing direct program. There are direct loan programs that can go to individuals.

Then also we have a loan program to co-operatives, corporate and partnership loans. This loan, the co-operative, corporate and partnership loan, was established also in 1978-79 to provide multifarm operations with an intermediate and/or a long-term loan. In 1998-99 there were 24 loans approved, for a total of \$4,283,031, as compared to 15 loans approved in 1997-98, for a total amount of \$1,641,488. So there is certainly an increase in those loans.

As well, Mr. Chairman, we also have the stocker loan. The stocker loan is also another direct loan that was introduced in 1975-76 to provide cattle inventory financing to qualified farm producers. During 1998-99, there were 397 loans approved for 36 448 head of cattle, for a total amount of almost \$20 million as compared to 322 loans approved for approximately 24 000 head of cattle in a total amount of just close to \$14 million in 1997.

We also have the Young Farmers Rebate Program for young producers. We also have a Comprehensive Financing Program. Under the Comprehensive Financing Program, the purpose of the program is to provide refinancing to

MACC clients who are going through a debt mediation process. These funds are primarily for refinancing existing MACC debt, although, in special circumstances, consideration may be given to normal amounts of external debt. Farm managing counselling assistance is available for individuals who qualify for these loans. We also have the Diversification Loans program.

* (15:50)

This program was initiated in 1995-96 and has been extended in 1998 and again in 1999. The purpose of the program is to assist the diversification and innovation and value-added activities of farmers as they adjust to the elimination of transportation subsidies and other support programs.

MACC guarantees loans made to farmers by participating lending institutions for value-added and diversification projects and enhancement of the production unit where financing may not be available from private lending institutions without a guarantee for reasons such as inadequate equity capital; security limitations; and unproven nature of the projects, products or proponents. The purpose of the loan must be for the primary agriculture purpose, including projects for enhancement of the production unit.

We also have the Flood Assistance Program, which was in existence in 1997-98, which is coming to completion. The purpose of that program is to co-operate with then Manitoba Natural Resources, Red River Valley Home, Business and Community Flood Proofing Program to provide financial assistance to Manitobans affected by the 1997 flood of the century to undertake raising, moving and diking necessary for floodproofing. The deadline for this program was September of 1999. So that program is coming to an end.

We also have the Guaranteed Operating Loan Program. That program is to guarantee lines of credit made to farmers by participating lending institutions for operating expenses. MACC guarantees to each participating loan institution 12.5 percent of the respective institution's total value of loans guaranteed by the corporation, program maximum of \$100 million to all participating lending institutions.

Mr. Chairman, I briefly mentioned the Young Farmers Rebate Program. The purpose of that program is to assist beginning farmers to reduce the cost of borrowing during the critical start-up or expanding stages of their farming operations.

We also have the Manitoba Producers' Recovery Program. This program is to assist Manitoba farmers in addressing financial needs arising from agricultural setbacks and the decline of farm income. That program has also come to completion.

Mr. Chair, for the Member's information, I would like to indicate that, under direct loans, we have in the past year, in the 1999-2000 year, 4764 loans for a total of \$220,890,000. Under the floodproofing program, there were 858 loans for a total of \$3,889,000. Under corporate loans, we have a total application of 93, with loans in the amount of \$9,209,000.

On Crown purchases, there were 10 loans for a total of \$160,000. Guaranteed recoveries, there were five loans for a total of \$192,000. In the stocker loan, there were 403 applicants for a total of \$15,973,000. Under the Producer Recovery Program, there were 644 applicants for a total amount of \$31,935,000.

Mr. Jack Penner: Thank you very much for that information, Madam Minister. What are the interest rates that we are lending money at today? What are the highest rates and what are the lowest rates that we are charging currently?

Ms. Wowchuk: Mr. Chairman, the rates are usually set at government rate plus 1 percent. If we would look at the whole portfolio we would find the lowest existing rate is at 6 percent, but if you were looking at rates today it would depend on the length of term that you were borrowing.

If you were borrowing for a one-year term—for example on a stocker loan—your rate would be 7.5 percent. If you are borrowing for two years, it is 7.875 percent. If you are going to five years, you would be getting a rate of 8 percent; seven years is 8 percent, as is ten and fifteen years, both at 8 percent. When you go to twenty years, it is 8.125 percent; twenty-five years is the same 8.125; and a thirty-year rate is 8 percent.

Mr. Jack Penner: Did you say the 30-year rate was 8 percent? So it is a bit lower than the 25-year rate.

Ms. Wowchuk: That is right. The 30-year rate is slightly lower at .125 less than the 25-year rate.

Mr. Jack Penner: Mr. Chairman, that gives me a great deal of confidence that by the time I am almost ready to retire, I should be able to borrow money at 8 percent again. Thank you very much for that information.

The direct loan payment is a simple loan arrangement between most producers that qualify. Could you give me an indication as to what the qualifiers are and what level of equity would be deemed too high a level of equity that a person would not qualify for a loan at MACC?

Mr. Cris Aglugub, Acting Chairperson, in the Chair

Ms. Wowchuk: Mr. Acting Chairman, the direct loan is a loan that is to provide financial assistance to Manitoba farmers in establishing, developing or operating their farms and focussing particularly on young and beginning farmers and expanding farmers.

* (16:00)

The purpose of the loan would be to purchase land or buildings, purchase or raising of traditional or alternate livestock, the construction of a new or renovations of an existing production building. It could be used for construction or renovation of existing homes in the provision of a modest farm home. It can be used for clearing, breaking or draining of land, debt consolidation, purchase of farm machinery, equipment, only in conjunction with the purchase of the farm unit. It can be used for legal costs in processing of a loan and for the financing purchase of shares in an agriculture-based, new-generation co-op.

To be eligible for a loan, the applicant must be at least 18 years of age or older. Now I am referring to the stocker loans, for the individual loans. They must be 18 years of age. It must be a farm operation. The farm operation must generate a minimum, projected gross income of

\$10,000 or 50 percent of the amount of the loan request, whichever is greater. Applicants must reside in Manitoba and either be Canadian citizens or have been lawfully admitted to Canada for permanent residence.

The farm operation must be considered potentially viable and meet security requirements. The applicant has eligible experience, knowledge, and the capacity to run the farm operation. The combined annual off-farm income of the applicant and/or his spouse must not exceed \$70,000 at the time of application. Their net worth can not exceed \$500,000 for the new loan. The farm must be operated by the applicant. There may be additional requirements applied for specific loans.

If you look at the corporate loans, again, these programs can be used for conventional farm operations, can be used for feedlots, vegetable storage facilities, and Manitoba producers' boards requiring performance bonding. To be eligible for the loans, some of the requirements are letter patent of incorporation, if co-op or corporation, which includes a list of shareholders and members, declaration of partnership registered with the Manitoba Consumer and Corporate Affairs under The Business Names Registration Act.

The majority of shares must be held by individuals whose principal occupation is farming. The majority of the share value must be held by individuals whose principal occupation is farming. All shareholders must reside in Manitoba and either be Canadian citizens or have been lawfully admitted to Canada for permanent residence. All producer boards must be established under Part 2 of The Natural Products Marketing Act to be eligible.

Those are the guidelines that are required to qualify for those kind of loans. In 1999-2000, \$21.7 million was approved for land purchases; \$18.1 million, or 38 percent of the portfolio, was for debt consolidation; \$4 million, or 8.4 percent, for livestock purchases; \$2.2 million, or 4.6 percent, for building improvements; \$1.3 million, or 2.8 percent, for land improvements; and \$0.3 million for other purposes.

Mr. Jack Penner: The question I have, then, is: What is the minimum rate of equity that would be required for a person to be able to access a loan at MACC?

