

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

**Official Report**  
**(Hansard)**

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The Honourable George Hickes  
Speaker*

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Eighth Legislature**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
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.
CULLEN, Cliff	Turtle Mountain	P.C.
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.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	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.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

**Thursday, April 28, 2005**

**The House met at 1:30 p.m.**

### ROUTINE PROCEEDINGS

#### PETITIONS

##### Ambulance Service

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

These are the reasons for this petition:

In May 2004, 46-year-old Peter Krahn suffered a heart attack while exercising in East St. Paul and was pronounced dead just under an hour later after being transported to the Concordia Hospital in Winnipeg. Reports show that it took nearly 18 minutes for an ambulance to arrive for Mr. Krahn.

The Interlake Regional Health Authority claims that 21 minutes is an acceptable emergency response time, whereas the City of Winnipeg uses a benchmark of 4 minutes.

Ambulance coverage for East St. Paul is provided from Selkirk, which is almost 25 kilometres away.

The municipalities of East St. Paul and West St. Paul combined have over 12 000 residents.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government to consider providing East St. Paul with local ambulance service which would service both East and West St. Paul.

To request the provincial government to consider improving the way that ambulance service is supplied to all Manitobans by utilizing technologies such as GPS in conjunction with a Medical Transportation Co-ordination Centre (MTCC) which will ensure that patients receive the nearest ambulance in the least amount of time.

To request the provincial government to consider ensuring that appropriate funding is provided to maintain superior response times and sustainable services.

Signed by Dorothy Beacom, Colleen Beacom, Shane Beacom and many, many others.

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

#### Generally Accepted Accounting Principles

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

The background to this petition is as follows:

Manitoba's provincial auditor has stated that Manitoba's 2003-2004 budget deficit was the second highest on record at \$604 million.

The provincial government is misleading the public by saying they had a surplus of \$13 million in the 2003-2004 budget.

The provincial auditor has indicated that the \$13-million surplus the government says it had cannot be justified.

The provincial auditor has also indicated that the Province is using its own made up accounting rules in order to show a surplus instead of using generally accepted accounting principles.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government to consider adopting generally accepted accounting principles in reporting Manitoba's budgetary numbers.

Signed by Nevilla Arnuco, Efren Maglanque and Leonila Maglanque.

\* (13:35)

## MINISTERIAL STATEMENTS

### National Day of Mourning

**Hon. Nancy Allan (Minister of Labour and Immigration):** Mr. Speaker, I have a ministerial statement for the House.

Today, April 28, is the annual Day of Mourning for workers killed or injured on the job. Manitoba member of parliament, Rod Murphy, introduced the legislation that prompted the Parliament of Canada to officially recognize April 28 as the annual Day of Mourning in 1991.

Today we pause to reflect on the serious nature of work and remember the men and women who have died or been injured on the job over the past year. The Day of Mourning is also an opportunity to rededicate ourselves to preventing occupational injury and illnesses and build a strong workplace safety and health culture in Manitoba.

The Manitoba government is committed to improving safety and health in our workplaces. We share this important responsibility with the Workers Compensation Board, as well as employers, workers, educators and prevention organizations across the province.

To strengthen the workplace safety and health culture in Manitoba, in August 2002, we updated The Workplace Safety and Health Act. We have undertaken extensive consultations to update the workplace safety and health regulations, and we are entering the third year of our public awareness campaign featuring the "Safe Work" television advertisements.

I am pleased to say that we are seeing positive results from a number of our initiatives. The most recent stats show that we have reduced the time loss injury rate by 22 percent since 2000. The provincial government has also introduced three measures in the current session of the Legislature to build on these earlier initiatives to further reduce injuries and prevent fatalities in the workplace.

First, changes to The Electrician's Licence Act will eliminate the term "helper" as a category of worker authorized to perform electrical work and ensure that those working with electricity in Manitoba are properly trained. Many Manitobans are

familiar with the case of Michael Skanderberg, the 19-year-old worker who was killed while as an electrician's helper in 1999, and to whom this bill is dedicated.

Second, changes to The Workplace Safety and Health Act will require the use of safety-engineered needles in the health care sector. This measure will help protect thousands of health care workers from accidental needle-stick injuries and exposure to infectious diseases.

Third, the government recently introduced changes to The Workers Compensation Act that will improve benefits for injured workers, modernize the government structure of the WCB and include a mandate for injury prevention for the WCB and The Worker's Compensation Act.

While all of these efforts are yielding results, there is more work to be done. We look forward to continued participation from employers, workers, educators and prevention organizations in order to create safe and healthy workplaces for Manitobans.

After my colleagues have had an opportunity to reply, I would ask that all members stand for a moment of silence in the Chamber to honour the memory of individuals injured or killed in their workplaces in this past year.

**Mr. Ron Schuler (Springfield):** Mr. Speaker, April 28 is the Day of Mourning for persons killed or injured in the workplace. I think all members of this House join me on behalf of all Manitobans in thanking the federal Conservative government of 1991 for passing the Worker's Mourning Day Act. The preamble of the act states, and I quote, "It is desirable that Canadians should designate a day of mourning to remember workers killed, disabled or injured in the workplace, and workers afflicted with industrial disease."

Over the years I have had the opportunity to comment on this very important day. In fact, over the years, this day has taken on greater and greater importance. This morning, Mr. Speaker, there was a march that again signified the importance of what we are trying to do in Manitoba and across the country. I would like to thank the Member for Turtle Mountain (Mr. Cullen) and other members of this House who participated in that walk.

There was also a very moving presentation on the grand staircase of the Manitoba Legislature which I had the opportunity to take part in. The minister mentioned in her comments that Bill and Cindy, who were there along with grandparents and other relatives, unveiled a movie about Michael who, in 1999, due to no fault of his own, was electrocuted and passed away far too early in a very untimely death. They unveiled a video which was produced by Gearhead Visual Productions entitled *A Senseless Loss*. If members think the title speaks for itself, you really have to see the movie. It was very moving, very well done, very tastefully done.

I would like to thank Shaun Remusch [*phonetic*] for the work he did and to the family for coming forward and for explaining in a very, very graphic way. The mother, in particular, in the way she explained, the way she goes across this province and explains how very quickly something that would seem very easy to do, to change the ballast on a light fixture, how quickly that can change into tragedy.

\* (13:40)

We must protect our young people. We thank the family for being very open and for sharing this. Let us all remember those who go into the workplace, and due to no fault of their own, do not come home to their families and their loved ones. Certainly we want to participate in this day and in the moment of silence.

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

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

**Some Honourable Members:** Leave.

**Mr. Speaker:** Leave has been granted.

**Mr. Gerrard:** Mr. Speaker, it is very important we remember the injuries that workers have had and pledge ourselves to improve the situation for Manitobans and to decrease the rate of injuries occurring in the workplace.

Although the minister talks about a reduction of 22 percent, she did not mention that the rate of time-loss injury in Manitoba is still far higher than other provinces. We have much work to do here to get that down to comparable levels to most provinces.

We need to rededicate ourselves to this effort and make sure that the memory of Michael Skanderberg is carried through, and that we actually make a difference in decreasing very substantially the number of injuries and deaths in the workplace.

I had a chance when I was out in Glenboro two or three years ago to have quite a lengthy conversation with Cindy Skanderberg, Michael's mother. I certainly can attest to her passion and her commitment and the energy that she has dedicated to this cause.

I am pleased we are moving on the bill which will make mandatory the use of safety-engineered needles in health care. I am proud that it was the provincial Liberal Party which was the first to provide strong support for this legislation and call for it, and I am pleased that the NDP have been able to follow through.

So, as we pause today in our brief moment of silence, we need to think of what has happened and dedicate ourselves to a better future. Thank you.

**Mr. Speaker:** Would the members please rise for a moment of silence?

*A moment of silence was observed.*

## INTRODUCTION OF BILLS

### Bill 41—The Drivers and Vehicles Act and The Highway Traffic Amendment Act

**Hon. Ron Lemieux (Minister of Transportation and Government Services):** Mr. Speaker, I move, seconded by the Minister of Labour and Immigration (Ms. Allan), that Bill 41, The Drivers and Vehicles Act and The Highway Traffic Amendment Act; Loi sur les conducteurs et les véhicules et Loi modifiant le Code de la route, be now read for the first time.

**Mr. Speaker:** It has been moved by the honourable Minister of Transportation and Government Services, seconded by the honourable Minister of Labour and Immigration, that Bill 41, The Drivers and Vehicles Act and The Highway Traffic Amendment Act, be now read a first time.

**Mr. Lemieux:** Mr. Speaker, I am very pleased to introduce this bill today. The proposed legislation establishes a new act titled, The Drivers and Vehicles

Act, which formalizes authority for Manitoba Public Insurance to deliver driver and vehicle licensing services on behalf of the government.

Also included in the bill are a variety of amendments to other provincial statutes affected by the creation of the new statute. The new Drivers and Vehicles Act is based on provisions drawn from The Highway Traffic Act and The Off-Road Vehicles Act. While the bill is large and extensive, redrafting has taken place to improve on the archaic state of the provisions drawn from these statutes. There are some substantive changes. I look forward to discussing the details of the bill with my colleagues during the coming weeks. Thank you.

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

#### **Bill 43—The Regulated Health Professions Statutes Amendment Act**

**Hon. Tim Sale (Minister of Health):** I move, seconded by the Minister of Government Services responsible for the Manitoba Emergency Measures Organization (Mr. Lemieux), that Bill 43, The Regulated Health Professions Statutes Amendment Act; Loi modifiant diverses lois sur les professions de la santé réglementées, be now read a first time.

**Mr. Speaker:** It has been moved by the honourable Minister of Health, seconded by the honourable Minister of Transportation and Government Services, that Bill 43, The Regulated Health Professions Statutes Amendment Act, be now read a first time.

\* (13:45)

**Mr. Sale:** The bill will amend 17 different statutes to allow regulatory bodies to waive the registration requirements if there is a public health emergency and additional human resources must be brought into the province. It will also amend 19 statutes to allow regulatory bodies to collect certain demographic information from members for purposes of the planning for the workforce needs, the number of nurses, the number of doctors and so forth, Mr. Speaker. Finally, it will amend The Medical Act to clarify certain provisions respecting the information to be published in the physicians' profile system.

