

Second Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS

Official Report
(Hansard)

*Published under the
authority of
The Honourable George Hickes
Speaker*

Vol. LV No. 30C - 10 a.m., Friday, April 30, 2004

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
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.
MELNICK, Christine, Hon.	Riel	N.D.P.
MIHYCHUK, MaryAnn, Hon.	Minto	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa	Seine River	N.D.P.
PENNER, Jack	Emerson	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, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
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, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, April 30, 2004

The House met at 10 a.m.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

COMMITTEE OF SUPPLY (Concurrent Sections)

AGRICULTURE, FOOD AND RURAL INITIATIVES

* (10:00)

Mr. Chairperson (Harry Schellenberg): Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 254 will be considering the Estimates of the Department of Agriculture, Food and Rural Initiatives.

Consideration of these Estimates left off on Resolution 3.2. Risk Management and Income Support Programs. The staff can come forward. The floor is open for questions.

Mr. Jack Penner (Emerson): Mr. Chairperson, I had a bit of an opportunity last night to talk to a number of producers in the province. This really had nothing to do with crop insurance, but, to say the least, I got an earful last night about the taxation and on property and all those kinds of things. It appears to me as if there is an organization coming up of an event that might not be very pretty.

It has, I believe, Madam Minister, everything to do with the huge drop in income that the agriculture community has seen in this last year. In large part, a number of these producers, I should say two of these producers I talked to last night, felt a sense of abandonment, but not so much from the lack of what government has done and action that government has taken, but because of what they perceive as the deceptive way government has portrayed it. One of them mentioned specifically advertising \$180-million programs when, in fact, many of the cow-calf operators have received virtually nothing, no support at all.

I think that is a problem we have, Mr. Chair, in creating expectations and then not delivering on

those programs. I think that is unfortunate that happened, and I think it leads to an attitude out there that is not healthy. It leads to a perception of government that does not reflect well on all of us.

I think the other thing that they are starting to see now, they are getting a bit of an indication as to what kind of legislation is coming down. One of them specifically referred to The Water Protection Act and the discussion in that act about the minister having the ability to remove whole farm operations from an area that would be seen as no-go zones for the protection of whatever the minister would choose to use as an excuse.

I want to ask the minister this—and I want to do this under the auspices of Crop Insurance because I think this will have a lot to do about the kind of design changes that I see that are going to have to come in much of our programming in the province—if we in fact are going to use ministerial powers or give ministers powers to remove.

I think that is tremendously dangerous, quite frankly, from an attitudinal standpoint, because we need good, sound, solid attitudes in rural Manitoba to keep the growth going in that sector. If we create a negative effect or a negative mindset in agricultural producers and the industry that goes along with it, including the financial institutions that support the industry, I think we are going to find ourselves in a situation that we might not want to be in.

So I want to ask the minister whether she has had any discussions or whether she and her colleague, the minister in charge of water now, had any discussions prior to the drafting of The Water Protection Act. I would like to also ask her what kind of discussion she has had in regard to The Planning Act and many of the changes that are being brought about under The Planning Act.

Thirdly, the reason I am asking this at this time is: Has she given any consideration as to how that will affect the need for some kind of underpinning of the agricultural community, whether that is through the APF program or whether that is through Crop Insurance? I understand the name Crop Insurance is gone. It is now production insurance, is that correct?

Has the name changed? It will be the production insurance corporation?

Mr. Chairperson: Order, please. Let us keep the conversation to the resolution so that it is relevant. Yesterday we agreed to speak to Resolution 3.2. Just a caution.

Hon. Rosann Wowchuk (Minister of Agriculture, Food and Rural Initiatives): Mr. Chairman, the program is called production insurance; the name of the corporation is the Manitoba Crop Insurance Corporation and will remain the Manitoba Crop Insurance Corporation.

Mr. Penner: Well, thank you very much, Madam Minister. Just so I understand that, I think there is a bit of a misconception out there that the corporation will actually be renamed to a production insurance corporation, and I was of the same opinion, quite frankly, that that might be the case, that there might be a name change.

So can the minister then answer the question that I put out there? Has she had discussions with her Cabinet and/or Cabinet colleagues of the impact of the changes that are coming about in legislation that are going to create significant unknowns to many of the producers in this province, and how will the negative impact of that be reflected in the need for a greater degree of government support and funding through organizations such as the Manitoba Crop Insurance and the federal-provincial governments through CAIS and other programs?

*(10:10)

Ms. Wowchuk: Mr. Chairperson, the member started out his comments by talking about cow-calf operators not getting any money from the program. I want to tell the member that the programs that were in place were designed in consultation with the Manitoba Cattle Producers, and cow-calf producers did get money from the program. They got money from the Manitoba cow-cull program. They got money from the federal cow-cull program. The Drought Assistance Program was available to cow-calf operators, as well as the feeder assistance because many cow-calf operators were feeding cattle on their farms. The earlier programs that were designed to move the fat animals out went to some cow-calf operators if they were feeding cattle on

their farm, and many of them do on a smaller scale than feedlots, but the other programs were available.

With respect to the legislation, I can tell the member that I have had very extensive discussion with my colleagues on The Planning Act and on The Water Protection Act. We have had extensive discussions with Keystone Agriculture Producers, with AMM, the Association of Manitoba Municipalities. I can also say that I was at a rural forum where Keystone Agriculture Producers, along with a waterfowl association, hosted a discussion on alternate land use. As I listened to this discussion, many producers who were in the room talked about the need to do more to protect our water, looking at ways you can take marginal land out of production. Municipalities have been doing development plans and are continuing to work on development plans. So, yes, I have had many and lengthy discussions on this issue.

Mr. Penner: That is encouraging from one aspect. However, I find that relatively interesting because many of the producers are very concerned. When I look at the aquifers that we have in southeast Manitoba and much of eastern Manitoba, and most of them are flowing aquifers, that has been well established, I have to raise the concern that some of the producers in the southeast region have expressed of the ability of a minister to make the decision as to whether operations, or indeed communities, can be moved out of areas that would be deemed as either riparian or impacting our natural water reservoirs, such as aquifers and/or lakes, rivers and streams.

When I read the statement that the Minister of Water (Mr. Ashton) made in regard to how the effect of the streams and rivers feeding our lake systems and how the Churchill Basin watershed area was being affected by runoff and by livestock operations, especially in the southeast area, I have grave concerns that this Government and the minister might even consider moving whole communities.

The minister sort of scowls, but put into effect the realization that there are some communities in southeast Manitoba that have tapped into an overflowing well that was giving us a lot of problems back in 1988 when I first became the minister. We looked at that. We stuck three pipes into those overflowing areas. Since then they have been tapped by communities west of the Landmark area. Those are clearly very significant areas in the province where

natural discharges out of those aquifers are coming from, and water supplies are being drawn from those areas to supply via pipeline water to communities west of the discharge area. There are large livestock operations, many livestock operations, right on top of that aquifer. If I take the minister's word verbatim, then I would suspect we can expect that the minister will look at that area and make the decision of whether he needs to move even the whole communities to protect, as he says, that area and call it a no-go zone. That act is giving him the right to make that decision.

Have you had that discussion, Madam Minister, as a Minister of Agriculture, as to the impact to the agricultural community and the agricultural industry in this province of Manitoba? Have we actually done proper research to define how manure actually is now called a pollutant when not many years ago it was seen as the best organic fertilizer you could buy?

Mr. Chair, it is because of this minister and her colleague's rhetoric prior to being elected to government that I think in large part led to the change in attitude about manure being an organic fertilizer and now being seen as a pollutant, and driven largely by such organizations as Hog Watch, which she was very supportive of way back and I can read her back her speech that she gave in the House. Do you want me to read the exact words that you put on the record? Well, they are all there. Sometimes we have to reflect on what we said in the past.

I think, Mr. Chair, the minister owes the farmers of this province an explanation as to what she is contemplating and how she sees the agricultural community being dealt with by this current NDP government and in legislation that they are putting forward. How will that reflect, Madam Minister, economically, and how will Crop Insurance and others be involved in the compensation packages that would obviously have to be developed?

When farm operations are either downsized or not allowed to use fertility products, and that seems to be the case here, the minister will have the right to say you cannot use fertilizer, or you cannot spread manure on a given area. The minister will have that right. What will that do to the productive values of those properties and how will Crop Insurance be impacted by the reduction of that level of production

when those orders come down? Can the minister answer that?

Ms. Wowchuk: Mr. Chairman, with respect to Crop Insurance and the acts that the member is referring to, Crop Insurance covers natural losses due to natural perils. If the farmer makes a decision to use less fertilizer, then his production average will go down and Crop Insurance will deal with it as they do now, but we do not anticipate that these two pieces of legislation will have an impact on the operations of Crop Insurance.

Mr. Penner: Well, I am somewhat surprised at the minister's answers because we have never seen a piece of legislation that would allow a minister to order the reduction of fertility products in a given farm operation. We have never seen that before. We have never seen those kinds of powers before. They are called managerial powers, and these two acts clearly allow for that.

I do not know how staff feels about that, but it will put staff into a relatively difficult position because they will have to define whether reduction in production is due to ministerial orders, government orders or whether it is a natural cause. That judgment will have to be made by the corporation and the staff of the corporation. It will put them in a very difficult position, because once the order comes down to not allow fertility products to be put on land, the production of that land will go down dramatically. There is no question in my mind.

What I find most interesting in this whole debate about the protection of water, I think it is largely an excuse, a political one, to drive an agenda, but that is, of course, up to this Government and how they want to portray the agricultural industry. I think that the portrayal of the agricultural industry is really what is in question here, and how negative that effect will eventually be. Let that be as it may. The minister and her Government will have to bear the brunt of that.

Mr. Chair, I think what is really in question here is has government made any consideration of the Crop Insurance Corporation, or have they given any directive to the Crop Insurance Corporation as to how to deal with those kinds of ministerial orders when they come down and how to deal with the reduction in the productive capacity of those farms when those orders do come down.

* (10:20)

Ms. Wowchuk: The member is talking about a completely hypothetical situation. It is a completely hypothetical situation, and Crop Insurance will continue to operate the way it operates. If a producer uses less fertilizer and their production average goes down, and their coverage goes down. The member is not being accurate in his comments and addressing a completely hypothetical situation. Many acts have ministerial powers in them. If he looks at the legislation that his Government passed in other areas, there is ministerial power in them. I think the member is taking things to an extreme here.

I can tell him, as I said, I was at rural forum where Keystone Agricultural Producers and the waterfowl group talked about the need for all of us to look at the quality of our water. There is a recognition that our water is a precious resource and some of the water, particularly in Lake Winnipeg, is not in very good condition, and we have to make changes there. These changes will involve all sectors of society but to portray that the minister is going to be making heavy-handed decisions, I think he is being a bit extreme.

Mr. Penner: Clearly, either the minister has not read The Water Protection Act and the ministerial powers given under that act, because never before in the history of this province have we seen a minister being given the right of expropriation without compensation under an act for entire removal of an industry and/or an agriculture production operation or, for that matter, a community. Never have we seen government taking the right to remove from an area that might be deemed as detrimental to the water quality, never have we seen government having been given the power to remove, clear entire areas of human habitation. That is, apparently, the case under this act. There is no question about that.

As a matter of fact, I met with the Keystone Agriculture Producers organization and we went through parts of the act with the corporation. They told me very clearly they had not taken a great deal of time to look at this. They had spent most of their time looking at The Planning Act and they were concerned about many areas of The Planning Act and the powers given under that act. I said take a look under The Water Act and you will see real powers being given. So they are going to do that. They were going to get back to us as soon as they

had taken a look at it. They have not gotten back to us yet.

So, from an organizational standpoint, we also met with the dairy producers and asked them the same question. We met with the hog industry and have asked them the same question. From the hog industry and from the dairy industry we got the same reaction, "Sorry, we have not taken a look at that. We did not really reflect a great deal on The Water Protection Act." They thought it was simply water protection. It is much, much deeper than that and we all know that.

So, Mr. Chairperson, I ask the minister: Has she had a significant involvement in developing that act and has she raised the concern of the agricultural community and the ability of the minister to remove very significant numbers of operations from a given area of this province, and how will that affect the agricultural production in this province? Has she given any consideration or was she involved in that discussion?

Ms. Wowchuk: Mr. Chairman, I would encourage the member to talk about The Planning Act when he is in the Intergovernmental Affairs Estimates. The Minister of Water Stewardship (Mr. Ashton) will be having his Estimates very soon. There will be debate on The Planning Act. I do not know whether the member has asked for a briefing on the act yet, but that is available to him.

With respect to Crop Insurance, Mr. Chair, I believe the member is portraying a hypothetical situation, and we do not see the impact that he is portraying on Crop Insurance. I can assure him that I have had very thorough discussions and have been involved with the legislation. With respect to Crop Insurance that we are discussing now, this Crop Insurance's responsibility is to deal with natural losses due to natural perils.

Mr. Penner: I appreciate the candidness of those remarks. I also appreciate the Government's attitude towards the primary producers in certain areas and taking the right to remove producers at will. If she supports that, that is of course her prerogative and we respect that.

Mr. Chairman, I want to ask the minister whether the levels of coverage in crop insurance this year have been lowered because of last year's crop

prices and forecasted crop prices and if she and/or the corporation have given any consideration as to the dramatic increase in prices that we have seen in many of the commodities after the new year? Are they going to reflect and change their coverage rates because of the significant increases in the price of many of the commodities?

Ms. Wowchuk: Mr. Chairman, the prices are set by the federal government. We get our prices in December, the prices that we always use, year in and year out. This is set in order to be able to get the information out early enough right across to producers to make decisions. You cannot change those prices. That is a contractual agreement that the prices that are set are the ones that you use. In some years the prices are set higher than they actually are. In fact, that is what happened last year. We used the December price and then the price dropped and farmers got paid higher than the actual value of the crop. This year the price has increased somewhat from the price that was set in December, but there will be no changes in this price just as there was no change last year when there was a drop in the value. It is not a tradition to change the prices. We have a contractual agreement that we have to live by—

Mr. Penner: Can the—

Ms. Wowchuk: and of course, if I could finish, Mr. Chairman.

Mr. Chairperson: Right. I will let you.

Ms. Wowchuk: We still do not know what the price will be by the time the farmers are doing their harvesting. We all hope that the prices will be higher but you have to make a decision where you are setting your price. The prices have been set, and that is what we will live with.

Mr. Penner: Can the minister indicate whether there will be livestock insurance available this year?

Ms. Wowchuk: Mr. Chair, there will be no insurance for 2004, but there has been interest in livestock insurance. There has been a review. There was a meeting in Brandon last fall with producers to talk about that and the federal government is doing a review of the information that was collected at that meeting. It will be discussed for the following year, but for this year there is no livestock insurance.

Mr. Penner: Can the minister explain the percentage or give us an indication at what the percentage of increase will be in producer cost sharing those, insuring those levels that were insured previously at the 50% level?

What will the percentage of increase be to the producers that were insured at the 50% level until now?

* (10:30)

Ms. Wowchuk: Last year the producers that took 50% coverage paid no premium but they paid a 25-cent admin cost. This year they are going to be paying 17 percent of the premium, but they will not have the 25-cent admin cost. So there will be a slight increase over what they were paying previously. But the switch is no change in the admin fee to a premium base.

Mr. Penner: Could the minister tell me what the percentage of increase will be?

Ms. Wowchuk: Last year the producer paid 31.6 percent. This year they will be paying 36.1 percent.

Mr. Penner: Will the minister tell me what the percentage amount constituted last year? What was the actual cost on a per-acre basis? What was it, 36 percent you said? What was the actual cost per acre of insuring at the 50% coverage level, last year?

Ms. Wowchuk: Mr. Chairman, in the total budget which was 1.6 million, the producers' share was 32.6—

Mr. Penner: That is not what I am talking about. What I am asking for is I want to know what the cost of an acre of insurance was last year at the 50% level. It was at an admin fee of what, 25 cents an acre?

Ms. Wowchuk: The cost last year for the 50% insurance was zero premium but 25 cents per acre administration. That was the cost of the 50% insurance last year.

Mr. Penner: What will the cost be of insuring at that 50% coverage level this year to the producer per acre?

Ms. Wowchuk: On average, it will be 65 cents per acre but that will vary from crop to crop, but the average is 65 cents per acre.

Mr. Penner: So that is roughly about 130 percent higher than last year, the cost of insuring an acre at 50% level.

Ms. Wowchuk: There was about 9.2 million acres insured. There was about 1.8 that were insured at the 50 percent, so when you figure out the average, the member is picking the highest number, because this is averaged out over all of the acres.

Mr. Penner: All I am saying is those producers that insured at the 50% level last year are going to see an increase of roughly about 130% increase in costs of insuring at the 50% level. Is that correct?

Ms. Wowchuk: The costs to those people who have been doing the 50% coverage have gone up about two-and-a-half times. They have gone up, but I want the member to also understand that we are required to make these changes as we move forward with the APF.

Mr. Penner: So, there will be, Mr. Chairman, a significant number of changes and cost increases as we move into the APF program.

Ms. Wowchuk: By 2006, the producer is required to pick up 40 percent of the cost of insurance. So it has to move up. It is the same thing that happens in every other province.

Mr. Penner: It is really irrelevant to me what happens in the other provinces. My jurisdiction is this province and my producers live in Manitoba and operate in Manitoba, and it is your responsibility as minister to make sure that the best interest of the Manitoba farmers are served.

I think it is important that we provide the information to farmers that they can do planning for the future based on real numbers and not artificial numbers and incorrect numbers such as happened to the BSE industry when the minister advertised for a long time \$180 million had gone to the BSE live-stock producers in this province.

In fact, and we will get into this when MACC comes to the table, much, much less than that was delivered to the farmers, relatively large amounts less than what the minister advertised. I do not want that kind of incorrect information going out to my producers again.

I want my producers in this province to have the ability to make decisions on real numbers, on good, sound information that is relevant well enough into the future that we can do some long-term planning.

I think it is about time that government started to do some long-term planning as well and indicate to farmers clearly what the programs are going to be, what they are going to cost and how they are going to be impacted by these new programs.

I have a great deal of concern that some of the underlying things that we have not discussed and have sort of hidden behind the CAIS discussion are the environmental costs, the increases there, some of the planning costs, some of the planning restrictions, some of the legislation that is coming down on water and those restrictions contained within that, the fertility restrictions that are going to be placed on farmers, and the kind of management decisions that government is going to impose on farmers through the minister. I think it is time that the farmers were told the truth. Can you give me an explanation today as to how some of those things are going to impact our farm community and how will Crop Insurance deal with it?

Ms. Wowchuk: During the process of developing the APF we had a very open process of discussion with producers. Producers are well aware that we are moving to a 40%, 40/60 split, and by 2006 producers will be paying 40 percent of the premiums. This was necessary in order to move towards a demand-driven program and we have to have consistency across the country. This is a national program and I beg to differ with the member on the details of the program. I can tell you that there was discussion with all commodity groups on this.

*(10:40)

Mr. Penner: Well, I believe the minister is either out in fairyland somewhere or she does not realize the damage to her reputation that has been done by the advertising campaign that she has led. Then, getting up at the rural forum the other day and saying to the people at the rural forum that a cash-advance system and a loans program were the same thing, farmers are shrugging their shoulders, saying, "Does this minister not know any better?"

I believe it is a deliberate attempt to mislead the people of the province of Manitoba. Farmers are very sceptical, they simply do not believe you anymore,

Madam Minister. I am sorry about that, but that is the way it is. That is your own fault; it is your own deliberate attempt to discredit what you have said and what you are portraying.

Mr. Chair, I believe the corporation when they say crop insurance at the lowest level will increase two-and-a-half times. That is being honest and that is what farmers want to hear. They want the honest truth. They want the simple, honest truth that they can make plans based on reality, not an airy-fairy bunch of numbers that have been put out to raise the image of the Government when, in fact, they are not true.

I think it is time that we get some honesty out of this minister's office and that we get some honesty out of the Premier's (Mr. Doer) office. We have seen very little of that lately. I think whether it is in agriculture or whether it is in health care, or whether it is in education, all we get is a simple matter of deceptive kind of rhetoric. It is time that we get some honest answers out of these ministers' offices.

Ms. Wowchuk: I would like to inform the member, if he is not aware of this yet, our board, the Manitoba Crop Insurance Board, holds public meetings. It meets with any commodity group that wants to meet with them and talk about changes to the programs. Each producer has been sent a package about the programs and the costs of the programs. There is full discussion on the issues. So, for the member to imply that producers have not been informed, he is being inaccurate, because producers have each received their package and we had thorough discussion with the producers and commodity groups as we were developing the program and moving through the new risk managements that are under the APF.

Mr. Penner: My colleague the Member for Lakeside is wanting to ask a question as well.

Mr. Ralph Eichler (Lakeside): On page 31 of the Insurance Corporation, Mr. Chair, they make reference to 1.5 million in compensation to producers who incur losses due to big game, waterfowl and livestock predation. Over on page 32, the wildlife damage compensation is 749,000. Can you explain the discrepancy here for me?

Ms. Wowchuk: Mr. Chairman, if you look at it, you have the admin fee, the difference is the federal portion of it that is not recorded here.

Mr. Eichler: So this is your 40 percent? Is that what I am led to be understood?

Ms. Wowchuk: Yes.

Mr. Penner: Mr. Chairperson, I want to go back to 32, No. 3 on 32: "The decrease is due to reduction in compensation levels from 100% of losses in 2003/04 to 80% of losses in 2004/05 as well as a decrease in most crop values." Can the minister explain that line?

Ms. Wowchuk: The wildlife damage is now part of the APF and the federal government will only cost-share 80 percent. They will not give any credit for any top-ups. So that is why there is a reduction in the coverage now.

Mr. Penner: Well, would the province not have the prerogative of unilaterally paying out the 20 percent between the 80 and the 100? Is there any restriction on that?

Ms. Wowchuk: If I recall, the Leader of the Opposition (Mr. Murray) indicated to us, in his budget comments, that we were spending too much money and that we should look for places where we could save money. It has been a very difficult budget. We want to keep in line with the programs that are offered under the APF and work towards the 60-40 share that is part of the APF. This is one of the steps that will bring us in line with getting full credit for the costs that we share with the federal government.

Mr. Penner: Mr. Chairman, I thank the minister for those comments because it gives me an opportunity to read back to her what she said in 1999. I think the minister referred to the forecast that we had made in 1999 when we said the provincial government would see an increase of over a billion dollars in revenue through tax increases and/or revenue increases of all kind and that those levels of revenues would rise within the next five years to a billion dollars. We said that we would make sure that the taxpayers of this province would get 50 percent of that back and the rest of it would be invested in such things as health care, education, family service and other matters.

Mr. Chairperson, I think the minister ridiculed, in her speech, the statement that the government of the day made in its forecasting. I think we were dead

on. We were more than accurate in our forecasting because I believe the revenue increase to this province has, over the last four year, been better than 1.2 billion, probably closer to 1.3. We projected that, knew that that would happen.

The ministers, of course, and the then-opposition party, the NDP, had no way of knowing that, but they could have done a bit of research and, again, put forward an honest position during the election campaign. They chose not to do it and are now, again, being ridiculed by the people, the voters of this province, after having given them a second chance and just portraying the needs of the province being so great.

However, I want to say this to you, Madam Minister, you were elected to government and you appointed Cabinet to make real decisions, to make careful decisions. The underpaying of the primary sector—

Mr. Chairperson: Order, please. I would like to take a moment and remind all honourable members, on both sides of the table, to please address their questions to the Chair. I respectfully ask for the cooperation of all honourable members in this matter.

* (10:50)

Mr. Penner: Mr. Chairman, I apologize for not having done that. I will, however, direct my comments to the Chair.

The minister ridiculed the previous government for making the projections of a billion dollars. She did this in a speech to the Assembly and she did this in her own riding and she has done this all over the province, and the people have heard her. However, the honesty of the Progressive Conservative government of the day I think is very evident in the portrayal of reality.

I would suggest to the minister that she and her ministerial colleagues that were appointed to govern need to make some hard decisions, that is, where we are going to invest money that will give us the greatest degree of return. Nowhere could they invest it more wisely than in the primary sector that indeed generates a huge amount of revenue for the province, indeed generates a huge amount of jobs for the province and generates an economic benefit to all Manitobans.

Mr. Chairperson, some of the losses that are incurred by producers from the wildlife sector are to no fault of the producer. They are because the province wants to maintain a wildlife herd of elk, deer and other animals, wants to maintain a flock of birds in this province so we can attract the tourism industry. We want to maintain a healthy fish industry.

However, this minister chooses to reduce the spending on agriculture at every chance she gets. I believe she is simply not able to convince, has not got the strength in Cabinet to convince, her colleagues in Cabinet that agriculture is important and/or that wildlife damage should be borne by the general public that benefits by wildlife.

If we make a policy decision then that policy decision must be carried out by the government of the day and supported from a financial positioning of the day. I respect the line that says these are the reasons why, but I think the minister has a choice to make, and that is to underpin to the 100% level the wildlife damages that are incurred by wildlife to the primary producers.

Ms. Wowchuk: It is really interesting about the comments about our Government and our support for the agriculture industry. I want to take this opportunity to thank our Premier (Mr. Doer), to thank the members of our caucus, our Cabinet for the support that they have given me personally through this whole challenging year. I want to give credit to the Premier for the stance he has taken in addressing these every important issues.

Mr. Chairperson, the member talks about a reduction in support. I would encourage him to look at the Estimates books on page 30. The Estimates book says last year we spent \$78.9 million on Risk Management and Income Support. This year we are spending \$81 million. I am sorry, but by my calculation that is an increase in support for business risk management.

The member can talk as much as he wants about our Government not understanding agriculture. I believe in many cases there is a much better understanding in the members of our Cabinet and caucus than there are from some of those on the other side of the House. People may not be involved in agriculture, but they have certainly been ready to learn about the industry and they recognize the value of

the industry and what the contribution of agriculture is to this province.

We are in the APF. We have to get to a 60-40 by 2006. We are moving in that direction. I think the people of Manitoba would want us to use our money in a way that we would best leverage support from the federal government. These changes will help us to get credit from the federal government for the federal dollars that are in the program.

Mr. Penner: I thank the minister for that response, because finally I think we are getting to the real numbers. The minister has just admitted that they falsely advertised \$180 million to the livestock industry in this province through the BSE and other programs when in fact her whole expenditure was somewhere in the neighbourhood of \$70-somewhat million. I think those are honest and real numbers being portrayed by her department. I would suggest to her that she should look at the real numbers in her department and use those real numbers, and when we get into MACC we will go there as well. But it is, clearly, a portrayal of her Government's misleading approaches to information that they provide to the producers and the general public, not only the producers. I think this is extremely important for the farmers of this Government, to be able to trust their minister. To be able to trust what she says, and what she delivers, is important.

But, when she says one thing and delivers another thing, that creates a level of mistrust and not a good, healthy situation for the producers of this province. I want to warn the minister that they have walked on dangerously thin ice over the last year and it is being reflected in the attitude of the farmers of this province.

I want to ask the minister, Mr. Chair, whether the Crop Insurance program will have to be changed significantly to meet the requirements of the CAIS program.

Ms. Wowchuk: Before I address that question, I want to address the member's comments about our expenditure. I am really surprised at the member's comments, given that he has been around this building for a long time. He has been, in fact, in Cabinet for a period of time. He should understand. He has seen many budget books. He should understand that this part of the Budget is dealing with risk management and income support programs.

This is not dealing with the money that the programs, that we paid out through the BSE crisis. That was one-time funding that we brought in through emergency expenditure because the Budget was set before the BSE crisis. This is the funding for on-going programming. So to say that we are misleading—but the member has a habit of saying that, "Oh, the Government is not putting accurate numbers in the books."

He is well aware. It has been explained fully that the almost \$190 million that was made available for producers, the money was made available, some of it through loan programs, some of it through direct payments through the producers. But our Government stood by the cattle industry and made money available to help them through the crisis.