Mr. Chairperson in the Chair

Ms. Wowchuk: Mr. Chairman, the loans on land are up to 80 percent of the equity. The Member asked what is the minimum rate of equity, but there is no minimum for an individual. It all depends on what kind of support that individual has. It has to make economical sense. The individual can be supported by their parents. There could be someone that is cosigning, someone else is prepared to carry them through as well. So there could be loans of up to 80 percent. Each situation will be different depending on the kinds of supports that that individual will have from family or from other sources, but ultimately it has to make economic sense for the loan to be made.

Mr. Jack Penner: The reason I ask those two questions—and I think your deputy minister and I have had this discussion once or twice before, and I think I have had this discussion with Mr. Shaw as well—it has been my view that, as of late, the last couple of years with what has happened in farm machinery pricing and cost of land and cost of inputs and specifically the investment required to make an agricultural operation viable, it would appear to me that your upper equity level at which you will consider the cut-off on loans to individuals needs to be revisited, I think.

When I look at a farm today, simply the price of a combine and a new tractor is half a million dollars, and if you own a new combine and a new tractor you would simply not qualify for a loan with MACC. If I would own a combine and a new tractor and have built a feed lot, if I would have enough equity to do that, MACC under the current guidelines it would appear to me I would not be eligible for a loan or my sons would not be eligible for a loan at MACC if they had that kind of equity.

So I say tractor and combine and a new feedlot simply because I think that demonstrates what is needed today in order to make an

operation viable over the long period of time. And I would seriously suggest, Madam Minister, that you give consideration or your corporation give consideration of changing the upper limits of equity. I say this because we have some personal experience here.

*(16:10)

I have three sons, as I have told you before, farming with us, and when we want to expand the operation, it is a bit disheartening when your corporation tells you that you have too much equity, you cannot borrow money from us. I am not sure whether we should be in business then if that is the business we are in. Yet I have a great deal of appreciation for MACC being there especially for the young farmers. But even for the young farmers to be able to over the long term exist and make a living off the farm, they would need very significantly more equity, in my view, than half a million dollars of equity. Similarly, the minimum equity requirement that you described, Madam Minister, tells me that it would have to be almost that half a million dollars in order to borrow enough money from MACC to buy a viable operation, buy into it. At today's income levels it even becomes questionable whether anybody can survive over the long term.

I looked at the report today in AgWeek. It does not lead one to have a great deal of confidence that even our best farmers can survive. The world wheat fundamental is better than prices, yet the prices, even since I got this, have dropped by about twenty cents a bushel. That leads one to wonder whether agriculture or especially the grain sector in Manitoba can survive unless there are some dramatic changes within the next period of time.

In order to give our young generation some level of confidence that we as a government are with them and stand by them, I use that term because the Minister has used that term many times, saying that her government or she stands by her farmers, I would ask whether she has given any consideration to extending that loan limit or the equity limit and/or re-evaluating the minimum requirements. I am not opposed to what she is saying as far as minimum requirements, because a person does have to

have some equity or at least some indication of support from family members that you can go out and borrow money. I think we are all aware of that. So if you could give me a bit of an indication as to what your views are and where you might be heading from a policy perspective in this area.

Ms. Wowchuk: Mr. Chairman, the Member raises a very valid point. Agriculture is not what it used to be. The cost of production has certainly increased when you look at the cost of equipment, as the member indicates, the cost of a tractor, cost of a combine, the cost of purchasing land. The investment that is required to go into any livestock operation is tremendous. It is very difficult for people to get established. That is why people are looking at joining together in their operations.

Certainly the Member raises a very valid point about the need to review this. I want to tell him that in fact that is what is happening right now. The corporation is looking at those limits. There will be discussions with the Board. I anticipate that in the near future the Board will be coming to me with some recommendations that we will give very serious consideration. Just given the fact that agriculture is changing and the investment is huge I think is one thing that many people do not realize. They talk about food production and life down on the farm being so wonderful and have this picture in their mind that you just go out there and get on that equipment and it is so much fun to just work out there.

Many people do not realize the kind of investment that the farming community makes in order to continue in this production of high-quality food and to continue to produce the food that Canada has a reputation for around the world. So the Member raises a good point. It is one that is being reviewed. In a short time I expect that I will be having some recommendations from the Corporation and from the Board.

Mr. Jack Penner: Thank you very much, Madam Minister. I am really encouraged by what you have just said, because I think that is truly a step in the right direction. When one considers that land can be valued anywhere up to

a thousand dollars an acre and a new combine, as I just indicated, costs anywhere up to a quarter of a million dollars, some of them even higher. Some of them right now run right around \$300,000, some of the newer combines. Similarly, other equipment, an air seeder, for instance, is anywhere between \$60,000 and \$100,000. That is not unusual at all. So it does not take very long before you have a million dollars tied up just in equipment alone.

You have the same in livestock production. I mean, for a farmer to set up a good cow-calf operation of 300, 400 cows is a very major investment these days and needs to have the financial backing. I am not always sure that the commercial operations that are there have the kind of consideration that I think we can extend from a government perspective to ensure that our agricultural community can exist and especially in support of our young farmers. I want to pursue that just a wee bit.

The Minister has on numerous occasions indicated that she is looking at a new program to encourage the transfer of lands and/or property from a previous generation to a new generation of agriculture producers. I wonder whether the Minister is prepared to give us a bit of an overview as to what kind of a program she is looking at, how that would involve MACC or could involve MACC and what the requirements might be under that sort of a program.

I know that when we did the value-added inquiries across the province, the 28 meetings that we had across the province, there were numerous places people indicated that there needed to be a program developed that would allow for the transfer of farms and farm property to younger generations who had a guarantee kind of initiative. I think that is even contained in the value-added task force report, that government could extend part of the loan and part of the loan would be extended by the family to the younger members and some sort of a guarantee written to the person currently owning and operating the farm and thereby transferring equities to the younger generation.

I am wondering whether the Minister is looking at some of those recommendations that are contained in the value-added task force

report and some of the recommendations that have been made by farmers to MACC and government and the Ministry of Agriculture?

* (16:20)

Ms. Wowchuk: Mr. Chairman, we all know that we have an aging farm population. Statistics show us that there are many people who would like to retire from farming, but, given the financial situation right now, it is very difficult for people to retire. It is also very difficult for young people to get into the business of farming, and we want to ensure that we do not have a further depopulation of rural Manitoba and take the necessary steps that would ensure that more young people get into the industry. The Member himself knows that there are many young people who were raised on the farm, some who are involved in farming right now and some who would like to get back into it, but financially it is quite difficult.

There have been things done by the previous government on estate planning, and the first initiative that we are dealing with is providing the information and ensuring that people are thinking this through, doing their estate planning, working with legal counsel and with accountants, looking through the whole process. There is a lot of material out there, but it is a matter of pulling it together and helping people work through that.

There is a lot of work that is being done on intergenerational transfer of land right now. We want to ensure that that continues, and the details of the program are not available yet. But, as we do more work on it, there should be announcements in the near future on the details of the program. The preliminary steps are getting people to recognize that there are supports for them when they transfer land intergenerationally and work through them on their estate planning to ensure that the transition is being properly done. More details of the program that we are proposing will be announced in due course.

Mr. Jack Penner: Mr. Chairman, I wonder whether the Minister could give us a bit of an outline as to when she thinks that she will have the details of a program she might be able to announce. Can you give us some date lines.

Ms. Wowchuk: Mr. Chairman, I have not got a specific date, but I want the Member to know that it will be a little later on this year that we will have the first announcement of details on the program.

Mr. Jack Penner: The reason I ask the Minister this is very often, when one looks at the depopulation of rural communities, one would assume it is the elderly farm community that is leaving. Yet today that is not the case. Today it is the younger generation that is packing it in, and many of the people are probably between 30 and 40 years of age that are leaving, highly educated young people that are finding it too difficult to make ends meet with what they have to work with and are not finding proper options in the marketplace to be able to give them some security over a long period of time to encourage them to stay with the agricultural community and make the long-term investments and commitments that are required to get them there.