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

#### **Bill 42—The Health Services Insurance Amendment and Prescription Drugs Cost Assistance Amendment Act**

**Hon. Tim Sale (Minister of Health):** I move, seconded by the Minister of Healthy Living (Ms. Oswald), that Bill 42, The Health Services Insurance Amendment and Prescription Drugs Cost Assistance Amendment Act; Loi modifiant la Loi sur l'assurance-maladie et la Loi sur l'aide à l'achat de médicaments sur ordonnance, be now read a first time.

**Mr. Speaker:** It has been moved by the honourable Minister of Health, seconded by the honourable Minister of Healthy Living, that Bill 42, The Health Services Insurance Amendment and Prescription Drugs Cost Assistance Amendment Act, be now read a first time.

**Mr. Sale:** Mr. Speaker, this act will update the inspection and audit powers of inspectors appointed by the minister to ensure that they include all the required authorities. Specifically, now that we have extended practice nurses, we need to have the same capacity to review the services that they provide as we have for physicians in the act.

We will also by this act formally enable the Patient Utilization Review Committee to obtain the information that it requires for its purposes. It will also amend The Prescription Drug Cost Assistance Act which governs the Pharmacare program to update the investigation and audit powers of officials.

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

#### **Introduction of Guests**

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have with us today Bill and Cindy Skanderberg and family. These visitors are the guests of the honourable Minister of Labour and Immigration (Ms. Allan).

Also in the public gallery we have with us from TD Canada Trust 12 visitors under the direction of Ms. Sabrina Castellano. This school is located in the constituency of the honourable Member for Rossmere (Mr. Schellenberg).

Also in the public gallery we have from Bemidji State University from Bemidji, Minnesota, U.S.A., 20 students under the direction of Mr. Tom Beech.

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

## ORAL QUESTIONS

### Organized Crime Reduction Police Resources

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, the level of gang-related violence has risen sharply in the last few months including a drive-by shooting in East Kildonan, an abduction and torture of a 20-year-old man by alleged members of the Bandidos, the shooting of a Hells Angels member in a Corydon bar by a member of the Zig Zag Crew, the shooting of a 30-year-old in the North End, another drive-by shooting which injured a 32-year-old man and the shooting of a 16-year-old boy at a suspected drug house in the North End.

We know there has been a steady increase in the number of gangs and gang-related incidents since 1999. We have seen the Hells Angels move in under this government, Mr. Speaker. We now see that the Bandidos have arrived here, and there is a heightened concern of what will happen this summer with increased violence, looming gang wars and other gang-related violence.

I would like the Deputy Premier (Ms. Wowchuk) to indicate why this NDP government is not providing the Winnipeg Police Service with the resources they need to combat organized crime, Mr. Speaker.

\* (13:50)

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, we find the question odd for this reason. It was in the budget that the member opposite, who just asked the question, voted against providing for 54 more police officers.

Mr. Speaker, in addition, though, what is odd is also in that budget were resources that went specifically to counter gang activity and organized crime in Manitoba, and whether it is the creation of a new Corrections Organized Crime Intelligence Unit,

whether it is enhancing the Gang Prosecutions Unit, whether it is enhancing The Safer Communities Act, those are all items the members opposite actually spoke against and voted against.

**Mr. Murray:** Mr. Speaker, we, on this side of the House, will never ever vote in favour of a budget that purposely underfunds our Winnipeg Police Service. For a government that has increased spending in the province of Manitoba by more than \$2 billion, they should be ashamed they are only funding an additional 23 police officers in the city of Winnipeg.

We are told there are about 40 retirements facing the police services. On top of that, Winnipeg is short some 70 police on their front lines. In a capital city that is plagued with organized crime and where police and citizens are increasingly concerned about gang activity, adding only 23 police officers to the city of Winnipeg is a record this NDP government should be ashamed of, Mr. Speaker.

It has come to my attention that at a recent meeting with Manitoba Department of Justice, Winnipeg Police and RCMP, the RCMP request for four additional Winnipeg police to assist in dealing with the intelligence that has been gathered in order to deal and combat organized crime was denied because Winnipeg police resources are stretched too thin, Mr. Speaker.

Will the Deputy Premier (Ms. Wowchuk) commit today to ensuring that the Winnipeg Police Service has the resources it needs so it can provide the additional officers that have been requested by the RCMP? Will they do that today?

**Mr. Mackintosh:** Mr. Speaker, the member should know the 54 officers that have been added in this budget will be deployed over the next two years. Of those officers, they are being deployed by Winnipeg Police Service and the RCMP according to their priorities. We listen to those on the front lines. We think the Winnipeg Police Service, the City of Winnipeg and the RCMP know way better on the priorities for policing than the member opposite.

Having said that, Mr. Speaker, I am very proud that organized crime is a priority, and in fact, just before Christmas, \$1 million was committed to the Integrated Organized Crime Task Force and in this budget, 400,000 on top.

**Mr. Murray:** Mr. Speaker, the minister likes to say that they have listened. Well, perhaps, he would listen to Yves Lavigne, a well-known expert on biker gangs, who recently told CJOB that the NDP government in Manitoba is incompetent. He noted, and I quote, "The Bandidos have targeted Winnipeg because the word is now out in the criminal underworld that Winnipeg is a soft touch." That is the reputation the NDP have in Manitoba.

The NDP government does not grasp the severity of this issue and the gang problem, Mr. Speaker, and it is clear that this Premier (Mr. Doer) should get serious about doing something about the gang activity that is growing in Manitoba, that this Premier and this NDP government would commit to providing the Winnipeg citizens the police resources needed to effectively combat growing levels of gang-related violence, particularly a time when there is heightened gang activity growing in the province of Manitoba. That is appalling.

I would simply say to this NDP government what good is it when they are gathering mounds of intelligence to fight those gangs, but the NDP will not properly give the resources to do it. They have the intelligence, why does this government not?

**Mr. Mackintosh:** Mr. Speaker, in terms of third parties, Mr. Guy Ouellette, a former officer with law enforcement who was recognized as an expert, has talked widely about Manitoba's leadership on fighting organized crime and how we are doing things here that other provinces should be doing.

Mr. Speaker, unfortunately there are only two organizations who would like Manitobans to believe organized crime is in control of Manitoba, and that is the Hells Angels and the Conservative Party. Shame on them for fearmongering.

Mr. Speaker, if a provincial government is to blame—

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

\* (13:55)

**Mr. Speaker:** Order. We will have decorum.

**Mr. Mackintosh:** Mr. Speaker, I wanted to conclude by saying that the provincial government is indeed to blame for organized crime setting up in the province.

It was under their watch that the Hells Angels set up, the Zig Zag Crew, Indian Posse, the Warriors, the Deuce. How dare they point fingers? We are working on this one. They sat and did zilch.

### **Organized Crime Reduction Police Resources**

**Mr. Kelvin Goertzen (Steinbach):** Mr. Speaker, I think we have a clear understanding of why the Minister of Justice is considered the huff and puff Minister of Justice of Manitoba.

In May of 2000, the NDP news release headline said, "New strategy announced to target organized crime." What was the result? The Hells Angels started up just a few months later. In 2000, the NDP news release headline said, "Manitoba creating a hostile environment for organized crime." The result in that summer was another bloody summer of violence, gang violence. In November of 2004, the NDP news release headline said, "More money committed to fight organized crime," and the result was that a few months later the Bandidos came into Manitoba.

The minister can huff and he can puff all he wants, but he knows these are hollow announcements without any effect. Why is he giving Manitobans spin instead of solutions, Mr. Speaker?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, if you listen to what was just said it is not even just a veiled criticism of law enforcement that is doing an outstanding job in this province. They are organizing like nowhere else. We now have an Integrated Organized Crime Task Force. We have gang-[*interjection*] that are being reorganized and strengthened in the Winnipeg area. Outside of Winnipeg, the intelligence gathering is strengthening. In Prosecutions we have a specialized unit. I do not know why they never thought of that. In Corrections there is an Intelligence Unit. I do not know why they never thought of that.

We have a Safer Communities Act which has shut down 92 drug dens, prostitution houses, sniff houses, Mr. Speaker. One of the most effective anti-gang laws in the country is actually not even a criminal law, it is a civil law. It was passed right here in Manitoba in the year 2001, The Safer Communities Act.

**Mr. Goertzen:** Mr. Speaker, we will never question the intelligence-gathering ability of our police officers. We may question the intelligence of this minister, however. The Minister of Justice was not being honest with Manitobans when he said in November that 23 new officers were on the way. There is not one new officer in the city of Winnipeg today.

**Mr. Speaker:** Order. I hope I heard incorrectly. What I heard was the honourable member mention that he was not telling the truth.

Order. I want to remind all honourable members that each and every member in this Chamber is an honourable member, and I would caution members in choosing their words very carefully.

**Mr. Goertzen:** Mr. Speaker, the Minister of Justice was not being factual when he announced these 23 officers. There is not one new officer on the street today than there was in November.

Police officials confirmed this morning, Mr. Speaker, that there is one gang unit officer in the city of Winnipeg for every two hundred and fourteen known and active gang members on our streets; one officer for every two hundred and fourteen gang members. Last week the Minister of Justice did not want that made public, and now I know why, because it is shameful.

Mr. Speaker, our officers are outnumbered, they are outgunned and they are out-resourced. Why will this Minister of Justice not stand by those officers who are trying their best?

**Mr. Mackintosh:** Again, Mr. Speaker, I remind the House that it was in our budget 54 new officers were added. The chief of Winnipeg Police Service was acclaiming that contribution from the Province of Manitoba to the City of Winnipeg for police officers.

As a result of that, I know that training and recruitment are taking place. The member opposite might think you can just pick an officer off the tree, but that is why there has to be a commitment in the long term. In every year we have been in office we have enhanced funding for policing, not like members opposite who cut policing, Mr. Speaker, and cut the investment in public safety.