With respect to the linkages, anticipation is that this will be handled the same way that GRIP was handled, so that if a producer chooses not to take crop insurance when they have a claim, it will be settled as though they had taken the option of protecting themselves through crop insurance.

That is with respect to the negative margins. If the negative-margin clause goes through then that will be the linkage that is there. It will be assumed that you have protected yourself by taking crop insurance.

* (11:00)

Mr. Penner: Mr. Chairman, I think that the minister is coming closer to the truth today than we have seen over the last couple of years from this Government. I stand by what I said and the advertisements will need only be read that are clearly in print and will tell the story. I suggest to the minister that she has a lot to answer for to her producers and the misleading advertising that they have done for purely a political reason, and we do not know why. It certainly was not, I believe, the department's intent to put that kind of misleading information out there and never have I seen that advertising come out of Manitoba Crop Insurance because I think we would have seen a different approach to it.

Mr. Chairman, I want to say to the minister that her government's political rhetoric and misleading advertising is catching up to them, and will.

Can the minister explain what the impact will be in a given-case scenario, where a payout will have to

be made or will be triggered from the CAIS and, should a person be insured in crop insurance, how will the contribution of a crop insurance payment be seen in the calculation of CAIS payouts? Will it be deducted from the CAIS payout?

Ms. Wowchuk: Mr. Chair, under CAIS, the crop insurance premium will be counted as an expense and the crop insurance payment will be counted as revenue. That is what the calculation would be.

I want to go back to the other comments that the member made with regard to political advertising. We have looked at records and we know what programs the previous administration used, but there were a lot of things happening. There was a lot of information that needed to be provided. In fact, his colleague the Member for Arthur-Virden (Mr. Maguire) took out ads in his local newspaper saying that if you want more information about the BSE program, call my office. Mr. Chair, our Government took out ads to indicate to producers what programs were available and the amount of money that was available.

Indeed, we had made available in the range of \$180 million, some of it through loans, some of it through direct payments to the producer. I think people very much appreciated being aware of what programs were available and where they could apply. From the information that I have and the producers that I talked to they were appreciative of getting information, because, as I say, they wanted to know what programs were available to them and how they could access them.

Mr. Penner: Mr. Chairman, I thank the minister for that comment, and I thank the minister for referencing the advertisement that my honorable member did. I would suggest that if she reflected properly on that, the answers that they got from phoning the minister's office were significantly different than what had been advertised.

The advertisements were out there for \$15-million programs. When the program was finally finalized, it was 6.3 million. Then the questions came back. Well, how come the program was terminated when the 15 million was not even delivered? That is part of the problem. That was the biggest part of the problem. That has been a consistent approach that this Government has taken.

They tell you one thing, by advertising and portraying programs that they announce, and when the final delivery comes, it is simply not there. The trust that people had in this NDP government has totally disappeared and has largely disappeared for the Minister of Agriculture. There is very little trust out there for you, Madam. That saddens me to say that, because it reflects on all of us as politicians.

Each and every one of us is affected by what you have done in how we as politicians are seen and are portrayed. People are cynical. That saddens me, because we as politicians should at least have the forthrightness with our taxpayers to tell them the way it is. That is our job. If we betray that trust, then how do we expect people to come to the polls and vote for us when we lack the ability to be honest with them? That is the sad part of it.

Ms. Wowchuk: I want to correct the record again for the member when he talks about putting in the Province's allocation of \$15 million not being paid out. When we have completed the Canada-Manitoba BSE Recovery Program and the Manitoba Feeder Assistance Program, there will be the total share and there are a couple of outstanding issues in the incentive component of the program. We will have paid out \$14.7 million of the \$15 million. So I do not think that the member should mislead people either that we put in place a program that we did not pay out on.

Mr. Chairperson, we started out with \$15 million on the Canada-Manitoba BSE Recovery Program. Money was not flowing in Manitoba. The Manitoba Cattle Producers came to us and said, "We cannot sell our cattle. Can we change some of this money to the Feeder Assistance Program?"

The member opposite may not work with producers that way, but we did. We worked in a very close consultation with the industry on this one. We changed some of the money to the Feeder Assistance Program, but they were always aware that we were working within the \$15-million program that was set in place. The provincial approved funds were \$15 million and, as I say, by the time we are done with it, with those few outstanding issues, we will have paid \$14.7 million.

Mr. Penner: Well, Mr. Chair, I am more confused now than ever, but maybe that is only me. I think the minister is also a bit confused. The Manitoba Feeder

Assistance Program, the Canada-Manitoba BSE Recovery Program was a \$460-million program with 40 percent required to be paid by the provinces.

The Canada-Manitoba BSE Recovery Program, the total amount of federal and provincial funding that was put out was \$18 million, according to you, the numbers I got out of your office. The number of animals slaughtered approved under the program was approximately 38 904. According to your numbers, the paid-out portion was \$7.8 million from Manitoba. The amount announced was \$460 million. Combining federal and provincial contributions at 40 percent would be \$184 million required from the provinces of that \$460 million.

Now, 10 percent of that was \$18 million, right? Roughly our industry is about 10 percent of the national average. That is the federal one. You go back to the Manitoba Feeder Assistance Program, when the Premier withdrew from the Canada-Manitoba BSE Recovery Program. He withdrew from that, he said, because it was not working for Manitoba. You, Madam Minister, also said it was not working for Manitoba producers. Those are your words. So you withdrew from the program and announced a \$15-million Manitoba Feeder Assistance Program. Of that Manitoba \$15 million, Madam Minister, you delivered \$6.2 million Manitoba-only because it was only a Manitoba program, 6.2, not 6.3, as I said before. You are correct, I made a mistake. It was 6.2, not 6.3. Those are your numbers, Madam Minister, not mine.

Mr. Chairperson: Order, please. I would like to take a moment and remind all honourable members on both sides of the table, please address their questions through the Chair. Again, please address your questions through the Chair. I respectfully ask for the co-operation of all honourable members in this matter. Thank you.

* (11:10)

Ms. Wowchuk: The member talks about an allocation by Province. We did not get an allocation by Province. This is what we asked the federal government for. The member said that 10 percent of the industry was in Manitoba so we should have 10 percent of the money. We tried to get an allocation. The federal government would not agree to that.

Mr. Chairperson, the slaughter deficiency component of the program was \$18.2 million plus

administration. The Manitoba BSE Recovery Program, the slaughter deficiency component had a total payment of \$18.2 million plus .2 for administration for a total of 18.6. The federal share of that was 11.2. The provincial share was 7.4. When you add the packing incentive program, we get to \$8.2 million. That is what the provincial share was.

On the Feeder Assistance Program, Mr. Chair, which was part of that program, as I indicated in the past and I will repeat again, the Manitoba Cattle Producers Association came to us and said, "The program is not working for us. We cannot get animals into slaughter. Will you change the program to allow for a feeder assistance program?" Within the program we then did a Feeder Assistance Program. On that we spent \$6.5 million for a total of \$14.7 million, which I think is pretty close to the \$15 million that was allocated for the program.

Mr. Penner: I get back to where we were before. I think what the minister just spoke into the record is going to be read by farmers and going to confuse them even further, because what she is doing is combining the federal-provincial program that was announced initially, which the Province withdrew from and then said they were doing a special draw from Treasury Board by warrant of \$17 million. Those were the news releases. Of \$17 million, \$15 million would be the feeder assistance program, \$2 million would be to enhance and promote and provide special funding, additional funding, to promote development of home-grown processing and restructuring of the cattle industry.

We have not seen one plant utilize money to expand their operation. That is neither here nor there, but the problem was that there was a special program announced, \$15 million for feeder assistance, \$2 million for slaughter enhancement and home-grown processing. Marketing, I think, was included in that if I remember correctly, and the minister is now trying to portray the payout of \$6.2 million, add that to the \$7.8 million and portray it as a \$14-million payout.

How much more misleading does she want to be? I think it is unfortunate that this Government has continued with those kind of misleading tactics to try and portray something that is not there. I am saddened by it.

Mr. Chairperson: Order, please. Both sides have used the word "misleading." It could be, it depends

how it is used, parliamentary, it could be unparliamentary. It is on the border. I would like to take a moment to caution all honourable members on their language here in committee today.

While I recognize that at times discussion in committee can become heated, I would ask that members keep their remarks tempered and worthy of this Assembly and the office that we all hold. Thank you.

Mr. Penner: Well, can I ask the Chairperson then how do you portray or what language would you like me to use to say the minister is wrong and is putting words on the record that are misleading? How else would you want me to portray this.

Misleading is misleading, and I am sorry. She is wrong in her remarks she made, and that has to be corrected or else that will stay out in the general public, Mr. Chairman, and the people will read this and say, "Well, where did that money stay?"

There were two programs. One delivered 7.8; the other program, when they withdrew from the federal and provincial program, was initiated at 15 million, which delivered 6.2. These are the minister's own department's numbers. How can she try and roll those into one now?

Again, I think it is unfortunate that the minister is attempting to portray this as a \$14-million or better-than-\$14-million payment to producers when it was only 7.8. Sorry about that. My arithmetic does not work that way, neither does my calculator.

All I am asking for is honesty, Mr. Chairperson. All I am asking for is blatant, honest answers so that the people of Manitoba can see what actually happened. I do not want all this airy-fairy stuff.

Mr. Chairperson: I just want to say that we could use statements like "difference of opinion," "inaccurate statements." The word "misleading" can cause disruptions. It is on the borderline. I am not ruling it as unparliamentary, but it is on the borderline. Just a caution.

Ms. Wowchuk: The member may not understand this but the producers understand. I can assure you that producers understand. We had the Canada-Manitoba BSE Recovery Program. That program was developed when the BSE crisis started and

people could not get their cattle to market. They asked for some support to get them to slaughter.

Mr. Chairperson, the program was not working in Manitoba because we do not have slaughter capacity and our animals were not getting into the packing plants in Alberta and so producers came back to us and said, "The program is not working. Money is not flowing to the producers." In fact, when we made the change, very few animals had flown. They asked us for feeder assistance. They did not ask us for new money. They asked us if we would re-profile the money that was in the BSE Recovery Program, which was the federal-provincial program.

We reprofiled it, Mr. Chair. We took Manitoba's money and created the feeder assistance program, and under that program, we paid \$6.5 million to producers in Manitoba, strictly provincial money. Under the BSE Recovery Program, the slaughter-deficiency component and the inventory price incentive component, we will pay out \$8.2 million. That brings us to a total of \$14.7 million under the Canada-Manitoba BSE Recovery Program and we had budgeted, we anticipated our share would be about \$15 million. We ended up paying out \$14.7 million under that program.

Mr. Penner: Mr. Chairperson, this is the last statement I am going to make, and this is again according to the minister's number. The Canada-Manitoba BSE Recovery Program totalled \$18 million federal-provincial funding. The number of animals slaughtered were 38,904. The average payment per animal \$18 million divide by 38,904 was \$462. Paid-out portion 40 percent Manitoba was \$7.8 million under that \$18 million program.

Mr. Chair, \$7.8 million. Sorry about that, that is the way it comes out. Then the minister withdrew from the program. Then she reconfigured the program and they announced \$15 million which they said was moved out of the Canada, was Manitoba's portion that was moved into the Manitoba Feeder Assistance Program. That was the announcement. That was a news release. They approved \$15 million from the Canada-Manitoba BSE program and announced it as a Manitoba one.

That program, Mr. Chairperson, paid out \$6.2 million. If I add \$6.2 million and \$7.8 million that is \$14 million that has been paid out under both

programs. But the announcements were, to the general public, \$18 million first and \$15 million again. That is \$33 million. It was only \$14 million that was delivered.

Mr. Chairperson, all I am saying is you announce \$15 million under the Manitoba Feeder Assistance Program and you paid out \$6.2 million. No more than that. Sorry about it. You announce \$2 million as a slaughter assistance program to the slaughter houses and to promote Manitoba beef and I do not know how much of that has been paid out. That is reality.

Mr. Chairperson, if the minister cannot do her own numbers, then I have difficulty not asking her again for her resignation as I have done a few times in the House. But this is clearly—

* (11:20)

Ms. Wowchuk: It is the member who has just spoken who is not understanding what happened. We were very clear. I have the same paper that he has in his hand, and it says Manitoba Feeder Assistance Program reconfigured program within Manitoba's approved \$15 million from the Canada-Manitoba BSE Recovery Program. *[interjection]*

Mr. Chairperson: Order.

Ms. Wowchuk: Thank you, Mr. Chairman. I want people in this room and people across Manitoba to know that the total program, if you add up the federal and the provincial program, \$27 million went in to producers' hands. Producers were facing serious challenges. They continue to face significant challenges. But \$27 million in federal and provincial support went into it.

We tried to get the federal government to cost-share the Manitoba Feeder Assistance Program. They would not. That is why that program is only funded by the federal government—by the provincial government, I should say, not the federal government.

Mr. Chairperson, I would encourage the member to read the notes that were provided for him. I can tell you that there has been some change because there have been additional payments that had been made and administration is not included. But, if you read these notes, you will see that Manitoba Feeder Assistance Program is a reconfigured program within

Manitoba's approved \$15 million from the Canada-Manitoba BSE Recovery Program.

He may not understand that but when the cattle producers were in meetings with us, they understood that. The cattle producers also approved the extension, Manitoba's Slaughter Deficiency Program, which Manitoba put in place. They also appreciated the Drought Assistance Program that we put in place and the cull-cow program that we put in place before other provinces and before, before the federal government, I should say. They also appreciate the loan programs that we have put in place. In fact, people are still accessing that program.

Mr. Penner: Well, thank you very much, Mr. Chairperson, and now she has got me more confused than ever, because there is \$18 million at the top of the page, and then there is \$15 million. Then there is the Manitoba Slaughter Deficiency Program; there is another \$10 million.

All those three are now part of this equation of the \$14 million. Or how does the minister configure that one?

It is also an extension of the Canada-Manitoba BSE Recovery Program.

Ms. Wowchuk: Mr. Chair, the Canada-Manitoba BSE Recovery Program and the Manitoba Feeder Assistance Program are part of the first program that was put up, the \$15 million. The Manitoba Slaughter Deficiency Program was a Manitoba-only program, which we put in place only without the federal government, to continue to support our producers.

Mr. Penner: Then why is the minister saying it is an extension of the Canada-Manitoba BSE Recovery Program? Why is the minister saying that?

Ms. Wowchuk: Mr. Chair, the Canada-Manitoba BSE Recovery Program came to an end. We decided to extend it. We had hoped that the federal government would contribute to that program as well, so it is just a time extension. We allocated \$10 million there, the federal government did not come on board with us, we spent \$9.6 million when you include the administration.

Mr. Penner: The more we get into it, the more it is obvious that the minister is trying to cover her political tracks, and I will just end with one comment

and that is, "Oh, what tangled webs we weave when we try to deceive," and I think the minister has clearly demonstrated that today in her responses.

Ms. Wowchuk: Mr. Chairman, I think that it is unparliamentary. I believe he used the word "deceive," and I take exception to that comment. I have never attempted to deceive anyone. I have worked very hard with the producers, and I think the producers of Manitoba appreciate far more what we have done for them than the member is trying to indicate here.

During the height of this crisis, we met with the producers on a weekly basis and continue to have discussions with them, but certainly, the programs that we have put in place have helped the producers of this province.

Mr. Chairperson: I would like to take a moment here to caution all honourable members on their language in committee here today. I would caution about using the word "deceive."

While I recognize that at times discussions get heated, I would like you to keep your remarks tempered and worthy of this Assembly and the office we all hold. So I would caution all people the way they use the word "deceive" or use it here in this debate.

*(11:30)

Mr. Eichler: Mr. Chairman, for the benefit of everybody to kind of calm down a little bit, maybe the minister could just put on the record exactly where her \$180-million calculation came from with her announcements of \$18 million, \$15 million, \$10 million, \$2 million and so on.

Maybe she should just lay that on the table because that seems to be the real crunch of the problem. We do know what she has paid out through the federal program, what she has paid out through the provincial program.

To me, it seems as if the programs are very much overlapped, and the figures that have been announced are somewhat misleading, Mr. Chairman. If she would do that, I think it may come around to clearing the minister of any wrongdoing.

Ms. Wowchuk: Mr. Chair, I will refer to the programs that are being delivered by the Crop

Insurance Corporation, the various programs under the Canada-Manitoba BSE Recovery Program and the Manitoba Feeder Assistance Program.

The total program was \$27 million, Mr. Chair. The provincial share was \$14.7 million. Under the Slaughter Deficiency Program we allocated \$10 million. The total program paid out \$9.6 million. Under the Manitoba Drought Assistance Program we put in place \$12 million. Under the Manitoba Cull Animal Program we put in place \$6 million.

Mr. Penner: Could the minister tell us what she paid out under the Drought Assistance Program?

Ms. Wowchuk: Yes, sorry. We paid out \$4.2 million under the Drought Assistance Program. Under the Manitoba Cull Animal Program we put in place \$6 million, I believe; of the \$6 million and we paid out \$5.3 million. Under the dead stock removal program, we put in place—I believe we put in \$600,000. We have paid \$400,000 out of it.

Mr. Penner: Can the minister tell me whether the dead stock pickup program has been terminated?

Ms. Wowchuk: Everything that is booked has already been picked up, so we anticipate that by the end of month it will be completed. My understanding is that we have picked up a fairly large number of animals and there are very few additional bookings.

Mr. Penner: Well, Mr. Chairperson, I received three calls yesterday from producers saying they were surprised that the program had been terminated, and they had fairly significant numbers of dead stock in their yards and were not able to have it picked up. I suggested to them that they should call Rothesay and pay the price to get it picked up. Quite frankly, one of them was already digging a hole and burying them.

So I do not know whether we want that sort of a situation in the province, all over the province, where dead animals are being buried on farms and/or dealt with some other way, or just left there. I think that is a danger. I would suggest to the minister that she reconsider reopening that program if it has been terminated to ensure that all dead stock is moved. We will have more dead stock as the summer goes on and the borders remain closed. I would suggest that this should be an ongoing program to help producers get rid of the stock, or else where are you

going to put it. It is going to end up in the backyards being buried. I do not think that is environmentally friendly.

Ms. Wowchuk: Mr. Chairman, as I indicated that people who had registered their dead stock, it is my understanding that those have been picked up. If the member has names of individuals who have not had their stock picked up I would ask him to pass on that they should call Rothesay. There is still money available in the program. Call Rothesay and have them picked up.

We all know that this is an important issue, but I can also tell the member that there are plans in place and discussions taking place with the municipalities of how we will deal with dead stock on an ongoing basis. There are new ventures that people are looking at and how they might be able to be involved in this process. But with the particular people that he has raised, I would encourage them to call Rothesay or share those names with me and we can address it.

Mr. Penner: The people that I talked to yesterday had called Rothesay and they said that the program had ended. As a matter of fact, the Rothesay truck drove right by this one person's farmyard on the way to another person. I guess this person had not booked previously and I guess when he heard the termination announcement of the program, he made a call to Rothesay and they said, "Sorry, the program has ended." So, if the minister has any different advice for the producers, I think she should make sure that the producers are aware of that.

Ms. Wowchuk: Again I would ask the member to provide us with the names of those individuals and we will see what we can do to help them.

Mr. Penner: Mr. Chairperson, I want to indicate to the minister that I think that is all that we have on the BSE situation with the Crop Insurance Corporation.

I want to, however, Mr. Chair, ask whether the hail insurance that will be subscribed to by many farmers, and any payouts from a private hail insurance company to the farmer, will that also be considered income to the CAIS program or will those deductions be made from the CAIS payout as well?

Ms. Wowchuk: Mr. Chairman, the premium will be considered an expense, and the payout will be considered income.

Mr. Penner: I wonder whether the Government is recommending that farmers should buy hail insurance and whether they should be enrolled in crop insurance in light of the fact that the CAIS program covers the global amount of the margins that have been indicated, the long-term margins. One would wonder what the actual net impact will be to the farm operation let us say over a two or three year period, whether the premiums might, in fact, be net costs to the farmer, or whether there might actually be a net benefit to farmers other than maintaining their margin levels at a higher level.

If you roll this into year after year after year of crop insurance participation and/or hail insurance participation and the cost to the producer, I wonder at the end of a five-year program if any calculations have been done to see whether the producer might, in fact, be better off not subscribing to crop insurance and/or hail insurance because the margins will be maintained. For no other purposes—and I should say maybe the only benefit is to maintain the margin levels at a higher level. I do not know.

Ms. Wowchuk: Mr. Chairman, producers have always recognized crop insurance as a very important tool, a tool that offers very good protection, and I would hope that producers would continue to recognize the value of it, particularly based on the discussion that we had earlier this morning, with the linkages between crop insurance and the CAIS program. There is the need for that extra protection that you will not have if you do not carry crop insurance. That helps to cover the cash costs that producers have.

So, I see crop insurance as a very valuable program. When I listen to what the various banking institutes are talking about CAIS, certainly they are recommending that they participate in CAIS as well. There are improvements in this program compared to what we had under the previous program. By purchasing the production insurance, this helps maintain some of the CAIS reference margin. Crop insurance is also required for people who want to take their spring cash advances. So there are reasons to continue to stay in crop insurance. Certainly, I would hope that we would see participation in CAIS as well because it is an enhancement. It is a protection for the producers.

If the farmer wants to be fully protected, and that is what farmers are looking for, they have to be in

both programs because without being in crop insurance there is that margin that will not be covered under CAIS.

Mr. Penner: Is the minister, then, telling us that they are considering mandatory crop insurance involvement by all producers?

* (11:40)

Ms. Wowchuk: No, that is not what I am saying. I am saying that the farmer will make the decision. The farmer will make the business decision on what kind of protection they want to take for themselves. They will make the decision of whether they just want to have CAIS, with the understanding that if they do not take crop insurance there is a portion that will not be covered. Ultimately, it is a business decision that the farmer will make.

Mr. Penner: I concur with what the minister said. It will be a business decision. I think farmers will make the decision whether they should spend an extra \$10 to \$15 an acre buying crop insurance and hail insurance and the only end-of-the-program benefit that they will have had is maintaining a higher margin level because the deduction of the contributions by the Crop Insurance Corporation to a downturn in yields will be deducted from the CAIS payout as well as, if there is a hail go through the farm, the hail insurance payouts will be deducted from the CAIS program. Therefore the only benefit at the end of the day, at the end of the year, will be the maintenance of the margin levels at a given level. Secondly, the other benefit is that the farmer will get cash in hand earlier than they will through the CAIS program. Those are the only true benefits that I can see: the maintenance of the margin levels over the long period of time and the cash in hand earlier on in the year.

I think farmers will have to make the business decision whether they are going to spend the \$10 to \$15 an acre to keep those margin levels at a significant level. For a farmer with, 4000 acres, that is a \$60,000 touch. I think the business decision will be made on the availability of cash to make those decisions.

Ms. Wowchuk: I do not think that the member is being accurate in what he is saying because crop insurance covers all parts of the producers' losses. CAIS covers a percentage of them. It will help

maintain average, as the member has indicated, but if the farmer does not have crop insurance, then there are those cash costs that will not be covered. It will be the positive margin that is covered under CAIS, but negative margin will not be covered. If you look at a farmer having total loss of his farm, if he does not have crop insurance, he will only get the coverage that is covered by CAIS but he will not get the part that would have been covered by crop insurance. That is the discussion we had earlier about the linkage. Your crop insurance is linked to your CAIS. You will have to take into consideration how you could have protected yourself and that will be accounted for so I see an advantage to having both crop insurance and CAIS.

Mr. Penner: Thank you very much. We have asked this question time and time again: Will the Province of Manitoba cover negative margins? I think we have just heard the answer. If the farmers are willing to pay the premium, we will cover the negative margins through crop insurance. That, in my view, Mr. Chair, forces Manitoba farmers to seriously consider buying into crop insurance.

Again I say, Mr. Chair, that farmers will have to make the decision whether they want to take the gamble. It is almost like asking farmers to put money into a slot machine to pay \$10 to \$15 an acre and take the gamble to see whether there will be a payout on the \$10 to \$15 an acre of premium that they are going to be paying. To do what? To cover the negative margins which other provinces will be covering under their programs. I think it is unfortunate that this Government is trying to use a premium-payment process to cover negative margins. I will leave it at that.

Ms. Wowchuk: Again, the member is wrong. The program will be a national program. If there is an agreement to cover negative margins, they will be covered the same in every province. At this point there is not that agreement. Nobody has that program to this point.

Mr. Penner: Well, thank you, but it was very clear from the minister's comments, or is she saying that negative margins will only be covered through the application or the subscription to the crop insurance program in this province, or is she saying that all provinces will be required to buy crop insurance if they want negative margin coverage?

Ms. Wowchuk: Nothing is changing in crop insurance. Negative margins related to production costs have always been covered by crop insurance and that is what happens right across the country. That is the kind of program we have.

Negative margins related to price declines and issues like that will be covered under CAIS, if there is an agreement by provinces to move forward with negative margin coverage. But what is in crop insurance now will continue to stay in crop insurance. Producers will make a decision whether they want to be in crop insurance and in CAIS. If they are not in crop insurance, that is where an adjustment will be made because they are not participating. There is that kind of linkage between the programs.

So, if you are not in crop insurance, your negative margins for production losses will not be covered, as it is now. That is where the linkage comes in. But, if you are in CAIS, you will get your negative margins covered for price losses.

* (11:50)

Mr. Penner: Well, then I think, Mr. Chairperson, we have had our final question on crop insurance. I think we have a clear answer that if farmers in this province want full negative margin coverage, they are going to have to buy crop insurance. That is very obvious, and that again is a government decision that the Government has made. But I believe that will only pertain to this Government and we will see what kind of negotiated settlement comes out of the discussions that are there.

I find it extremely unfortunate that governments cannot make up their minds as to what kind of program they want to deliver before they require farmers to sign on to the program. I was quite pleased that the federal minister decided to allow for a June delay for farmers to finalize their commitments. However, it does create a significant amount of uncertainty in the farm community at the present time. They have no idea whether there is going to be a CAIS program or there is not going to be a CAIS program, and what it is going to look like at the end of the day. I think that is unfortunate. But it is, I guess, an ability of ministers to be able to negotiate and come to terms with their federal counterparts. I would suspect that that is one of the key problems that we have had and seen in the last five years of the NDP administration. So be it.

It is very clear that farmers in this province want full negative margin coverage, even if there is an agreement by the federal government to cover negative margins. That will only be price fluctuation negative margins according to our minister, and that the negative margins reduced production levels will be deemed to be a management decision on their own farms. So I guess weather-related kind of crop reductions would only be covered under negative margins, and there would be deductions made on the decision that the farmers made not to be in crop insurance.

I find that kind of a response a very uncertain kind of response. I find it very interesting that the minister would even want to put that on the record.

Ms. Wowchuk: Mr. Chairman, this is a national program with national rules. There are no different rules applying to Manitoba than there are to any other provinces. With respect to the linkage, this is a national decision that will be made for all provinces. There is nothing different happening in Manitoba than is happening in other provinces. There is a tool for producers to make a decision to protect themselves under crop insurance. If they choose not to protect themselves under crop insurance, I do not think producers would expect that they would get full coverage under another program. That is the purpose of the linkage. I think the linkage is the right decision to be made.

The member is talking about the cost of negative margins. It is producer groups who are asking for additional costs, to have the negative margin. They have said they would be willing to pay for negative margins coverage. They have asked.

An Honourable Member: Which producer organizations said that? You name it.

Ms. Wowchuk: Producer groups have been wanting negative margins.

An Honourable Member: Which ones?

Mr. Chairperson: The speaker has the floor right now.

Ms. Wowchuk: Thank you, Mr. Chairman. If the member would follow some of the farm leaders, he will know that this is one of the key issues that has been raised by farm organizations. Listen to farm

leaders like from CFA, from the corn producers. They have all indicated that they would like to see negative margins.