Secondly, they tell us that the income is simply not there for them to be able to even think that they can raise a family in that kind of environment. So it is the young people that we are losing; it is not the older people and it is not the very young that are not even considering the farm. They are going out and, as I said before, getting an education and leaving their options open.

I concur with what the Minister said, that there are those that would really love to farm. I think there are those that would really be great, young farmers. We would love to keep them in our communities. If there are ways to be able to do this, to give them that secure feeling, then I would suggest that the Minister come with a program announcement fairly soon, because we are losing these farmers as we speak. It saddens me to see that happening all too often these days, that it is in large part the young farmers, especially in areas that have experienced significant flood problems during the last couple or three years, Red River Valley, southwest, southeast.

These young people are saying, you know, enough of this. Many of these younger people have fairly significant commitments to make based on loans that they have made or

commitments that they have made to get them into the farm operation. Then having that kind of a disastrous experience is simply a bit too much for many of them. They are the ones that are packing it in.

I think that there are two things that need to happen. Number one, and I have said this to the Minister many times, she needs to give an absolute assurance to those young people that have experienced flooding that they will receive exactly the same kind of assistance that we gave to those people in the Red River Valley, in the southwest area, and that the same programs be extended to them.

Now, I wonder whether the Minister can give me some indication as to what progress she has made over the last couple of weeks to give some assurance to these victims of flooding, young people especially, that there will be programs as we extended in the Red River Valley to these people. MACC I believe had quite an involvement in that. Are we going to extend those same kind of options to the people in the southwest?

Ms. Wowchuk: The Member talked about young people walking away from the farm and young people leaving rural Manitoba. When I see that happen I am very disappointed. It saddens each of us when young people who have a love for agriculture, young people who want to leave the farming community decide to make that decision. Usually when young people leave it is because sometimes it is a difficult situation that they are in, but usually they have other alternatives. In the farming industry they get frustrated with the high costs, the high risks that they take, the low return that they get for their work, and they decide that they do not want that option anymore and they move on.

* (16:30)

The real challenge is our older people. We have a lot of older people who are in agriculture right now, but when these older people leave they have no alternative. At their age they are not going to be going on to another job. They have to have some comfort, some portfolio built up that will give them the ability to live a quality of life. They have contributed, but when you are

in farming you do not have the opportunity to build up a pension or those kinds of things. All of their assets are tied up in their land and in their equipment. So that is why we think it is very important that we do begin the process of planning and ensure that there is proper estate planning and the ability to transfer land in a reasonable way, so that there is this comfort level and the security for people who are getting out of farming. That is the purpose of Project 2000, and we will continue to work on that. I hope that, as I said, later on in the year we will have more details available for the Member.

The Member also talked about the difficulties that farmers are facing, particularly in the southwest part of the province. I have to say that I am extremely saddened by that situation, as well, that the decision was made by the federal government not to support those people. The Member asks about progress that has been made. He will remember that my colleague and myself, the Minister of Government Services (Mr. Ashton), were recently in Ottawa, and we went at the invitation of the federal government to a meeting. Usually when a federal government invites you to come to a meeting, you would think that they have something to offer.

We went to Ottawa and got to the meeting with Cabinet ministers who indicated that they had taken this proposal to their Cabinet three times, and the federal government has decided not to proceed with any kind of program. Now the Member will be aware that these programs come under Government Services. The type of program that he is talking about is a JERI program. Yes, when there was the flood in the Red River Valley, the federal government was very quick with money. In fact, cheques were written quite quickly without even any documentation. People were able to get that money.

It is unfortunate that same kind of support was not offered to the people in the southwest part of the province, because I think that the situation in the southwest part of the province is even more severe than the Red River Valley in that in the Red River Valley—and the Member would know this, because he travels through there all the time—the flood was very dramatic

and made for very good television coverage. But in fact, the water came and the water went, and those people were able to get a crop in that year, plus they had their costs covered by the federal government, jointly covered, shared by the province.

In the southwest part of the province, the situation was very difficult. Fertilizers were applied. The rains were very heavy. In many cases, no crop was put in, and in cases where the crop was put in the harvest was disastrous. So in reality, those people had no income plus a lot of expense. Now you try to get somebody else to live without an income, have other people live without their income for a year and not very many people will survive. It is unfortunate that these people are being asked to survive under those circumstances.

The federal government told us at that time it was definitely no, and we just have to hope that there will be some reconsideration. If the Member will remember during the Red River flood we were on the eve of an election, and the money flowed very quickly. Perhaps if this issue is not resolved and we get closer to a federal election, maybe there will be some further sympathy or some understanding on the part of the federal government and they will create another program.

Now I know the Member is going to say why do you not put your money in first. The Member knows that there has been money put in from the province, and disasters are the responsibility of the federal government, jointly funded. I can tell the Member there has been a lot of discussion about that they only went for 90-10; they did not go for 50-50.

I can assure the Member that, when we went to Ottawa on our last visit, we offered any kind of program. Whether it be 50-50 or 90-10 or a JERI program, or any kind of program, we were prepared to fund it with the federal government. The federal government quite blatantly just said no. There is no new program.

This is unfair treatment. I hope that there is not another disaster in some other part of the country that other people will be treated the same way by the federal government.

Certainly, we have to—again this is not in my department; this is in Government Services—review the rules that cover disaster assistance. There are guidelines there, and we firmly believe that the federal government had—if you look at the guidelines, there was enough flexibility in those guidelines to cover off the input costs of disasters. Just as they were able to cover off the ice storms and the flooding in eastern Canada, this one should have been covered as well. I hope that the door is not closed completely on it, but the message that we are getting from the federal government is no.

Mr. Jack Penner: Mr. Chairman, I am a bit surprised that the Minister would put those kinds of words on the record, because she does have a golden opportunity to offer some assistance, without any federal aid, through her MACC program.

I believe the MACC program was used during the '97 flood very effectively, and there was no federal government assistance or decision making required. The federal government, as she said, was in an election mode, and she is correct. They offered some programming through Western Diversification, through the initiation of some part of the JERI program, and yet we failed to hear—and quite frankly, I want to go on because this affects her directly.

I want her to respond to this directly because she raises this continually. She blames the federal government continually, and this is a joint initiative of two governments. There needs to be a recognition that this minister represents the farm community and should be the advocate for the farm community. What I have heard her just say today, just told me that she abrogates—I mean, she walks away completely from the responsibility of being the advocate for the farm community.

I believe that she has an absolute opportunity to take the initiatives as the Progressive Conservative government did in 1988 in the Swan River Valley. When three ministers flew into the Swan River Valley, met with the community, and said: Yes, we will provide assistance to restore your lands; we will support you.

*(16:40)

We had not even discussed this with the federal government. We said we will support you during the flooding in the Swan Valley, and that was her own farm that was affected. She sits here and points fingers at Ottawa continually.

I think that is a disgrace, quite frankly, that the Minister will not take some initiative—will take the bull by the horns and make the decisions of an announcement and say to these farmers in the western part of the region: Yes, you are the same as we were then. We will be your advocate, and we will make the announcement. We will do the program, and we will assist you in ensuring that you will not suffer the loss of your farm because of an act of natural disaster. I think this minister really, really should rethink what she just said and indicate to those people that kind of support.