**Mr. Goertzen:** Mr. Speaker, we know this is a fact. We know there is not one new officer on the street

today more than there was in November when the minister made the announcements about the officers. We also know that there is only one police officer for every 214 known and active gang members in the province of Manitoba; one officer for every 214 gang members.

Mr. Speaker, this Minister of Justice has put out three news releases in the last three months on this particular issue, but news releases alone will not close down the gang house on Scotia Street. Why does he not just stop giving us spin and rhetoric and finally do something about the problem before we have another bloody summer in Winnipeg?

\* (14:00)

**Mr. Mackintosh:** Well, Mr. Speaker, I think it is important to note the work of our Gang Prosecutions Unit. There is a team of specialized prosecutors who are targeting organized crime. The convictions they are getting, I understand since November of '03 there have been 89 convictions or guilty pleas. I also understand from the City of Winnipeg that the number of gang members in the city has declined by 22 percent since July 2002.

Mr. Speaker, it is a relentless effort that has to take place right across this province. Indeed, it has to take place right across this country and beyond. That is why in Manitoba we have been instrumental in working with our police forces to assure Manitobans that we are operating in an integrated way, that police have the resources they need because the Province is part of that. As well, we have, what I understand to be, Canada's strongest provincial laws to counter organized crime.

#### **Awasis Agency Suicide Cases—Report Recommendations**

**Mrs. Mavis Taillieu (Morris):** Mr. Speaker, in 2000, the Awasis Agency sent a 15-year-old girl back to the family where the stepfather who had sexually abused her was still living. She committed suicide.

Following the investigation, several recommendations were released. I would ask the Minister of Family Services how many of these recommendations were implemented before a little eight-year-old boy released from the same agency committed suicide in March.

**Hon. Christine Melnick (Minister of Family Services and Housing):** Mr. Speaker, the recommendations the member opposite is referring to dealt mainly with Health Canada, with INAC and with other organizations outside of the purview of the Province of Manitoba. As I replied, when the member asked the questions in Estimates, it would be best for her to check with the organizations to whom the recommendations were directed to get an update as to the implementation of each recommendation.

**Mrs. Taillieu:** Well, Mr. Speaker, that is an appalling answer.

We understand the Chief Medical Examiner had difficulty getting files from Awasis on the case from 2000. When I asked the minister in Estimates about her role in this she said, "We are willing to play a role, perhaps an intermediary role."

If she is only willing to play an intermediary role, how can she ensure recommendations will be implemented? Who is responsible for kids who die in care under this minister's watch?

**Ms. Melnick:** Mr. Speaker, if the member continued to read the record from Estimates, she would see that, yes, Family Services and Housing is very willing to play an intermediary role between any organization and the Chief Medical Examiner. The Chief Medical Examiner has the legislative ability to get any documents he requests to go through any reviews that he is committing.

I think we have to be very careful here that we work in a way that will be to the benefit of the children. We again will state that the Department of Family Services and Housing will play an intermediary role between Awasis or any other agency and the Chief Medical Examiner so that we can all work within the best interests of the children of Manitoba.

**Mrs. Taillieu:** Well, Mr. Speaker, it sounds like if an independent person trying to get some information from an agency is having difficulty this minister has no ability to help anyone get the information.

Mr. Speaker, when I asked the minister in Estimates about funding for the agencies she said, "Yes, we are a funder, but we are not a decision-maker within these agencies." If she is not the

decision-maker, then who is responsible for making decisions that protect children in this province? Who will she blame when other children fall through the cracks in the system?

**Ms. Melnick:** Mr. Speaker, we are all responsible for caring for the children of Manitoba and in that responsibility we have to end the blame game. Children will not be made safer in this province through a process of finger pointing. Rather it is through working with all the stakeholders in co-operation for the best interests of the children that we will be able to further improve on all services offered to all of the children within our province.

#### **Manitoba Centre for Labour Capital Funding**

**Mr. John Loewen (Fort Whyte):** This government is unbelievable. Mr. Speaker, it has been said that directors have been leaving Crocus like a bunch of rats deserting a sinking ship. It turns out one of the rats, Mr. Rob Hilliard, the former chair of Crocus and president of the Manitoba Federation of Labour, was not exactly forced to walk the plank. Instead, he was given a golden parachute by the Government of Manitoba and by the taxpayers in conjunction, unknowingly, by the unit holders in Crocus.

The Government of Manitoba gave \$125,000 along with \$125,000 from Crocus to set up the centre for labour-sponsored capital which conveniently gave Mr. Hilliard a job as general manager just days after he left the board of Crocus and after he left the Manitoba Federation of Labour.

I would ask the Minister of Intergovernmental Affairs (Mr. Smith) if he believes it is appropriate that taxpayers' money should be given to Mr. Hilliard to provide advice on managing pension funds.

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Mr. Speaker, I am very shocked by the member's language, his accusations and his aspersions on people in this community that have served this community long and hard and have worked on behalf of Manitobans. I might remind the member opposite it was the former Conservative government that appointed Mr. Hilliard to the Crocus board on its founding. This was done by Mr. Filmon and Mr. Stefanson, who said that the best part of the fund was to get the best minds in the community, the best minds in business

to establish a fund that would create venture capital in the province.

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

**Mr. Speaker:** Order. I cannot hear a thing. I need to be able to hear the questions and I need to be able to hear the answers.

**Mr. Rondeau:** Mr. Speaker, I am shocked by the member who would cast aspersions without any foundation and continue to besmirch the good names of people which would be inappropriate outside this House. I think he should take the high road once.

**Mr. Loewen:** Mr. Speaker, this honourable minister is aware of his own legislation. It is the Manitoba Federation of Labour that elects the directors to the board, not the government. He appoints one director.

Mr. Speaker, in an article about the Manitoba Centre for Labour Capital, written by Mr. Hilliard and submitted to the Canadian Labour Congress *Pension News*, he indicates the role of the centre is to ensure that workers' pension funds are managed for the benefit of plan members resulting in more secure retirement income for working people. This is the same chairman of the board that oversaw the fleecing of Manitobans for \$60 million.

I would ask the Minister of Intergovernmental Affairs whose department supplied \$125,000 for the start-up of the Manitoba Centre for Labour Capital, does he think it is appropriate that taxpayers' money goes to supplying Mr. Hilliard's salary given his record.

**Mr. Rondeau:** Mr. Speaker, the member opposite should know—

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

**Mr. Speaker:** Order.

**Mr. Rondeau:** Mr. Speaker, the member should know the importance of working together to grow the economy is important to this economy. It is important to have venture capital, it is important to have investment capital. I think the former government was right in establishing venture capital and creating pooled funds where we can grow the research, investment and industry in this province.

We continued that practice because it is the right thing to do to grow jobs, to grow our economy.

Our economy has grown \$10 billion since '99 and that is a remarkable effort. You should not consider slagging the good name of people who work on behalf of the province. They have not been convicted of any crime. They work hard on behalf of all Manitobans.

**Mr. Loewen:** Mr. Speaker, what is important is that this government finally come clean and be honest with the people of Manitoba. The facts are, and it is in last year's record of expenditures, the Manitoba Centre for Labour Capital received \$125,000 from the Government of Manitoba. In his article, Mr. Hilliard goes on to say that the centre will also be developing and delivering shorter educational programs for union leadership, union negotiators and member activists.

I would ask the Minister of Intergovernmental Affairs does he really think that taxpayers want their hard-earned dollars spent on supporting Mr. Hilliard in his activities to increase union membership.

\* (14:10)

**Mr. Rondeau:** Mr. Speaker, I think the member opposite fails to understand the importance of venture capital and capital into the province. I know he is not a financial planner and purports to be a financial expert, but the truth is we need to work with labour, with business and with all the pension funds to create venture capital to build our economy. That was said by Mr. Filmon and Mr. Stefanson when they founded the Crocus Investment Fund throughout the nineties when other funds were created. You create pools of capital to increase research, increase jobs, increase the whole economy of Manitoba so that Manitoba has a better future.

**Mr. Speaker:** Order. The honourable Member for Fort Whyte, on a new question?

**Mr. Loewen:** On a new question, Mr. Speaker.

**Mr. Speaker:** The honourable Member for Fort Whyte, on a new question.

**Mr. Loewen:** Thank you, Mr. Speaker. It is obvious that the Minister of Intergovernmental Affairs (Mr. Smith) does not have the courage to stand up and

answer the question why his department gave \$125,000—*[interjection]* Yes, sir, your government, his department gave \$125,000 to the Manitoba Centre for Labour Capital.

This money is going to pay the former chair of Crocus, the former paid chair of Crocus who oversaw the fleecing of Manitobans of \$60 million. Instead this government has organized a soft landing for him. They set up an organization. They have given it money that is going to pay him.

I am simply asking the minister who gave the money if he thinks it is an appropriate use of taxpayer's money. Will they have the courage to stand up and answer it? Do we get a bunch more fluff from a minister who knows nothing about it?

**Mr. Rondeau:** Mr. Speaker, when we look at it I would like to quote from Clayton Manness, who was then-Finance Minister who said, "let us look at it a different way. Let us take the best business minds and heads within our community and rather than trust somebody within the civil service, rather than trust the political interference that sometimes can swirl about decisions made, let us have some trust in our community leaders, business leaders to make the right decisions. They are the people who are skilled."

What we are doing is we are building up pools of venture capital to build our economy. This is nothing different than what happened in the past when the former government invested \$2 million in the establishment of the Crocus Fund. It is nothing wrong. What we are doing is investing adequately in our future.

**Mr. Loewen:** Mr. Speaker, in reality what this NDP government is doing is using taxpayers' money to set up the Manitoba Centre for Labour Capital and then, miraculously, the former chair of the Crocus Fund, the former president of the Manitoba Federation of Labour ends up in a paid position in this centre that is funded by the taxpayers of Manitoba and by the unit holders of Crocus who have just been fleeced out of \$60 million.

The question is simple to the minister who supplied these funds. Does he think it is appropriate that taxpayers' money is used to fund an institute that hires this individual and pays for union organizing?