To say that producers do not want negative margins, I recall discussions that I have had, there are producers that would like to see negative margins covered. I am, in fact, anticipating that is what the member opposite is also asking for when he is asking us why we are not signing on to the negative margin portion of the amendment of the APF. We have an APF agreement in this province. There is an amendment that is on the table that will introduce coverage of negative margins. I assumed that the member was supportive of that, given the questions he has asked in the House.

Mr. Penner: Mr. Chairperson, a few minutes ago the minister said farm organizations were calling for negative margins and were willing to pay extra for it. Name the organization that said that.

Ms. Wowchuk: Mr. Chairperson, I have had a lot of discussions with producers who have asked and encouraged us to participate in negative margins and I would assume that the member opposite also supports coverage of negative margins, given the fact that a couple of times now, when he has asked them a question on agriculture, he has asked about negative margins and raising the cap on payments as well.

Mr. Penner: I will ask one more time. The minister said producer groups had indicated their willingness to pay premiums for negative margins. Who are the farm organizations that said that, that they were willing to pay premiums for negative margin coverage? Name the organizations.

Ms. Wowchuk: Mr. Chairperson, farmers are very good businesspeople. They make decisions and I do not anticipate that there are any producers that think they would get additional coverage without some premium being paid.

Mr. Penner: Name the organization, Madam Minister.

Ms. Wowchuk: Mr. Chairperson, I have answered the question. If the member has another question, I would be prepared to answer it.

Mr. Penner: Mr. Chairperson, that will be all. We are willing to move to the Agricultural Credit Corporation as the minister indicated yesterday.

Mr. Chairperson: I would just like to ask the members here of the committee, "Are we complete with Resolution 3.2 Risk Management and Income Support Programs?"

Mr. Penner: Mr. Chairperson, I do not believe that we want to vote on any of these or pass any of these bills until the end of the Estimates process. We might want to, at some point in time, come back and ask these questions. So we will not pass these lines until we have finalized the Estimates process in agriculture.

Ms. Wowchuk: Mr. Chairman, we came to an agreement with the member opposite that we would deal with the corporations at the beginning so that we could have staff here that are from out of the city. The member has said he has completed his questioning on the corporation, and I think it is the proper process to proceed to pass that line and then move on to the next line. If the member has questions that arise later, we would be quite prepared to add to them, but I think that to give certainty to the staff who are from out of town we should pass this particular line.

* (12:00)

Mr. Chairperson: The committee has to agree if you want a global discussion and pass the resolution at the end, or go from start to finish, line by line, or resolution by resolution. The committee should come to an agreement on this issue. Is it the will of the committee to go global and pass all the resolutions at the end? Is that the will of the committee?

Ms. Wowchuk: Mr. Chairman, I want to be clear that I am prepared to go global, but, out of respect for staff and for saving costs, I want the member to know that I am not prepared to have staff come from out of town every day of Estimates to answer questions and sit here and wait to see whether he might decide he wants to ask some additional detailed questions on crop insurance or the Agricultural Credit Corporation. I think that is completely disrespectful for staff and when we consider the costs.

I am prepared to go global, but I want the member to know that there will not be staff sitting here to be at his whim when he might want to go back to those questions.

Mr. Penner: Mr. Chairperson, obviously, the minister has not been here as long as some of us have

been here, but never have we requested, when we went global in various departments from over the years that we have been here, all staff to sit here throughout the Estimates process. The minister knows that, and she is just being frivolous with her remarks. I think it is unfortunate that she takes that approach, but let her.

We will notify her in advance if we have any further questions from crop insurance. We will also notify her in all other areas in advance whether there are any other questions that we want answered, and if we have, then one or two of the staff might come back. If not, her deputy minister might have the ability to answer them if the minister does not have the ability to answer the questions. You would think that as long as she has been the minister now, almost five years, that she might have enough knowledge to be able to answer some of the questions without staff, even. But, obviously, that is not the case, and we respect that. Not all ministers have the same amount of knowledge and ability to retain knowledge.

We will make sure that the minister will be notified well in advance, Mr. Chairperson, that if there are further questions with regard to the CAIS program and/or crop insurance that we believe Crop Insurance needs to be involved in those discussions, we will notify the minister with adequate time to bring them back here.

I hear the minister saying we will not bring staff back, and I respect that, too. All I am saying, then, the minister will have the answers for us. I have no problem with that.

Mr. Chairperson: Let us just clarify how we are going to do things. Is it the will of the committee to have a global discussion and vote on the resolution at the end, but you will notify—

Ms. Wowchuk: Mr. Chairperson, I would like to just clarify for the record that we are prepared to go global. I do not think we have to go into the other details. We are prepared to go global.

Mr. Chairperson: I will state the question again: Is it the will of the committee to go global and have the resolutions passed at the end? Is that the will of the committee? *[Agreed]*

The floor is open for questions, but I assume we will go on with Resolution 3.3 Agricultural Credit Corporation. Is that correct? *[Agreed]*

The floor is open for questions.

Mr. Penner: We have been told on numerous occasions through advertisements and other means that the Province of Manitoba has put in place \$100 million for loans to be approved due to the BSE crisis and to support farmers. We had, Mr. Chairperson, indicated clearly at the outset, that we thought one of the best ways to address the BSE crisis and the shortfall in revenues was to put in place a cash advance system similar to what had been used in the grains-oilseed sector and many of the specialty crop sectors such as corn, sunflowers and others, and I believe even beans are now, although I am not quite positive of that, whether beans are registered now for cash advances. But, obviously, the minister chose not to do that and decided rather to put out revenue-bearing loans to farmers.

I would like to ask the minister, when I look at her Estimates, where she has made the provisions and where she has made the indication that the \$100 million was put in place through the Agricultural Credit Corporation for the extension of the loans to the cattle producers. Under what line here is that indicated, and will those loans be continued to the cattle producers under this current budget year?

Ms. Wowchuk: Mr. Chairman, that provision is made under loan authority, and what has to be provided for is a level of what the possible losses are. So it is under loan authority that the corporation has the ability to put forward this very important program that we have put in place for the producers.

Mr. Penner: Well, could the minister tell me what the total loan authority is for the MACC corporation right now?

Ms. Wowchuk: They have the ability to provide loan and loan guarantee profiled in the range of \$575 million. That is what they have the ability to lend. The loan authority requirement for this year is \$198.4 million.

Mr. Penner: Can the minister tell me exactly how much has been extended under the BSE program to farmers?

Ms. Wowchuk: As of April 26, under the BSE Recovery Program, \$59 million has been loaned out. There continue to be applications that are reviewed on an ongoing basis.

* (12:10)

Mr. Penner: Have any of the loans been repaid to this point?

Ms. Wowchuk: Mr. Chairman, I do not believe that any of the loans have been paid back. I would be able to get the member more details on that. However, there are some people who have loans who are looking to extend their loan into the higher level.

Mr. Penner: Can the minister indicate to this committee what the interest rates on those loans are right now?

Ms. Wowchuk: For the first year, the interest rate is set at MACC's one-year cost of borrowing when the program was initiated at 3.25 percent. There is an additional 1% reduction if the producer is under 40.

Mr. Penner: That brings me to the question that I was going to ask. What is the Young Farmer Rebate program today? What is the interest rate reduction on the Young Farmer Rebate program today?

Ms. Wowchuk: The interest rate that the young farmer gets, he is eligible to receive a 2% rebate on the first \$100,000 of an MACC loan for the first five full years of payment and principal and interest. Whatever the going rate is there is a 2% rebate.

Mr. Penner: Can the minister tell me when the interest rate rebate reduction took place? The interest rate rebate was higher than 2 percent a number of years ago.

Ms. Wowchuk: The interest rate, rebate rate has not changed for young farmers. It was set at 2 percent and the rebate has not changed. If there is something different to that, I will report to the member at our next day's Estimates, but I do not believe that the interest rate has changed.

Mr. Penner: So any producer over 40 years of age is paying 3.25% interest on the BSE loans?

Ms. Wowchuk: On the BSE recovery loan, yes, anyone over 40 will be paying 3.2 percent for the first year. A producer under 40 at the time of application will have a further reduction of 1 percent. The interest rate in the second year will be set at 1.5 less than the MACC's prevailing one-year term rate, effective on the first anniversary of the program. The

interest rate for the young producer will be reduced a further 1 percent.

Mr. Penner: So that means that the interest rate will actually drop the second year into the program.

Ms. Wowchuk: No. It is 1.5 percent less than the prevailing rate for a one-year term loan. It would depend on the prevailing rate that the corporation has. We all know that interest rates are quite low right now.

Mr. Penner: I believe if I am correct, and I stand corrected on this one, the Government of Manitoba can today borrow money at less than 3.25% interest.

Ms. Wowchuk: The rates on the BSE recovery loan are based on MACC's lending rate, and then there is a reduction on that. The program was initiated at 3.25 with a further reduction, and as it comes to the anniversary of what rates are, then that is how the decision will be made on what the rate is for the second year.

Mr. Penner: The point I was trying to make is that the Province of Manitoba is making money on these loans, and I find it interesting that governments would actually try and make money on the backs of farmers that are in a disastrous kind of situation. That is the only reason I raise this.

Ms. Wowchuk: No, the member is not accurate on that. I mean, there has been a provision made for the reduction in interest that farmers have been reduced by. The MACC is at the cost of borrowing. This adjustment has been made. There is no intention to make money on producers on this. There has been a provision made in the loan authority to allow for this additional cost that the MACC will have to pay here, so it is not in the intention to make money on the producers. The intention here is to get money to producers at as low a cost as possible.

Mr. Penner: Can the minister tell this committee how many producers have subscribed to the loans program?

Ms. Wowchuk: As of March 31, 1455 people have taken advantage of the loan and, as I indicated, people continue to apply for it. *[interjection]* 1455.

Mr. Penner: So, at \$56 million, that would mean roughly about \$40,000 per loan? Not quite.

Ms. Wowchuk: The numbers that I gave the member were as of March 31, and at that time there was about 54 million. Since then, there have been additional ones, but it would be on an average of \$37,000 per loan.

* (12:20)

Mr. Penner: Can the minister tell this House how much farmers would have saved and how much the Government might have saved—and I say might—if they would have adopted the cash advance program to the producers?

I will explain, Mr. Chair, how the cash advance program works for the grains and the special crops sector. The cash advance is made normally after a crop is harvested, and based on your inventory and the limits set under the program, farmers are able to draw on the cash advance program an amount of money that is interest free to the producer, basically cost free. When the producer sells the inventory, whether that is a month after the cash advance is made or whether it is three months or six months after the cash advance is made, the deduction from the sale of the commodity is made and paid back to the cash advance program. By the time you have terminated your inventory the cash advance is fully repaid.

Mr. Chairperson, this program has worked extremely well for crops such as wheat, barley, oats, canola, corn, sunflowers and other crops, but they are designated. The corn producers administer their program for corn producers, as well as the sunflower program. The Wheat Board administers the barley and wheat program, and the others are administered by various associations. It is amazing how accurately the money comes back to the associations. There is no cost to government of the administration, of the advancement of this money, other than the interest costs that would be incurred from the borrowing that the Government would have to make.

Or if they had cash they could have withdrawn it, and that is why we made the suggestion. They could have withdrawn the \$50 million from the Fiscal Stabilization Fund—that is why those funds were established—and advanced it to farmers. Much of the money that they would have advanced would have already come back because many of the cattle that would have been put under a cash advance system would have been paid back.

It would have done two things. It would have allowed the marketplace to act normally. It would have encouraged the packers to buy at market prices instead of deducting or lowering prices, as some have accused packers of doing because of programs initiated; and it would have allowed the management to be left in the hands of the producer. If they needed the money on the cash advance, they could have gone to their association and said, "You know, I would like to make a draw on my inventory as a cash advance and when my cattle are going to market you are going to get your money back." So it would remain a revolving fund.

Mr. Chairperson, it works extremely well in the grain industry. It would work extremely well in the cattle industry or the livestock industry in general. I am quite amazed that governments have not chosen to use that tool to encourage a greater degree of stability and management ability from a financial standpoint in the livestock industry. This would have been a perfect opportunity for the ministry to put in place that kind of process to encourage good, sound management decisions on the farm.

It made so much sense to us when we made the suggestions to the minister to use the cash advance system. It would have saved farmers a 3.25% interest cost which will now be strapped to the backs of those farmers that are already in deep financial difficulty, and it would have allowed them to manage their inventory in a much different manner than they have now. I am convinced that the beneficial effect of that would have been substantive to the economy of Manitoba and, indeed, encouraged the continued production of livestock in this province in a much more organized manner than we have seen now, and in a much more certain manner than we have seen now.

I would ask the minister whether she could give us any sound financial reason why she would not have put in place a cash advance program at this time, instead of strapping or forcing farmers to borrow money and pay interest on those loans to the Province of Manitoba.

Ms. Wowchuk: The authority that the member talked about, the member talked about grains and corn and other crops that have organizations that offer a cash advance. He knows that that authority rests with the federal government. They are the ones that provide the funding for it. There is no authority

under that policy to provide funding for livestock production. That is under review right now.

I would remind the member that it was his leader, when we were in this crisis, who suggested that we come forward with a loan program or a cash advance. He suggested both of them. We had to do something quickly. We had to get money in producers' hands. We had the authority to do loans through the Agricultural Credit Corporation. We got the extra authority so that we could do it, just as his Government did during the flood. There was a need for cash for producers and they put in place the producer recovery loan. That loan was not interest-free and in fact it was at a higher rate. There was no discount on the interest for producers in the program for producer recovery loan. It was a program, it was a good program. It helped people with their cash flow just as this program is helping people with their cash flow.

As I said, there is no authority to provide for cash advances under the legislation that allows cash advance on grain and other commodities. That is under review. We have raised it with the federal government, cattle producers have raised it with the federal government and, hopefully, steps will take place that will allow for a cash advance on livestock. That is certainly an issue.

The program that we put in place that was criticized by the Opposition, along with all of the other programs, did put money into people's hands, did help them pay their bills and get through the difficulty that they were in, but I want to assure the member that we recognize how serious the situation is. I am very pleased that some product is starting to move. I am looking forward to hearing how soon the U. S. government is going to open the border. I am looking forward to seeing the results of the efforts of farmers in Manitoba to increase the slaughter capacity in this province because those are all important issues.

It is not just the issue of how we get money into farmers' hands. It is a matter of how we bring back a more normal situation for the producers in this province because there is no doubt it has been very difficult for not only the cattle producers but for the producers of all species. Mr. Chair, all ruminant producers have been facing real challenges, and we have to look at this and see how we can create new opportunities. I see a tremendous opportunity in

adding further value. We moved from adding value to grain products by starting to produce more livestock. Now we have to take the opportunity to take the next step, and how we can use that important resource to add more value and create more jobs in this province.

Mr. Penner: I think it is unfortunate that the minister would not have taken the opportunity to demonstrate to other provinces how a province could take a leadership role and play a leadership role in designating a fund that would not be interest bearing—

An Honourable Member: Just as you did.

Mr. Penner: —and used a cash-advance concept as a process of advancing money. I want to indicate to the minister that floods and animal crises are too very different things. Farmers and people in the province of Manitoba were asking for loans to give them bridge funding till the Government chose—

Mr. Chairperson: The hour being 12:30 p.m., the committee rise.

HEALTH

* (10:00)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. This morning this section of the Committee of Supply meeting in Room 255 will be continuing with consideration of the Estimates of the Department of Health.

When the committee last met there had been agreement to consider these Estimates in a global manner. The floor is now open for questions.

Mrs. Myrna Driedger (Charleswood): Madam Chairperson, yesterday the minister indicated that today he would let us know where I believe his name is Jean-Guy Bourgeois has ended up after he left his office.

Hon. Dave Chomiak (Minister of Health): Yes, Madam Chairperson, I did indicate that I would do that today for the Member for Charleswood. Mr. Bourgeois is in the process of moving from the Department of Health to the Department of Finance.

Mrs. Driedger: Can the minister indicate if that is a direct appointment?

Mr. Chomiak: Yes, Madam Chairperson, it is an Order-in-Council that is in the process of being developed.

Mrs. Driedger: Can the minister tell us what position he is going to be taking in the Department of Finance?

Mr. Chomiak: No.

Mrs. Driedger: Madam Chairperson, the Minister of Healthy Living (Mr. Rondeau) indicated yesterday that he had to leave a little bit earlier today. I thought maybe we could just start there and ask him some questions about his new role. I wonder if either of the ministers can explain how it is actually working out operationally. They both appear to be at the same level in the organizational chart.

I guess I would ask the Minister of Healthy Living: Is his ministry considered equal to that of the Minister of Health?

Mr. Chomiak: Madam Chairperson, I will answer that question because I think it is appropriate insofar as I have occupied the position for a period of time and the honourable member has acquired a new portfolio. It is considered an equal Cabinet, a role and function as any other ministry.

There are several instances across the country where there is a concept of junior and senior ministers. The most common example that I can cite is the recent experience in British Columbia where they had four ministers of Health, two that were actually in the status of full members of the Privy Council of Cabinet, and two that were, effectively, to use a federal term, secretaries of state who were sort of co-junior ministers and I do not believe had full status around the Cabinet table.

In fact, the model that we have adopted, and I note, and I want to make it very clear that it is still a developing role in transition. The department is still transitioning, as is indicated in the notes, to several factors with respect to having another minister. While it is in transition, but it is very clear that in terms of the status of a minister, the honourable member has the same Cabinet status reporting to the Cabinet as I do.

Mrs. Driedger: Can the minister explain then if the Minister of Healthy Living is considered a junior minister?

Mr. Chomiak: Madam Chairperson, we do not have a concept of junior ministries in the province of Manitoba.

Mrs. Driedger: But, technically, is that how it actually operates?

Mr. Chomiak: No.

Mrs. Driedger: Well, if the Minister of Healthy Living is considered to be of having full status around the Cabinet table and if the minister is not considered a junior minister, why is he not answering for himself?

Mr. Chomiak: The member can ask any questions that the member wants and can make any opinion that the member wants. The member can make any opinion and often does, often inaccurately, and the member asked about the status. I personally wanted to make it very clear what I thought of the position and I think the member concurs.

The Member for Charleswood can have her opinions on status. We do not have a system of senior and junior ministers in this Government. I am not sure what the experience was when the member was assistant to the Minister of Health in the previous administration but the fact is that we have now two ministers of Health with responsibilities that are some mutual, some different, but this is a developing role that we are continuing to work on.

Mrs. Driedger: Well, I would suggest to the Minister of Health if he wants me to have accurate information and put forward accurate information, it is his obligation in this set of Estimates to provide accurate answers.

It is difficult to try to ask questions when the minister tends to want to twist the questions and get in a few little shots here. I am just looking and a lot of people are looking because there is some lack of clarity out there in the general public about the two roles of the Minister of Health and the Minister of Healthy Living.

The way it is set up on this organizational chart, Madam Chairperson, it does appear that they are

both of equal stature in terms of they are on the same line, and yet yesterday when the Minister of Healthy Living was asked how many staff he had in his office, he turned to the Minister of Health to help him figure out what that answer should be and the Minister of Health answered that question.

So it certainly set this up to come across a little bit awkwardly. All I am looking for is some clarity in terms of the two roles and the differences and the sameness. So I am told now that they are equal, that one is not a junior minister, that it is an evolving ministry, that the Minister of Healthy Living has full status around the Cabinet table.

I would ask the Minister of Healthy Living: Is his ministerial salary the same as the ministerial salary for the Minister of Health?

Mr. Chomiak: I am glad the member, in answering the response, indicated that she actually comprehended the response I had given to her question. It shows we are making progress. I can turn it over to the Minister of Healthy Living.

*(10:10)

Mrs. Driedger: Just before the Minister of Healthy Living does answer that question, I would just like to say to the Minister of Health at the beginning of Estimates because we go through this every year, I am really getting tired of his bullying tactics.

He does this time and time again—

An Honourable Member: It is sexist, but that is okay.

Mrs. Driedger: Madam Chair, it does not serve any purpose well for the Minister of Health to sit there like a little bully against the questions that I ask and, as my colleague sitting beside me said, "It is sexist."

Yes, it probably is and I take offence to it. I am tired of it and I think the minister has a bigger obligation here to the people of Manitoba, to the taxpayers who are footing all these bills that are coming forward to them to have some degree of respect for the questions that are being put to him.

That is my job here and I try to do it the best I can. And for him to behave like a bully over and over again—what is this, my fourth set of Estimates? I

am very tired of it. I think the minister at this point in time could be a little more respectful.

The Minister of Healthy Living, if he would like to answer the question, and it was: "Is his ministerial salary the same as that for the Minister of Health?"

Mr. Chomiak: Yes, I heard the comments of the member and I think that mutual respect is something very important in this Chamber. I always consider it appropriate to answer the questions as precisely as they are asked and in as much detail as is asked, and I would have the member reflect upon her comments as well. I think we all should reflect upon the comments of the member when we get into the thrust of debate around this Chamber.

Hon. Jim Rondeau (Minister responsible for Healthy Living): Yes.

Mrs. Driedger: It is refreshing to have a direct answer. Can the Minister of Healthy Living then indicate how the relationship works, then, between him and the Minister of Health in terms of dividing up the various roles?

Madam Chairperson, I appreciate that in a transition period there are a lot of complexities as to what is going to move over and the speed at which it will. I understand that. I am not here to criticize the speed of which things happen, because I realize the largeness of what is happening here. But in all of this evolution there are a certain number of tasks that have been given over to the Minister of Healthy Living.

In all of those tasks can the Minister of Healthy Living indicate what his accountability is toward the Minister of Health in taking on those new roles?

Mr. Rondeau: In my opening comments I explained in general terms what my responsibilities and roles were and what areas of function that I was working within.

Mrs. Driedger: But the question was how is the minister accountable to the Minister of Health in terms of working with these new roles.

Mr. Chomiak: As I indicated yesterday, Madam Chairperson, the fact that the Minister of Healthy Living and the Minister of Health both have the same deputy minister that functions as the administrative

co-ordinator and responsibilities for both of those functions is the linchpin in terms of the structure and the relationship.

Mrs. Driedger: Does the Minister of Healthy Living take any direction from the Minister of Health?

Mr. Chomiak: As the Minister of Healthy Living has indicated to me, it is a co-operative relationship.

Mrs. Driedger: Well, I wonder if the Minister of Healthy Living can answer that. Does he take any direction from the Minister of Health?

Mr. Rondeau: We have a wonderful co-operative relationship moving forward all the initiatives within the Government.

Mrs. Driedger: It is nice to see that there is a co-operative relationship happening here, Madam Chair, and the Minister of Healthy Living has certainly picked up on the minister's words very co-operatively. But I think it is a direct question.

There is an answer that is easily said with the question: "Can the Minister of Healthy Living indicate if he takes any direction from the Minister of Health in a co-operative way?"

Mr. Chomiak: The question was does the Minister of Healthy Living take direction from the Minister of Health. We both indicated that it is a co-operative relationship. I am not sure what the member is attempting to establish from the question. This is not a top-down approach, this is a co-operative approach. I am not sure how familiar the member is with a team approach to dealing with issues and to dealing with items, but in fact that is the approach taken. Taking direction is a term of hierarchical organizations, and I am not sure if that is what the member is trying to get at, but we have already both indicated that we have a co-operative working relationship in a team function.

There are occasions when the Minister of Healthy Living (Mr. Rondeau) has provided me with advice, and there have been occasions when I have provided the Minister of Healthy Living with advice. I do not know how further to elaborate the relationship.

Mrs. Driedger: When the Minister of Health is asking, "What am I attempting to establish?" it has

become apparent already in the few short hours that we have been into Estimates that the Minister of Health is answering most of the questions that are coming forward and not really letting the Minister of Healthy Living jump in readily and right off the hop to answer some of the questions.

The Minister of Health seems to be setting up the direction of where those answers should go. So what I am trying to do, because of what is being demonstrated already, which does not make sense for the way the organizational chart is set up, I am trying to establish whether the Minister of Healthy Living takes direction from the Minister of Health in doing his job.

Mr. Chomiak: Madam Chair, that is the opinion of the member, and I do not think it is an accurate opinion nor is it a reflection of what has happened in these Estimates. If the member will note, the opening statement was made by the Minister of Healthy Living, who very clearly outlined the roles and responsibility taken by the minister, and as usual, the member offers opinions that I think are inaccurate. So, without offending the member, I would simply say that her opinion is not accurate nor is it an accurate reflection of the discussion that has occurred during the course of these Estimates. The member is fully at liberty, as she does on all many occasions, to form her own opinions. That is her opinion.

Mrs. Driedger: Well, the minister puts forward that my opinion is inaccurate, and yet he refuses to allow the Minister of Healthy Living to answer a direct question as to whether or not the Minister of Healthy Living takes direction from the Minister of Health. So he sits here, the Minister of Health does, and accuses me of putting forward inaccurate opinions or inaccurate comments, and yet he does not make any attempt to provide the accurate information. Well, what am I supposed to take from all of this? How am I supposed to understand this if the Minister of Health is deliberately avoiding a direct answer and will not even allow the Minister of Healthy Living to provide a direct answer to this question? Then he sits there and takes pot shots at me. Well, it makes it very convenient for the Minister of Health then to trash my credibility whenever he feels like it, but he sets it up so that that happens. I think that is a very devious way to handle Estimates or to handle professionalism in this business.

I would like to ask the Minister of Healthy Living: Does he vet everything he does or even a lot

of the things, or some of the things through the Minister of Health?

* (10:20)

Mr. Rondeau: I do not vet everything to the Minister of Health. As he has explained, what happens is we have certain roles and responsibilities. We sometimes share projects that we are working together, but we have distinct responsibilities. They are evolving, and we work very well in a co-operative fashion together. We also work through the same deputy, so a lot of the same projects do have the administrative support through one person—that is, Milt Sussman.

Mrs. Driedger: Does the Minister of Healthy Living make all decisions related to his department on his own without consulting the Minister of Health?

Mr. Rondeau: Madam Chairperson, I have already answered that question. What happens is we have specific responsibilities that we deal with. We do collaborate on certain files, we have certain responsibilities, things are evolving, and we work through the same deputy minister.

Mrs. Driedger: Can the Minister of Healthy Living indicate if he has anything to do with the RHAs?

Mr. Rondeau: Yes, we share lots of files together. Some of that is health promotion and so, yes.

Mrs. Driedger: I find it interesting that the Minister of Health is telling the Minister of Healthy Living the answers to every question prior to the Minister of Healthy Living answering them. It becomes obvious that the Minister of Healthy Living is certainly not as independent from the Minister of Health as the Minister of Health is trying to paint him to be.

I note that the Minister of Healthy Living was appointed on November 4, 2003. He did get a small office next to the Minister of Health. He did indicate to somebody just this week, I believe, that he was hired to do six things, and that was a quote, "hired to do six things."

Can the Minister of Healthy Living, just in a nutshell, and I know he went through this in greater detail in his opening statement, but in a nutshell, can he summarize what those six things are?

Mr. Rondeau: Madam Chair, I wanted to provide a little clarification. I was not hired to do six things. I was appointed to improve the health outcome. So what I am doing is I am working in areas that will do health promotion. I am looking at injury prevention. What I have done is once I was appointed, I spent time looking at outcomes, things that would improve the health outcomes of Manitobans. I chose six areas which would improve the areas of health outcomes for Manitobans.

The areas, as I explained, were chronic disease prevention, and that is working with the alliance and other groups to alleviate chronic disease such as diabetes, heart conditions, things like that. Number 2 was injury prevention, and I am pleased to inform the member that we just made an announcement on injury prevention. We had a conference and we are working to move forward on prevention of injuries. I encourage all people not to mention accidents, it is injury prevention.

We are working together with the non-smoking, so we have put forward Bill 21, which is The Non-Smokers Health Protection Act, which was a co-operative venture all-party task force. We are moving forward with that as the member knows. We are also working on reproductive sexual health initiatives in that area.