In 1988 we made that same announcement in the Interlake when it was burnt out with huge losses incurred by those people. We never even asked the federal government for an announcement or for assistance when we walked in and said to the people, yes, we will support you. It took us, Madam Minister, seven years of negotiations before the federal government finally paid its portion of the bill, but it was, after all, a government not afraid to make a decision based on need. It was a government with heart and with empathy and not just rhetoric. I think it behooves you to really rethink what happened in Swan River and what happened in the Interlake in 1988. Again, the same kind of provision was enacted in the Red River Valley, and MACC or the ministers made announcements as they were required without having any consideration of what the next level of government would do. They just made the announcement of the programs and did the negotiations after the fact, and that has happened in virtually every disaster, Madam Minister, that I have experienced in this province since I have been in government. I think that just demonstrated a will by the then government to ensure that the comfort given that government was there for their protection, was there.

This government just merrily walks away and blames the feds. We blame Axworthy; we

blame Chrétien; we blame the federal Minister of Disaster; we blame the federal Minister of Agriculture, and that is all we have heard so far. All the money so far extended to the southwest has come through agreements that were done by the previous Progressive Conservative government. AIDA, Disaster, the Red River Valley, the southwest, \$61 million, \$71 million, actually, I believe paid out under the non-seeded acreage and reseeding or custom seeding program and forage restoration program, all announced by Gary Filmon's government, and this minister and her colleague have constantly wanted to take credit for it.

Well, Mr. Chairman, quite frankly the people in the southwest part of the province could not care less who got credit for the programs or who got credit for paying out a \$50 acreage payment for non-seeded acreage or who got credit for \$10-an-acre of custom seeding or who got credit for \$75-an-acre announcement of forage restoration or a \$25-an-acre pasture enhancement program. I say to the Minister that there are people still phoning me, and they are telling me now that this minister has indicated there is no pasture restoration program or support program. Clearly we have a government announcement that clearly says there is one or was one, and I guess this minister is going to sit here and tell us that she did away with that program, the same as she said today that the flood assistance program was terminated at the end of 1999.

Well, I would have suspected that she would have wanted to continue that program for the people suffering the same kind of disaster in the southwest as they did in the Red River Valley, so I would strongly suggest, Madam Minister, that you reconsider reinstating the flood assistance program as it was announced and delivered in the Red River Valley, and that was not a federal program but was clearly a provincial program.

So, Madam Minister, I would suspect that you would have the ability, that your government, your premier by now would have just stood in this House and say: We are going to do this for the people of the southwest, regardless of what response we get from the federal government because I believe that we as

Manitobans—and I have spoken to many people in the Red River Valley and in other parts of the province that are absolutely aghast that this government has not stepped in and said, yes, we will. Here we are just walking away and blaming, blaming, blaming. Quite frankly, I am as tired of the blame game that this government is playing, as are the people in the southwest area of the province or many other parts of the province. They cannot believe that is all we hear, is blame federal, blame federal, blame federal, and the federal is blaming the provincial.

So nobody really understands why this government is acting the way it is acting, except for the fact that they probably have a significant majority that it does not matter to them what happens in the next four years. After four years, everybody will have forgotten about what happened in the southwest, and we will go on our merry way and try and get re-elected again. Well, let me remind the Minister, we will remember, and so will the rest of the people in this province, that this government had no heart.

Ms. Wowchuk: After that rant by the Member, I will tell him that the people of Manitoba will remember the work that this government has done. The Member is going one way and then going the other way. First of all, he is saying, oh, well, it is only the Filmon government that did anything, and then he goes the other way and says that the people really do not care where the money comes from as long as they get money.

Well, which way does he want it? Does he want to give the people of Manitoba the credit for putting the money forward for the Government of Manitoba, or is he trying to take credit for Gary Filmon and his team? You cannot have it both ways, saying that the people do not care where the money comes from, and then they want to give credit to Gary Filmon and his team.

The Member also says with what speed they responded. He talked about the flood in Swan River, and they responded within 10 days to that flood. Well, my God, why did you not respond in 10 days to the people of the southwest? You were the Government.

Mr. Jack Penner: We did.

Ms. Wowchuk: Well, if you responded, how come all these issues are not resolved. If you are so holier than thou that you can do all of these things, why did you not respond and put in place a program? You were the government of the day.

Now, the Member talks about all of these programs and the people from the southwest and talks about the loan-proofing program that should have been extended. The loan-proofing program does not apply. What the people from the southwest of the province are looking for is input costs, and the Member knows that they are looking for input costs. I can tell the Member that very few people have called and asked for another loan, and if you went the loan-proofing route, you would be giving them another loan. That is not what producers are asking for. Producers have asked for and continue to ask for support for their loss of input.

I still continue to say that the Member is wrong, and it would have been very wise on his part if we would have been able to pass that all-party resolution, that when we were going to Ottawa, to say that we had support from all members of this Legislature for the people of the southwestern part of Manitoba rather than having a divided message going to Ottawa.

The Member talked about AIDA. He talked about the \$50-an-acre payment and the various programs that are in place. The Member is admitting that there has been money that has flowed from the provincial coffers to the people of the southwest part of the province, and it does not matter whether it is this government or the previous government, it is the taxpayers of Manitoba that are putting money in to help those people from the southwestern part of the province.

* (16:50)

Mr. Chairman, there have been changes. We put the enhancement of AIDA in. We put the CMAP program in, which is \$100 million. By my calculations, \$100 million is a nice chunk of money. It did not all go to the southwestern part of the province; it went to producers across the province. The southwest benefited from that. The southwest benefited from the enhancements to AIDA that we put in place. The southwest

part of the province will also benefit from the changes that we made to Crop Insurance. There was a recognition of how difficult it was for people to pay their Crop Insurance bills this year, and we made changes to that. The Member did not mention that. There has been an extension to AIDA.

So all of these things are programs that are funded jointly by the federal and provincial government. The Member talks about support. Certainly, I would wish that we could, but the argument made by the federal government is when we had the flood of the Red River Valley, there was no AIDA, there was no CMAP, there were none of those programs that flow money into farmers' hands.

I do not agree with those arguments because I think that those programs are available to everyone, but that is the argument of the federal government right now, saying that there is additional money flowing to farmers, and that is why they are not prepared to do this.

Now, I think that this can come back to haunt the federal government, should there be another disaster—and I hope that there is not another disaster—in another part of the country. But they have set some pretty firm rules now on what they can pay for and what they will not pay for, and that has to be considered. I sincerely believe that the rules for disaster assistance have to be reviewed to ensure that should the situation arise again, it can be addressed.

But, certainly, we continue to look at programs that we can offer through the corporation, and I am pleased with the changes that have been made. I want to again clarify for the Member that there have been very few calls from producers asking for additional loans. There are loans available. There is a wide range of loans that are available. When individuals come to the Corporation, should they have difficulty in paying off a loan, they have the ability to negotiate, to have extensions on those loans, and through the corporation we are doing many things to help farmers.

Certainly the issue of lost input costs is one that is still outstanding and one that is of concern, but I think that what we should be

focusing on is on the future. We have had a good spring. Farmers have been able to put in their crops, and let us hope the weather co-operates and we can have a good crop this year and move forward. It is going to be very difficult for those producers who are carrying a large debt load, but the corporation will work with individuals should they have difficulty. We hope that we can assist them and hope that there will be a good year, and, hopefully, we will get some better prices than we have had in the last little while that will turn agriculture around and give hope to our young people.

Mr. Jack Penner: Well, Mr. Chairman, I am quite interested in the language the Minister uses in her response. That is, of course, her business. She can do that if she wants. I still say to the Minister that she has a responsibility, as we did in the Swan Valley, to the people. They are your people. They are suffering.

She said: Why did you not respond? The disaster happened under your tenure. Let me remind the Minister of one thing, that in the spring of the year it started out relatively dry in the southwest area. Seeding was progressing until it was deemed it would be a dry spring, and some of the people actually stopped seeding for a while, and then the rains started coming. The rains did not quit, did not quit until the end of June. There was no relief in sight anywhere, and it became very apparent that much of the land would not be seeded. So a rally was called in the southwest area. I think there were some 3000 people there. I think the Minister was there herself and her leader, now the Premier (Mr. Doer), and they stood tall and said we will stand by you; we will stand by you if you elect us.