**Mr. Rondeau:** Mr. Speaker, I am surprised at the member opposite—*[interjection]*

**Mr. Speaker:** Order.

### Point of Order

**Mr. Speaker:** The honourable Official Opposition House Leader, on a point of order?

**Mr. Leonard Derkach (Official Opposition House Leader):** Yes, Mr. Speaker, on a point of order. I am not sure whether the government on the other side of the House heard the question as it was directed to the Minister of Intergovernmental Affairs (Mr. Smith).

Mr. Speaker, the Minister of Industry, Trade has not been able to answer the question in the last four. He obviously does not know the answer. The money was supplied by Intergovernmental Affairs and we are asking whether the Minister of Intergovernmental Affairs, who supplied the money, thinks it is appropriate that taxpayer money be used in this fashion. That is the simple question.

**Mr. Speaker:** The honourable Government House Leader, on the same point of order?

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, the member knows that questions are to the government as a collective entity. It is up to the government to deal with the question in the way it sees fit. The minister on the file is the one that has been answering this entirely appropriate. I suggest it is not a point of order at all.

**Mr. Speaker:** Order. On the point of order raised by the honourable Official Opposition House Leader, he does not have a point of order. All questions are put to the government and it is entirely up to the government which minister they wish to respond.

\* \* \*

**Mr. Speaker:** The honourable minister, continue with your answer.

**Mr. Rondeau:** I do not know whether the member opposite is intelligent in the fact that venture capital, the creation of pools of money to invest, to build our economy, has been a practice under the former government where the former government invested in the pools of capital.

This present government, our government, believed that was an appropriate strategy to grow the economy. We are still continuing the practice as established by the former government to build the venture capital, to build the risk capital, to grow our economy. That is an appropriate economic strategy. That is an appropriate financial strategy that started under the opposition and is now continued under our government.

**Mr. Loewen:** Mr. Speaker, it is insulting to the unit holders of Manitoba for this minister to get up and just read his memorized lines. The question has nothing to do with venture capital. The question has to do with \$125,000 of taxpayers' money that the Minister of Intergovernmental affairs directed to the Manitoba Centre for Labour Capital, along with some money with Crocus; and, lo and behold, a few days after resigning from disgrace from the Crocus board, their good friend, the president of the Manitoba Federation of Labour, somehow lands a job as general manager of the centre. In fact, in doing so he says his purpose is to develop and deliver shorter educationals for union leadership, union negotiators and member activists.

The question is who gave this money. Why did they give this money? What due diligence was undertaken before this massive misuse of taxpayers' funds was orchestrated by this NDP government?

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

**Mr. Speaker:** Order.

**Mr. Rondeau:** Mr. Speaker, pension funds, investment capital, venture capital are all huge pools of finances which, if used appropriately as has happened in Manitoba, will grow the economy. That is why you take money. You invest it, you invest it in education, you take the money and different groups—*[interjection]* We take the money together as a province, put it together in pools—

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

**Mr. Speaker:** Order.

**Mr. Rondeau:** You take the pools of capital. Individuals, private individuals in most cases, boards of directors, boards of Crocus or ENSIS Fund use the money, build the economy of Manitoba by creating

research jobs, industries and economic development. What that is, is appropriate use of pooling our resources. That is appropriate use of money in the province.

### **Assiniboine Regional Health Authority Hospital Closures**

**Mr. Leonard Derkach (Russell):** Mr. Speaker, my question is directed to the Minister of Health. The Assiniboine Regional Health Authority continues to struggle to recruit health care professionals, doctors, nurses and others. Hospitals in many of these communities are closed in emergency services and acute care services.

Mr. Speaker, the Assiniboine Regional Health board has prepared a report about the future of hospitals in that region, and the minister said he was aware of the contents of that report. I would like to ask the Minister of Health whether he can indicate to the House whether the report recommends the closure of hospitals in that region.

\* (14:20)

**Hon. Tim Sale (Minister of Health):** Mr. Speaker, as I indicated in Estimates debate earlier this week, I am aware that Assiniboine board and senior officials have been working very hard since last, approximately April, a year ago, to try to put in place appropriate policies regarding their future decisions about the services that they want to strengthen in the Assiniboine region.

That, I have been told by their board, is their entire purpose. It is to strengthen services. They are currently in the process of having, I believe, in the order of 60 meetings will have been had in total with community groups, most recently in Rossburn and Rivers, I understand, although there may have been a later meeting this week where they are workshopping with the communities their findings prior to finalizing that report, Mr. Speaker, which I have not either seen or received.

**Mr. Derkach:** Mr. Speaker, two years ago the Premier (Mr. Doer) made a commitment to the hospitals in Rivers and Erickson, and it was a promise made by the Premier to keep those hospitals and those services open. When questioned whether or not the board recommended closure, whether he as a Premier would close those facilities, he said, and

these are his words, "We sign the cheques. These hospitals will remain open."

Mr. Speaker, I want to ask the Minister of Health whether or not he is prepared to immediately begin the process of recruiting the necessary professionals to ensure the hospitals in Rivers, Russell, Erickson and Rossburn continue to stay open and can deliver the services that clients still require.

**Mr. Sale:** As the member knows, there are today 160 more physicians in Manitoba than there were in 1999. Every year since we formed government there has been an increase in the number of physicians. There was another increase in 2004, Mr. Speaker, which I am delighted to tell the House about.

We have supported the efforts of the Assiniboine Regional Health Authority and other health authorities to be aggressive recruiters, to work with international medical graduates who are attempting the CAPE exam, many of which have succeeded, but many of which have also failed, Mr. Speaker.

We continue to deal with a structural shortage of physicians of all types, particularly specialists and general family practitioners across Canada and not just in Manitoba, but I remind the member that 160 more than we had in 1999 is significantly better than a loss of 116 in their 11 long years.

**Mr. Derkach:** Mr. Speaker, that is cold comfort to the people on that side of the province who cannot access services within those hospitals.

Mr. Speaker, over 150 nurses are eligible for retirement in 2006 and 2007 in that region. We have doctor shortages in Erickson, Minnedosa, Deloraine, Killarney, Rosburn, Russell, Virden and Wawanesa. The Minister of Health is aware of this situation. The Premier (Mr. Doer) of this province promised these regions that those health services would not be cut.

I ask this minister whether he is going to commit himself to ensuring that the Premier's promise is fulfilled and whether he will begin working with the ARHA immediately to ensure that services in those hospitals and professionals for those facilities are recruited immediately or as soon as possible.

**Mr. Sale:** We have in our department Dr. Chris Burnett who works extremely hard with all of the regional health authorities, not just Assiniboine. We

have the office of Rural and Northern Medicine, which was established under our government, which also works on the recruitment and retention of physicians. We have the regional health authorities in Manitoba office, whose actual main role is in recruitment and retention.

Mr. Speaker, I am astounded the member opposite would refer to nurses. There were three years at the end of their time in government when we graduated fewer than 220 nurses; fewer than 220, in spite of the demographics.

We reinstated, through my colleague, the Minister of Energy, Science and Technology (Mr. Chomiak), the training program for registered nurses. This year we will graduate close to 800 nurses. If there is a shortage, it is because of their actions.

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

**Mr. Speaker:** Order. The honourable member for River Heights has the floor.

#### **Victoria General Hospital Maternity Ward Closure**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, the NDP's incompetence in managing health care is evident yet again in this coming weekend's closure of the Victoria General Hospital maternity ward, a ward that this government promised to keep open.

Will the minister table today the report showing that giving birth at Victoria General Hospital is now or was becoming unsafe? Does the minister have statistics from Victoria General Hospital to back up his claim that it is so unsafe to deliver babies there and that the unit must close rather than be fixed up so that the hundreds of women who use Victoria General Hospital are not left out in the cold?

There are hundreds of women, Mr. Speaker. I tabled petitions with many, many signatures asking for this ward to stay open.

**Hon. Tim Sale (Minister of Health):** I believe, if the member will check Hansard, he will find that the letters from the doctors' medical review committee at Victoria Hospital and the medical committee of WRHA were all tabled in this House approximately six weeks ago. I invite him to check the record in that regard.

Mr. Speaker, I, too, have actually reviewed this petition on-line. It is an on-line petition. It is interesting, some of the signatures say, "Yes, go ahead and close it. I did not have a very good outcome there." Others are in support of keeping it open.

The major issue here is what do the doctors, the medical staff recommend. They recommended it was untenable from a professional perspective as physicians. We reluctantly and sadly have had to follow their recommendations because we will make our decisions based on medical evidence and patient safety. No matter what our hearts might tell us, we have got to go with the patients and with medical safety.

**Mr. Gerrard:** Mr. Speaker, tabling a few letters is not the same as tabling a proper report and proper plans for the future of the maternity ward. The minister will not even provide the statistics showing it is unsafe.

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

**Mr. Speaker:** Order. Questions through the Chair please.

**Mr. Gerrard:** The minister in Estimates talked in glowing terms about a midwifery unit and a centre of excellence in women's health at Victoria General Hospital. Women in this city are waiting for action and want to know why the minister is presiding over the closure of the maternity ward before having in place the plans to implement the midwifery unit and the centre of excellence.

Is there going to be a midwifery unit? Will we find that the closed maternity ward is occupied by administrative offices and desks?

**Mr. Sale:** Well, Mr. Speaker, I can assure the member it will not be occupied by administrative offices and desks. We have been working for the past six weeks since we learned from the physicians at Victoria that they believed patient safety and the future of this ward was a paramount concern and we should take that concern seriously.

At that time, we were also aware of the plans of the Winnipeg Regional Health Authority to move the older Women's Health Centre to Victoria Hospital. Those plans are proceeding as quickly as possible.

We initiated discussions with the midwifery community. They are very positive about having a community birthing option at Victoria Hospital, and those plans are proceeding, Mr. Speaker.

\* (14:30)

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

## MEMBERS' STATEMENTS

### PRIDE Youth Conference

**Mr. Tom Nevakshonoff (Interlake):** I am honoured to rise in the House today to tell the Assembly of the fifth annual PRIDE Youth Conference hosted by the Peguis First Nation last week. I had the privilege of speaking on behalf of the Province of Manitoba at the opening ceremony and had the pleasure of presenting a cheque for \$15,000 toward the cost of the conference on behalf of the Minister of Aboriginal and Northern Affairs (Mr. Lathlin), the Minister of Culture, Heritage and Tourism (Mr. Robinson) and the Healthy Child Manitoba office. On behalf of the people of the Interlake, I thank the government for this sound investment.