We have also done healthy living and lifestyles which was talking about the whole food, nutrition, et cetera. You will also note that we also moved forward with vaccines. We are also working within the seniors' population to improve the whole conditions, health and outcomes in collaboration with seniors.

Mrs. Driedger: I would like to touch on these areas each separately, the six areas that the minister has outlined. The first one was active living. Can the minister indicate exactly what he is doing in the area of active living? Have there been new programs he has started or is he responsible for the running of any of those programs out there?

Mr. Rondeau: I am pleased to inform the member that, just a little while ago, we made an announcement at the Reh-Fit Centre. It was a \$1.2-million announcement. It was in co-operation with the federal government and is helping the Reh-Fit with the money that a community member put forward. It means it is moving forward to the almost \$6 million

that allows this project to go forward. That was one of the initiatives.

I have also met with PACOM which is the Physical Activity Coalition of Manitoba to develop strategies along with the Minister of Education (Mr. Bjornson) and others.

Mrs. Driedger: He has had one meeting with one group and he has been involved in giving money to the Reh-Fit. Are there other initiatives that are being developed in this area? It is a huge area. It is a huge undertaking. There are certainly some challenges in getting people involved in active living. I am pleased to see the initiatives that are going on at the Reh-Fit Centre. It was my constituent, Mr. Paul Albrechtsen, who put in the \$3 million towards the further expansion of the Reh-Fit. I think he has made a huge commitment to the province as an individual entrepreneur. I am glad to see that the Government is also thinking that was a good thing that was happening. So the minister has met with this one group. Can you give us an indication with the group in terms of what initiatives might be forthcoming from that meeting?

Mr. Rondeau: Just for further clarification, what I did was explain one or two or three of the things we have done. We have done multiple other things. I was giving examples. In looking at the time, I did not want to take up half an hour explaining all the areas and all the functions that we have done in this area of active living and nutrition.

For the member's information, I have met with the Breakfast for Learning. I have met with numbers of other groups, phys ed teachers coalition. I have been very active on the file and we have worked with multiple partners. I have met with the Physical Activity Coalition more than once but in one of the meetings I was stopping in to listen to their initial meeting to go forward. I think the answer to you is what we have to do is work with multiple partners in multiple areas to move the whole file forward. We have done a lot of good work in this.

We are moving forward in getting the agenda so that people understand the importance of active living and good nutrition. In fact, it was interesting to note that in the opening of the Safeway just last week in my constituency, they were highlighting proper, healthy food, the new displays of food, et cetera. So it is not just one area, it is multiple areas that you

have to look at. When you are looking at nutrition, it is not just Breakfast for Learning. It is not just day cares. It is everyone and I pleased to inform the member that it was not just one meeting. It has been multiple meetings with multiple partners because I think the approach has to be a general approach. You want to deal with multiple partners, not just one group.

* (10:30)

Mrs. Driedger: I certainly saw the minister's picture at the Safeway. It was a good photo-op. I hope he is not taking credit for where Safeway is going with their new initiatives.

When the minister is saying he is meeting with groups, what is he hoping to achieve? Is he there as somebody persuading certain things to happen? Is he looking at policy that he is going to bring in? Is he looking at legislation in these areas or is he just attending a bunch of meetings to be seen? What can he do with all of these efforts and all of these meetings? What specific rule can we expect the Government, after attending all these meetings, to then move forward with?

Mr. Rondeau: I think what we want to do first is establish plans. I think we have just announced a task force that will go and listen to Manitobans on youth, physical activity, et cetera. What we are going to do is find out information from the public. We want to talk to different organizations. I do not think this is a single initiative. I think what we have to do is look at what industry is doing. When I met with the soft-drink bottlers they were talking about pulling soft drinks from elementary schools. So what they are doing is they are taking Cokes out. I think what you have to do is encourage industry, work with industry, work with business, work with multiple partners to move the agenda forward. I do not think it is where we mandate it. I think what we have to do is listen and work with different organizations.

Mrs. Driedger: I certainly agree with the minister in that way. What certainly needs to be clear, though, is specifically what bang are we going to get for our buck by putting in place a Minister of Healthy Living. What is that ministry actually going to achieve? You know it looks like a flurry of activity but in the end you want to be able to say, because of me and this new job we have been able to do this and this and this.

Can the minister indicate how he is going to evaluate if he has achieved these goals that he is setting out in this particular area of active living?

Mr. Rondeau: One of the important things that we do is we have set the areas that we are working in. So we have set specific areas that we want to work in and I have outlined the six areas we are working in.

A good example of accomplishments is the recent vaccine announcement where the Minister of Health (Mr. Chomiak) started the initiative in 2001 and brought it to the national agenda. I have had the pleasure to write to the federal minister and just recently we have been able to announce it. I think it is really important to note that Manitoba was the second province in the country to initiate this expansion. I think it is great to see our province moving forward on this very important preventative initiative, and I have to compliment the Minister of Health for bringing this out into the national forefront. I think it is really good to be able to achieve this important milestone for the health and the prevention initiative.

So what we want to do is make sure that we are moving that initiative forward. I think with the new ministry what we are trying to do is make sure that we put prevention in all its faces forward into the public through government and through the entire population.

Mrs. Driedger: The only comment I would make, I think the minister went off on a bit of a tangent on vaccinations which really was not answering the question about active living. But certainly if the Government was as committed to the vaccinations as he is indicating, I am surprised it took them so long to actually commit to doing it.

Can the Minister of Healthy Living indicate what specific outcomes he is going to measure to see if what he is doing in this area of active living is actually being achieved. What outcomes do you hope to see with your role?

Mr. Rondeau: Well, as the member mentioned about vaccines, one of the examples of vaccines is that in the last year we have expanded to at-risk children. And so what we have done is we have expanded to at-risk children, which was a first step. The second step is expanding these three vaccines to all children. I think that is a good measurement of

success. When in the past you have not had a universal vaccination program in these three areas, we expand the vaccination program to make sure kids are vaccinated. That is a concrete measurable outcome.

To sit there and put money into the Reh-Fit Centre to ensure that there is adequate recreational facilities in that, and, yes, Paul Albrechtsen, I have to congratulate him on his challenge of \$3 million. It is nice that right after the challenge I was able to go and attend the challenge, and right after that, within a very short period of time, the federal and provincial governments stepped to the plate and met his challenge. I am very pleased that part of his challenge was to make sure there was a trust fund to ensure that people who are low income could make use of that facility. So it was not just those people who had the financial resources but it was everyone who was able to use a wonderful recreational facility. It is a wonderful resource to keep people well and healthy. It is a wonderful resource to make sure people are active living.

As far as concrete action, I can inform the member that we have already had a number of very important, concrete actions. In the very short life of the ministry, we have had a vaccination announcement. We have had a number of new initiatives where we are opening new machines, new tests, et cetera. We also did the Reh-Fit announcement. I think it is concrete things that will make concrete differences in the lives of Manitobans.

Mrs. Driedger: I would imagine that with active living the end result of what you want to see is more people being active. How does the minister think he is going to be able to measure that?

Mr. Rondeau: What I have to also inform the member is that I have met with numerous groups such as the Manitoba Runners' Association, et cetera, that now tie walks with the runs, so, it is not just the people who can do the running of the 5, 10, 15k's, but now they have tied walks, 3-, 5-k walks, to all the runs.

What we hope to do is on the Web site, and I encourage the member to look at the new Healthy Living Web site. It is a very nice Web site. It includes a lot of information on how to keep healthy. We are going to actually have a calendar where we promote all these walks, runs and different activities, so that people can stay healthy.

I think what is important to do, is that in the past, some organizations would just have runs, and that did not allow all people the opportunity to participate. It does not allow older people, people who have some health concerns, to participate. If we tie a 3- or 5-k walk or the Mutt Strut that just went on in St. Vital Park, where people took their pets out and their families out. What you are trying to do is encourage a larger percentage of the population to be healthy. So it is nice to sit there and look at multiple ways of encouraging physical fitness and activity.

We also are working with other partners to figure out how to broaden the base and get more people involved. Another example is through the Healthy Child. We have had nutrition money go to each school. Schools were offered money for nutrition one year, and then this last year, it was on activity. They were given a small amount of money to have kids participate in activity, get more active. I am happy to say that there were between 400 and 500 schools participate in that activity this year.

Mrs. Driedger: I do want to commend the Minister of Healthy Living on the Web site. I think it is going to be a useful tool for people.

Madam Chair, I would ask him where he sees personal responsibility of individuals fitting into all of this, and how is he promoting that?

Mr. Rondeau: I think the first, important part of personal responsibility is to ensure that people have the information so that they can make appropriate health care judgments. One of the things you will note on the Web site is the fact that they are talking about the linkages between chronic disease, obesity, et cetera, and lack of inactivity. What we are trying to do is make sure that people are more active by providing first, the information, and then secondly, set up the opportunities so that people have the opportunity to keep healthy.

The first stage of all this is information and the second stage is opportunity. I think it is wonderful to see what some companies are doing now, and what some organizations are doing now to encourage physical fitness and activity. It is not a one-stop, one answer. I think what we have to do is work with people, organizations, businesses, et cetera, to make sure everyone has the information they need to make appropriate decisions.

* (10:40)

Mrs. Driedger: Can the Minister of Healthy Living, in the next section of healthy eating, indicate if any new programs or initiatives have begun since he has become the Minister of Healthy Living? What has he done in terms of putting together new programs or new initiatives?

Mr. Rondeau: I am pleased to say that just recently there was an announcement on the eating disorders families organization and that just actually was about three weeks ago, if memory serves me correctly. That was one of the concrete initiatives that has happened is the family eating disorders association received a grant so that they can do their good work.

Mrs. Driedger: Can the minister tell me what the Baby Friendly initiative is and when it would have started?

Mr. Rondeau: I am sorry. Is that the Healthy Baby or Healthy Child? There are a number of them.

Mrs. Driedger: The Baby Friendly initiative that is mentioned on his Web site. It was something that I do not know that I have heard about it yet, so I am wondering if it is a new initiative that has recently come on board or has it been something that has been happening for a while. It is under the topic of breastfeeding.

Mr. Rondeau: Madam Chair, I am pleased to inform the member that we are doing a number of things in the Healthy Child initiative and some of them are the baby home visitors, some are Healthy Child, some of the prenatal supplement. Within the last three years we have put these in. It is a new initiative as far as our Government's initiatives. These are Healthy Child initiatives. This is all the stuff that has started under our Government, have been in place and they are encouraging active living, proper supports for families and parents, proper nutrition, the supplement.

These are all wonderful things that actually help make sure that the child has a good early start in life, proper nutrition. It deals with things like FASD prevention. What we are doing in these cases, we are supporting families, children and making sure we put investment at the front. Now, if the member wants more information in detailed form, I can request that the staff are present. In general terms what we are

doing is we are supporting families, children and making sure that kids have a good first start.

Mrs. Driedger: The minister's comments all sound wonderful and certainly a lot of these programs are very, very good. I do not think the minister can necessarily take credit for all of them. I think there may have been one or two started under the former government and this Government just changed the name of the program. Certainly, there were a lot of initiatives happening under the Children and Youth Secretariat which this Government actually dismantled and then set up their own similar secretariat.

I appreciate the minister has this on his Web site but he is not fully aware of what the provincial Baby Friendly initiative is. I can go to the Web site and download the information so the staff do not need to bother doing that for me.

I would like to ask the minister in this area of healthy eating how he actually plans to encourage the general public to improve their eating habits so that we are eating better.

Mr. Rondeau: It is not, as I mentioned to the member before, it is not myself making everyone healthy or eating healthy. What happens it is initiatives such as Safeway undertook. In their new store when you walk in you get to see fruits and vegetables. You get to see walls of organic food. You get to see things that will be healthy food. So, in other words, in the Crestview Safeway what Safeway undertook was to remove the bacon and other items and instead put juice. That is one of the things that they do.

Businesses are making good, conscious decisions that will help people get healthy, make healthy choices. When you walk into the store, it is wonderful because you get to see wonderful, colourful, beautiful displays of healthy food and that is the first thing you walk into. You do not walk in and see cookies with trans fats. What you do is you see healthy food. I would like to encourage Safeway and other stores. I know that the IGA just down the street from the Safeway has the same display mechanisms where you walk in, you see the fruits and vegetables, and it is nice to see. So that is what industry is doing.

I think what we also have to do is encourage school divisions like Frontier School Division. The

member might not be aware that Frontier School Division has adopted a nutrition policy and they actually, at the last MAST convention, Manitoba Association of School Trustees convention, what they did was they shared that with a number of other trustees. I do not think it is where one member or one person in the province pushes everyone to become healthier. What we have to do is use multiple partners, multiple ideas, multiple methods of moving the agenda for healthy foods forward. So schools can do it. Businesses might be able to do it. I know that Gordon Bell, just down the street, actually has a chef that produces excellent, from what I understand, lunches that are healthy and the students just love it. So it is not just one person, it is multiple people to move this important effort forward.

We do have the food and nutrition Web site that is talking about education and prevention information, as well as electronic resources about nutrition and diet. We also link to other Web sites that actually provide concrete nutrition information so that people can know how important that is.

We also have worked with the Manitoba Milk Producers. We have the Healthy Start for Mom and Me. We have the Healthy Child. Manitoba has a number of information packages for people. There is an interdepartmental food and nutrition committee that has been struck by Healthy Child. It is chaired by Manitoba Health, and it is looking at ways to strengthen nutrition and co-ordinate and focus government in the importance of nutrition. And there are a number of other things that we have done. I think the idea is to use multiple partners to move this important agenda forward. It is not something that one group can do.

I would also like to inform the member that the Manitoba Breastfeeding and the Baby Friendly initiative, it is Manitoba Health that chairs a regional breastfeeding network with representation from all RHAs. What we are trying to do is the Baby Friendly is promoting the breastfeeding across the province because as the member knows as a former health care worker, breastfeeding is a very good start for babies. So the Baby Friendly initiative is the breastfeeding initiative where we are encouraging mothers to breastfeed their children.

Mrs. Driedger: Well, Madam Chair, that is interesting that they have pulled it forward in an initiative, but hospitals have been doing that for

decades and there are certainly workers out there that have had that as the major focus of their jobs, nurses that are specifically trained and midwives that are specifically trained to deal with that issue.

It is still not clear to me in all of this what specifically a new ministry and a new minister, who is being paid big bucks to promote wellness, exactly how this is really going to end up achieving that and are we going to get our money's worth. I do think the Web site was good. It is pulling together information that was already out there. We did not need a Minister of Healthy Living to do that.

I understand the minister has sat with seniors, according to a newspaper article, and told seniors what muffins to eat. I really wonder if that is how he sees his job, as getting together with people and actually telling them what kind of muffins they should eat.

Mr. Rondeau: In response to you, I think that it is very important to put a focus on prevention in health care. *The Globe and Mail* recently said that one of the tenets of medicare was not just the acute care side and the treatment of illness, but the focus on prevention, the focus on health. What we are doing in this ministry is not only focussing on health and focussing on what is the important part of health, but actually delivering that (a) through the system and (b) through informing individuals as to what they can do. I think part of the role of government is to provide information and work with organizations so that they can do their job. In this department we believe in being co-operative. I can co-operate with other departments. I can co-operate with the Minister of Health (Mr. Chomiak) and I think what we have to do is work with multiple partners to deliver good health.

*(10:50)

A good example of that is we have an organization which is the Alliance for the Prevention of Chronic Disease. It is a wonderful organization which promotes all of the factors that help people stay healthy, and we will be working with that in multiple groups to make sure that PACOM, Physical Activity Coalition of Manitoba—there are multiple groups that we are going to be working with to ensure that people stay healthy.

I think that in the past we focussed on the acute care side. This gives us a wonderful opportunity to

educate, inform, and work with organizations that look at the front end, rather than the back end. An example is Healthy Child Manitoba is investing in healthy children, healthy babies, healthy families. I think that is very important, and that is what the role of this new ministry is all about.

Mrs. Driedger: I certainly do agree with the Minister of Healthy Living, Madam Chair, that we have to look at the front end of all of this and look at health promotion and illness prevention. It has never quite had the focus it has needed and this certainly may be an opportunity with what he is doing. I am not convinced you needed to have a health ministry in order to do it and put the kind of resources into it that this Government has done. I think there certainly could have been other more cost-effective ways to do it, and that is why we will be closely watching to see if Manitobans are going to get a bang for their buck out of putting a minister into this role and spending that kind of money to create a whole new bureaucracy to deal with this specific issue.

When the minister talks about working with the Alliance for the Prevention of Chronic Disease, I mean, they have been around for a long time. They have been doing some very, very good work. What does the minister mean when he says he is going to be working with them?

Mr. Rondeau: I think the member should be aware that we did not create a huge bureaucracy; in fact, what we are doing is using the same deputy minister. The Deputy Minister of Health is also the Deputy Minister of Healthy Living. We work with the same group, so that we did not create a new bureaucracy. What has happened is that we have the same supports throughout the department and throughout departments. We are working with all the ministers so that everyone is looking at how they can keep people healthy throughout every department.

What we are trying to do, Madam Chair, is not create bureaucracy. In fact, we did not create a bureaucracy. What we did was we were working with the existing ministry.

Mrs. Driedger: On the minister's Web site, Madam Chair, on the Healthy Living Web site, there is mention of cardiovascular diseases, diabetes, and cancer being addressed under the issue of chronic disease prevention. Can the minister tell us if we

have any disease prevention programs in place for diabetes?

Mr. Rondeau: I am pleased to inform the member that we do have a well-recognized diabetes prevention campaign. Actually, the diabetes association of Canada recognized it as one of the best in the country. That was very pleasing. So it is nice to see that we have done that.

I have to commend the Minister of Health for the hard work that he has done in this area. As the member knows, we have worked hard to make sure that people know what causes diabetes. Diet and exercise can actually ensure that people do not have an onset of diabetes early. If they have appropriate activity and nutrition, you may delay the onset of diabetes. We have got an education and awareness campaign. It sort of fits in the whole picture of proper nutrition, proper activity.

We are working very hard to work with organizations like the Manitoba Diabetes Association and PACOM. The Diabetes Association is a member, I understand, of PACOM. What they do is we are trying to promote activity and proper nutrition. There is an education awareness strategy. It sort of fits into the nutrition strategy. It definitely fits into the activity strategy. Again, that is a perfect example of what this ministry is designed to do. If a person is predisposed to get diabetes at a certain age, if they take appropriate action as far as nutrition and activity, they may delay that, which has better health outcomes.

Mrs. Driedger: Can the Minister of Healthy Living indicate if that diabetes strategy is the same one that was developed back in the former Tory government?

Mr. Chomiak: Madam Chair, I am pleased to inform the member that in January 2000 the Minister of Health established a ministerial advisory committee on diabetes to guide the implementation of the recommendations from the diabetes Manitoba strategy. Since then we have moved forward on this initiative. It is a very important health initiative, because what you are doing is you are trying not to treat the chronic disease. You are trying to get people to understand the importance of proper activity and proper nutrition so that you can delay the onset of diabetes or actually avoid the onset of diabetes. That is part of the goal.

Madam Chairperson, I am glad the member understands the importance of prevention. Diabetes is a perfect example of how we can prevent a chronic illness which might have extreme human consequences, but also extreme financial consequences. So, if we work together with all our partners, we can actually have less suffering, less expense and better health outcomes.

Mrs. Driedger: I certainly do want to commend the Doer government for setting up the group to move forward the diabetic strategy that was developed by the former Filmon government. I do give credit to this Government for taking that forward and acting on it, and I will give credit there.

Can you tell me in this particular area of diabetes prevention then what is going to be addressed in terms of the epidemic of diabetes amongst the Aboriginal population?

Mr. Rondeau: I am pleased to inform the member that what we are doing is we are working with the First Nations, Inuit health branch to work with them to implement province-wide deliverables on diabetes and chronic care. So we are working with that. That is the first answer. The second answer is that we have also asked the RHAs for deliverables in this specific area.

* (11:00)

Mrs. Driedger: Madam Chair, just in discussion with the Minister of Health (Mr. Chomiak), we wondered if we would be able to take a 10-minute recess.

Madam Chairperson: Is it the will of the committee to take a 10-minute recess? *[Agreed]*

We will reconvene in 10 minutes.

The committee recessed at 11:01 a.m.

The committee resumed at 11:14 a.m.

Madam Chairperson: The floor is open for questions.

Mrs. Driedger: Can the Minister of Healthy Living indicate if we have any disease prevention programs for cancer?

Mr. Rondeau: I would like to respond that one of our major initiatives in the chronic disease prevention is the whole aspect of the tobacco control. There are about 2800 people who die of smoking-related illnesses every year. I am pleased to see that we are moving forward on Bill 21. I am eagerly anticipating public hearings and we are waiting to work with the members opposite to ensure that the public hearings are done quickly and soon so that we can therefore move that agenda forward.

I think that in the case of cancer, if we can get non-smoking, I believe it was Probe Research did a study that showed that once the smoking ban goes in, 42 percent of the people between the ages of 21 and 35 are considering to stop smoking.

It is also interesting to note that with the initiatives with the youth, what we are doing is we have a youth awareness committee, which is led by Andrew Loughead, and he has done an excellent job with that. I understand that they have a program where they have taken 12 non-smoking commercials and it is a new program that is shown to Grades 7 and 8, middle schools, and what they do is they evaluate the 12 commercials. Some of the commercials have to deal with the actual problems with personal problems, health problems, problems with cancer, et cetera. So they see these 12, they evaluate it and they understand the wide ramifications of things like cancer.

In response to your question, the first one I would like to do is explain the whole cancer initiative. I am very pleased that it is a chronic disease that can again be prevented, sort of like diabetes. What you do is you focus on what issues can be preventable and we are working on that. I think it is not just cancer and just diabetes. We are working with all the prevention initiatives. I would also like to inform the member that we have a cervical cancer screening registry. We also have a mobile breast cancer screening. I think it is a vehicle, it is a van of some sort.

Just a little while ago, I was pleased to do a ribbon cutting on the prostate cancer centre where what we are doing is expanding the prostate cancer centre. I think in those cases, what we are doing is we are doing a variety of services for men including clinical assessment, information to help with the patient decision-making, prostate cancer support groups and research in prostate cancer.

We have done initiatives on smoking. We have done initiatives on getting a mobile cancer screening van, and we have gone and done things on prostate cancer and with the non-smoking initiatives that is working with the cancer.

Again, on diabetes, I explained that in the previous question.

Mrs. Driedger: Can the minister indicate where his Government is at in moving their commitment toward establishing prostate cancer screening?

Mr. Chomiak: As the member is aware, there have been several initiatives taken, with prostate cancer being one of the big four cancers present in the population of the increase in cancer over the past decade.

Unfortunately, one of them is prostate cancer. With respect to the prostate cancer, as the member has already indicated the fact of the increase in the expansion of the prostate awareness centre and all of the educational activities including a TV ad campaign that was very innovative, to alert men to the fact that they ought to, once they turn 50, meet with their family physician and consider a prostate screening test, which is part of our strategy, as well as advertisements to advise men post-50 or high-risk groups that they ought to have a PSA test and that has been part of the initiative with respect to screening for a prostate cancer.

Not only is it accessible for men but we undertook an ad campaign in conjunction with the cancer support group to alert men to the need for screening for cancer through PSA and for the availability of PSA testing with respect to screening for cancer.

Mrs. Driedger: Can the Minister of Health indicate what happened to his commitment for a formalized prostate cancer screening program, because what he is talking about right now is not what he was committing to before?

* (11:20)

Mr. Chomiak: There is a divergence of opinion with respect to whether or not there should be a mandatory program that provides for a registry-like system which we have with respect to a Pap smear. The best advice is to implement a program that we

have implemented that will allow men in the appropriate categories and the appropriate age group to have provision to this screening.

Mrs. Driedger: Can the Minister of Health tell us what happened to his commitment to create that formal screening program? I mean, he was pretty adamant that it was important, and it was, I believe, an election promise, that he was going to go down that road.

Is he saying now that we are not going to have that formalized prostate cancer screening program?

Mr. Chomiak: Madam Chairperson, I am very pleased that the prostate cancer centre was opened this year. It was a 1993 Throne Speech commitment that was made, not by this minister, but by a previous four ministers ago. I and the Minister of Healthy Living were very pleased that we were able to open a wide-ranging prostate awareness centre and that in conjunction with medical expertise have and are providing the type of treatment that is the best medical and scientific advice available to us.

Mrs. Driedger: Did the minister not check into this scientific advice before he made his promise to set up a prostate cancer screening program?

Mr. Chomiak: Madam Chairperson, something as important as cancer and cancer awareness, we take our lead, as we do on all health issues, from both the best medical and scientific evidence available to us. That is the appropriate vehicle and the appropriate way to make the decisions.

Mrs. Driedger: I do not disagree with the Minister of Health. In fact, I support the fact that we should be listening to the experts. I am not going to argue that point. But this minister made a promise, he made a commitment, and he has played around with this issue a little bit, had some fun a little bit at my expense. Now he is sitting here telling me that it looks like he is not going to go forward on this promise that he repeated a number of times to set up a formalized prostate cancer screening program.

Is he telling me now that the experts are saying this is not the way to go and he is now going to listen to the experts? Maybe he did not check with them before he made that promise. That was a good election promise to make. Attract the men's vote

because you are going to do this wonderful thing, but maybe he did not check with the experts then.

Now the experts are saying and I know they are saying—I just had a very long conversation with a cancer specialist. We talked about screening programs. I do agree that we have to listen to the experts. I know that there is some controversy about screening programs. I think they do need to have a good debate on it. I do think this has to be taken out of the political realm, but the minister is the one that put it into the political realm.

I understand, anyway, perhaps the minister can confirm that there is a committee meeting at CancerCare that is debating the issue of screening, but certainly this minister made a commitment. I would just like to ask him now: Is he now taking that off the table? Is he now saying that there is not going to be a prostate cancer screening program?

Mr. Chomiak: Madam Chairperson, I am glad the member agrees with me that we ought not to make these decisions in the political realm.

Mrs. Driedger: Madam Chairperson, it appears that the minister probably, from that answer, is not going to move forward with keeping his commitment for a prostate cancer screening program. If the experts are feeling that way, then it probably is something that needs to be listened to very carefully, but I would remind the minister that it was his commitment, his promise to do it. I really have to question then the homework, as I questioned it before, the amount of homework that went into all of those now becoming infamous '99 health election promises.

I would like to know and I know there is some discussion and debate around colorectal cancer screening. I know that there are a number of people that are recommending stool for occult blood as a screening mechanism for checking colorectal cancer. I know there is another group that feels that it might not have all the value that some think it has.

Can the Minister of Health tell us what those discussions are right now in relation to whether or not there is value or not to introducing colorectal cancer screening?

Mr. Chomiak: I am very pleased that we were able to cut the waiting list for prostate cancer in half from the dangerous levels when we came to office in '99. I

was very pleased that we were able to introduce brachial therapy treatment for prostate cancer that had not been introduced in Manitoba prior to 1999. I was also very pleased that we have been able to offer 3-D conformal radiation treatment for prostate cancer that had not been available in Manitoba prior to 1999. I was also very pleased that we were able to fulfil our commitment to build a prostate cancer awareness centre that had been promised since 1993. I was very pleased that we were able to move forward on all of those initiatives with respect to prostate cancer, including both in education and the availability of PSA testing in that regard.

With respect to colorectal cancer and the provision of screening programs, we are having the scientific and medical community continue their review of the advisability of that.

I am also very pleased that we were a government that was able to deliver on the cervical cancer screening registry that had been promised in 1996, '97, '98 and '99, we were able to deliver and we now have a cervical cancer screening registry in the province of Manitoba and that we continue to be innovative in this area.