The Government, right after that, met with the coalition that had been formed in Brandon, and it was a coalition of municipal leaders, of farm organizations of all stripes and, indeed, chambers of commerce and councils from throughout the southwest, and you could see the pain in their eyes. They asked us for specific programming, and we said yes to that programming. They said that is what we need now.

Then in the fall of the year, it became very apparent, as the Minister herself, Mr. Chairman,

has stated, it became evident that much of the crop that was seeded late—and we did extend the crop insurance deadlines for seeding, and maybe we should not have done that, because much of the crop went in very late and at the end of the year turned out to be a disaster.

But we had to wait until the end of October before we could even determine what those losses would be, and guess who was the government of the day by the end of that period of time. The current minister was then elected to government before we could determine what the actual result of the disaster in the south would truly be. It was really probably by December or January when the true hurt was really beginning to be calculated that the farmers themselves were able to clearly identify what their costs had been and what their returns were. In many cases, the returns were an absolute zero, yet they had all the costs of putting a true crop in the ground and nothing in return for it. That is what I am suggesting, Mr. Chairman, to the Minister, that she recognize that this disaster terminated when she and her colleagues were already elected to government and she was already the Minister.

I am surprised that she has that short a memory. Yes, it ended raining when Gary Filmon and his government went out to the southwest and met with the 3000 people in Melita. Yes, the current minister was there, and she stood tall, you bet. You vote for us, and we will support you. I guess what we are really seeing is that those people did not elect an NDP member and therefore they are being penalized. That is really what the Minister is saying here. I am really astounded at this, because she does not recognize that she and her government are really supposed to be advocates for all Manitobans, as we were in the North when the forest fires in the northern part of the province were there. When they came close to the community, all efforts were put out to ensure that there would be enough water bombers and firefighters to save communities, and where communities' damages were not saved, we went in and compensated.

Mr. Stan Struthers, Acting Chairperson, in the Chair

Yet this minister and her government have not got the heart to go back to the southwest and

say, yes, we will be there. We will not only stand beside you; we will give you the kind of support that you need to be able to survive another year. As the Minister said, most of the crop has gone into the ground in the southwest area, but many of the young farmers have quit. They have either rented their land to somebody else or leased part of their land and put what they could into the ground. So there has been significant change of property in the southwest area; that is what I am told.

I do not think that needed to have happened if the Minister would have recognized her responsibility to those people out there, as the Filmon administration did in the Red River Valley, as the Filmon administration did in the southwest in June, July of that year. But in October, when the final calculations were done as to what the hurt really was and the final crop came off, the Minister was already the Minister. Now she said: Why did you guys not do it? Well, Madam Minister, let me assure you of one thing. You step aside, and we will do it. I guarantee you we will do it and will do it very quickly. But it would mean your resignation, and maybe that is what the people should have been calling for, although they have not. They have been much kinder than the Minister has.

So I say to the Minister—

The Acting Chairperson (Mr. Struthers): Order, please. Could I remind the Member for Emerson to direct his questions through the Chair, not directly to the Minister, but through the Chair is the common practice here in the Legislature.

Mr. Jack Penner: Well, Mr. Chairman, if you want to get into that discussion, we can do that, but I have been constantly dealing through the Chair on this matter. So, if you want me to stop using the term "Madam Minister," I can do that as well. That is entirely up to you. But I have never heard that happen in committee before.

The Acting Chairperson (Mr. Struthers): I will just remind the Member for Emerson that all comments and questions are directed through the Chair to the Minister and the Minister can then respond back through the Chair to the Member to his questions. So if the—

Mr. Jack Penner: Oh, Mr. Chairman, I am quite surprised at the advice you are getting because—

* (17:00)

The Acting Chairperson (Mr. Struthers): Order, please. If the Member for Emerson can put his questions through the Chair, as is common practice in the House, to the Minister, and the Minister will return her answers through the Chair, that is the way we will proceed.

The Member for Emerson has the floor to ask the questions.

Mr. Jack Penner: I have nothing more to say.

Ms. Wowchuk: Mr. Chairman, the Member has raised many issues that we have gone through many times and I think that we will agree to disagree on timing. He raises the issue of the Swan River area and how quickly his government responded to that, and I only said to him that their quick responses could also have been made in this case, but that was the choice of what he wanted to do. I have to tell the Member that from the time that we formed government that immediately upon forming government we pulled together an all-party delegation, that we went to Ottawa on.

We raised the whole issue of low-income prices and the high input costs that producers were facing. We also raised the need for support for the disaster in the southwest part of the province. After much negotiations we were able to get \$100 million for producers of Manitoba, and I think that that is a substantial amount of money although it was not targeted directly to the southwest part of the province.

We have done our work and we have worked diligently with producers. The Member seems to think the programs that have been added—he has not mentioned the CMAP program as one that is an important one and I think that those are important programs, changes that have been made, and we will continue to work with the producers and certainly discuss with them what options are there and work within the framework that we have through the Agriculture Credit Corporation and certainly through Crop

Insurance. We have made some changes which I think are good changes.

I think if the Member would think back a little bit, his government also had the opportunity to avoid some of these issues. Had they moved ahead on the unseeded acreage program that was offered to his government a few years ago but rejected, there would not have been the need for an ad hoc program of the acreage payment because the payment would have been made through crop insurance as it was in Saskatchewan. That would have made available other monies, but because his government did not move forward with the unseeded acreage, excess moisture insurance as Saskatchewan did, that was the difference here in Manitoba. Because of that decision, it resulted in an ad hoc program having to come in. Since we formed government we have introduced the excess moisture insurance as a permanent program available to all producers and should there have been a flood this spring as there was last spring, there would not have been a need for an ad hoc program; it would be covered through crop insurance.

So the Member and I, it appears, will disagree. He chooses to imply that the people from the southwest part of the province are very disappointed in our government's actions, and I would have to say that from the meetings I have had with people, that is not factual, but either way, that is his view of the situation. But in my opinion, for the short time we have been in government, some eight months, we have made some very positive changes to crop insurance that will make things better for producers and for government because we will not have to rely on ad hoc programs and we continue as I indicated to him to review our programs that we offer through the Agriculture Credit Corporation. The Corporation has worked very well with producers. Should there be difficulties arising—but the Member is also right that there are farmers who are facing real serious challenges and some that are walking away from the farm, and it is a combination of things. It is a combination of high input costs, low return for their products, and certainly you do not want to see anybody walking away from the farm. It is not fair for farmers to have to go off to do another job to earn money to supplement the

farm income, but that is the case in many situations. Unfortunately, with the low prices and then difficulties of weather, all of those things combined do put a lot of pressure on many families. I hope that the year that we are seeing develop this year will be more positive and there will be hope amongst the young people and we will continue to follow up on this issue.

Mr. Jack Penner: Mr. Chairman, would you articulate for me how to conduct myself in this committee?

The Acting Chairperson (Mr. Struthers): The rule, as I understand it, is that members are to address their questions through the Chair to the ministers that then answer the questions back through the Chair to you after you have asked your question.

Mr. Jack Penner: Well, Mr. Chairman, then I would suggest that you read Hansard tomorrow, and if what you are suggesting has not happened, then I would apologize to you. But, if it did happen, then I would expect you to sit in that Chair tomorrow and extend an apology, because I think that I have addressed the Chair continually in response to the questions and/or raising the questions. So I sincerely have no problem your extending retribution, but if I did not address the Chair, then remind me tomorrow. But, if I did any less than the Minister in her response addressed the Chair, then I would suspect that you might want to reconsider the direction that you just took.