The purpose of the conference is to raise awareness in our Aboriginal youth of the perils of drug and alcohol abuse so as to set them off on the correct path in life. The history of First Nations people has for many years been one of systemic discrimination which, in our lifetimes, was epitomized by the residential school system. This and other experiences drove many Native people to despair, and some turned to various forms of substance abuse in a vain attempt to ease the pain.

Today our Native people see a chance of a better world on the horizon and it is their pride in their history, their culture and their traditional way of life that will be the key to their progression. The drums, the dance, the sweat lodge, the hunt and the gathering of natural fruits of the land are the base upon which the people historically built their lives. It is from this base under the guidance of their elders that our youth will stride into the future to reach their full potential.

I salute all the young people who attended the conference, and I commend most highly the volunteers and organizers who made this event a reality. Thank you, Mr. Speaker.

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

**Mr. Speaker:** Order. All members who wish to have a conversation, please use the loge or do it in the hallway. We need to be able to hear the members' statements.

### **Deloraine Border Festival**

**Mr. Larry Maguire (Arthur-Virden):** I rise today to congratulate the community of Deloraine on the successful 25th anniversary of the Deloraine Border Festival. Earlier this month, I had the pleasure of participating in the opening gala ceremonies and was able to enjoy the festivities and witness the outstanding work of the community and the talent of this region.

The Deloraine Border Festival gives young individuals in the region the ability to showcase their talent in such areas as vocals, visual arts, speech arts, dance, musical theatre and the festival piano. Throughout the years the high performance standard has always been encouraged and maintained. Each year selected participants are recommended to the provincial finals where they compete with other provincial winners. The area is always very well represented.

As always, the festival was adjudicated by a very talented group of individuals that have achieved success in their respective areas. This year the adjudicators included Barb Flemington, Elizabeth Grant, Michelle Cory, Dr. Joan Miller, Stacey Vanbeselaere and Dale Severyn.

The financial support that the festival has received from Deloraine, surrounding communities, individuals, and businesses is truly commendable. The financial support allows for the upkeep of the Deloraine theatre and the continued success of the festival itself.

The Border Festival would not be possible without the hard work of organizers and volunteers. There were three founding members in attendance: Laura Lewthwaite, Jean Morten and Donna Todd. Ms. Irene Smith was unable to attend. These were four of the members who began the organizing of the first festival in 1980, which had a total of 298 participants in its first year. This year there were 771 entries, clearly illustrating the festival's steady growth and success. The Border Festival is definitely

an event in which this area takes great pride. Once again, I congratulate the participants, the community and all the event organizers on the successful 25th anniversary of the Deloraine Border Festival, and wish them continued success in the years to come.

### **Housing Opportunity Partnership**

**Mr. Andrew Swan (Minto):** Renaissance is occurring in the West End. I am proud to inform the House of the work of the Housing Opportunity Partnership, or HOP. Housing in the West End is being rejuvenated and quality, affordable housing is being made available. HOP acquires and renovates homes and then sells them to families and individuals interested in living in the West End of Winnipeg. Its targeted area is between Arlington and Balmoral streets bordered on the north by Notre Dame and on the south by Portage Avenue. HOP provides potential homeowners with direction toward available government grants. Although many people have a sufficient income to qualify for a mortgage, some do not have enough money to cover a down payment or closing cost. To date, HOP has invested over \$3 million in the West End area and has renovated and sold more than 50 homes.

Since the program began in earnest in 1999, the average residential detached sale price in this area has gone up 143 percent. The efforts of HOP, in conjunction with the Spence Neighbourhood Association and the Winnipeg Housing Rehabilitation Corporation, have strengthened community spirit in the West End. Many Winnipeggers are taking notice and word is spreading quickly that properties in the core area are a worthwhile investment and a worthwhile place to live. In fact, in the past few months, HOP has sold its entire inventory that was on the market.

Mr. Speaker, HOP is setting an example for the entire nation. Recently at a national conference sponsored by the Canadian Real Estate Association, HOP was recognized as a leading affordable housing initiative. It is my understanding that similar projects are now being considered in other Canadian cities.

To conclude, I would like to commend the Housing Opportunity Partnership for helping to rejuvenate the West End and making quality, affordable housing available. I would like to thank the Winnipeg Real Estate Board, the Manitoba Securities Commission, as well as all three levels of

government for providing HOP with vital support. HOP is one of several valuable housing initiatives benefiting the West End in which this government is involved. Thank you.

### National Day of Mourning

**Mr. Cliff Cullen (Turtle Mountain):** Mr. Speaker, I rise today in recognition of the national day of recognition and mourning. We are once again commemorating April 28 as the National Day of Mourning for workers who have been killed, made ill or injured on the job by having the annual mourning leaders Walk. I was joined this morning by the Member for Springfield (Mr. Schuler), who was able to participate in this walk this morning.

Mr. Speaker, special recognition must go to the Skanderberg family who today introduced a video, "A Senseless Loss." This video chronicles the life of Michael Skanderberg whose life was cut short at the age of 19 in a workplace accident in Manitoba. The incident occurred December 8, 1999. Since that time, Bill and Cindy Skanderberg have tirelessly promoted safety in the workplace. Cindy, in particular, has made numerous presentations to schools throughout Manitoba.

I believe this new video will serve as another valuable tool in the promotion of safety in the workplace. Bill and Cindy's commitment has been instrumental in the introduction of Bill 14, The Electricians' Licence Amendment Act. Improvements have been taking place throughout Manitoba, however, we do have much more work to do. We must all thank and commend the Skanderberg family for their commitment to encouraging safety in the workplace. It is indeed unfortunate it has taken a tragedy to bring some of these issues forward. Again, thank you.

### North End Community Renewal Corporation

**Mr. Doug Martindale (Burrows):** I rise today to acknowledge an important group that has been active in Winnipeg's North End since 2000. This group is the North End Community Renewal Corporation. This corporation promotes the social, cultural and economic revitalization of Winnipeg's North End communities. The corporation creates new job opportunities, assists local businesses, provides new housing and promotes safe communities by building the economic, social and leadership capacities of North End residents.

The constituencies of Burrows, Point Douglas and St. Johns have all benefited from the good work of the North End Community Renewal Corporation. Mr. Speaker, the impact of this organization cannot be understated. Staff have assisted a number of local groups to purchase and renovate vacant buildings into viable businesses. They have assisted local businesses to achieve property tax reductions and aided in the revitalization of Selkirk Avenue.

The corporation also administers the small grants program, which in 2004 provided approximately \$95,000 in funding to 36 North End community groups to help with their development projects.

One of the corporation's key successes is the PATH Resource Centre. The centre offers North End residents assistance in career planning which includes accessing employment information and writing résumés, hosting career preparation workshops and offering referrals to other agencies. In 2004 alone, PATH helped more than 125 individuals obtain work while more than 700 individuals were able to access the office's staff and resources.

Mr. Speaker, I want to thank the executive director, Nanette McKay, chair of the board of directors, Daniela Evenson, and the entire staff of the North End Community Renewal Corporation for working to improve the quality of life for residents in the North End. I wish them continued success in the future.

### ORDERS OF THE DAY

#### GOVERNMENT BUSINESS

**Hon. Gord Mackintosh (Government House Leader):** Supply, Mr. Speaker.

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

#### COMMITTEE OF SUPPLY (Concurrent Sections)

#### AGRICULTURE, FOOD AND RURAL INITIATIVES

\* (14:40)

**Mr. Chairperson (Harry Schellenberg):** Order. This section of the Committee of Supply meeting in Room 254 will now resume consideration of the

Estimates for the Department of Agriculture, Food and Rural Initiatives.

We have one item remaining in this department, Resolution 3.1. I will read the resolution.

Resolution 3.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$7,991,300 for Agriculture, Food and Rural Initiatives. Policy and Management, for the fiscal year ending March 31, 2006. Shall the resolution pass?

**Mr. Ralph Eichler (Lakeside):** Just before we call the final vote on this motion, I would like to put some information on the docket.

First of all, I do want to thank the minister for her co-operation. I do feel we got an awful lot done. There were some comments that she did make that I did not want to get into as far as debate because there were some issues that she brought forward and I felt that this was not the time for debate but a time for questions and a time to try and get as much information to make the department run as efficiently as possible.

I realize that she has a great support group when it comes to the staff. In particular, I want to give her compliments as far as the food development program and also the expansion of the University of Manitoba with that particular department. They are two areas which I think the agriculture sector needs to be focussed more on. Also, the future of agriculture is at an all-time high as far as where we want to go and where we want to be in the next few years. I also want to give the minister credit for taking the initiative to move the GO offices into GO centres and also the amalgamation of Agricultural Credit and Crop Insurance.

Having said that, I am not sure the time is right. Timing is so important, farming being in the crisis which it is today. I know that there is need for change, and change is good in the right aspect and right time. I know there is so much uncertainty out there in the agricultural field. Farmers are grasping for those services more so now than probably ever, and I know the frustration level out there.

There are problems with the set-aside program and I did not realize there were a number of issues on the set-aside program in particular that, since we closed off the Estimates yesterday, I have got four

more calls this morning in respect to the set-aside program. Farmers are not sure what to plant. They are still not sure whether or not they are going to be getting the crop insurance settlements from last year. Seeding is right among us in full flow here shortly within the next week or two, and we just hope and pray that the year is plentiful and bountiful for us in the agricultural sector which, as we all know, that have our hearts true and dear to the agricultural sector, we just know that that ripple effect is so important that we need it for the city of Winnipeg, for the town of Brandon, for the towns of Portage and Selkirk and all those small towns throughout rural Manitoba. So we are hopeful that that will come about.