Mrs. Driedger: I am not sure if the Minister of Health is aware, Madam Chair, but when the new CancerCare building was being built, it was because of the former government putting in the funding to build that extra floor at that time that allowed him to move ahead and set up a comprehensive prostate cancer centre.

I have to indicate that there was some strong lobbying on my part, at the time, for that extra floor.

An Honourable Member: We will call it the Driedger Centre if you want.

Mrs. Driedger: No, I am not looking for that.

Madam Chair, I just want to indicate to the minister that the prostate cancer, the comprehensive cancer area for prostate cancer, I am glad he moved ahead and did that. I do want to indicate that he had the opportunity to do that because they had the space there at CancerCare, and that space was put in by a commitment from our government.

Can the Minister of Health tell us, with the prostate cancer screening, why the medical community is not advocating that?

Mr. Chomiak: I cannot speak for the medical community. There is a divergence of opinion, as the member is well aware of, in this regard. There is a stark divergence of opinion with respect to studies, with respect to views, with respect to the advisability of this particular matter.

Mrs. Driedger: Did the minister not do his homework in 1999 and get those opinions?

Mr. Chomiak: We have worked diligently for some period of time and have actually achieved significant initiatives in place. If the member wants to take credit, I am quite happy to give the member credit for any and all initiatives that have taken place. I do not think it is a question of credit, I think it is a question of getting the job done for the people of Manitoba. If the member wants to take credit for the CancerCare Centre and all of the prostate initiatives, I do not think it much matters where you attach the credit. What I think is important is that we are able to offer this service to Manitobans who need the service.

* (11:30)

Mrs. Driedger: As I indicated to the minister, I am not looking for any credit. The minister is the one that moved forward. He had the space, he moved forward and he did something with it. So certainly the whole thing came together, probably with a lot of co-operative effort on a lot of people's parts. I think the minister is right. In the end it benefits men in this province.

I am just grossly disappointed that he did not do his research and his homework at the time in 1999 when he made a pretty significant commitment to the men of this province to commit to a prostate cancer screening program and that was very misleading.

I thought at the time, I wondered at the time and with a number of other issues: Does this Government do their homework before they make announcements? Certainly for years and years there was the expertise in the medical community recommending one site for cardiac surgery, and we were moving towards that when we were in government.

During the 1999 election, this Government, without any political expertise behind their opinion, made a commitment. The Finance Minister was there, the Premier (Mr. Doer) was there and they

made a commitment to go against the medical expert advice of all of the doctors in the program out there and decided that they were going to keep two sites.

Then, what have we seen over the past several years? Eleven patients dying from long waits for cardiac surgery. Now the minister sits here and talks about listening to the medical advice, when in fact it appears that on some other occasions he has not followed it. He has made political decisions and those political decisions have interfered with good patient care in this province. For the minister to sit here now and try to make it sound anything different than that is very misleading.

Can the minister indicate with the colorectal cancer screening—and the reason I just want a little bit more information on this is, I was speaking to a woman who came to me and her husband was young, he was in his sixties and he died of colorectal cancer. This particular family has always been very aware of healthy living. They have eaten healthy. They have exercised. They did everything they were supposed to do and he still ended up dying from colorectal cancer. She is concerned and wondering if, in fact, colorectal cancer screening was in place, this would make more of a difference to people out there in terms of earlier detection and prevention of basically premature deaths.

Mr. Chomiak: Madam Chair, the big four cancers that I mentioned, colorectal is one of the big four with respect to the incidents in Manitoba. It is, as I understand it, a medical protocol that if you have a genetic predisposition history or particular criteria that relate to this area, it is recommended by physicians and by medical practitioners that a person should be screened for colorectal cancer as well as follow the other steps with respect to lifestyle, diet, et cetera, that have a bearing and a factor with relation to colorectal cancer.

Mrs. Driedger: Can the Minister of Healthy Living indicate if we have any disease prevention programs right now for cardiovascular disease?

Mr. Rondeau: Yes.

Mrs. Driedger: Could the minister indicate what those are?

Mr. Rondeau: There are programs at the Reh-Fit Centre. There are programs at the Seven Oaks

Wellness Centre. There are obesity programs, there are nutrition programs. There is stuff that the RHAs are delivering as far as healthy living. All of those relate directly to that.

Mrs. Driedger: Can the minister expound a little bit on what stuff the WHRA is doing?

Mr. Chomiak: I am certain we can get back to the member from the WHRA which is a regional health authority that functions and operates a considerable number of programs with that specific information. I was under the impression that we were doing general information with respect to questions and specifics like that. We certainly can obtain the information for the member, to provide it.

Mrs. Driedger: I appreciate that undertaking. With this area that the Minister of Healthy Living (Mr. Rondeau) has under his portfolio, chronic disease prevention, I am assuming that what he will want to do is evaluate, at some point, whether the measures he, himself, is addressing, or putting into it, will have some positive effect. Is that his intent that he will be monitoring what he is doing, the success of what he is doing? He will evaluate what he is doing and he will be able to, in a year, indicate what specific outcomes will look better because of his efforts in chronic disease prevention.

Mr. Rondeau: As a normal ongoing operation, we monitor all activities of the Health Department. We actually have very good statistical information and what we will be doing is monitoring the changes in different chronic diseases, in treatments and in the acute care system. We will be, as an ongoing way of operating not only the department but government, we do monitor what is happening over the trends over the long-term.

Mrs. Driedger: In the next area on the minister's Web site and in the list of what he has put forward, sexuality was one of the areas. Can the minister tell me, because I do not recall this particular topic standing out when we were in government, and I guess I would like to know, what does this minister see as the Province's role in this particular area. What does he hope to move forward with?

Mr. Rondeau: Madam Chair, I think what we are trying to do is make sure that people are aware of the importance of healthy sexual practices which might mean abstention, might mean appropriate birth

control. It might mean different things, but mostly what we are doing is we are making sure that we decrease the amount of STDs that are present. We want to make sure that unwanted teenage pregnancies are decreased, and what we want to make sure is people have the information to make intelligent decisions on their own healthy sexual reproductive activities.

Mrs. Driedger: Certainly a lot of those programs, you know, sexuality education have been around for a long time. There is a lot of information out there available to young people in that specific area. We do have an AIDS strategy. We do have an STD strategy. We do have a women's health strategy. Are all of those strategies now coming together under his portfolio?

Mr. Rondeau: Most of them are coming under my portfolio, however there is always co-operation with the Department of Health, the Minister of Health (Mr. Chomiak) and the RHAs. This is an example where I may be leading some and co-operating with others with the Minister of Health.

Mrs. Driedger: When the minister is indicating that these strategies will be coming under his portfolio, to what degree will he bear responsibility for the AIDS strategy, STD strategy, women's health strategy?

* (11:40)

Mr. Chomiak: I do not know if the member appreciates the fact that the overall policy and direction is set by the Department of Health, in general, and the delivery of programs is done by the regions with respect to program delivery. I think the member ought to consider that distinction. There are some programs that are offered directly by the Department of Health. The majority of program delivery is done by the regions and what our activities have been engaged in, in the past several years is upgrading both the capacity and the ability and the measurement of deliverables to regions to deliver programming of that type.

Mrs. Driedger: But for the aspects of that that fall within the Department of Health, are they now going to fall within the Department of Healthy Living?

Mr. Chomiak: Madam Chairperson, as the member indicated, the Minister of Healthy Living (Mr. Rondeau) and myself, this is one area that we work

at co-operatively with respect to the overall strategies, the policy directives from the Department of Health and the delivery of programs in the respective regions. By necessity and by nature, this is one of those activities that has crossed jurisdictional boundaries, that requires co-ordination through the deputy minister's office and through the regions.

Mrs. Driedger: Can the Minister of Healthy Living indicate what other strategies are being developed in this particular area of sexuality that is on his Web site?

Mr. Rondeau: Madam Chair, this is an area that we already have ongoing programs in: STD prevention, HIV prevention, blood borne pathogens, et cetera. What we want to do is see what is happening in the regions, see what is happening in the community and move that forward.

Again, in the five months since the beginning of the ministry, we have not developed all of it. This is an ongoing process to develop this and move this whole agenda forward. As you know, throughout the nineties, there was not a great deal of movement in certain areas such as HIV movement. It basically became static as far as the delivery of programs. What we want to do is continue to move that forward.

I think that, in the case of items like HIV, it is preventable. We know how to prevent, and we want to work with multiple partners to make sure that it is preventable. As far as the public health, what we want to do is make sure that people have screening for STDs. We want to make sure that there is anonymous testing for HIV. We want to make sure that there is an Aboriginal strategy. Just recently, we did a meeting with a number of providers, both Aboriginal providers and non-Aboriginal providers, and we want to move forward the Aboriginal HIV strategy. We want to make sure we work with the harm-reduction working group, and make sure that we move forward with a northern STD program. We want to keep on working with partners.

I think it is very important, as the member should agree, that we are making sure things that are preventable, like sexually transmitted diseases, like HIV, are moved forward so we do not have anyone who, through lack of education, through lack of anything, that we make sure we do not allow these diseases to proliferate when we can prevent them.

Mrs. Driedger: I would like to just mention to the minister that it was our government that put together the AIDS strategy. In 1999, I met during the election with members of the gay community and talked about our strategy at the time.

I am sure, to say that nothing was happening in the nineties, I think, is leaving false information on the record. Maybe it was not a perfected strategy, but there certainly was one and it was one that was evolving. There was input from various communities into that so I think it is wrong for the minister to say that nothing was happening in this area.

A few days ago in *The Brandon Sun*, the minister said, "I said when I was appointed that I wanted to normalize safe sex." Can the minister indicate what exactly he meant by that?

Mr. Rondeau: First, I would like to give credit for any government that has moved the agenda forward on STD prevention or AIDS or anything like that. I think it is my role to move this whole agenda forward, not that anything has not been done in the past. I give full credit to anyone who has moved this important initiative forward. If you have worked with groups, and I commend you for working with all the partners in moving this important initiative forward, I think it is a very important part of health promotion.

As far as the comments in Brandon, Madam Chair, what I have said is that we want to make sure that people understand the importance of safe sex, the importance of abstinence, the importance of information. As one of my priorities, what we want to do is make sure kids understand that there is appropriate information out there and that they have alternatives. I think there is a huge amount of pressure to engage in unsafe sexual practices, and I think that kids have an option. They have options of abstinence as I mentioned in Brandon. They have options of taking precautions.

Kids often think that they are indestructible, and what we do as a government, regardless of political party, what we have to do is make sure that kids have the information and take appropriate behaviour, so that we do not have kids getting infected by HIV, hepatitis, or STDs. It is preventable, so what we want to do is make sure that the kids are aware of it, kids are educated and understand the importance of appropriate, safe, healthy, reproductive actions.

Mrs. Driedger: It is still not clear to me exactly what the minister would have said though when he said, "I said when I was appointed that I wanted to normalize safe sex." Did he say the wrong word in there maybe, and was he meaning something else?

Mr. Rondeau: I think what the member has to understand is that kids are under a huge amount of pressure to engage in unsafe sexual practices. I think what we want to do is ensure that kids are aware that they do not have to give into the pressure, abstinence is an alternative, there are safe sexual practices out there. I think that we as a government and all parties have to make sure that our kids are informed and have the proper education. I think it is important to have a strategy so that kids do have the information to make appropriate behaviours.

For the member, it is interesting to note that new immigrants often do not know. They were assured that there are not the problems that they have in their country that they came from. The trouble is there is a difference between no risk, some risk, and so we have to make sure that people have appropriate behaviour.

Mrs. Driedger: The minister's comment in *The Brandon Sun* is still not particularly clear, nor have his explanations been that clear. They remain somewhat fuzzy. I would ask the minister how far he is going to take some of this in schools. On his Web site, he talks about relationships, self-esteem, emotions, gender identity and sexual orientation as some of the many aspects of healthy sexuality. Where is the minister going to take some of what he has been talking about this morning, and how far is he thinking that schools need to be involved in this further than what they are already doing? Is he talking to the Minister of Education (Mr. Bjornson)? Where does he intend to see this being dealt with?

Mr. Rondeau: I think the Minister of Education has responsibilities in education and those are his responsibilities. Again, Madam Chair, it is something that he will work with the school trustees and school boards in implementing. I am open for suggestions from your own self. I understand you have expertise in public health and information on this. I think what we have to do is move forward non-partisan in this important area of public health. I think what we have to do is make sure kids are informed.

If you have any suggestions, in particular on how to move forward to make sure that kids make

appropriate educated decision making, I would be more than welcome to meet with you and chat with you about it.

* (11:50)

Mrs. Driedger: As the mother of two young men, one still a teenager, believe me, this is something that you do think about and always do worry about at many, many different levels. The minister has indicated in other areas he has had a co-operative relationship. He has access to ministers and departments and he can move things forward. Now he seems to have distanced himself a little bit from what his role might be in this area with the Minister of Education. Is he going to be working with the Minister of Education in trying to move some of this agenda forward?

Madam Chairperson: I would just like to remind all honourable members to address through the Chair and try to avoid speaking directly to other members.

Mr. Rondeau: Madam Chairperson, I am pleased to say that we have worked with places like Teen Touch, Teen Talk to provide appropriate information, and what we will do is continue to work with organizations like that.

As far as the Minister of Education, I believe that he has Estimates coming up in other areas and it could be a discussion that the member has with the Minister of Education. As far as Health, I have expressed to many partners the role of the six initial areas that we are going to work in, and we will continue with that.

Mrs. Driedger: The Minister of Healthy Living seems to be indicating, contrary to what he has been saying earlier today, that he has no real authority then to collaborate with the Minister of Education in this area. Is that what he is now saying when he has indicated previously in other areas we have talked about that he has all this access to government? Is the minister now saying in this area of sexuality that he does not really have much authority to move forward and collaborate with the Minister of Education?

Mr. Rondeau: I think what we will do as with all other ministers, we will collaborate and work co-operatively to move all agendas forward. That does not give me the authority to tell ministers what to do.

We believe in co-operation, Madam Chair, we believe in collaboration, we believe in working together, and that is what this ministry will continue to do.

Mrs. Driedger: So I guess if some ministers tell you to take a hike, that is part of that picture, too?

Mr. Rondeau: I am pleased to tell the member that I have a good working relationship with all my fellow ministers and, in fact, the caucus. We get along very well. We are a government that works well together and moves forward in very positive ways. I am very pleased to say that I have never been told to take a hike. I have been working very co-operatively with all my fellow ministers. Although, a hike is always a good healthy living thing to do.

Mrs. Driedger: The next category that the minister is involved with is injury prevention. Can he indicate what kind of co-operation he has then, for instance, with the Minister of Labour (Ms. Allan)? Is workplace health and safety part and parcel of this component of his job?

Mr. Rondeau: We are working co-operatively and collaboratively with the Minister of Labour, in addition, with the Minister of Education and other ministers to move this forward.

Mrs. Driedger: Does the Minister of Healthy Living have anything to do with MPI?

Mr. Rondeau: I am not responsible for MPI. It is not under my jurisdiction. What I do is I am working co-operatively with other organizations, other groups. I know that injury in automobiles is an important issue and I know that MPI is moving forward with this. What will happen is that across jurisdictions, across government departments, we will move forward on injury prevention in all the cases.

As you know, with the statistics from the recent report that we presented, it was an excellent report, and it provides a great deal of detail not only with demographics but regionally, everything. It will enable us to plan very systemically how to prevent injuries. We will be working not just in health. We will be working with Justice, which is MPI, the Minister of Justice. We will be working with Education. We will be working with Labour. We will be working with business. We will work across the

spectrum to inform people, again, to inform people, so that they know what the causes are and how they can move forward to prevent injury.

Another good example is we worked with KidSport just recently. KidSport is a wonderful organization, volunteers from the community, businesspeople, and Mark Olson who I met with initially, another member of the Optimist Club, the same Optimist Club that I have, the Assiniboia Optimist Club, we met together. We worked to say how could we help kids afford to participate in sports. We talked about getting appropriate sports activities. We talked about providing appropriate opportunities so that they get some money to help play sports. We also talked about getting helmets for bike riders. So we talked about all those initiatives. I think that is where you sit there and say it is not just government, it is government, the public sector, it is individuals who move together to move the injury prevention initiatives forward.

Mrs. Driedger: The minister said earlier that he is meeting with all these different groups out there and all these various groups. MPI is involved with a number of initiatives, free trial car seat checks, bicycle safety tips, impaired driving. There are a number of initiatives that come under the auspices of MPI, but the minister has indicated that he is not going to have anything to do with them or their—

An Honourable Member: No, he did not say that.

Mrs. Driedger: He did. He says he is not going to have anything to do with MPI. Well, then, can the minister clarify?

Mr. Rondeau: As I mentioned, we are working collaboratively and co-operatively with a number of ministries. So what I mentioned to them is we are working with the Minister of Justice. We are working with the Minister of Labour, the Minister of Education. We are working with a number of ministries in co-operation to move the injury prevention initiative forward. So an example is Family Services has a part, Seniors have a part. So we are working in collaboration or co-operation so that there are multiple people giving the same message that (a) injuries are preventable, (b) they are not accidents. People can take appropriate action to prevent them. They are not accidents, they are decision making that fails and allows people to have an injury. So what we are trying to do is change the language, make sure, as

the member knows, that they are no longer—There was just a recent ad that was saying that they are not accidents, they are injuries and they are preventable.

So is this an injury or accident decision? If they slow down, if they take proper procedures with their driving, we are hoping that car collisions decrease. Injury has an impact with the Attorney General, with Education, with Labour, with Family Services. We can work with business. We can work with individuals to make sure that we move this agenda forward. It is nice to see that we can co-operate between ministries.

I would like to inform the member that we are not a silo government. One of the things I do in my ministry is work between ministries, between silos, so that we break down the barriers and work co-operatively between different departments. We are able to co-operate. We are able to work together. We are able to focus on the big picture and move that agenda forward.

* (12:00)

Mrs. Driedger: The WRHA has been working at fall prevention. Can the minister tell us how he is going to be interrelating with the strategy of the WRHA in addressing all the good work that they have been doing in the area of addressing falls?

Mr. Rondeau: If you want, I can actually go through the details in the line by line or I can provide it to you, different initiatives that the RHAs are doing, but without the staff here it is hard to go through the exact specifics. Now what we have done, we have asked them for a deliverable on injury prevention. So what we are asking for them to do is develop a strategy on injury prevention. The actual strategy does vary a little bit between RHAs. I do not have that information at my fingertips but we do have that as a deliverable.

Mrs. Driedger: I was not looking for the whole strategy. I was asking the minister and I think he has answered in terms of that he does have a relationship with them or an interrelationship with addressing that issue and looking at it and monitoring what is going to be happening.

The sixth area was tobacco reduction and I think that one is already pretty straightforward. So I will not be asking the minister anything in that area. So,

certainly just to encapsulate on what the minister said, his role is involved in addressing issues of active living, healthy eating, sexuality, chronic disease prevention, injury prevention and tobacco reduction.

Can he tell me where cutting ribbons for CT scanners fits into all of this?

Mr. Rondeau: I think it is very appropriate to have the appropriate diagnostic equipment in hospitals. I think what I do is I work co-operatively with the Minister of Health (Mr. Chomiak), so that we do have the appropriate diagnostic equipment there. I am pleased that we have more MRIs. We have more CT scans. I am pleased that the Member for Kirkfield Park (Mr. Murray) is here because we just put a new CAT scan in a hospital in his constituency, Grace Hospital.

I think it is important to note that we are putting in new, state-of-the-art equipment. I think that is part of the diagnostic part of it. I am very pleased to be able to be part of a government that actually is building new health care facilities. The health care facilities, the acute care system and the diagnostic are very important in health.

We do not see it just as the acute care system. We see it as also the promotion of healthy lifestyle, healthy living, activity, et cetera, and appropriate diagnostic tools so that we see the whole picture of health. It is not just the acute care system. It is the whole picture of health.

I am pleased to have opened the MRIs and CAT scans, cut some ribbons. I hope to be cutting a ribbon at the Reh-Fit Centre. I hope to be cutting a ribbon very shortly in west Winnipeg on the new Centennial Pool expansion. I know there is a new YMCA going there. I think that what we have to do is we have to be present and support all the initiatives from all organizations that are promoting healthy living.

Mrs. Driedger: Can the Minister of Healthy Living tell us or explain to us how dealing with the abortion issue fits in with his portfolio? I note that he was out addressing this issue with the media. How does that particular issue fit in with his portfolio of healthy living?

Mr. Rondeau: Madam Chair, I assume that the member is talking about the creation of a women's

clinic that is dealing with reproductive health. My concerns were that we have appropriate examination space, we have appropriate women's health care in all respects and so the new clinic that has been established. I know that, as a former health care professional, you know it is important to get proper cervical examinations, proper pap smears, proper precautionary examinations, so we are establishing a women's clinic to make sure that all women's health care initiatives and issues are addressed.

Mrs. Driedger: Can the Minister of Health (Mr. Chomiak) indicate whether there will be an abortion clinic in that particular women's health centre that will be, I guess, another clinic, if you will, that offers abortions in Manitoba?

Mr. Rondeau: We are not establishing a one-service operation.

Mrs. Driedger: Madam Chair, that was not the question. The question was that, when the minister is setting up this clinic that he has mentioned that has many components to it, will abortion be one of those components.

Mr. Rondeau: Madam Chair, I am personally not setting up the clinic. The WRHA is working to establish a women's health clinic. As yet, not all details of the clinic have been finalized. They have a mandate to establish a clinic that will address women's reproductive and sexual health proactively. I assume that there will be a number of services provided. We do not, at this point, have a definitive list of what services are going to be provided.

Mrs. Driedger: The minister was also put out to deal with the Alzheimer's issue, and I would like to ask him how his particular portfolio of Healthy Living fits in with the work he has been doing with the Alzheimer's patients in society.

Mr. Rondeau: I think the Alzheimer's strategy is a perfect example of where we can work co-operatively and collaboratively on issues. It is a file that is very, very important, and so, by working on it, we are able to move it forward. I think the Minister of Health (Mr. Chomiak) has a lot of responsibility, a great deal of work in delivering health care, and so we can co-operate and work together to move certain files together, and this is one that I am happy to be working with him on to move forward.

Mrs. Driedger: It appears from that answer that the Minister of Healthy Living really is there to take some of the load off the Minister of Health.

With the Alzheimer's question that I just asked, and with what is happening in the province right now, whereas seniors in personal care homes are having their Alzheimer's drugs removed, drugs which allow them a quality of life which one could say was a healthier way to spend their time, it seems absolutely ironic that the Minister of Healthy Living would condone such a thing, and I would ask him why he is condoning the removal of certain drugs from Alzheimer's patients in personal care homes.

Mr. Chomiak: Madam Chairperson, this is another example where the member has some factual errors in terms of her interpretation of a particular issue. We are not ordering people to have their drugs removed.

Mrs. Driedger: But the buck stops with the Minister of Health. There is a policy in place that the WRHA has, which I happen to have a copy of, that indicates that these drugs are being removed from patients in personal care homes. In some instances, they have been removed without any family knowledge; they have been removed as soon as a patient enters a personal care home when the policy indicates that there should be a three-month interval before that happens. And it just seems so strange for the Minister of Healthy Living, who is actually then denying these patients a certain aspect of healthy living, being the front man to talk about this in the media, when in fact, just the opposite is happening for these patients.

Mr. Chomiak: The member, first off, is inaccurate in terms of her characterization of the issue. Clinical guidelines are being followed in this particular regard, Madam Chairperson. I note that the member has made a number of contradictory statements in this regard, which has been disconcerting and I think does not do service to the public of Manitoba with respect to specific comments that she has made in this particular area as it relates to the use of drugs. We have in Manitoba, and we were one of the first jurisdictions to actually provide, in the community, coverage for these particular drugs for these particular illnesses. There are clinical guidelines and practices in place.

We have the most expansive program, as far as I understand, Madam Chair, with provision to these

drugs with respect in the province, in fact in the country. There are clinical guidelines that are followed with respect to personal care homes. I want to point out that these particular clinical guidelines are the base guidelines that are in place in most jurisdictions for the total application of the drug period, both in the community and within the facility. So we have within the community, clinical guidelines that are relatively expansive and we have clinical guidelines that are in place for an individual who is institutionalized with respect to that or some other kind of chronic illness.

I note, Madam Chairperson, that the member has been all across the board with respect to this issue. Last week when we announced our Pharmacare program, and probably today when the member slipped out to do the press conference with respect to Pharmacare, the member talked about following clinical practices for the application of drugs, and why was the Government not doing this sooner. So when particular clinical practices are applied to a particular drug, the member is critical. What a contradictory statement. What a political, opportunistic move on the part of the Opposition who say, "Develop clinical guidelines," when clinical guidelines are developed, "You are cutting off people."

* (12:10)

I cannot recall a more clear example of political opportunism than on that particular issue, Madam Chair. There are specific guidelines that apply with regard to assessment of these particular drugs that follow clinical guidelines and particular standards that must and should be met—particular patients. The member suggested, and I have the media quote where the member said, "The Government should be doing clinical guidelines. I am in favour of clinical guidelines." But then when clinical guidelines were applied to a particular coverage, the member jumps up and says, "Oh, you are cutting off drugs to particular people," which is totally inaccurate. I find it not useful to the debate for the member to have one position on an issue and then to take another position for what suggests, to me is, straight opportunism in order to exploit a particular issue.

When it comes to pharmaceutical drugs, I just want to contrast the approach. When members opposite were government, they cut off two-thirds of Manitobans from drugs and reduced the budget by \$20 million. This year, we are increasing the budget,

Madam Chairperson, and are providing guidelines that the member at one time called us to implement, but is now suggesting that we should not implement with respect to the particular Alzheimer's drug. I find it a bit strange. I hope the member now understands with respect to the particular program that clinical guidelines are being assessed and are being attached to the application of the drugs in that particular case.

I think the member ought to reflect on her own comments in these regard urging the provincial government to put in place clinical guidelines for the application of drugs. When an application of clinical guidelines are put in place with respect to drugs, the member is the first one to jump up and hold a press conference to say that, in fact, the Government is doing something inappropriate, Madam Chairperson.

Mrs. Driedger: Well, Madam Chair, I find it totally interesting that we have two ministers of equal stature sitting at the table. It has been the Minister responsible for Healthy Living (Mr. Rondeau) that has been out dealing with this issue, with the Alzheimer Society, with the media, and then he is not even allowed to answer the question when it is put forward to him here today.

I would just indicate to the Minister of Health who jumped in to bail out the Minister of Healthy Living, that it is the Alzheimer Society that is extremely upset with the direction this Government is taking in removing these drugs from patients. They are the ones who strongly feel it is discriminatory because we would never do that to patients who are on heart drugs, or who are on blood pressure drugs, or many other drugs.

They feel that this is a very discriminatory action. There are some people who think this is coming very close to trampling on human rights. There are instances where families have found out that their mother or father was taken off the drug and they were never informed. There were families that found out that these drugs were removed on the first day a patient entered a personal care home. The minister gets all rattled right now because he just does not like to be exposed on this issue and this pretty heartless action that his Government is taking. But the fact of it is the Alzheimer Society is also concerned that 3000 people were consulted about an Alzheimer's strategy and this Government has sat on this strategy for a considerable amount of time.

I would like to ask the Minister of Healthy Living, who has been the one dealing with this issue publicly, if in fact this portfolio is now under his watch.

Mr. Rondeau: I would like to inform the member that we are currently working with the regions to get a report on the Alzheimer's strategy, finding out what is going on in the different regions. As we explained in my address to the Alzheimer Society, what we were trying to do is find out what they are doing as far as the report and correlate it toward the report; find out what initiatives they are currently undertaking and exactly what is going on in the regions. I think it is very important to know what is the best practice and what is going on in order to facilitate good decision-making.

Mrs. Driedger: Can the Minister of Healthy Living please tell us how many staff he has in his office and who they are? Names and titles?