The Acting Chairperson (Mr. Struthers): I would like to indicate to the Member for Emerson that I will take it upon myself to check the comments. I thank him for his suggestion. We will get back on this for tomorrow then. Does the Member then have a question to pose to the Minister?

Mr. Jack Penner: Mr. Chairman, I also want to indicate to you this, that one does have a matter of privilege to raise in this House, and I am not beyond doing that. That would only be done in the Chamber, Chamber of the whole.

The Acting Chairperson (Mr. Struthers): I believe the commitment has been made to check Hansard. That will be done. I ask the Member

for Emerson if he has a question to pose to the Minister of Agriculture.

Mr. Jack Penner: The Chairman needs to consider clearly whether he wants to sit there playing politics or whether he wants to Chair the committee. I have a question of the Minister, Mr. Chairman.

The Acting Chairperson (Mr. Struthers): Once again I will indicate to the Member for Emerson that Hansard will be checked and the Chair will get back to the House for the information that the Member for Emerson has been putting on the record. I will recognize the Member for Emerson for a question to the Minister of Agriculture.

Mr. Jack Penner: Well, Mr. Chairman, I wonder whether you can ask the Minister whether the stocker loan program is still in existence and whether the Minister intends to maintain the stocker loan program and under what parameters it will be maintained and/or enhanced.

* (17:10)

Ms. Wowchuk: Mr. Chairman, the Stocker Loan is a very important part of the Corporation's lending portfolio. With the growth in the livestock industry, we anticipate that this program will grow. If you look at the program, Mr. Chairman, the purpose of the program is to assist producers by establishing a line of credit for stock purchases. Producers must purchase feeder livestock, whether that be steers, unbred heifers, unbred cows, bison bulls, bison heifers, or yearling horses or apply for advances on other livestock already owned by the producer. I should tell you also that Feeder Association members are not eligible for stocker loans. That is a different program.

Credit may be obtained to purchase up to 400 head of livestock, to a maximum of \$175,000. The repayment terms on feeder steers and unbred heifers and unbred cows must be sold or amount paid within six months of the loan approval. With bison bulls and heifers, these must be sold or accounts paid for within 15 months of the loan approval. Mr. Chair, the Member asked whether this program would

continue. I think that it is a very valuable program. In 1998 there was \$15 million that were loaned. In 1999-2000, there was \$18,600 loaned. For the upcoming year, we have projected that we will loan over \$30 million. To the Member, I want to indicate that programs are always reviewed, and the Corporation and the Board always look at ways that we can improve programs. But, in this particular case, the projections are that the loans will even be higher. Given the fact that we have anticipation of feed lots in Manitoba coming up, we have hope that we will see growth in the finishing industry of livestock in this province. I anticipate that the loans will grow and the program will continue to be in place.

Mr. Jack Penner: Mr. Chairman, I wonder whether you could ask the Minister whether she could differentiate for me the Stocker Loan Program or the Feeder Co-operative Association or the Cattle Feeder Association's program and what the difference is between the two, and how the loans are extended to the two.

Ms. Wowchuk: Mr. Chairman, I just outlined for the Member that the Stocker Association assists producers by establishing a line of credit for stocker purchases. The Manitoba Cattle Feeder Association loans guarantee program is to assist Manitoba residents in establishing feeder associations and to enable them to borrow funds on the strength of government guaranteed to a lender.

The funds are used by the association to purchase feeder cattle that are fed on a member farm or in a custom feed lot on behalf of the member. The association must have a minimum of 15 members and incorporate as a co-operative. At least two-thirds of the members must own or lease land or facilities in Manitoba and one-third can be non-landholders. A board of directors is elected by the members, and the association board of directors appoints or hires a secretary-treasurer or a local supervisor. Each member must provide the association's board with a credit reference, feed and pasture summary, and evidence of feeder facilities. MACC will require confidential statement of affairs of each member. The provincial supervisor and the board of directors determine the member's eligibility.

Mr. Jack Penner: Mr. Chairman, could you ask the Minister, then, whether she could indicate to me what the success ratio has been in the Stocker Loan Program. Are there any loans outstanding that are deficient at this time, or are they all current?

Ms. Wowchuk: Mr. Chairman, within the Stocker Loan, I indicated the number of loans and the amount of money loaned out in 1998-99 there was a total of \$15 million in lending. Of that in 1998 there were 42 clients who are in arrears for an amount of \$1,221,718. In 1999, although the number of loans has increased, the number of clients in arrears has declined to 37 clients for the amount of \$865,511. Also of the stocker loans there has been in 1998 a write-off of \$7,614. In 1999 on the stocker loans there was a write-off of \$34,589.

Mr. Jack Penner: Mr. Chairman, would you ask the Minister then to update me on the feeder co-operatives. Have we had similar success in the feeder co-operatives association or are there loans outstanding on the feeder co-operative?

Ms. Wowchuk: With the Guaranteed Feeder Association Loan Program, the associations are required to file a quarterly report. In the last filing, which was in March, there were no associations that were in default of their loans, but for the Member's information, in 1996 there were some payouts. The average size payout was \$535,828 in 1999. Mr. Chairman, I indicated that it was an average. In fact it is the gross payouts. In 1997-98 there was just under \$95,000. In 1998-99, there was just about \$13,000 written off and in 1999-2000, it was just under \$108,000 that was written off.

Mr. Jack Penner: Mr. Chairman, could you ask the Minister then, are all the associations that were initially started still in business?

Ms. Wowchuk: Mr. Chairman, there were 13 associations that were started. At present, there are 10 in operation.

Mr. Jack Penner: Could you ask the Minister again to repeat that?

Ms. Wowchuk: Mr. Chairman, there were 13 associations that were established in the time of

this program. At the present time, there are 10 in operation.

Mr. Jack Penner: Mr. Chairman, could you ask the Minister then to name the ones that are no longer in existence?

Ms. Wowchuk: Given the fact that this a pretty sensitive issue for some people who have not been able to maintain their operation, I would not want to put inaccurate information on the record. I wonder if it might be acceptable to the Member that I come back with the details when we return to Estimates to ensure that we have the right name and do not put inaccurate information on the record.

* (17:20)

Mr. Jack Penner: Mr. Chairman, would you ask the Minister whether she actually does not have the names of the co-operatives that are no longer in business. It would appear that there would only be three, and we would not have the names of those three co-operatives?

Ms. Wowchuk: Mr. Chairman, we know the names. I want to ensure that I have the exact legal name that we put on the record. I would like to tell the Member that I would bring back the three legal names of those entities when we return to Estimates tomorrow.

Mr. Jack Penner: I am wondering, Mr. Chairman, then, whether you would ask the Minister whether she could tell me whether the Vita Feeder Co-operative is still in business.

Ms. Wowchuk: No, Mr. Chairman.

Mr. Jack Penner: Mr. Chairman, would you ask the Minister whether she could explain why it is no longer in business?

Mr. Chairperson in the Chair

Ms. Wowchuk: Mr. Chairman, given that this is a legal matter and I have indicated to the Member that I want to be very careful about what information I put on the record, I am not prepared to make comments on this case until it is fully resolved.

Mr. Jack Penner: Mr. Chairman, would you ask the Minister then whether she can tell me

what year and what month the operation of this co-operative was terminated?

Ms. Wowchuk: Mr. Chairman, as of May 1996, the co-op was in default with the Vita Credit Union.

Mr. Jack Penner: Well, Mr. Chairman, she indicated that this Feeder Co-operative case was in the courts. Could you ask the Minister to tell you what the status of the court action is currently and when she might think that this case might be resolved or come to conclusion?

Ms. Wowchuk: Mr. Chairman, in this particular case, the pre-trial motions and discoveries are ongoing, and it would be very difficult for us to predict when that whole issue will be concluded.