The last thing that I want to do is thank the staff for all their hard work that they have done in trying to assist me in whatever ways they can, trying to get the information to me as quickly as possible. I realize their priorities are to their minister, but as the critic for the opposition, it just makes good policy for us to make sure that we have that information that is provided to us as quickly as possible, so I want to thank the staff for all their hard work and for their dedication to the job.

\* (14:50)

I know there are still a number of people that have not got their positions finalized yet, and, hopefully, they will get that established very, very soon. There are a couple of housecleaning bills that I know the minister is going to be moving forward, one on the Milk Prices Review bill that we passed in committee the other night, and I hope that the minister will bring that forward soon. I know I have spoken to my House leader, and he has assured me that it will be a priority for him. We would like to see this proclaimed as quickly as possible and move it forward as quickly as possible.

Having said that, Mr. Chair, I just want to thank the rest of the committee that has worked with me on my side of the House to try and be better government, and I think the minister probably had a lot to learn from some of our comments and will take some of them to heart and make agriculture something that we can be proud of in the future of agriculture here in the province of Manitoba.

**Hon. Rosann Wowchuk (Minister of Agriculture, Food and Rural Initiatives):** Mr. Chairman, I want

to thank my critic, the member from Lakeside, for his comments with respect to some of the initiatives that we are taking, particularly at the Food Development Centre in the University of Manitoba. I believe, very much, that we have to move towards value-added.

In that cluster, as well, is the St. Boniface Research Centre, and I think that we have created a very unique situation here in Manitoba where we have the Food Development Centre working with primary products to develop further processing. We have the nutraceutical and functional food centre at the University of Manitoba, and then the research component at the St. Boniface Hospital, where you then take it to the next level of looking at how some of these products can be used for medicinal purposes. We have a very unique situation, and I am very proud of the work that we have done here in Manitoba.

The member talked about his frustration with the timing of the changing of the department. I would have to say that there has been a lot of work done on this, a lot of consultation done. I think there is a lot of understanding and a lot of people looking forward to the changes, because there is a recognition that we have to do some changes and have investment in economic development.

I want to make the member aware that this morning I opened the economic and rural development branch at Brandon, and there will be a large staff of 30 people that will be there. There will still be some in Winnipeg for that branch, but we are moving forward on that economic development side and we will be hiring. We have increased the number of economic development officers, so that each GO centre has economic development as well as the existing staff that has been in place.

The member raised some points on the set-aside program. I recognize that there is frustration and we are trying to work through that process. There are rules that are put in place and some of the rules were not followed. Most people have gone to the appeal process, several have been denied; but I ask the member if the member has additional cases there, if he would call my office. We will look at those, but we have to remember as well that the appeal process is a final process. So I am not sure how we are going to work through this program, but we will continue to work at it.

With regard to the crop insurance settlements, those are moving along very well. There were 900 claims, crops that were left out last year, but those had cash flow going to them. Every day that number is being reduced because claims are being settled, so I am confident that those will be moving forward.

As well, we talk about the frustration of some staff. As I indicated in my comments earlier, we have hired the managers for each of the GO centres, and we are moving through with job descriptions as we redefine those positions. Those are moving along but, again, we will not have everything done immediately. This is a transition period that we are in right now and we want to work with the people. Each of the managers in each of the regions is now working with staff to work out job descriptions that will suit the people and the kind of job descriptions that we need. So that work is in progress.

Those will be finalized, but the whole transition period, we have allowed two years for a total transition. With regard to the legislation, I am pleased that the opposition has been able to support us on these pieces of legislation and I, too, hope we can move these along quickly so that we can begin because this legislation is brought in for the benefit of the producers.

I do want to also recognize the staff. This has not been an easy time in the Department of Agriculture, Food and Rural Initiatives since the time of BSE and our staff has worked extremely hard with producers to try to develop programs. It has required many hours of overtime, much creative thinking on their part to try to create new programs. I want to recognize the staff at both corporations, on the lending side and the insurance side, for the diligence with which they also worked in order to ensure that programs could be developed and delivered very quickly. Do we have challenges? Yes, we have challenges on CAIS. We have challenges on other areas, but we will continue to work on them and I credit staff.

I want to say to the member, yesterday he asked about the CAIS committee, and I gave them the names who were on the APF committee. The APF committee is Greg Fearn and David Rolfe. The CAIS committee is Mike Lesiuk and Glen Young. So there are two committees, and I gave the names for the wrong committee. So, just to correct the record, on the CAIS committee, it is Glen Young and Mike

Lesiuk; on the APF review committee, it is Greg Fearn and David Rolfe.

With those few comments, Mr. Speaker, I want to, again, encourage the member if he has issues that he would like to discuss, even though the Estimates are finished, I would welcome having those discussions with him.

**Mr. Eichler:** Just one last comment, and I would ask the minister to work with her colleagues in reinstating the butcher course at Red River community college. It is an issue that I know with meeting with the packers over the last couple of months when I was touring the province and talking with the meat packers, not only just for the beef, but for the pork.

With Rancher's Choice coming and, hopefully, some others will be expanding within the province of Manitoba with the border closure, I think it is a course that would be to the benefit of all Manitobans. So I would just ask her to maybe work with her minister on that.

**Mr. Chairperson:** We will continue with our Resolution 3.1.

Resolution 3.1. RESOLVED that there be granted to Her Majesty a sum not exceeding \$7,991,300 for Agriculture, Food and Rural Initiatives, Policy and Management, for the fiscal year ending the 31st day of March, 2006.

***Resolution agreed to.***

**Mr. Chairperson:** This completes the Estimates of the Department of Agriculture, Food and Rural Initiatives.

The next set of Estimates to be considered in this section is for the Department of Industry, Economic Development and Mines.

Shall we briefly recess to allow the minister and critics to prepare or are we ready to go right now?

We will then recess for a few minutes. Thank you.

*The committee recessed at 2:45 p.m.*

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*The committee resumed at 2:58 p.m.*

## **INDUSTRY, ECONOMIC DEVELOPMENT AND MINES**

**Mr. Chairperson (Harry Schellenberg):** Will the Committee of Supply please come to order. This section of the Committee of Supply will now be considering the Estimates of the Department of In

Does the honourable minister have an opening statement? Honourable minister, the floor is yours.

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Mr. Chair, I do have an opening statement, and it would be a pleasure to present it here today on behalf of the Department of Industry, Economic Development and Mines.

I am pleased to provide some opening remarks about the department. In my new role as Minister of Industry, Economic Development and Mines I can tell you that 2004 was a stellar year for the Manitoba economy. Our real economic growth was 2.8 percent, matching the overall Canadian growth rate. Our most recent forecast suggests this growth will continue at the same pace through 2005 and 2006, and with that growth there has been a lot of good news to report.

The total personal income of Manitoba grew 4.1 percent in 2004, up from 2.5 percent in 2003. Personal disposal income increased by 4.4 percent, also up from 2.5 percent the year before. Our employment rate grew 0.9 percent last year, and our unemployment rate remained well below the national average at 5.3 percent. This is the second lowest among provinces, and we continue to have a very low unemployment rate.

\* (15:00)

Over the last five years, the years 2000 to 2004, Manitoba's full-time employment has grown by an average annual rate of about 6280 people. This is a 165% improvement from the 1989 to 1999 period when it was only 2373 jobs created annually. During the same period of time, Manitoba's labour force has grown by an average annual rate of 7140. This is 3.3 times the increase from 1989 to 1999. Since 1999, nearly 8 out of every 10 jobs created, that is 78 percent, in Manitoba have been full-time jobs. This is very good news indeed for our economy and for our prospects of future growth.

Those prospects for growth are bright with a number of new projects that will add considerably more employment later this year. These include construction of the new Manitoba Hydro head office, the Red River Floodway expansion, the new \$350-million upgrade to the Winnipeg Airport Authority facilities, the Biovail Corporation expansion in Steinbach, and other building activities. We see lots of growth in Winnipeg, and in fact, just last week, again, we opened up the first private condo. I was at the opening of the first private condo in Winnipeg in many, many years.

After adjusting for inflation, total business investment in Manitoba rose by 5.8 percent, with machinery and equipment spending increased by 4 percent. I am pleased to note that our budget will provide some assistance to sustain this trend with the extension of the manufacturing tax credit to used as well as new equipment. We will also enhance the credits so that manufacturers can receive a portion of their investment back sooner. This is good for business. In addition to the extended tax credit on used equipment, the budget has increased the Manitoba R&D tax credit from 15 percent to 20 percent, supporting and enhancing the vital role that research and development activities play in sustaining the current jobs and creating new ventures in knowledge-based industries.

With an increase in incomes, jobs and investment, we have also posted excellent results in all our real exports to foreign markets, which have grown 4.3 percent in the strongest growth since 1998.

In looking at our industrial sectors, we have seen some solid growth in most sectors. Notably, our mining sector grew by 8.1 percent; real estate and retail trades posted some exemplary growth numbers at 5.3 percent and 4.5 percent respectively.

One of the reasons the Manitoba economy has performed so successfully in 2004 is that our population is continuing to grow and grow more rapidly. Preliminary estimates of population growth last year suggest this was Manitoba's best year since 1985 with over 10 000 more people in our province over a 12-month period ending in October 2004. Last year was also the third consecutive year of growth through migration with 6485 more people coming to the province than leaving. This is a record amount.

One of the critical elements to a sustained population growth is the Manitoba Provincial Nominee Program. The program is responsible for about half the immigration to our province. I am delighted to report that the department's business component of the program continues to add a total in terms of new immigrants, dollars invested and jobs created. By the end of 2004, 1458 prospective businesses and investors had come on exploratory visits to the province of Manitoba, each one staying for a minimum of one week. Of these prospective investors, 798 have submitted entrepreneurial class applications for nominations, of which 504 have been approved. To date, 212 principal applicants and 565 of their dependants have now landed in Manitoba. Of those who have landed, 72 entrepreneurs have successfully established businesses in Manitoba, investing a total of \$35.6 million and creating 129 new full-time jobs.

Building on the success of the business component, my department has introduced a new young farmers program to assist in the succession and re-investment of Manitoba farms. The rural program will target applicants with both farm and off-farm experience with a minimum of \$150,000 investment towards the purchase of a Manitoba farm. A farm mentorship program offered by Manitoba Agriculture, Food and Rural Initiatives will assist young farmers when they arrive in Manitoba.