Mr. Rondeau: I have three staff, Madam Chair; one clerical staff, one SA and one EA. The EA is Esther Hiebert. The SA is Chad Samain. The clerical is Marina Portz. She is clerical; she does the appointments and clerical.

Mrs. Driedger: Can the minister indicate whether all of these or which one of these might have been a direct appointment?

Mr. Rondeau: The EA and SA would be Orders-in-Council as per normal and Marina is civil service. She transferred from another department within the civil service.

Mrs. Driedger: Can the minister indicate how long each of them have been with him?

Mr. Rondeau: This is to the best of my knowledge. I believe that Chad came within about two to three weeks, Esther was a short bit later than that because she had to give notice, and Marina was the last and, if memory serves me correctly, about five or six weeks. It might be a little bit off by a week or two, but I think five to six weeks. Because it was civil service, she had to be transferred over that way.

Mrs. Driedger: I thank you. I was just looking for sort of general time frames. I appreciate that from the minister.

So, Madam Chair, the Minister of Healthy Living, I guess I should ask the question, and it has probably been answered today but just for the record: Does the Minister of Healthy Living have his own department?

Mr. Rondeau: There are certain parts of the Health Department that directly report to me, as they are more into healthy living, and there are some that report to Dave. However, there is one Department of Health and what we are doing is, generally, parts of it report to Dave, parts refer to me—

Madam Chairperson: Order, please. Would you please refer to the minister by his portfolio.

Mr. Rondeau: Sorry. Part of the department reports to the Minister of Health (Mr. Chomiak); part of the department reports to me; and part of it is co-operative, like the planning group would be co-operative. Again, we can work together and get along quite well, thank you. As an example, the Seniors Directorate reports directly to me.

* (12:20)

Mrs. Driedger: The minister indicated some parts report directly to him. Can he specifically indicate what those parts are?

Mr. Rondeau: Madam Chair, examples of the departments that report through the deputy to me would be the Healthy Populations Unit, Diabetes and Chronic Diseases Unit, Environmental Health, AFM, Seniors Directorate, and there are others.

Mrs. Driedger: I would be curious what those others might be.

Mr. Rondeau: If the member would like we can provide a list in the future.

Mrs. Driedger: I appreciate that undertaking and wondered if the minister might be able to provide that for Monday.

An Honourable Member: Are we meeting Monday?

Mrs. Driedger: Are we not?

Mr. Rondeau: I would do it within a day or two if it is okay. If not Monday, very shortly, at the beginning of the week. Is that all right?

Mrs. Driedger: I would certainly appreciate that. Can the minister indicate what his budget is for the work that he does?

Mr. Rondeau: Madam Chair, there are certain aspects of the budget, like the Healthy Child initiative, which are very specific. Beyond that we are working on a transition. There are certain aspects that report through the deputy minister to me. But there are certain things that have not been finalized exactly to this point. There is also some discussion as to things that are co-operatively worked on between the Minister of Health and myself. So are you asking for things that I am directly, that report directly to me, or co-operative or whatever? If you are looking for things, we do have a variety of levels of co-operation. There are some things that are my responsibilities, through the deputy. Some are the Minister of Health's, and some are co-operative.

Mrs. Driedger: It appears from the minister's answer, Madam Chairperson, that he has no specific dollars allocated to what he is doing in any obvious way. There was a newspaper article from a rural paper that indicated that the minister's Budget was in the vicinity of \$35 million. Where would that number have come from?

Mr. Rondeau: If you look at the Healthy Child initiative which is about \$24 million, plus AFM, plus the Seniors Directorate, you will come close to that number. That number did not deal with co-operative efforts or things such as the injury prevention which might be through the RHAs, so an example is the injury prevention initiatives are not part. It is something that is in the RHA budget in the Estimates book, but it is something that I am working with the deputy minister through the RHAs to develop an injury prevention strategy. Those are the examples of things that we are working co-operatively between the Minister of Health (Mr. Chomiak) and myself.

Examples of others are when you are talking about the diabetes and chronic disease control, what you are trying to do there is you are working through, there might be some bodies that are working in clinics to deliver that program. They also have part of their time that they are doing chronic disease promotion or dealing with chronic disease. So in financial terms it is difficult sometimes to pull it out in dollar terms specifically. In other words, if a nurse has part of her job as public health and part of her job as treatment of disease, that is the interesting co-operative efforts that we are doing here, and one we

would not want to spend thousands of hours going through the entire system to determine to the penny who is spending what hours to what. What we want to do is work co-operatively to move the whole agenda of prevention and health promotion forward.

Mrs. Driedger: Madam Chair, I am really quite surprised that we have a Minister of Healthy Living, who, I am told, has full status with all the other ministers around a Cabinet table and yet he has no responsibility for the Budget in terms of specific lines that are drawn out of here that show that this Minister of Healthy Living, who is being paid a pretty healthy salary, does not seem to have much accountability or responsibility given to him for this health budget. My question would be who is responsible for this health budget.

Mr. Rondeau: As I explained to the member, certain facets of the department like AFM, like the Healthy Child initiatives, like seniors, I am responsible for those budgets. As I explained in my previous answer, if you are totally in the Seniors budget, the Healthy Child initiative which I am pleased to see has grown to about \$24 million to \$25 million as is marked there. That is all prevention initiatives. The AFM, again, is responsible through the deputy to me. I think it is really important to note that what you are looking at is the prevention initiative. What I said in the paper are the programs that directly I am responsible for.

Madam Chairperson, there are other programs that are co-operatively shared responsibility and so that is why the two ministers, the Minister of Health and the Minister of Healthy Living, both are here so that when it is a direct responsibility for me, I will respond. When it is directly responsible to the Minister of Health, he will respond. When it is co-operative, as you can see, what happens is we discuss it so that we know who is the most appropriate to make the appropriate response.

It is a co-operative team that moves forward on a positive health agenda, Mr. Chairperson. I know it may be passing strange to the member, co-operative, working together in promoting one initiative, but because we have one bureaucracy where we have the deputy minister, and I have to compliment the deputy minister, he is wonderful. He can work on both agendas where he is not only looking after the acute care side but he is also working on the prevention side. So, by working through one very capable

deputy minister, we are able to move the agenda forward and that is what we are doing here.

If the member has any specific questions as far as seniors, I would be happy to answer them. If the member has questions as far as Healthy Child, I would be happy to answer them, and I think it is moving the agenda forward.

Madam Chairperson: The hour being 12:30, committee rise.

FINANCE

* (10:00)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Finance.

Does the honourable minister have any opening statement?

Hon. Greg Selinger (Minister of Finance): Yes, I do.

Mr. Chairperson: Please proceed.

Mr. Selinger: It is my pleasure to present for your consideration and approval the Estimates of Expenditure of the Department of Finance for the year 2004-2005. I have a brief opening statement; then we can obviously get on to all the questions.

Fiscal and Economic Policies. Manitoba faced a number of major shocks to the economy over the last year, the BSE crisis, forest fires, the sharp rise of the Canadian dollar, drought conditions for farmers and low water levels for Manitoba Hydro. Despite these challenges, we have continued to follow through on our commitment to affordable government and sound fiscal management. We addressed extraordinary emergency expenditure pressures related to the BSE crisis as well as forest fire suppression costs.

Mr. Chairperson, we maintained the third-lowest per capita spending in Canada. We have introduced a provincial budget that, for the first time in the history of balanced budget legislation, projects a positive balance of \$3 million, commits to paying down \$96 million in debt and pension obligations and requires no draw from the Fiscal Stabilization Fund. Our

strong fiscal record was recognized last year by both Moody's Investor Service and Dominion Bond Rating Service when they upgraded our credit ratings.

We continued to take strong reduction measures for public debt and debt repayment. We are continuing to pay down the debt for the fifth year, \$96 million is committed to paying down general purpose debt and government pension obligations. Debt service costs continue to fall and consume less of the total Budget. The cost of servicing the public debt for the year '04-05 is expected to decrease by \$32 million to \$239 million, and debt servicing costs now represent only 3.2 percent of expenditure, the lowest level in over 30 years. Further, to reduce the volatility of public debt costs, we have continued to decrease our exposure to foreign denominated debt. As of March 31, 2004, the exposure had been eliminated. Net general purpose debt relative to GDP in '03-04 fell to its lowest level since 1982-1983.

On intergovernmental issues, Mr. Chairperson, the Province continues to work closely with other provinces and territories in discussions with the federal government. Last December, premiers formed the Council of the Federation recognizing the need to bolster provincial-territorial co-operation and develop more constructive and effective relations with the federal government.

The recent federal budget provided little support for provinces in their struggle to meet rising demands and cost pressures in the area of health, education and social services. The federal share of funding for these vital programs at 16 percent is low by historical standards and well below what is needed to ensure the sustainability of these programs over the long run.

Budget '04 deals with a significant drop in federal health funding from the amount provided last year. In the face of lower federal support and with the continuing cost pressures in health, the Budget announced the Pharmacare deductibles will increase. Our Government intends to enter upcoming discussions on financing health care to be held with the federal government and other provinces this summer with the position that long-term, stable and adequate funding is essential to sustain health care and to implement effective reforms. Secure, adequate funding for health care is essential if provinces are to maintain other public services.

Funding through dedicated programs such as the Canada Health and Social Transfer and infrastructure agreements must be augmented by a strengthened equalization program. Equalization must be provided on an equitable and adequate basis that recognizes the greater role now played by provinces compared with the situation that existed two or more decades ago.

On taxation, Mr. Chair, Budget '04 builds upon \$301 million of personal tax relief and the \$74 million of business tax reductions introduced in our previous budget. This Budget provides for further tax reductions while recognizing that certain additional resources are required to fund health and other services.

For the third year in a row, Mr. Chair, the education support levy is being reduced, saving Manitoba homeowners another \$10 million annually. In line with federal personal income tax changes, we will provide specific tax breaks for employees who pay for their own career-related studies: persons with disabilities and their caregivers, and military and police personnel on high-risk assignments.

The very successful Manitoba Film and Video Production Tax Credit will be extended for another three years, enhanced by providing incentives for returning producers and for productions in rural and northern Manitoba. The temporary Mineral Exploration Tax Credit will be extended for another year.

Non-capital loss and tax credit carry-forward provisions will be extended from seven years to ten. Depreciation rates will be increased in respect of business investment in computers and data networks. A new 10% odour control tax credit is introduced to help businesses finance equipment to reduce odours from organic waste.

The tax on tobacco rose two cents on Budget night, and sales tax will now be applied to certain professional and security services. Liquor markups will be adjusted for the first time since 1987, and the tax rate on diesel fuel will be aligned with the rate on gasoline. A new land transfer tax rate will be introduced in respect to property values in excess of \$200,000. The base for corporation capital tax as it applies to bank, trust and loan corporations will be more closely aligned with the base used federally and in neighbouring provinces.

Budget '04 also commits our Government to reduce farm education property taxes by 5 percent in

2005, to reduce the general corporate income tax rate to 14.5 percent; and to reduce the small business rate to 4.5 percent. The tax changes implemented this year, including those announced in previous budgets, will result in an estimated net reduction of \$4 million in taxation revenue that would otherwise be collected in '04-05 and a reduction of \$40 million in a full year.

Mr. Chairperson, the Department of Finance's estimates for '04-05 reflect this Government's commitment to debt repayment, tax reductions and the program priorities of Manitoba.

On the topic of transparency and accountability, we are committed to continuous improvements to financial management and reporting practices, enhanced transparency and accountability. Over the past five years, accountability to Manitobans has been improved through more complete and transparent reporting.

The Government has been assisted in this continuous improvement by the recommendations of the Auditor General. For instance, when expressing his concerns regarding confusion over separate financial statements for the operating fund and the consolidated reporting entity in his March 29, 1999, press release on the Public Accounts, the Auditor suggested two courses of action: Stop producing financial statements on the operating fund, or combine the summary financial statements into one volume so that their interrelationships would be more transparent.

Mr. Chairperson, the latter recommendation was adopted in the current administration's first set of Public Accounts for '99-2000. In considering the former, many factors were assessed, including the budget laws of Manitoba and the views of the Public Sector Accounting Board, which has recently released a document that acknowledges that governments often have to prepare separate statements to fulfill their accountability obligations to the public.

Based on this, we have continued to produce the operating funds special purpose financial statements in the interest of providing readers with a comprehensive reporting on the financial affairs of government. Interested parties are encouraged to access all the reports of the government of Manitoba which are reported for the information of the Legislature and the public.

Following up on the Auditor General's further recommendations, Mr. Chair, the Government's first annual report was issued for the fiscal year 2000-2001. This fulfilled our commitment to provide more comprehensive reporting on the Government's fiscal results. The report includes not only financial statements but also discussion and analysis. Further, it includes financial and economic indicators for the Government's central operations as well as for the entire government reporting entity.

Mr. Chair, the Auditor General commended the Government in four successive reports on the Public Accounts from '01 to '03 for the continuous improvement achieved in its accounting and reporting practices. Among an extensive list of these improvements are the recognition of the unfunded liability for future benefits for employees of nondevolved health care facilities; the introduction of commentary on environmental issues; improved notes and schedules; and improved disclosure in a large number of technical areas, bringing government's accounting practices closer to full compliance with generally accepted accounting principles for the public-sector.

In 2001-02, Mr. Chairperson, for the first time a summary budget was presented that shows the entire government-reporting entity. Beginning in '02-03 the report on consolidated operations includes the summary budget forecast, information on prior years and more complete explanations of the components of the summary financial statements. In '04-05 we have introduced a forward-looking presentation which provides a forecast of summary operations through to '07-08.

Mr. Chair, the Government introduced budgetary measures for considering the full cost of capital assets and program costs in '02-03. The budget for the acquisition for general tangible capital assets has been reflected in part via the Estimates since '99-2000. The related annual amortization costs have been voted as part of departmental appropriations. This has resulted in the amortization component of capital-related costs being included in overall department program costs. For '02-03 this process was expanded to include the interest-carrying cost of capital assets in each department. This interest charge is determined on the basis of the unamortized capital balance for each asset. This not only provides for greater departmental accountability for capital expenditures, but it also ensures that the interest attached to capital acquisitions is considered.

* (10:10)

For '04-05, Mr. Chair, Manitoba is introducing a capitalization policy for its infrastructure assets. By way of explanation, general tangible capital assets are consumed by government in providing government services. Use is usually restricted to government purposes such as buildings and equipment. Infrastructure assets are assets which are consumed by the general public and whose use is generally not restricted such as roads and parks. The Public Sector Accounting Board requires infrastructure assets to be recorded. Prior to this year, tangible capital for infrastructure have not been recorded as assets, pending the results of a special study on infrastructure by the Public Sector Accounting Board.

Mr. Chair, now that the Public Sector Accounting Board's research study on infrastructure has been released and confirms the applicability of capitalization for infrastructure, the Government is proceeding to value and recognize infrastructure in its accounts. Infrastructure assets will now be treated in the same manner as other tangible capital assets of government, including amortization and interest cost being reflected in departments.

This will now put Manitoba in full compliance with the capital asset accounting practices prescribed by the Public Sector Accounting Board. Departments began funding the cost of matching pension contributions for employees hired on or after October 1, '02, from their appropriations. This funding is being directed to the pension assets fund, in addition to other contributions being made through the Debt Retirement Fund. The cost of the pension benefits thus begins to be reflected in the various programs across government. It also accelerates the Government's plan to address the outstanding pension liability.

With respect to Consumer and Corporate Affairs, Mr. Chairperson, in January, Manitoba hosted the sixth meeting of Consumer Affairs ministers. At that meeting ministers endorsed the Canadian Code of Practice for Consumer Protection in Electronic Commerce, and announced the development of a consumer information kit intended to assist consumers in preventing and responding to identity theft. There was much discussion about the concerns in the short-term consumer credit payday-loan market. I will be participating in a sub-committee of ministers established to develop a

consumer protection framework, establish best practices for the industry and develop a public education program to raise awareness of the full cost of and alternatives to small short-term loans.

Over the summer we will begin implementing phase 1 of our Residential Tenancies Re-engineering project. Once the streamlined processes and new policies are in place, landlord and tenant disputes will be resolved more quickly. Work will begin this year on completion of the integration of the computer system and on the redesign of rent regulation processes, including improved data access. These changes will result in more timely decisions in rent regulation matters.

The department's '04-05 Estimates provide funding for a claimant adviser office. Bill 5 proposes amendments to The Manitoba Public Insurance Act to establish the office, recognizing the need to provide assistance and advocacy resources to people who want to appeal a bodily-injury claim decision. Many claimants do not understand their entitlements under the Personal Injury Protection Plan. Nor do they understand the scope and purpose of the appeal. Many also do not have the skills or confidence necessary to advocate on their own behalf.

Advisers specializing in appeals of MPIC decisions will assist claimants in appealing a review decision to the appeal commission by explaining the process and providing assistance in preparing for an appeal. Trained advisers will help claimants make their points in a clear, concise and supportive manner, and can appear before the Automobile Injury Compensation Appeal Commission on the claimants' behalf. The support will give claimants a greater confidence in the process. The cost to establish and operate the office will be recovered from the Manitoba Public Insurance Corporation. The office will be independent from both MPIC and the Automobile Injury Compensation Appeal Commission.

Last year, Mr. Chair, provincial and territorial ministers responsible for securities regulation began to discuss securities regulatory reform. The goal is to develop a provincial, territorial framework that inspires confidence and growth through efficient, streamlined and cost-effective regulation.

I will continue to work with my colleagues in the other provinces on practical and timely reforms that

respond to the issues. The department will continue in '04-05 to focus on opportunities and challenges that benefit Manitobans.

Expenditure management and continuous improvement: In Budget '03, we made a commitment to work with departments to improve their methods of operating and to find internal efficiencies while continuing to deliver the services Manitobans need most. In the past year, departments have been challenged to identify and implement internal changes to reduce operating costs. In addition, departments are working together on other types of efficiencies that cross departmental boundaries or which involve co-operative planning in order to achieve further savings down the road. To help co-ordinate these internal service improvements, a deputy minister's expenditure management committee was established in order to provide ongoing direction to the process at a very senior level. This committee continues to meet weekly.

In addition, an office has been set up within the Treasury Board Secretariat to support the deputy minister's committee, co-ordinate cross-departmental service improvement work and look at ways to improve the consistency of departmental planning, measuring and reporting functions.

Mr. Chairperson, there are many more examples of such programs and initiatives planned for '04-05 which we would be pleased to discuss in greater detail with our honourable members as we move forward in this committee with our departmental Estimates. With these brief opening comments, I would be pleased to respond to any questions that honourable members may have. Thank you.

Mr. Chairperson: We thank the honourable minister for those comments. Has the honourable opposition critic, the honourable Member for Fort Whyte (Mr. Loewen), also any opening comments?

Mr. John Loewen (Fort Whyte): Yes, I do, Mr. Chairperson.

Mr. Chairperson: Please proceed.

Mr. Loewen: Thank you, and I would ask the minister first of all, before proceeding with my comments, if he would be willing to table his remarks. I realize, sitting across from him, that he simply has read his speech, and it would be helpful

to all members to have that information. It may be a few days before Hansard is caught up given the work that is going on in committee as well as the House work that is undertaken, so I would appreciate it if he would table those comments so we have access to them immediately.

Having said that, I wish I could share the optimism that the minister seems to be trying to put forward in his statements, but unfortunately, the facts before us make that very difficult. The minister indicated that it has been a difficult year and in certain respects it has been. Certainly, the drought, the BSE crisis have caused extra expenses to the Government as well as considerable problems for the cattle producers and, in general, the agricultural community as well. That gets passed on, all of Manitoba gets affected in a negative way.

What I find extremely disappointing is that, in the minister's comments, he as usual refers to transparency and accountability, and yet he has just simply produced financial statements and a Budget that are more confusing than ever because of his Government's reluctance to follow generally accepted accounting principles. The minister, as the Premier (Mr. Doer) has done, wants to stand up and crow about producing a balanced budget, and for the first time not showing a draw on the Fiscal Stabilization Fund, but I would remind that minister, those are only Estimates. Those types of Estimates that the Government makes at this time of year, we have not been able to rely on throughout any term of this Government, throughout any year, because they are always over-expending their forecast expenditures.

They have been just as inaccurate in terms of forecasting their revenue, sometimes underestimating revenue, purposely I think, they are going to get from tax changes as we see this year, particularly with the expansion of the PST. We will get into that more in the Estimates process. Certainly, we are hearing from industry people, people in the accounting, legal, engineering professions that not only is this expansion of the provincial sales tax going to have a negative impact on the economy, and not only is it going to harm their businesses and their customers, in terms of extra expenses to them, whether they be in the private-sector or charitable organizations, but there are also quite strong indications from that sector of the business community that the Government has vastly underestimated the amount of new

revenue that will be generated by the expansion of this tax. Once again, we have a situation where the Government, I think, is being less than totally honest with the people of Manitoba in terms of their plans.

Mr. Chair, the Government and also the Finance Minister like to continually talk about how they are paying down debt and how debt is being reduced, but in fact when one looks at the summary statements, just the opposite has occurred. Go to a presentation that the Auditor made to the Manitoba chapter of the Canadian Institute of Chartered Accountants. That presentation shows clearly that this Government is going down a road that is going to be harmful in the long run to Manitobans. In fact it shows quite clearly the distinction between the Filmon government of the nineties and the Doer government that is mis-managing the affairs of Manitoba right now.

* (10:20)

According to the Auditor's charts, based on the summary results in the years '96 to '99, the summary financial statements showed total surpluses of \$595 million in total over those years. Every year was a positive in terms of an operating surplus. The NDP, when they came into power, quickly were able to turn that around despite the fact that they were receiving record profits from Manitoba Hydro, up over \$120 million in 2000 and '01 alone.

In the course of the four years from 2000 to 2003, the Doer government has managed, over the course of that time, to run a deficit, according to the summary financial statements, of \$162 million. Compare a surplus of \$595 million in the last years of the Filmon government versus a deficit of \$162 million with the Doer government.

Adding to that is the fact that this year they are projecting another \$58-million deficit, which would bring that total to \$220 million in terms of a summary financial statement deficit over the course of the last four years. Again, I would reiterate, that is at a time when, particularly in two of those four years, Manitoba Hydro was showing record profits. They did have a significant loss this year as a result of the drought, but again the corporation was further weakened by the Government basically demanding that the Crown corporation go out and borrow money to pay them a \$203-million dividend, again, just another indication of the total mismanagement of the Province's financial affairs.

What are we left with now? We are left in a situation where our debt is climbing, particularly our general purpose debt, which is the amount of funds that the taxpayers are on the hook for. The general purpose debt again, the net debt has gone up in 2003. It remains to be seen where it will go in 2004, but the numbers are all going the wrong way. The Government's own Budget document indicates that general purpose debt is projected to rise from \$6.316 billion to \$6.370 billion over the course of the next year.

Mr. Chair, this is going in the wrong direction and points to the fact that this Government has not found a way yet to live within its means. It is a twofold problem. This Government has gone about raising expenses in virtually every department since they have taken office, and even despite the pleas that the Finance Minister made in his Budget last year, and again, his comment was that they would go through line by line, department by department to look for ways that they could reduce expenses in each department, and yet, at the end of the day, we take a look at the financial statement, and, certainly, we take a look at the projections that the Government made in the Department of Finance's third-quarter report, which are nine months of the year, and we see that the Government is overspending its original budget by \$151 million, all the while the minister promising to go through department by department, line by line, and look for ways to reduce expenses. Not only are they overspending their budget by over \$150 million, but they have increased expenditures from the year before, according to their third-quarter projections, by \$450 million.

Again, we have the minister saying one thing, we have the government of the day saying one thing, and when we look at the analysis of the numbers, we see exactly the opposite. They are talking about going through department by department and looking for efficiencies and reducing expenses. At the same time, when we get the actual results over a year later, we find that expenses have gone up 6.6 percent. Mr. Chairman, that is in a time when interest rates are at an all-time low virtually in terms of the last hundred years, so the Government is, certainly, benefiting from reduced costs when it comes to servicing their debt. It is at a time when inflation is very, very low in comparison to where it has been through the last 30 or 40 years in the cycle of inflation. We have been at a low point for a number of years.

Mr. Chair, all the indicators are in place for this Government to do the right thing and to live up to

their promise, to manage expenses, to reduce expenses, to do a line-by-line analysis and save money, and what do we see? We see expenses going up by 6.6 percent.

Not only that, Mr. Chairperson, but we seem to be living in an age with the NDP government where they just do not know what they are doing from month to month to month. I mean, I go back to the Estimates process that we undertook in the fall, and we were late in doing Estimates as a result of the hastily called election three and a half years into their mandate. I, certainly, understand now why they went to the polls early, given that in the fall they were going to have to announce to Manitobans that they were headed for a deficit.

Once the truth came out about the finances of the Province of Manitoba, this Government and this Finance Minister knew there would be a tremendous scramble on to try and put the spin. In the fall, during the Estimates process, he indicated to this committee that his expenditures were basically under control, and as a result of some extra expenses, emergency expenditures that he had put a warrant before this House for, regarding BSE and forest fires, and record forest fires, I might add, he was indicating at that time that he was going to have to take a fairly significant extra amount of funding from the rainy day fund. That would be how the government of the day would meet the challenge with regard to these expenditures.

That was his statement there. He continued to follow that line right up until—and it was sometime, just towards the end of March, of course, as typical with this Government, when they have bad financial news, they either release it during the Christmas holiday, or they release it during a spring break holiday, or they release it at three o'clock on a Friday afternoon, doing their very, very best to avoid being open and honest and transparent with the people of Manitoba. That is the difficulty I have. You know, the minister, in his opening statement indicates that they are making progress to be more accountable, to having more transparency, and yet, in fact, they do everything to produce the exact opposite result. Even in the third-quarter statement, which was released right at the end of March—the Province's financial year-end is March 31st. So we are talking within a week, probably less than a week, of the Government's year-end. He has all of a sudden changed his tune. He said it at Christmas and when they released

a second-quarter report, and the money has not changed. In the fall he was talking about 68 million. In the third-quarter report he is talking about 75 million and then, all of a sudden, they cannot take that 75 million out of the rainy day fund any more. Why is that? Well, because if they do, basically the rainy day fund will be depleted. There will be \$25 million, roughly, left if they follow what has been the standard accounting practices in the Province of Manitoba since the fund was created, and that is to go to the fund in times of emergency to meet the needs of servicing the needs of Manitoba. The problem is, because of this huge increase, a 6.6% increase in spending that this Government projected in the third-quarter result, they were already going to have to take \$143 million out of the rainy day fund. This is without, this does not include, any extraordinary expenditures for forest fire and BSE.

* (10:30)

So they found themselves, this Finance Minister found himself, in a real pickle. It was going to require a draw of \$218 million to meet the spending requirements that this Finance Minister had for the year 2003-2004. They knew there would be a horrible political fallout from that. To take \$218 million out of the rainy day fund, basically bringing it down to zero in a year when their expenditures were up \$450 million, he understood clearly that the optics of that would look very, very bad on the Doer government. So what did they do? They went to a never-before used clause within balanced budget legislation that is there for a reason. It was put there for a reason, that if the Province had an extraordinary expenditure as a result of a disaster or something totally beyond the Province's control and for some reason it could not be handled by the rainy day fund, it basically gave government an out, to declare that as an emergency expenditure and an extraordinary item and not included in its expenses as it reports on its operating statement.

But there was no need for the Government to do this. The Government itself, when it first came into power in 1999—and I will go back to the 2000 Budget that the minister produced that year. In that year, Mr. Chairperson, and I will read directly from the 2000 Budget, that year the Government decided to take \$185 million out of the rainy day fund. That year, similarly to this year, total expenditures exceeded the Budget by \$452 million. That was just to refresh the Finance Minister's memory in case he has forgotten.

That was the year that they came into office and they hired Deloitte & Touche basically to make a wish list, and asked every department to basically make a wish list. If they could spend all the money, if they had all the money in the world to spend, what would they do?