Mr. Jack Penner: Well, Mr. Chairman, I want to indicate to you that this matter has been in dispute for a significant amount of time, and it appears to some people that the Manitoba Agricultural Credit Corporation is, in fact, trying to keep this in the courts long enough that it will eventually go away. I suspect that that might, in fact, happen when some of the other farmers go broke dealing with lawyers, paying lawyers' fees, and others.

So I would like to ask you, Mr. Chairman, whether you would ask the Minister whether she is prepared to provide legal assistance or whether her government might be prepared to provide legal assistance to the directors of the Vita Feeder Co-op, because one has already terminated his farm operations because, I was told, he could not pay his legal bills, and I think that is unfortunate in this case, when innocent directors took on the responsibility, I think willingly and professionally, of initiating, managing and directing a co-operative and now find themselves in a situation where they are having to defend themselves legally and are spending large amounts of money in their own defence and having in large part, as far as I have been informed, taken direction from the department's own employee, and that has resulted in them having been taken to court in actions.

I do not expect that the Department will want to respond on the legality of this. I just

want to know whether the Minister is prepared to give these farmers who were directors on this co-operative the security of knowledge that their legal interests will, in fact, be maintained and that they should not fear losing their farms in order to protect themselves through hiring legal counsel, whether she is prepared to indicate to those former directors that their legal interests will be protected and paid for.

Mr. Cris Aglugub, Acting Chairperson, in the Chair

Ms. Wowchuk: Mr. Chairman, as the Member indicates, this has been going on for some time now. That gives you an understanding of the complexity of this case, and that is why lawyers are working on this. I am not prepared to comment further on this. I think that it is in the courts, and that is where this case has to be resolved.

Mr. Jack Penner: Mr. Chairman, would you ask the Minister then for me whether she would—it has nothing to do with courts. It is simply a question whether she would give the former directors of the Vita Feeder Co-operative an assurance that they will not lose their farms, protecting their own interest, but if she would or if her government would ensure them that they will not have to forfeit their farms in order to protect the legal interest of their own directorship. I think that is only a fair question. It has nothing to do with the court case. So I would ask you to ask her whether they would in fact respond in kind to those directors to ensure that they would not have to forfeit their farms in order to protect themselves.

* (17:30)

Ms. Wowchuk: Mr. Chairman, again, to the Member, I want to say that this is a very complicated case. There are lawyers involved in it, and I am not prepared to comment or get involved in it.

Mr. Chairperson in the Chair

Mr. Jack Penner: I ask you again to ask the Minister a very simple question: Are she and her government prepared to ensure that the former directors of the Vita Feeder Co-op will not lose

their farms in light of having to protect themselves as directors of a co-operative program that the former government initiated?

Ms. Wowchuk: As I indicated, this is a very complex case. It has been worked on since 1996, and I am not prepared to make comments on it until this case is resolved.

Mr. Jack Penner: Mr. Chairman, I am wondering whether you can advise me as to what the Minister's response was.

Mr. Chairperson: I can advise the Minister, the Honourable Critic to observe the conventions of this House that, when a case is *sub judice*, we do not make any comments on it.

Mr. Jack Penner: Thank you. I would still like to know from the Minister whether it would be her position that she might direct MACC to provide funding and assistance to those former farmer-directors of the co-operative so that they would not suffer loss due to the court case that is currently in process.

Ms. Wowchuk: Manitoba Guaranteed Feeder Association Loan Program is a very important program, and it is a program that is available to assist Manitoba's residents in establishing feeder associations and enabling them to borrow funds on the strength of government guarantee to lenders, and the funds are to be used by the association to purchase feeder cattle that are fed by members' families or in a custom feedlot on behalf of the members. There have been thirteen that were established in Manitoba. Three are in default. One of the ones that is facing challenges right now is the Vita Cattle Feeders Co-op Association. There are actions that are legal. There are legal matters around that case, and, given that it is a legal matter, I am not prepared to make comments on this case until it is resolved.

Mr. Jack Penner: I say to you that government has all the resources in the world to drag cases on for ever and a day and the amount of money they spend on court cases they are not answerable for. They can justify staying in the courts forever. I think we only need to look at the soil classification case under crop insurance to demonstrate that a government—and it is no

fault of this Minister—can stay in court for nine years without resolving the issue. And the producers that are challenged here are simply at the mercy of the Government because the Government has unending resources when it comes to these kinds of cases.

All I am asking, Mr. Chairman, is that you ask the Minister whether she would ensure—these co-operative directors, put yourself in their place. I do not know whether you are a member of a credit union or whether you have ever served on a board of a co-operative. I know there are a number of them in this city, and I know that that is in keeping with your philosophy to support these kinds of co-operatives.

Personally speaking, I have been a member of co-operative boards in a number of co-operatives and have chaired boards of co-operatives, yet never have I ever thought that I would be in jeopardy of losing my farm because I was a director of a co-operative. Yet these people find themselves in a situation whereby they are in a court case, through no fault of their own, as directors, because they were advised by a member of the government agency. They took the advice and acted as they were advised, and now find themselves that they were having to spend individually large amounts of money to protect themselves, to apprise themselves of the kind of legal expertise that will keep the creditors at bay.

I find it very interesting that any government, whether it is the previous government or this government, would subject board members of a government-constituted initiative, the Feeder Co-operative Association program—I think it serves the purpose well, quite frankly, what I have seen of the program. It serves a real purpose and works well in most cases, except this one. I am not going to get into the details because, as the Minister says, it is in the courts.

Mr. Chairman, all I want to know is whether this minister and/or the Department is concerned enough about the total indications of this case, the security of boards of directors of co-operatives and/or credit unions and the liabilities incurred here, and whether we are giving advice to all these boards of directors, whether they be

credit union or other co-operatives of many kinds—we are now moving towards value-added co-operatives—whether the legal obligations that many of these co-operative members face, that the directors are fully made aware of what their liabilities might be because, quite frankly, in all honesty, these people had no idea, even though they were board members of a co-operative, that they would ever have to face this kind of a court challenge. I assure you of one thing, that every one of those co-operative board members that served on the Vita Feeder Co-op wishes they had never, ever heard the word "co-operative."

I do not think that speaks well for the whole co-operative movement, and I know that the co-operative movement is part of a philosophy of this current government, as it was of the previous government. We encouraged the establishment of those co-operatives, and yet not really assuming that this kind of a libel case would ever be incurred, I think we should on both sides of the House agree that there should be extended to these directors an assurance that they will not suffer financially because of actions they took based on advice that they received from a member of the Department in this case.

That is the only question that I have of the Minister. Is she prepared to give that assurance to those co-op directors?

Ms. Wowchuk: Mr. Chairman, again, the Member has put a lot of information on the record, and he talks about a particular case, and I want to again remind the Member that this case is before the courts. It is a legal matter, and I am not prepared to make comments until the case is resolved.

* (17:40)

Mr. Jack Penner: Well, Mr. Chairman, I would think it would be in the best interest of the Manitoba Agricultural Credit Corporation if they would, through the Minister, write a letter of comfort to these poor co-operative directors who feel they are being victimized, write a letter of comfort indicating to them that they will not be in jeopardy of losing their farms because of a court case that might go on for another decade or more. We do not know when this process will be

terminated, because it has not even reached the point of discovery yet. It is, I believe, right around four years now that we have been into the courts.

I do not expect the Minister to comment on any specifics of the case. It would not be in her best interest if she did. The only thing that I would like the Minister to indicate to those directors and their families is that they will not suffer the loss of their farms due to a court case that might go on for a very long time.

Mr. Chairman, if you could ask the Minister to have those discussions with her colleagues and maybe her premier (Mr. Doer), maybe they could come to some terms and find a way to assist those people that, in all innocence, became board members of a co-operative that went awry.