\* (15:10)

My department is also working closely with the manufacturing sector to continue to support and maintain our diversified economy here in Manitoba. Most recently we announced a new partnership with the manufacturing industry and educators to assist companies in training workers. The Advanced Manufacturing Initiative, or AMI, will receive \$1.84 million consisting of matching federal and provincial shares under the Canada-Manitoba Economic Partnership Agreement. The Canadian Manufacturers & Exporters, Manitoba division, will co-ordinate this leading-edge venture which will enhance competitiveness innovation through the implementation of lean thinking and enable provincial manufacturers to share best practices and compete globally.

Last year, my department announced that the Manitoba Film and Video Production Tax Credit was extended for another three years. This year I am pleased to announce that we are also enhancing the

tax credit by increasing it from 35 percent to 45 percent for productions filmed after March 8, as well as extending several other provisions totalling \$2.7 million in support of this important industry.

An important aspect of the department's operations is focussed on small business development. The Canada/Manitoba Business Service Centre, a federal and provincial partnership, has recently completed a seventh year of successful operation and continues to extend the delivery of its services with 32 satellite offices throughout the province.

Over the past year, the centre registered over 45 000 client interactions and 324 000 Web visitors visited the site and requested 1.4 million pages of information. This is, indeed, a very important part of the department and looks forward to our future economic growth. The centre continues to be a leading example of multi-channelled service delivery and government on-line, offering extensive on-line information, live-connections technology and various on-line interactive products in addition to personal service and telephone contact.

The Small Business Development Centre branch also provides business development services for Aboriginal entrepreneurs, women business owners, youth, entrepreneurs in cultural industries, entrepreneurs with disabilities, as well as French-language services in several offices in southern Manitoba.

In 2004 the centre delivered approximately 150 workshops and seminars to over 3000 participants. In 2004 the centre, in partnership with the federal government launched, the E-Future Centre providing e-business services to show firms how to use technology and expand their markets and provide better customer service and increase their productivity.

With regard to the mining and mineral sector, the base metal prices and gold markets continue to grow. Metal prices have increased dramatically as a result of growing demand in China and India. Over the past two years, prices for nickel, copper and zinc have more than doubled. This has improved the mining sector. Exploration is on the rise. Fuelled by strong metal prices, our government recognizes that the key to sustaining the mining sector is continued exploration. New discoveries are critical to maintaining and increasing our mineral resource base.

In this year's budget we have renewed Manitoba's two very popular and successful exploration programs, the Mineral Exploration Assistance Program, or MEAP, and the Prospectors' Assistance Program, for another three years. The renewal of these programs underscores the commitment to Manitoba's exploration and mining industry, and the member should know that the Fraser Institute has named us No. 1 in the country and No. 3 in the world as far as mining regulations.

Recently, we have partnered with the University College of the North in The Pas, Assembly of Manitoba Chiefs, the Mining Association of Manitoba and the federal government departments of Indian and Northern Affairs and Natural Resources to implement a new prospector training program. Under our new MEAP, the wages paid to graduates of this program will be fully reimbursed and not subject to a standard reduction. This should allow more Aboriginal participation in the workforce.

Last year we saw a 20% increase in exploration spending, and we are now starting to hear the number of exploration successes from across the province, including the Bissett gold mine, a project in southeast Manitoba, gold exploration in northeast Manitoba near Snow Lake and the nickel exploration at several sites across the province, including Lynn Lake

There is also good news from recently formed Hudson Bay Minerals of Toronto, owners of the mining and smelting of Flin Flon. Hudson Bay Minerals has added new life and money into exploration at Flin Flon-Snow Lake Belt, and, in fact, as just announced, they will be moving their corporate head office to Winnipeg, which means corporations are moving to Winnipeg.

There has been renewed interest in diamond exploration focussed in the Hudson Bay Lowlands and large areas just west of Churchill. Junior companies like Foran Mining, Goldex minerals, Arctic Star diamonds and Diamonds North Resources continue their search in the Hudson Bay Lowlands west of Gillam. More recent developments in the area west and south of Churchill have seen De Beers acquire exploration licences for almost 2 million hectares of land.

With the increase in exploration, our government also realizes we must build capacity to support and

help advance exploration and development in the province. In the last two years, collaborative geoscience programming with external groups such as the Geological Survey of Canada, Manitoba Hydro, universities and industry has increased funding in the province by \$2 million.

The federal government recently announced a \$5 million per year over the next five years for geoscience mapping targeted on base metal exploration in the vicinity of existing communities. We are looking forward to partnering with the federal government in geoscience mapping and to help sustain our existing mining operations and the communities they support.

We are also continuously improving Internet service delivery through the map gallery. In November 2005, changes to confidentiality of assessment data will result in the release of 3000 exploration reports. We are gearing up to ensure that all of these will be available on the Internet on the release date. This will represent a significant new source of readily available exploration data within the province.

Manitoba's diverse geology, proven mineral potential, and financial incentives are only a few of the reasons these companies choose Manitoba for their exploration targets. Manitoba's policy framework for mineral exploration continues to be highly regarded, ranking best in Canada and third in the worldwide in this year's Fraser Institute annual survey of exploration companies.

It was another busy year in the petroleum sector. In 2004, 119 wells were drilled, the most since 1986. Oil prices increased by 23 percent, averaging \$48 per barrel. In 2004, over 4 million barrels of crude oil valued at \$195 million were produced, generating almost \$7 million in revenue for the province's oil industry.

**Expenditures in Manitoba:** In Manitoba 2004 these expenditures are expected to top \$100 million.

Last year saw numerous new discoveries, exciting developments in the Sinclair area and lots of drilling activity in Dalny and Waskada fields.

Mr. Chair, Manitoba operators on building on last year's successes with over 40 wells drilled so far this year. We are continuing to ensure that our

regulatory framework supports sustainable development of oil and gas resources in the province. Bill 21, amending the two acts governing the exploration development and production of oil and gas resources in Manitoba, has been introduced. The amendments strengthen the provisions for environmental protection, enhanced enforcement, streamlined administration and encourage investment.

Mr. Chair, this concludes my opening remarks for the Department of Industry, Economic Development and Mines. I would like to take this opportunity to thank my deputy minister, Mr. Hugh Eliasson, and all of the staff in the department for their continued support and work for all people of Manitoba. It is an exceptional department with people committed to increasing the economic well-being of our province and enhancing the lives of all Manitobans and it has been a pleasure to work with them.

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

**Mr. John Loewen (Fort Whyte):** Thank you, Mr. Chair. I do, and I will be brief.

I would like to echo my thanks to the staff for all the hard work that they have put in, and I certainly appreciate you being here with us. I know it is probably not the part of your jobs that you look forward to the most, but it is part of the process that we do have to go through, and we certainly appreciate your indulgence. I would like to congratulate you on another good year. I take a little different view than the minister. My take on it is that you are doing remarkable work in rather tough times, particularly given that the Province, under the NDP government, has decided that it is going to put those handcuffs of an uncompetitive environment around you while you are trying to fulfil your roles.

\* (15:20)

I just want to touch on a couple of statements that the minister made and, of course, we read in today's paper the economic forecast is not maybe quite as rosy as he would like us to all believe. There are definitely some challenges ahead in terms of economic growth in Manitoba. Certainly, the effect of the increase in the dollar is having a demonstrable negative impact on our manufacturing sector. I am

not going to take the tack to the minister. I realize there are a bunch of external factors which affect the economy in Manitoba for which he has no control. You know, if he wants to take credit for the strong economy that we have been blessed with since the late nineties, then so be it. I just remind him that virtually none of that resulted from any policies enacted in the province of Manitoba.

With regard to the unemployment rate, again I think it is unfortunate he goes to that, while in full knowledge of the fact that the unemployment rate published in Manitoba is not a true reflection of what is actually here, simply because there are so many individual Manitobans left out of those numbers that are not working. He is fully aware of that and has been aware of that for some time.

It is not as good as he would like to paint the picture. When he makes comparisons between '89 and '99, and '99 and 2004 and 2005, of course, he conveniently forgets the fact that in the mid-nineties, we had the unfortunate circumstances where we had the second-worst downturn in the economy in Canada and in many other parts of the world since the great industrial collapse in the late twenties and thirties. Once again, it was not something that could be controlled by the Province of Manitoba. It just was part of the economic cycle.

So, again, his portrayal that somehow there has been this big turnaround since his government came into office in 1999, I would suggest to him that if his government would have chosen a different path, and instead of making Manitoba uncompetitive and an unfriendly place to do business, had it gone down the other path, the numbers would have been substantially larger.

That is proven out again, you know, when you do these comparisons across the country. The minister and the Finance Minister during the budget debate, a number of times stood up and echoed, "Well, you know, our GDP has grown by \$10 billion since we came into office. You know, it has." There is no doubt about that, but when you make those comparisons, when you look at the fact that Saskatchewan's GDP has grown by \$11 billion in the same time, it kind of brings a little more focus into the numbers we see coming out of the province of Manitoba.

As I said, the manufacturing sector is certainly struggling. There are sectors in the province,

particularly in the southern part of the province, where there are some real good news stories, but what we hear out of most manufacturers is it is tough times. They need the support of government, they need a more friendly environment, they need a more level playing field when it comes to unions, they need greater tax relief.

We are one of the last jurisdictions in Canada that still has a capital tax, and yet we hear nothing from the government on this. No movement whatsoever by this government in terms of the payroll tax which, if the minister took the time to talk to any of our manufacturers, would understand that it is a job-killer.

So these are the types of initiatives I think the minister should be focussing his attention on. You know, if he did more of that and his government did more of that, then perhaps the good people in his department would not be quite so shackled.

I do congratulate the department, in particular, for continuing on with the initiative started by the Filmon government with regard to the nominee program which has been a very successful program. I would remind the minister that when he talks about immigration, he has to also factor in what happens to the immigrants when they get here. It is a very, very tough time. As we have seen from articles in the newspaper, there are a lot of those immigrants that are struggling.