That year, of that \$452 million over-expenditure, \$219 million of it was a one-time write-off that this Government took. And yet that did not discourage them from doing their very, very best to try and run a deficit.

Even by trying to do that, because, of course, as the minister is aware, the balanced budget legislation also allows a new government coming into office to run a deficit without any penalty and basically to blame it on the previous government, this NDP government and this Finance Minister tried as hard as possible to do that, even with that, because of the extra 500 million they received from the federal government, most of it announced in the fall after they had taken office. They were not even able to run a deficit, but, Mr. Chairperson, that year they found no trouble going to the rainy day fund, the Fiscal Stabilization Fund, to cover \$219 million in basically non-cash, one-time accounting, simply accounting entries, as the minister likes to refer to it, expenditures. But this year, because under their watch the rainy day fund had already fallen from \$427 million to \$236 million as a result of their draws, this minister felt he had no option, but to—and imagine this, imagine just saying, "Well, \$75 million of expenditures did not really happen, you know, we are going to use a loophole in the balanced budget legislation to just take that \$75 million and pretend it did not happen."

Mr. Chairperson, that would be like you and me, you know, if we had a fire in our house, if we had a fire in our kitchen and the result was we had to replace the whole kitchen in our house, that would be like you and I saying at the end of the year, "Well, that really did not happen. It did not cost me anything. It was an extraordinary expense and it did not cost me anything so I will not recognize the fact that I had to go another \$5,000 or \$10,000 in debt to replace my kitchen. It is over there. It did not happen." We all know that that just does not reflect reality. That is not transparent. That is not accountable, and, that demonstrates one of the serious, serious problems we have with the Budget and with the estimates that are before us today.

In addition to that, as a result of the policies—and, again, the minister in his opening statement talked about debt and how well this Government is doing on debt.

Well, again, you know, he is contradicting the Province's financial statements that were produced March 31, 2003. Mr. Chairperson, there is a tremendous amount of discrepancy in what the minister says publicly and what the numbers show.

This, again, is a report produced by the Minister of Finance (Mr. Selinger), and in his minister's message he again talks about how they are making progress on debt, but in the economic report which tells the real numbers it says clearly that from 1999 until 2003, and this is the last official financial statement, the last audited financial statement we have from this Government, the net debt per capita has gone from \$7,600 per individual to \$8,400 per individual. That is over the course of five years, and that is the type of debt that this New Democratic government is piling on the people of Manitoba.

Even worse than that Mr. Chairperson, what I really find offensive, is, you know, the minister tries to hide it when in the description of this chart that we find in the financial statements under the title, it is on page 24 if the minister wants to refer to it, net debt per capita. I am quoting directly, "A decrease in the net debt per capita is an indication of a decreasing debt burden on a per-person basis." Now reading that sentence, I mean, that makes sense, you know, if you are decreasing the net debt per capita you are increasing the debt burden on Manitobans. The statement goes on to say, "This figure has remained relatively stable for the past five years with an increase for 2000 and 2003 to approximately \$8,433."

An Honourable Member: Sounds pretty rosy.

* (10:40)

Mr. Loewen: Yes, it sounds pretty good. It sounds like, you know, the first sentence sounds like, well, we are in for good news here, the net debt per capital is actually falling. But we find out in the next sentence that, well, you know, it is not really falling; it is relatively stable; there is nothing to worry about, and, you know, it has gone up this year, but, you know, it has gone up a little bit; it is \$8,433. Well, you know, do the math, Mr. Chairperson, and what do you find? That over the course of five years of NDP—and it is not even five really, it is four, which even magnifies the problem.

It is, actually, four years, four complete years that they had control of the books. Despite a massive infusion of cash from the federal government, and I will speak more to that in a minute, we see the net debt per capita going up, not being relatively stable, going up 11 percent.

In the comments that come from this minister, he is trying to convince us, "Well, it is relatively stable. I mean, it has only gone up 11 percent in four years." Well, I would once again choose to disagree with the minister. That is a significant increase in per-capita debt in four short years.

If you were to tell each and every citizen in Manitoba that their debt had gone up 11 percent over the course of four years—I know if that happened in our household, Mr. Chairperson, or in your household, there would probably be concern, because to service that debt, even though we are in a time of low interest rates, we all know that is going to turn around.

Interest rates go through a cycle. They are up. They are down. But we are piling on debt at a time when interest rates are low. That is what the Province is doing, trying to minimize the effect by saying an 11% rise is relatively stable. I mean, relative to what? Relative to what the minister would have liked to see the debt go up to? I just do not get that phraseology at all. But to me that is a serious, serious concern.

Particularly when you look at another chart on page 26 in the financial statements, you will see what is more alarming about this trend is, at the same time that we are piling on more debt, the result will simply be that we owe more and when interest rates go higher, our cost of servicing that debt will become more and more substantial. At the same time that we are increasing debt, federal transfer payments are increasing in terms of the percentage of our own source revenue.

So we are more and more reliant on money from the federal government, and it is no surprise to me that the minister once again in his opening statements indicates that he is going to go to Ottawa and join hands with all the provinces and fight for more money.

Well, he has been saying that every year that I have been in Estimates that he has been the Finance

Minister and it has never happened. It has not happened and we heard again this spring from the federal government that it is not going to happen.

So the minister is up there giving it the good fight and again avoiding the reality which demonstrates that the federal transfer payments as a percentage of our own source revenue have gone from 24.1 percent in 1999 to 27.7 percent in 2003. Again, more than a 10% increase in our reliance on federal transfer payments.

So those are just a couple of the indicators that again come from the audited financial statements, and, Mr. Chairperson, the reason I go to the audited financial statements is because those are the real numbers. Those are the real numbers.

Again, we will see shortly, well, we will see, I know the minister has until the end of September to file the 2004 March 31 financial statements and so likely we will get them on September 30. I mean, that has been his pattern because he knows it is not going to be good news so he will hold it right to the very end.

Now, I will give him some credit. They may decide for political purposes that they want to release it in the summer when people are on vacation and hope they can duck the issue. But even in 2003, and again quoting directly from the financial indicators on page 21 of the Province's audited report, operating expenses, that is total expenses less debt-servicing cost, increased \$612 million.

That is an increase in one year of \$612 million or 6.2 percent from '01-02. Now again, this is a minister that has the gall in his opening statement to say that this is a government that is getting its mind around controlling expenses, that it is getting a handle on expenses.

Mr. Chairperson, their own operating expenses increased \$612 million in '01-02 according to the audited financial statements issued by this Province, an increase of 6.2 percent. Now what is even more alarming, Mr. Chairperson, is that the total revenue increased 1.5 percent, which really speaks to the problem. Expenses are running rapidly out of control, and a result of this Government's policies, which have made Manitoba basically uncompetitive from a tax perspective, business is not growing, jobs are not being created, people are not getting newer

and better-paying jobs so they can pay the Government higher taxes, you know, spend more money. And that is really what government rely on, in terms of providing services to Manitobans, is growth in the economy. Again, we have seen in a recent report issued this week from Statistics Canada that Manitoba's economy not only lags behind Canada, Canada is raised 1.7 percent, 1.4 percent for Manitoba, but it lags behind nine other provinces, as it has done for the last four years.

So there is lots more that could be said in response to the minister's opening statement. I realize my time is running short and we will get more into it when we get into the Estimates of Expenditures and Revenue. But, Mr. Chairperson, this minister is digging a deep hole for Manitobans. Usually, when you find yourself in a hole, the first thing you want to do is get rid of the shovel. This minister finds himself in a hole and he goes out and buys a new front-end loader to dig the hole deeper and, unfortunately, there will be a tremendous price that Manitobans have to pay for that in the coming years.

Thank you, Mr. Chairperson, for that time.

Mr. Chairperson: Under Manitoba practice, debate on Minister's Salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration of item 7.1.(a) and proceed with the consideration of remaining items referenced in Resolution 7.1, which is Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits.

Point of Order

Mr. Chairperson: The Member for Fort Whyte, is he making a point of order?

Mr. Loewen: Well, I have a point of order, Mr. Chairperson. Actually, I have two points of order.

Mr. Chairperson: Only one at a time.

Mr. Loewen: One at a time, as you asked, but I did ask the minister if he would be willing to table his opening remarks, and I just wondered if you could address that point with the minister before we move on.

Mr. Selinger: Yes.

Mr. Loewen: On a second point of order, Mr. Chairperson, and I may be jumping the gun a little bit here, but usually we have a discussion regarding whether we are going to go global or go line-by-line, and so, before we get into the detail of 7.1 and call in the staff, I would just like to reach agreement.

Mr. Chairperson: We will do that as we proceed.

Mr. Loewen: Okay. Thank you.

Mr. Chairperson: That is not a point of order, either. A point of order is a violation of the rules of proceedings of the House. That is a point of inquiry.

* * *

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

The honourable minister may please introduce his staff.

Mr. Selinger: Thank you. I have with me the Deputy Minister of Finance, Pat Gannon, and the Director for Administration, Erroll Kavanagh.

Mr. Chairperson: Does the committee wish to proceed through these Estimates in a chronological manner or, alternatively, have a global discussion?

* (10:50)

Mr. Selinger: We have, because of the physical arrangement in this Chamber, an inability to have a number of officials at the front at one time. So, to avoid a shuffle back and forth between the gallery, I think in this context it would be better to go section-by-section so that we are not shuffling people back and forth to answer specific information, and that will put less demands on our staff time and allow for greater predictability. So, if we move at a subsequent meeting to another chamber, we can have more flexibility, but the suggestion I would make to facilitate the best use of staff time and the least amount of interruptions and information flow would be to go section by section.

Mr. Loewen: Mr. Chairperson, I do believe we have had arrangements in previous sessions on Estimates that we would go global. At the same time, with all parties recognizing that staff has got other important

work to do, and as much as possible, we will try to stick to the section by section. But, I would not want a restriction.

First of all, I would say we are in the Chamber, as has been negotiated by House leaders because the Premier could not be here today. So, basically, we have moved the Department of Finance Estimates up and into the Chamber as a result of the fact that the Premier had another commitment.

Mr. Chairperson: Order, please. That is indirectly saying that somebody is absent here. That is against parliamentary procedure.

Mr. Selinger: In previous years, I have agreed to go global just to accommodate the member from Fort Whyte and other members on the other side in a room setting where it was more easily accessible for staff to come back and forth, but it does consume an enormous amount of staff time.

If this is not the end of our Estimates and we move to another venue later on, then I am prepared to go back to a more global consideration. I think to structure the best use of our time here, and I will, certainly, take more general questions and have more general comments. But I think to give a little bit more predictability I would prefer that we go section by section to avoid the problems of coming up and down here to accommodate specific questions that may jump around from section to section.

Mr. Loewen: Well, I can assure the minister that we are going to be, as we have been in past years, as cognizant as he is that we do not want to be drawing staff back and forth all the time. Once we are finished with the section, we do not want to be drawing staff back who are back to their work.

I am surprised that the minister seems to think he needs staff here all the time to answer the questions. Surely, there are a lot of the questions that have been put to him before that he would be prepared to answer. We also have the Liberal Party who wants to ask some questions from time to time. I cannot control that.

Typically what we have done in the past is allow them a section of time to ask questions as opposed to having to jump in on each section and disrupt the flow. Once again in terms of going forward, I would suggest that we do as we have done in the past which

is agree to go globally. I can assure the minister and the staff that from my perspective I will do as much as possible to keep it within the realm of that particular department. But as the minister is aware, from time to time we get questions in one section that although they relate to that section, because it is the Department of Finance, sometimes there is other staff that can better answer it.

We can delay those questions if it is too much of a disruption for staff in the Chamber. But, again, just a simple request of the minister that he agree we go global and that everybody will do their best to ensure that the questions will be directed towards the staff that is here.

Mr. Chairperson: The Chair cannot sense any agreement as of this time. Probably there could be a compromise: you do item by item in the Chamber, and when you go outside in the committee room, then you can do the global.

Is that agreeable? Unless we have an agreement, we cannot proceed.

Mr. Loewen: Mr. Chair, I will take the minister at his word that he will allow some flexibility, in particular, when we get into the Chamber. I will have to rely on my colleagues from the Liberal Party and my other colleagues to do the same thing, although, again, the minister must understand that there is a Committee of Supply, there are other members and other committees in this building that want to ask questions on specific sections. Quite likely, what will happen is they will have to come in at an alternative time.

Mr. Chairperson: The honourable Member for Fort Whyte, is he agreeing or not agreeing?

Mr. Loewen: It is not the best solution. I wish the minister would be more flexible, but, in the interest of moving the process ahead, I will agree.

Mr. Chairperson: There is agreement, tentatively, that we proceed item by item in the Chamber but when the committee meets again in the committee room, it will be global. Is that agreed? *[Agreed]*

Let us proceed. The floor is now open for questions.

Mr. Loewen: Thank you, Mr. Chairman. With regard to item 7.1.(b), I would ask the minister if he

could identify whether there have been any new hires in this section.

Mr. Selinger: Mr. Chairman, no, there have been no changes there.

Mr. Loewen: Have there been any term positions converted to permanent positions?

Mr. Selinger: No.

Mr. Loewen: Mr. Chairperson, I would ask the minister if he could give an explanation. The full-time equivalents are the same at—last year's Estimates books indicated that the cost for this department would be \$418,000 regarding salaries and employee benefits. This year they are \$422,000. Could he indicate to me where the extra expenses are?

Mr. Selinger: If I could direct the member to page 27 in the book. Last year's estimates were 447.5; this year the estimates are 422.8, to show a reduction year-over-year in the estimates of expenditure.

Mr. Loewen: Actually, I guess what I am looking for is clarification from the minister because in terms of—and I am sorry, I did use the wrong figure there. The Estimates of expenditure that we got in 2003-2004 were \$434,000 and then in the Estimates book this year, the Estimates expenditure for 2003-2004 were \$447,000.

So what I am just looking for is the explanation as to the changes from year to year. I am assuming it is strictly related to salary increases but if there is—I mean, I guess, previously agreed. the information I am looking for is if there has been reclassification of employees or increases in classification for anyone in this department.

Mr. Selinger: It is simply a reflection of adjustments for the general salary increase being factored into the specific line budgets.

Mr. Loewen: So the reduction this year from \$434,000 to \$422,000, does that reflect reductions in salaries? You are not reducing the employees. Are you reclassifying some employees or what is being done there?

Mr. Selinger: Mr. Chairperson, the reduction from last year to this year reflects the fact that one employee was seconded for a period of time and we

left the position vacant and took the saving as turnover allowance.

* (11:00)

Mr. Loewen: Could the minister indicate how many vacancies are in this department now?

Mr. Selinger: In this area, there is just the one vacancy.

Mr. Loewen: Is the minister anticipating that this vacancy will remain open for the year?

Mr. Selinger: The secondment was for a year. It ends in June. It is not entirely clear yet whether the person will be returning or staying in the other area where they are active at the moment. So we will have to determine that after June.

Mr. Loewen: If the individual who is seconded does stay, will that have an effect in terms of what the department would estimate its annual expenditures would be now?

Mr. Selinger: We have budgeted to ensure there are sufficient funds to have the person return to that position if she chooses to do that after the secondment has ended.

Mr. Loewen: Would that budget include returning at the same salary level, or would the individual be required to take a cut in pay in order to meet the budget that is presented to us today?

Mr. Selinger: It would be the same salary level.

Mr. Loewen: Mr. Chairperson, is the minister able to indicate what were the actual expenditures in this sub-appropriation for '03-04?

Mr. Selinger: The actuals are not usually available till later in the summer or early fall, but on last year's accounts we were underspent in this area by about \$18,000.

Mr. Loewen: Can I just ask the minister to clarify that in terms of '02-03 expenditures versus '02-03 Estimates? Is that what you are saying? Is the minister expecting a similar underexpenditure in '03-04?

Mr. Selinger: It is not entirely clear yet. There are some salary adjustments and then there are some

other issues that have to be clarified. Mr. Chair, we are not entirely clear whether there will be an under-expenditure in '03-04 at this stage.

Mr. Loewen: Mr. Chair, I guess to avoid repetitive questioning in the other departments, is the minister saying that he is not able to indicate for any department where there will be overexpenditures and/or underexpenditures when comparing the actual results for '03-04 versus the Estimates that were received last year.

Mr. Selinger: Mr. Deputy Speaker, the '03-04. I think the member from Fort Whyte is asking whether we can give some detail on a branch-by-branch basis; whether '03-04 actual expenditures are over or under '03-04 Estimates numbers. Globally, the answer is that we are within budget as indicated in the third-quarter report, but we do not have the fine detail on a branch-by-branch basis. Hopefully that will help him in the parsimonious selection of his questions.

Mr. Loewen: I appreciate that information from the minister, Mr. Chairperson. If you go to Schedule B on page 127 of the Estimates book. I mean, the difficulty of course is that when we do not have actuals to compare to what the Budget estimate is, it is difficult to get at some of these questions or get answers to them. But I guess a disturbing trend is that we are seeing and I am eliminating tax credits and public debt and going to the subtotal, which basically accounts for the operating expenditures, I believe, of the department. We see an increase of 20 percent basically, from the 2000-2001 actual expenditures to the Estimates for 2004-05.

Again, at a time when the Government is indicating that there are some real challenges facing them in terms of expenditures, at a time when the minister has said he is going to ask his department to go through line by line and manage expenses, it seems at odds with my business background that we would see this type of increase in basically an administrative department.

I wonder if the minister can give me some more concrete information as to why the expenditures have gone up 20 percent over the course of what will amount to basically five years. Is it strictly salary increases or are there other factors involved? I realize that, saying that actually in terms of full-time equivalents that the number has gone down by

roughly 2.4 full-time equivalents during that period. I am very curious as to why, given the reduction in full-time equivalents, the expenditures have risen so dramatically?

* (11:10)

Mr. Selinger: We were just analyzing this table. It is a useful table, which is why it was included in the Estimates book. I think what I am going to do is I will get my officials to give a more detailed explanation to the member from Fort Whyte. But, just to sort of give a hint of what the changes are, in the Consumer and Corporate Affairs department, there has been an increase. The Claimant Advisor Office, which I mentioned in my opening comments, is being brought on. That will cost some additional money. That is being recovered from MPIC.

As I understand it correctly, in Taxation there have been some up and downs there as we have brought in some new technology and an ability to provide taxation transactions between government and the community electronically.

The first two lines are actually down, Mr. Chairperson. Administration and Finance is down. Treasury is actually down. Comptroller is up a million over four years. The actual FTEs are down, but the dollars are up by about \$800,000. Obviously, some of that is adjustments for salary increases. We will have to get any further fine detail on that. We can cover that if you wish when the officials come down for each line. We will have the Comptroller here, and if you want to return to this page on a section by section basis and ask specific questions, I would be happy to do that. But I am trying to give you answers here once again without my officials being immediately accessible on the fine detail.

In any one of these sections, if you want to inquire as to why there has been an increase, I would be happy to deal with it as we go through it section by section, if that would satisfy your concerns.

Mr. Loewen: Well, that will. So what the minister is saying is that it is really the Comptroller's department that can answer specific questions, and that is fine. I guess where I am coming from is that, certainly, the objective of this section is to provide effective leadership for departmental activities consistent with government policy objectives. The minister has stated over the last two years that the

Government's policy, last year he stated it is to have a line-by-line review and reduce expenditures. This year it is to reduce employees, reduce costs through attrition. The overall policy of the Government seems to be that they are looking, and in fact the minister would lead us to believe that they have found significant savings. Yet at the same time I see in his own department that expenses over the course of the last four years have increased 20 percent. Obviously, this year it seems like there has been a bit more effort in terms of holding expenses flat, certainly not much of a reduction there.

He did indicate in the Consumer and Corporate Affairs Division, while they have taken on more staff, there is going to be a recovery. If he could give me the amount of that recovery, maybe that recovery will account for the \$8 million and he will have accomplished his goals in relation to the government policy, but I just do not see it as opposed to the department-by-department review, because I am sure each department justifies their extra costs.

I am sure the minister will be fully briefed on that. I am just at a loss to understand as to why, in a time when the Government is out there, and in particular, I mean, the Finance Minister is a leader in terms of the discussion about managing costs, and yet we see in his very own department that costs have increased 20 percent.

If he could give me the amount of the increase and recovery to Consumer and Corporate Affairs, maybe that would reduce the percentage to a point that I would not be as concerned, but, failing that, I guess I would still appreciate a more general response from the minister in terms of where these expenditures have gone and what benefits the people of Manitoba have gotten from it.

Mr. Selinger: Well, Mr. Chair, rather than making unnecessarily inaccurate statements, any of the particular branches that you think have shown an untoward increase in expenses, I would be happy to discuss them when those specific officials are in front of us, but globally you can see that this year versus last year, the actual expenses are down. You can see over the five years that the FTEs are relatively flat. There have been some salary increases over that five years due to collective agreements and related adjustments. You know, usually about 80 percent of our expenditures are related to personnel.

There are recoveries, as the member correctly analyzes, in the special operating agencies under Consumer and Corporate Affairs which can offset some of the expenditure increases there and in the service improvements that we have seen in some of those agencies. There is possibly, and once again I will reserve judgment on this until we get to the taxation section, some write-offs related to taxation that might be a factor there.

So I think what I would recommend to the member is that, because of the structure of the Chamber, we continue on the branch-by-branch basis and then once we have gone into the detail of each branch, I think at the end we could come back and summarize and see if there has been some untoward global increase that the member might be concerned about. After we have been able to examine the specifics in each branch, we will have the detail. So what I would like to do is give the member the chance to come back to this page and topic after we have gone through it and we have asked specific questions, then we can see if the overall trend is a problem.

Mr. Loewen: Well, I appreciate that. Perhaps the minister could indicate to me—and we will come back to this chart, there are two things specifically, then. He has indicated that a certain amount of it is a result of just normal wage increases.

Mr. Selinger: There is one other area that we have just identified and I mentioned it in my opening comments, but if you look at the last line there, before the subtotal cost related to capital assets, it has gone from one million and change to four million and change as we have taken the amortization and interest costs and taken it out of the central and put it back into departments on a full-cost accounting basis. So each department before they make demands for capital have to understand that they will be carrying the costs of that, both for amortization and interest purposes. So that has come up from the public debt line below, a million six of it has moved up into the departmental or branch Estimates. So you can see the growth there. That is a partial explanation for the growth, a reallocating of those costs into departmental Estimates.

I have to say that generally my experience with the Department of Finance every year is that we have pretty much been in a steady state. We have managed pretty flat over the last five years. That is

indicated by the FTE count, which is essentially down two. We have always managed within basically our existing resource envelope with the obvious adjustment for general salary increases. Now we are reflecting more of our amortization and interest costs above that line that you have focussed on.

Mr. Loewen: Well, I thank the minister for that. He kind of jumped the gun because that was my next question. I will come back to that because there is a little more detail I would be looking for there, but basically what I would like to know is, over the course of the last, the time indicated in this chart from 2001 to 2005 what is the, I guess, required increase in terms of just contractual obligations that the minister has with the civil service? What would be the percentage that, all things being equal and everyone staying at the same classification, what the percentage would be in terms of staff cost increases as a result of the contractual obligations?

* (11:20)

Mr. Selinger: Mr. Chairperson, roughly, collective agreements have been running about 3 percent-plus, say, over a three-year period, the agreements usually run, there is usually about 1 to 1.5 percent for specific benefit improvements. The other thing that is driving these numbers somewhat is, you will recall, and I, again, mentioned this in my opening comments, that we now require each new employee who is hired to have their pension costs paid for within the departmental budgets. So that has been absorbed from within for the first time in over 40 years.

Those are factors that, in effect, generate overall reductions in our debt going forward, our pension liability debt; but are reflected in increased costs within departments all across government as new employees are brought in and existing people move toward retirement and their exit in that regard. These costs are being absorbed from within now. In addition to the, let us say for purposes of discussion, 3% to 3.25%, 3.5 % increase in salaries and benefits on an annual basis.

Mr. Loewen: Well, just for clarification because I think what the minister was saying is that, certainly, we understand the pension liability for each new employee is handled on an employee-by-employee basis. It does not decrease the liability that is out

there. It simply prevents it from growing at a more rapid rate than anyone would like to see, which it obviously is doing anyway. But that is a 40-year problem that I will leave to his challenge.

With regards to that 3 percent per year, I am wondering if the minister could have the staff get back to me with, I guess, a year-over-year analysis. Again, the issue is, I appreciate it, it is maybe a different perspective than my background. Certainly, the numbers the minister has indicated appear to be higher than the rate of inflation, the result being, of course, a net cost to the taxpayers of the—well, the whole cost is a cost to the taxpayers.

But, again, he is familiar with the briefing he received from the, I believe it was the Canadian Federation of Independent Business which indicated that the spread between private-sector wages and public-sector wages in Manitoba is larger than any other province. In a time when the minister is talking about, you know, very publicly talking about reducing expenses and controlling expenses and getting a grip on the expenses, at the same time, I see an increase in his own department. Even if you take the \$3 million out for the change in accounting policy it is still well over 10 percent. Probably, quick math, it would be up somewhere around 11 percent or 12 percent in terms of increases and expenditures in his department over the same time that he claims to be going through a very rigorous process to eliminate expenses.

From my opening comments I hope the minister understands that when I see expenses go up \$450 million a year, on a year-over-year basis, on \$150 million over budget, that I, certainly, think it is important for the people of Manitoba to understand exactly where all those expenses are coming from. Even though each individual one seems like it is minuscule, they have, obviously, added up to a lot of money.

So I will deal with that issue, and, again, I do want to come back to the issue of capital assets, so if the minister could respond to that first issue first I would appreciate it.

Mr. Selinger: Honourable member, we are both doing back-of-the-envelope estimates here. As agreed by the member from Fort Whyte, if we took out the cost-related capital assets, it looks like an increase of about 5 million over five budgets, 40 million to 45 million.

I think the member would agree with that. That 5 million would be about one eighth on the base of 40 million, 5 over 40, about one eighth, about 12 percent. Over five budgets, 12 percent, it is just a little bit more than 2 percent, about 2.25, let us say 2.2. I am just roughing it. That would be the average annual increase in salary costs. That would be roughly in line with, maybe a little higher than inflation.

I would just ask the member to consider that with respect to public-sector salaries, I think actually most studies indicate that public-sector salaries for the provincial government on an apples to apples basis or a position-to-position basis show that we pay probably less than the other two levels of government in this province, on a position-to-position basis. When you consider salary costs and benefits included, Mr. Chairperson, we have some issues in retaining key personnel, sometimes because of competitiveness in rates.

The CFIB study usually focusses on people in the lower end of the salary scale in the province, and they usually focus on administrative and secretarial positions. Often, and I think it is true, I think that the public-sector generally pays people at the lower end a little bit better than the private-sector, although that is not always the case. A lot of the private-sector comparisons are with organizations of a completely different size and scale than government. I think when you get to comparing our wages, say, to other large private-sector organizations in this town, they are more comparable. Usually, the CFIB analysis highlights salary differentials related to the costs of often women working in secretarial positions, and our salary costs for them are often higher than, for example, a person might get paid in a small business, but roughly comparable to what they might get paid in, say, a major financial corporation in town.

I just ask the member to consider that the comparisons are not necessarily apples to apples in some of those surveys that we get put in front of the public when we go forward.

Mr. Loewen: Well, I appreciate they are not apples to apples. I just reaffirm with the minister that I would be more interested in a comparison between the public-sector and the private-sector in Manitoba as opposed to—I can appreciate, and there has been a lot of discourse about the City of Winnipeg, in particular, and its rates, particularly as they apply to

the Province, and I think we both had been involved in those types of discussions.

What the minister needs to do, I think I would like him to focus on, is the expenses in his department. A 2.2% increase year-over-year-over-year over five years does not seem like much, but where I am trying to draw the analysis is between the minister's statement that going line by line, department by department to reduce expenses, and I guess if I was in another department in government, I would be looking for the minister to lead the way. So I am just trying to get to the bottom of some of these discrepancies.