Ms. Wowchuk: Mr. Chairman, we are on the Agricultural Credit Corporation, a very important portfolio that we have in this Department, and we offer many programs, and I am really proud of the record of the people who have built this corporation. I look forward to continually working with the staff at the Credit Corporation, with the field staff and with the Board, to look at new supports that are needed and in that process to review the programs that we have and find ways that we can enhance those programs and ensure that when we establish programs, they are meeting the needs of the producers.

I think it is an ongoing process that we have, that when programs are established, we review them, look at what we are offering and then look at ways to enhance those programs. I know that very soon I will be meeting with the members of the Board, and I am sure that between the Board and the staff, there will be recommendations brought forward on how programs can be enhanced.

If there are particular programs that are not meeting the requirements of the producers, we will review those, but I want to say that our objective is to financially assist farmers in achieving a reasonable level of income where they can enjoy a comfortable lifestyle that rural communities welcome, contributing to a viable rural economy. Those are our goals. We have to

continually look at programs to see how they can be improved. The members raise a particular program. Certainly this program will be reviewed, as will all the other programs in the Corporation. We will look at ways in which we can enhance them and continue to provide services to the families who chose to enter what I believe is a very important industry in Manitoba. That is the agriculture industry.

Mr. Jack Penner: Mr. Chairman, would you pass on to the Minister that I believe that the directors of that co-operative are not very comfortable right now and are not enjoying their situation at all? The uncertainties surrounding them is more than many can bear. I say to you, one of the younger members of that board has packed it in and says he just simply cannot afford the legal cost or could not afford the legal costs. He has quit his farming operation. I hope that he will be able to reconsider if he would get some reassurance from the Minister that their government might in fact step in and assure them that their legal responsibilities would in fact be covered one way or another.

Mr. Chairman, might you ask the Minister whether she could tell us who the board members are currently and what changes have been made to the Board, whether the board is still there that was there when she took office or if she has made any changes as to who the members of the Board are now?

Ms. Wowchuk: Mr. Chairman, as with all boards, people are appointed for a period of time. When their term expires the government has the opportunity to review those positions and make appointments or reappointments. In the case of this particular board there have been some changes. The present board consists of Mr. Billy Uruski of Arborg as chair; Sandy Yanick of Shoal Lake as vice-chair; Joe Eichler, board member; Suzanne Yule, board member; Sharon Taylor, board member; Noreen Dohan, board member; Aaron Redekop, as a board member; Terry Wareham, board member; and the general manager, Mr. Gil Shaw, is also a member of the Board.

Mr. Jack Penner: Mr. Chairman, I wonder if you could ask the Minister to pass on to you a list of the Board, that I could have a copy of

them. I wonder, Mr. Chairman, whether you could also request what the salaries are of the board member, the chairman, and the Board. Maybe you could ask the Minister to respond to that.

Ms. Wowchuk: Mr. Chairman, I will certainly provide the Member with a written list of the board members and indicate to the Member there have been no changes in the rate of remuneration for the members. The Chair of the Board has an annual remuneration of \$7,500, and the other members get \$100 per diem, as directors, per meeting. Plus I am sure the Member is aware that, as well, costs of transportation are also reimbursed to board members.

Mr. Jack Penner: Mr. Chairman, just as a general observation, I have seen a number of appointees come to the various boards at various levels of government. Very often, when they are agricultural appointees, I see that they are identified as Farmers Union members. I wonder whether you could ask the Minister whether that is a prerequisite of being appointed to a board or commission in her department.

Ms. Wowchuk: Mr. Chairman, I said that I would provide the membership, the composition of the board to the Member. He has better knowledge than I do as to whether these people are members of the Farmers Union. I am not aware of their membership in any organizations. To the Member's other question, no.

* (17:50)

Mr. Jack Penner: Mr. Chairman, I have seen at least one news release where it was clearly identified that the members appointed were members of the Farmers Union, and it was stated in the news release. I just wanted the Minister to indicate to us whether it was a prerequisite. Maybe you could ask her to clarify for us whether that was a prerequisite of being appointed to a board or a commission within the Department of Agriculture.

Ms. Wowchuk: Again, I am not sure where the Member is coming from. If you look at the members of this board, we do not ask them what church they go to or which farm organization they belong to or any of those things. It is not a

prerequisite, and there are various farm organizations. They could belong to the Manitoba Cattle Producers; they could belong to Keystone Agriculture Producers, whom the Member is a member of; or they could belong to the National Farmers Union.

What we want to do when we put these boards in place is an assurance that they have an understanding of the agriculture issues, the importance of agriculture, that they understand the importance that the Manitoba Agricultural Credit Corporation plays in the agriculture community. I was very pleased to be able to appoint, in particular, Mr. Bill Uruski as the chair of this committee, whom the Member knows. I am sure the Member would agree that he brings a wealth of knowledge and experience, and can play a very effective role in chairing this board. and working with us as we develop policy and programs that will enable the farming community to get the supports they need from this corporation.

I guess I would have to wonder why the Member would put a question like that forward, Mr. Chairman. Is he telling us that, when they were in government, they had certain stipulations such as farm organizations that people had to belong to? I know that he is often very critical of the National Farmers Union, but I think that in a well-rounded society there are many views. People have different views, and I respect people for their different views and the wealth of knowledge that they can bring forward to the operations of many boards.

I am not critical or disrespectful of anyone, no matter what their choice of religion is or what their choice of political stripe or their farm organization or their educational institute. I think all of those things make for a very rounded society, and I think that is what we look for, for people who can enhance our boards.

Mr. Jack Penner: Mr. Chairman, as you will have observed, I asked a very simple question of you that you did pass on to the Minister to ask whether it was a prerequisite of appointees in the Department of Agriculture to be former or current Farmers Union members. I did not get an answer, and I do not expect one.

Point of Order

Ms. Wowchuk: I do not want the Member to put misinformation on the record. I indicated to him clearly in his first question that, no, it was not a prerequisite for the person to be appointed to the Board to be part of the National Farmers Union. I also want to remind the Member that there are four of these members who are previous appointments, so they are not all a new board.

Mr. Chairperson: The Chair believes that this is a dispute over the facts and not a point of order.

* * *

Mr. Jack Penner: Well thank you very much, Mr. Chairman. Could the Minister indicate what Mr. Uruski's background is?

Ms. Wowchuk: If the Member would like a bio of Mr. Uruski, I think I could provide him with that, but I think that if the Member would just search his memory a little bit and think back a little bit, he will remember that Mr. Billy Uruski had been the Minister of Agriculture in Manitoba for some time and brings a wealth of knowledge and experience to this board, and he is well aware of Mr. Uruski's background.

Mr. Jack Penner: Could you ask the Minister to provide a bio or background for all the Board members that are newly appointed board members?

Ms. Wowchuk: I am sure that the Member would be interested in the background of all members of the Board, and they bring a balance of information. The majority of them are of farming background, make their living farming and bring a wealth of knowledge to the Board.

Mr. Jack Penner: Mr. Chairman, could you ask the Minister whether she would provide bios for them, for the newly appointed members?

Ms. Wowchuk: We will review the background of all members of the Board and provide the Member with some information on all board members.

Mr. Jack Penner: Mr. Chairman, could you ask the Minister whether she is intending to bring forward additional programming for the construction or a loans program directed specifically at the very quickly expanding hog industry in this province?

Ms. Wowchuk: We all recognize that there is going to be growth in all aspects of the livestock industry, given that we have some of the advantages that other provinces do not have. Programs under the Corporation are not sector specific, and programs that are going to be made

available will be for all expansions not specific to one sector.

Mr. Chairperson: The hour being 6 p.m., Committee rise.

Call in the Speaker.

IN SESSION

Mr. Speaker: The hour being 6 p.m., the House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, June 5, 2000

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