I just, again, my request to the minister was to receive an analysis at some point, hopefully sooner than later, of what the contractual costs were year by year in terms of increases of salary, both in terms of the pension cost and the salaries and benefits, and if I could get that I would be satisfied.

Mr. Selinger: I will have my officials undertake a little more detailed analysis than either of us has done at the moment, but if we accept the assumptions we have made here, that it is about a \$5 million increase over five budgets on a base of about, it looks like \$40.7 million, we are talking increases of about 11 percent to 12 percent over five years, which would be 2.4 percent a year globally, roughly. There are lots of fine points; there are some additional pension costs, that we have required each new employee to be covered, and, once again, on any objective analysis of our wages for our public-sector employees compared to either the federal or the City of Winnipeg, they are ahead of us on their compensation costs, both on benefits and salaries, in just about every category.

Mr. Loewen: I look forward to receiving that information from the minister and his department. Again, just to wrap up that part of it, we certainly, I think, again, another one of these areas where we will have to agree to disagree in terms of the direction he has given the Government in reducing expenses and the fact that his own department is up 11 percent or 12 percent, which he considers, obviously, to be a pretty minor amount, but when you look at the overall increase in spending of 6.2 percent in 2003 and what looks like about 6.6 percent according to his forecast in 2004, that is an issue that the minister is going to have to deal with.

To get back to the next question, which is a cost related to capital assets, I wonder if the minister

could give me a little more detail on how that has unfolded, because if one just looks at the \$3 million increase the course of those four years. I am not sure if in the first year which is shown here, '01-02, if all the capital assets, the amortization and depreciation were taken on to the department, or if it has been in a staged approach. Certainly, an increase of \$3 million if we are looking at equipment that is amortized, even if it is over five years, it is \$15-million worth of capital purchases. If it is over ten years, it could be as high as 30 million.

So I guess two questions there, if the minister could indicate in a little more detail how the process has unfolded. If I could get more information on the total capital expenditures of the Department of Finance over the last five years, I would appreciate that.

* (11:30)

Mr. Selinger: I will just get started on the overview while my staff do a little bit more analysis, but there are essentially three elements of our cost related to capital assets. They are all related to information technology and improving services. The first one is the Desktop Initiative, which is a government-wide initiative that provides people at their desk with capacity computing capacity and analytic capacity as well as the ability to interconnect with each other through the Government's Intranet system.

There is the GenTax initiative, Mr. Chair, which was an initiative to put online transactions between government and the taxpaying members of the community with respect to certain sources of taxation which has been rolling out and evolving over the last five years. We have made incremental steps every year to improve our ability to offer those services.

Then, with the absorption of the Department of Consumer and Corporate Affairs into the Department of Finance, we have also had in the Residential Tenancies Branch just an enormous demand for services that we have tried to accommodate through some improved software and technology as well. That project is rolling out over a period of time as well.

Now, if the member could turn to page 119, it is about eight pages back from that table, we can see on that page sort of more detail. I guess we are jumping lines here a bit, but that is all right. We said we

would try to be flexible. We see the growth in interest expense there on the bottom of the page under section 7.9.(c). You can see it is explained by an increase due to the amortization expense and interest costs of the integrated tax system assets and interest on the Residential Tenancies Branch re-engineering project under construction.

So we are bringing these new technology assets on stream to improve service to the public. We are covering the interest and amortization expenses in 7.9.(b) and 7.9.(c). You can see that there is some incremental growth as we go forward on that.

Mr. Loewen: Well, I can appreciate that. Just a question in terms of process for the minister, I mean, I do want to talk about 7.9. Is he saying that it would be better to talk with Comptroller staff here or with this staff here? I will leave it up to him.

Mr. Selinger: We will take it as far as we can. If there is something we cannot answer, we will pick it up later. But to accommodate I think it is a totally fair question and I think we have tried to answer it by referring the Member for Fort Whyte to that page.

Mr. Loewen: Well, Mr. Chairperson, with regard to this, I gather from the minister's answer that most of the extra expenditure that is reflected in this increased capital cost, amortization and depreciation relates to hardware, probably, more specifically, desktop computers, microcomputers, whatever.

First of all, just maybe a straightforward question. I know in the last session he talked about an upgrade of SAP, and we will get into that. Just for clarification, is that included in this?

Mr. Selinger: This does not include the SAP upgrade which we discussed last round of Estimates. This includes for the GenTax, it is a unique piece of software that had been implemented in one other jurisdiction, as I recall. Mr. Chairperson, I think it was British Columbia and some other provinces in Canada. It is a combination of hardware and software improvements for that. The residential tenancy upgrade is, I think, there is a good deal of software as well as hardware there. Then, on the desktop refresh, there is both increased hardware computing capacity, but also it handles upgraded software as well such as the Microsoft Windows XP program in some cases. It is a combination. They sort of go together, the

improved hardware capacity and the improved software computing technologies.

As a matter of clarification, there is \$226,000 in 7.9.(b) Amortization Expense for the SAP. It is in that line there.

Mr. Loewen: Again, just for clarification, was that with regards to the SAP, would the minister prefer that we deal with that under the Comptroller's Division?

Mr. Selinger: Yes.

Mr. Loewen: Okay. We will come back to that section. I guess what I would be looking for if I could would be a more detailed breakdown in terms of the amount of capital required for each of those three systems and, if possible, a bit of a breakdown between hardware and software. The financial statements indicate, I believe, a three-to-fifteen-year window in terms of amortization. Is there something specific regarding the Department of Finance with regard to hardware and software in terms of how long these programs are amortized for?

Mr. Selinger: Yes, Mr. Chairperson. We do have a schedule, that we indicate under Schedule B, capital, for how we amortize different assets. I believe desktop computers are amortized over four years, if I recall correctly. It is on page 167 of the main book of Estimates of expenditure. It is probably worth looking at because there is a wide variance depending on the type of assets we are amortizing. The computer hardware is over four years; computer software is over four years; a major application, \$500,000 and up, is over 15 years; mainframe hardware is over 10 years. My assumption would be that for the taxation software that we introduced because it was over half a million dollars, it would be amortized over that longer period of time. We expect its useful life to be considerable. I hope that gives the member the information he is requesting.

Mr. Loewen: I think for now that will suffice on that, if the minister can get that information back to me, I would appreciate it and we will look at this chart, I think, in a little more detail as we get through the issues.

Mr. Chairperson, can the minister indicate how many, or if there are any, chartered accountants within this classification?

Mr. Selinger: Can the member rephrase his question?

Mr. Loewen: Mr. Chairperson, I am just asking within this department, if the minister could indicate how many of the full-time employees were chartered accountants.

Mr. Chairperson: The recording will have to be orderly.

* (11:40)

Mr. Loewen: My question just related to this branch, but I will have the same question in the Comptroller's Division, so if the minister wants to answer those too, that is fine.

Mr. Selinger: In the Admin and Finance branch that we are talking about, we have at least two people with professional accounting designations, one of them sitting at the table here, the director of Administration and Finance, and then we obviously have more in Taxation. We have more in the Comptroller's branch.

I mean, whether the member knows it or not, we have a lot of accounting expertise inside the Department of Finance, and I am always thrilled to talk about accounting practices. Treasury Division, we have people there as well. We have a lot of folks that have accounting training and have moved beyond that in some cases to take on other levels of expertise as well.

I would be happy to discuss that as we go forward, but we have at least two here. My director informs me that they do not actually record that on a specific basis, on an annual basis, but we can look into that if you want further specificity, but at least two in this branch.

Mr. Loewen: Now, just for clarification, because the minister did say accounting professionals. I mean, I just want to without pulling hairs too much, was he referring to chartered accountants? I know there is a new CMA bill before the House, certified management accountant.

So, Mr. Chair, if he could, you know, and I do appreciate there is a lot of accounting expertise in the department that provides him good advice. I guess I

am just trying to determine how many chartered accountants are in this particular area.

Mr. Selinger: We have one proud chartered accountant in the Administration and Finance branch and one other professional designation, and I think they all feel equally qualified for the functions they undertake.

Mr. Loewen: Well, I will leave it up to them to battle out their qualifications. In my experience, there have always been some interesting arguments between the various designated professions, but I do appreciate that answer.

Just again for clarification with regard to policy and programming advice, I am working on the basis that it would be this group that would advise the minister with regard to accounting practices, or would that come from the Comptroller's Division?

Mr. Selinger: In the vast majority of cases, we rely on the provincial Comptroller for specific accounting advice.

Mr. Loewen: So, Mr. Chair, with regard to a discussion regarding the Auditor's recommendations and generally accepted accounting principles, the minister would rather have that—I am just a little, well, and hopefully, I think—

Mr. Selinger: If you want to get into that bigger discussion about Auditor's views on accounting practices with government, the Comptroller would be a good place to do it. You know, I am willing to start answering questions on that now, and we could call the Comptroller down, if you want.

You can take it up under my salary line, if you wish, wherever you want, but the Comptroller is the person that usually is the lead on accounting practices for government in terms of advice to the minister.

Mr. Loewen: Well, I appreciate that, and we will leave that to that section. I just would have assumed that the gentlemen at the table would also from time to time have some input on that discussion and I guess as long as we can do it at a time that is convenient, I do not think it is necessary to call the Comptroller down right now.

Maybe we can move on to something that I know is very near and dear to the minister. We are

still in, I believe, Administration and Finance. I may come back to 7.1.(c) and 7.1.(d). I guess maybe, just for clarification to the Chairperson, because we have sort of struck this arrangement whereby we will go global and then we will go line-by-line, but I am assuming we are going to pass these lines on a global basis, which will give us flexibility. I am going to be relying on that to come back from time to time when we get in committee.

Mr. Chairperson: For clarification, we do not have to pass every line item. It is only the resolution pertinent to a certain group of line items.

If we wish, you can do it resolution-by-resolution, or we can just lump it all together and pass all the resolutions all at once, depending on your agreement.

Mr. Loewen: It is my preference, and I think out of respect for the other members that may have questions, because I understand that, once we pass a line we are not really entitled to go back to that section, we would leave it and pass all the lines on a global basis at the end of the day, which, I think, will also be more efficient from a time perspective.

Mr. Chairperson: That will accommodate the other party members and separate the resolutions as well. Is that agreed? *[Agreed]*

Mr. Loewen: Thank you. I am going to just jump ahead to page 28 and 7.1.(c) and just ask the minister if he could give us an update with regard to any progress that may have been made with French Language Services and, in particular, I think if he could speak to any possible progress in the other three areas that were discussed at our Estimates in the fall in terms of French Language Services, Ste. Anne, St. Laurent, and south St. Vital, as well as any progress that may have been made on the discussions regarding a bilingual court facility or facilities.

Mr. Selinger: The St. Boniface, St. Pierre Jolys and Notre Dame de Lourdes bilingual community service centres are now up and running. We are continuing to request the federal government to make a longer-term commitment to the leasing dimensions of their participation in these centres. The planning is undertaken as we speak on south St. Vital, St. Laurent and Ste. Anne with our other partners and other levels of government and community partners to bring those forward. It is actually quite a

complicated process to get three levels and community partners to all agree to be in the same place, offering the same quality of bilingual communications and services to the public, but we are proceeding on those.

We are doing some work with respect to some bilingual court services in St. Pierre and St. Boniface. We have some specific improvements in St. Pierre right now. It is now being frequented by a bilingual judge. These projects are moving forward as we speak.

Mr. Loewen: Does the minister have any more specific information in terms of when these centers may open?

Mr. Selinger: A hard date cannot be given yet because we require some commitments by other levels of government to full participation and their leasing commitment, and in some of these locations there may be a requirement for physical construction of facilities before the centres can be occupied by the service deliverers. So it is a long, complicated process, and we are pursuing it. The provincial government is sort of in the leadership role of trying to bring everybody together to work on these, but real-time planning is going forward as we speak.

Mr. Loewen: This is certainly one area in this department that expenditures are forecast to increase again. The estimate received in '03-04 was for \$302,000, and now it is up to \$325,000. Is some of that budget directed towards the fact that there is a possibility that one of these service centres may open in '04-05?

* (11:50)

Mr. Selinger: There is no cost reflected in these lines for those centres opening up. The increase here is, in the first instance, as it is everywhere, for general salary increases. In addition, there are some specific agreements that have been entered into with the governments of New Brunswick, Québec and the region of Alsace Lorraine, the region of Bas-Rhin in France. Some of those agreements have small amounts of cost-shared programming that are occurring to facilitate exchanges of information in training and expertise between those jurisdictions and Manitoba. So there is a somewhat small additional cost there. Some of that money is recovered through an agreement we signed with the federal government

to cost-share the delivery of some of these French language services in Manitoba. Those two elements would be the basis upon which the \$13,000 increase has been put in the Budget for next year.

Mr. Loewen: I thank you the minister for that. I notice, in particular, the managerial expenses are up \$6,000 over the estimate last year. Was there a change in personnel or is this due to a reclassification? Could the minister give me a little more detail on why such a significant increase for that one full-time employee?

Mr. Selinger: No, there has been no change in personnel there. This person likely got the general salary increase plus an increment. They are probably, I suspect, not at their highest level within their salary range.

Mr. Loewen: So this increase of roughly \$7,000 a year relates to the same individual and is just a general recognition of their productivity and work for the Government?

Mr. Selinger: My calculation shows it being an increase of just slightly less than \$5,000. Yes, the person is doing a good job.

Mr. Loewen: I thank the minister for that. Are there vacancies in this department?

Mr. Selinger: We are not aware of any specific vacancy, but we will have to do a check on the details of that. Certainly, at the managerial level there has been quite a bit of consistency over the last few years, but we do have some French language facilitators in there. We will check on the facts of whether there is any vacancy or turnover. I am not recalling any at the moment.

Mr. Loewen: What is drawing my attention to this particular is that in '02-03 the Estimates we were given were \$300,000 for this sub-appropriation. The Estimates we are being given this year are \$427,000, a fairly substantial increase, again, well over 33 percent. Yet, at the same time, we have not seen, as I understand, any new service centres open up. The court facility is still a work in progress.

I would ask the minister if he could give me a little more detail as to why the significant increase in this area. Once again, we are, you know, if the full-time employee count is the same, I do not know if

there were vacancies before that have been filled or just what the details are, but that is the type of information I would like to have for this sub-appropriation.

Mr. Selinger: I am working off page 33 in the current Estimates this year. The member can see at the bottom there, the second last line, the co-operation agreements with various jurisdictions; that is where there is a significant increase, 57 to 102,000. The comparison with last year's '02-03 Estimates was before the general salary increase had been factored in, so there would have to be an adjustment for that. So the increase is from 312 to 325 globally.

On the Salaries, Professional/Technical, Administrative Support lines, and then on Other Expenditures, the most significant increase is on the Net Other Expenditures, Mr. Chair, which relates to these co-operation agreements. We have started to put some flesh on the bones of actually putting these agreements on the ground in terms of practical projects that are being undertaken.

Mr. Loewen: Well I appreciate the minister's clarification on that. I guess the challenge is in the administration. I am working off the same page; it just shows up as Net Other Expenditures. It is a fairly significant amount. The other—

Mr. Selinger: A footnote—

Mr. Loewen: If I could finish, if I could just finish and I appreciate that. So that is one part of the issue. But the other one that maybe he could address at the same time is that there is significant increase in Other Operating expenditures. Both of those totals add up to significant amounts in terms of some of the other detail listed there. Just for clarification, if he could just clarify whether this \$102,000 is that all being used for the increases in the co-operation agreements? I am not sure, it is a little unclear here whether there are other expenditures in there as well.

Mr. Selinger: There is a \$10,000 increase in Communications, Mr. Chair, the second line under Other Expenditures, 90 to 100.6.

Mr. Loewen: Again, in terms of time efficiency, I was not referring to all the other expenditures, but there is Other Operating costs in there which go from 143 to 178. It is actually that Other Operating line

and Net Other Expenditures that I am really interested in understanding where the variances are.

Mr. Selinger: Yes, that Other Operating line, I think, if I am correct, the member is referring to the 143 to 174 and then the 57 to 102. Those both reflect the co-operation agreements. On the page 32, Activity Identification, the last paragraph, "Co-ordinate implementation of the cooperation agreements entered into with the governments of Québec, New Brunswick and the Lower Rhine," that is what that relates to, that activity there.

Mr. Loewen: I appreciate that clarification from the minister, and it might make a little more sense one of these years to isolate those as an identifiable expense as opposed to "Other," just to clarify things a little bit.

With regard to the Tax Appeal Commission, 7.1.(d), does the minister have statistics in terms of the number of assessments that were dealt with in '03-04 and what the projections are for '04-05?

Mr. Selinger: The current actuals we have were out of the orange '02-03 annual report. The '03-04 annual report has not occurred yet. We had outstanding appeals of March 31, '02, of 12, and 23 new appeals received in '02-03, for a total of 35. In '02-03, 2 of those 35 were partially denied; 11 were entirely denied; 2 were referred; 2 were not accepted due to lateness; and 1 was withdrawn—for a total of 18. Outstanding appeals as of March 31, '03, were 17. I can provide that page to the member if he wishes or he probably has it.

* (12:00)

Mr. Loewen: Really, where I am trying to go is if the minister is expecting next year to be a similar year or whether there is any expected increases or decreases that would be related in this Budget?

Mr. Selinger: It seems to be about that the appeals are roughly in a range of 10 to 23. I have not noticed any dramatic increases in the number of appeals. I think they are running along about the same level; I would say in the 20 range. But I could get further detail on that for the member if he wishes. I think we can get that relatively readily; we will get that for you.

Mr. Loewen: No, that will suffice. I am just more or less interested, if the minister has more information,

that they are going to go up or down significantly, I would appreciate receiving that, but I will take him as he has put on the record that it is relatively the same. As long as it remains at that, that is fine.

I would like to go to 7.1.(c). Again, just to indicate the managerial position here, has there been a change or does that simply reflect an upgrading in terms of a level for that individual?

Mr. Selinger: Mr. Chair, the incumbent in that position has been there for eight years, but there was a reclassification of that person's salary. With the absorption of the new department of Consumer and Corporate Affairs, he took on some additional responsibilities.

Mr. Loewen: Can the minister indicate whether there are any vacancies in this area at this time?

Mr. Selinger: There are no vacancies.

Mr. Loewen: Have there been no new hires in this area this year?

Mr. Selinger: The eight-year director recalls one position turning over in the Accounts Payable early on in the fiscal year.

Mr. Loewen: Was that individual hired through a competition?

Mr. Selinger: To quote the director, "Definitely."

Mr. Loewen: I appreciate that, Mr. Chairperson. With regard to the activity identified as, again, I am just asking for clarification with regard, I mean, there are a lot of activities identified here with regard to forecasts and the annual estimates. I am not sure whether the minister wants to get into those issues here or wait until the Comptroller's department to—

Mr. Selinger: If the member wants to discuss revenue forecasts globally in the Budget, I think that would be best addressed when we get the Federal-Provincial Relations who do a lot of the Estimates work there.

Mr. Loewen: With regard to sub-appropriation 7.1.(f), again, Mr. Chair, just if the minister could indicate whether there are any vacancies in that sub-appropriation and if there has been any staff turnover.

Mr. Selinger: I will have to take that as notice and get back on the details. As you know, that function is handled through a cluster so we do not have all the hands-on information on that, but we will get that for the member. It should not be hard to sort that out.

Mr. Loewen: I guess, subject to receiving that information, those are all the questions I have on 7.1, Mr. Chairperson. I would be prepared to move on to 7.2 Treasury.

Mr. Chairperson: Do you want the resolution now? There is an agreement.

Item 7.2. Treasury (a) Administration (1) Salaries and Employee Benefits \$116,200. Questions?

There is a need for new change of personnel from Treasury. The minister may kindly introduce the staff from Treasury.

Mr. Selinger: Mr. Chairperson, I have with me the Assistant Deputy Minister for the Treasury Division, Don Delisle; the Director of Capital Finance, Gary Gibson; and the Assistant Director of Treasury Services, Scott Wiebe. These are the folks that handle our debt management program within government.

Mr. Loewen: I will resist the temptation to ask him where interest rates are going—and if you can answer as regards the dollar at the same time.

Can the minister indicate what the terms of the borrowings are? Which are in what percentages and dollar amounts are fixed versus those at a floating rate?

* (12:10)

Mr. Selinger: We tried to maintain the floating portion of the debt management program between 15 percent and 20 percent. Right now, it is indicated to me that our floating amount would be in the order of about 18 percent of all the self-supporting and general purpose debt, not counting hydro.

Mr. Loewen: Could the minister indicate the average rate and the average term of the fixed debt?

Mr. Selinger: On the fixed or long-term debt, the most current number we have is March '03. There the estimate is about 6.6 percent. That would be about the average carrying cost.

Mr. Loewen: I had asked for the average for the term too. Is there a term as well?

Mr. Selinger: To answer that, originally it is about 8.4 years, the average term to maturity.

Mr. Loewen: With regard to the rate specifically, well, I would, obviously, like to have a more up-to-date figure than March '03. Is there going to be one available shortly? Is there something the department can get back to me on that or is that—

Mr. Selinger: I think we will be getting together again, and by then we will see if we can give you a little more current information on that. The general trend has been, obviously, rolling it over a little bit cheaper in the last direction on the average costs.

Mr. Loewen: Thank you. I appreciate that. At the same time, I am looking for a little more historical perspective here, too, in terms of where the rates, how the rate—I assume it has dropped over the course of the last five years—has come down. At the same time, I would be interested in a little more historical perspective on the average term to maturity, whether in fact we are extending the term at this time on average, or whether the term has been reduced. If the minister can provide me with some more details on both the historical perspective in terms of rate and in terms of term to maturity, I would appreciate that.

Mr. Selinger: Just to give the member some historical perspective which he asked for on the average cost of borrowing: In '96, March 31—all these dates will be sort of the year-end—there was about 9.057 percent; '97, it was 8.7 percent; '98, it was 8.08 percent; '99, 8 percent; 2000, 7.8 percent; 2001, 7.7 percent; 2002, 7.1 percent; 2003, 6.6 percent.

On the terms to maturity question, they will have to do a little bit of homework on that to see if there has been any material change in the average term to maturity period.

Mr. Loewen: Well, thank you, I appreciate that. At the same time, maybe it is an assumption that I should not make, but I am assuming that since the minister indicated that it is kind of historically the same between the 18 percent and 20 percent that number, in terms of a floating, has some history to it. In other words, it has not just been the last three or four years; it has been the last eight or ten years, or if I could get some information on that, too.

Really, what I am interested in is if there has been a significant change in terms of how the

Government is looking at its debt in terms of fixed versus floating over the last 10 years.

Mr. Selinger: Really, the band has been 15-20 percent, and that has been pretty much the policy to keep the floating amount within that range for at least 10 years.

Mr. Loewen: Just for clarification, the information that I am going to get, and the information the minister has given me with regard to rate, that excludes Hydro as well?

Mr. Selinger: It does exclude Hydro. That is all the information I have for the member right now. The policy has been roughly the same with a 15-20% band for about 10 years, and I have given him the historic data on how the average annual cost has been declining over the last 7 or 8 years. Any other questions, I am ready to answer them.

Mr. Loewen: Just for clarification, these numbers exclude Hydro?

Mr. Selinger: Yes, these numbers, we are all talking these numbers net of Hydro.

Mr. Loewen: Well, I will look forward to getting the numbers regarding the term as well, and that will have some bearing on questions that we get into in the future.

Can the minister give me an indication of what the annual cost would be to the Province if the average rate was to go up, say, 1 percent?

* (12:20)

Mr. Selinger: Roughly speaking, if the interest rate went up at the very beginning of the year, by one full percent, 100 basis points, that would cost about somewhere in the order of \$17 million to \$18 million additional for that year.

Mr. Loewen: With regard to the term to maturity, can the minister indicate, and I appreciate that there will be more information coming, has there been government policy to extend term during the last few years? Has there been a conscious effort to, I guess, either alter the term one way or another?

Mr. Selinger: The policy on duration is situationally determined by the specific opportunity available at

that time. If, you know, the decision, whether it is 5, 10 or say 40, depends on the yield curve over those time frames, and whether it is going to be cost-effective to lock it in for that period of time relative to the alternatives available at that specific time, so then it is a professional judgment made by our debt management people.

When they look at the market conditions for that specific rollover of debt or addition of debt, and it also has to factor into the profile we have of how we rollover the debt. There is sort of a schedule of wanting not to sort of lump it up into big lumps, but to have it spread, So the amount of time that they select for rolling it over is a function of two key factors: how it fits into the debt retirement schedule and the specific cost-effectiveness of that rollover period, relative to other market choices at that time.

Mr. Loewen: I will wait for further information then in terms of the historic debt, in terms of maturity of the other provincial debt.

Just to go back to the previous question and the answer the minister gave regarding the 1% increase, just for my own clarification on that issue, if over the course of the next two to three years the average rate went from where it was in '03 of 6.6 percent back up to, say, just for round numbers, 8.6 percent, the annual cost would only be \$35 million each year, and that equates to basically a 2% increase in the average rate.

Mr. Selinger: I just want to be careful in my answer here to make sure the member understands some fine points. It is unlikely that our average costs for the debt, globally, would go from 6.6 to 8.6 in one year.

You are talking about the incremental amount that is being rolled over, if the cost on that went up 2 percent from our current available rate. On a 1% amount, it would be \$17 million to \$18 million in the first year. On a 2% amount, you could safely assume that it would be \$34 million to \$36 million more in the first year. Then, depending on how long you were amortizing that, over what period of time would depend on future years' costs, that depending on whether it was 5, 10, or what other specific period it was being amortized over, would have some variable impact on the outgoing costs.

Mr. Loewen: Really, what I am trying to get a handle on is over the last 10 years, obviously, we

have seen a significant decrease in terms of the average cost of the debt, going from 9 percent in '96 to 6.6 percent today. When I relate that to the financial statements presented in the Budget on B26, there has obviously been a substantial savings toward the people of Manitoba, even though the debt, once you pull the Hydro debt out of it, has increased.

I am trying to get a feel for the risk going forward. So, really, what I am looking at is if five years from now we were faced with a similar debt to what we have today and rates were back in a more, I guess what I will call, for lack of a better word, "traditional" range, and our costs were in the neighbourhood of 9 percent, what then would be the costs in terms of the annual public debt servicing costs that are highlighted in the Budget?

Mr. Selinger: It depends on the program we put in place. The member, I think, is on to an important question. Is there the potential for a cost increase with interest rates going up in the future? The short answer is there is a potential for that, because you have 15 to 20 percent of your debt floating. If interest rate costs go up and you have to roll over that 15% to 20% floating debt at a higher rate, it is going to cost you more money, no question about it.

Now what is the prognosis that interest rates will go up? I think the member is assuming we are at the low point. Certainly, evidence shows the interest rate costs right now, or borrowing costs, are at about a 40-year low. Prospects are that they could rise. We are seeing some signals out of the feds and the United States that the economy is overheating a little bit, and Greenspan is starting to make noise that he is considering some rate increases.

It is not necessarily the case in Canada at the moment. I think the latest signal we have seen from David Dodge of the Bank of Canada is that I think, at least in the short term, he is planning on a hold pattern. That is the indication we are getting, but if our economy starts picking up then there is the prospect of—we will continue this story next time we get together.

Mr. Chairperson: Committee rise. Call in the Speaker.

IN SESSION

Mr. Deputy Speaker (Conrad Santos): The House is now adjourned and stands adjourned until 1:30 p.m. on Monday.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, April 30, 2004

CONTENTS

ORDERS OF THE DAY

GOVERNMENT BUSINESS

Committee of Supply
(Concurrent Sections)

Agriculture, Food and Rural Initiatives	1365
Health	1386
Finance	1409