So, while it is a valuable asset to our province, there is a significant cost that goes along with it that has, in my view, not been addressed properly by this government. As a result, we have a lot of new immigrants that are struggling.

In particular, this government, in a cold and hard-hearted slash, I know it does not pertain to this department, but just for the minister's information in case he does not know, they slashed funding to immigrant women and left them out in the cold so that they do not have the resources to deal with some of the struggles they are up against.

So I would hope the minister, when he gets out and crows about the number of immigrants coming to Manitoba, he realizes with that comes a responsibility of ensuring those immigrants are able to find their way.

With regard to the nominee program, it has been a tremendous success. I know there was a commitment by the previous minister to get that number up to 10 000. We are not there yet. Hopefully, we will get there sooner than later.

You know, there are other issues. The film and production credit, I think, once again, while there are some positive aspects for Manitoba and for the economic environment, the minister, I think, is getting into a little bit of a mug's game by just continually upping the production tax credit. We have seen that in the past where it just gets matched, and it is one better, one better, one better. There comes a point when you have got to get out of that mug's game. You have got to make sure that you have the business environment here that attracts that film and production industry without undue necessity for tax credits, particularly when you look at the government's ill-thought-out purchase of the sound stage in the past few weeks, again, a business that could not sustain itself on its own. Yet the government is not finding a way to help industry be successful. It talks about all the work that is supposedly going on, and the sound stage cannot make it. In those cases, I and those of us on the Speaker's left believe the way to do that is to create an environment where business can be successful, not to have government own more business because, as we have seen with most ventures that government gets into, they will find a way to mess it up.

The minister spent a lot of time talking about the resource industry, and we are certainly beneficiaries of strong prices, not only in the oil and gas sector but in a lot of the resource sector. Again, that is something outside of our ability to control, and, once again, I would just remind the minister that these things go in cycles. It has been up, and it has been down. It is nice to crow about it when you are in an upturn, but the thing I have learned over the course of my time in business is during the up time you had better be working real hard to prepare for the down time because you know that is going to be the next cycle, and you know it may, in fact, hit hard. It is totally out of control in some cases.

Again, I will close by indicating that although there is a lot of investment, primarily it is public sector dollars, and those do not build your economy over the long term. That builds your economy over specific periods. I understand that is another philosophical difference that the Conservative Party and

the NDP have. I would much prefer if the minister could make announcements about more of these construction programs, which are driven by private-sector investment as opposed to by government investment.

The Hydro tower is a specific example. It has the potential to do some good for downtown, but in reality, what is going to do the most for downtown is having people live downtown. Again, it is policies that his government sticks by that is discouraging that. I guess I get particularly discouraged when I talk to people in the industry, and they indicate to me there is no budget on the Hydro building. In fact, it is just, you know, build this and build that and build that. So what has gone from a \$75-million building in a business plan which came along with purchasing Winnipeg Hydro is now a building that is likely in the neighbourhood of \$150 million. So, once again, the NDP government in its rush to spend money and pat itself on the back for private-sector projects is not, I believe, doing the taxpayers or, in fact, doing the ratepayers or Manitoba Hydro as a corporation any favours by not ensuring there is proper monitoring.

I want to just indicate to the minister that I took seriously the comments made by the former Minister of Industry and Trade, Ms. Mihychuk, when she indicated when introducing legislation to the House in 2001 that government had a very significant role to play in monitoring the venture capital funds. It was the responsibility of his department to monitor these funds and, in fact, the government has let unit holders and taxpayers down considerably, and we are going to spend a fair bit of time hopefully getting some answers out of the minister on what has transpired there. I know it pains him to even think that he might have to answer a question and not just read a prepared statement, but I can assure him that we will be going down that road.

So, once again, thanks to the department for their fine work during the year, and I think we should proceed with the Estimates process.

\* (15:30)

**Mr. Chairperson:** We thank the critic from the official opposition for those remarks. Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for department in the Committee of Supply.

Accordingly, we shall now defer consideration of line item 10.1.(a) and proceed with consideration of the remaining items referenced in Resolution 10.1, Administration and Finance.

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

**Mr. Rondeau:** Yes, Mr. Chair. We have at the table the Deputy Minister, Mr. Hugh Eliasson, and we have Craig Halwachs, Director of Finance and Administration.

**Mr. Loewen:** Just a couple of housekeeping issues, I would ask the minister if he would table his opening remarks, because given the fact that there are sessions going on some time today before we get Hansard, so he would not mind tabling those remarks it would be appreciated. I would also like to indicate that we will be approaching the Estimates on a global basis, and then doing the line by line later.

**Mr. Rondeau:** I would be pleased to provide the member a copy of Hansard as soon as possible because as you know everything that is said is recorded and is official. As I had notes that I did not go word by word, I would think it would be much more appropriate that you get the exact verbatim transcript, which is Hansard, which is the official record of what is going on in the Legislative Building. As you know, that is basically what we have as an official record.

In the second point in respect to the staff, who, as the member has stated, are busy; they have other jobs to do. I would think it would be much more appropriate to do line by line, so we do not abuse the staff time, so that we do it so that the staff has some control over their hours, and they can continue to function and not just be held hostage in this room.

**Mr. Loewen:** I am appalled that the minister would describe the Estimates process as holding staff hostage. I would hope he would have the decency to apologize to staff for that remark. This is very serious business which is undertaken on behalf of the taxpayers of the province of Manitoba. He is well aware that it has been the custom for a number of years to have a global approach. I appreciate the fact that his staff is here. He should also realize that we are only here for somewhere between three and five hours, and that will cover this afternoon and

anticipate sometime wrapping up on Monday. So I do not think that is a great inconvenience to his staff. So, once again, as is customary practice, we will go global.

**Mr. Rondeau:** I hate to contradict the member, but I understand that it is actually practice to go line by line and it takes special approval of the committee to go global. Again, to respect the staff, to respect that they have a job to do, I would think that we would follow proper Manitoba practice. Again, I would hope that the member does his research and understands the normal practice of Manitoba government and this. As is custom, I would hope that we do line by line and then go from there, so that we can have the staff predict when they will be called so that they can continue to be very effective and work for the Province of Manitoba and the people of Manitoba. By having them here throughout the Estimates process and being able to call differently, it takes of their time and of their duties. So I would propose that we do line by line as traditionally the practice.

**Mr. Chairperson:** I will interject here. It is practice to do the Estimates in chronological manner. You need leave to do it in a global discussion.

**Mr. Loewen:** I would then ask the minister for leave to do it in a global discussion. I mean, I have sat through many rounds of Estimates. They have all been done globally. There is absolutely no reason, his staff is sitting here in the room; they are not going anywhere. They are going to be here in any event, so let us just get on about doing it like virtually every other department does, and go through a global discussion of his department. I do not understand what his problem is. This is most unheard of for the minister to refuse to have a global discussion on his department.

**Mr. Rondeau:** As I mentioned, Mr. Chair, the practice of the Legislature is to continue to go line by line so that it is systematic, so that we do not abuse staff time, so that the Estimates process is predictable and that we then can continue to have staff work in the departments and have some sort of plan as to how they spend their hours. This is the most effective use of their time, and this is the lesser disruption to the departments. By following it in proper process, we can anticipate when the questions are coming and we can act appropriately.

**Mr. Chairperson:** He has requested that the questions in this department will follow in a global manner. What is the decision of the committee?

**Mr. Cliff Cullen (Turtle Mountain):** I would just like to make a couple of comments. I am relatively new to this business. In the last several months, I have partaken in quite a few committee meetings and events over the last few months, and I have not come across a situation yet where we have gone line by line. The discussion has always been on a global basis, and I found that system works quite well. What the Member for Fort Whyte (Mr. Loewen) says is very clear. We are only going to be here for a limited amount of time, and I do not think holding the staff back for a matter of a few hours for two afternoons is going to be too much out of their way.

I would certainly recommend that we look at the issue, these particular Estimates on a global basis. I think what it will do, as points and issues come forward, questions arise and subsequently documentation may be required, that we have the opportunity for staff to get that documentation for us. I just would think that the global nature, the global discussion, be very prudent for our undertaking here.

**Mr. Chairperson:** The honourable Member for Fort Whyte has requested a global discussion. Is it the will of the committee to have a global discussion?

**An Honourable Member:** No.

**Mr. Chairperson:** I understand that there is not agreement, so we will just proceed with the consideration of the remaining items.

#### Point of Order

**Mr. Loewen:** Just on a point of order, and I apologize, Mr. Chair. This has totally caught me by surprise and totally floored me that the minister would take this type of approach and this type of attitude. I just ask for a little five-minute recess here, because I do have a little more information that is still in my office that I had not planned to use until Monday, but if we are going to go in this order, I would like to get it today. It might take me a few minutes just to round it up.

**Mr. Chairperson:** Is it the will of the committee to have a short recess? [Agreed]

\* \* \*

*The committee recessed at 3:39 p.m.*

*The committee resumed at 3:47 p.m.*

**Mr. Chairperson:** We will now proceed with the remaining items under Resolution 10.1. Administration and Finance. The floor is now open for questions.

**Mr. Loewen:** Could the minister indicate whose salaries are covered under this particular line item?

*Mr. Chris Aglubub, Acting Chairperson, in the Chair*

**Mr. Rondeau:** Thank you, Mr. Chair. Joseph Warbanski is my special assistant; Esther Hiebert is his executive assistant; Marina Portz is the secretary to the minister; Alison DePauw is the administrative secretary; and Cindy Field is the administrative secretary. So that is in the minister's office.

In the deputy minister's office, there are Hugh Eliasson, who has been the deputy minister, and has been with the government for many years and served under many ministers in different portfolios; Gail Lemoine, who is secretary to the deputy minister; and Barb Wild, who is the administrative secretary.

Did the member want these sent to him?

**Mr. Loewen:** I would appreciate that. Maybe, just for clarification, because I hate to be making this mistake over and over, but, maybe, just if he could, Mr. Eliasson could clear up a little differentiation between how his name is pronounced. I know I run into the same problem myself, and I just do not want to be referring to him in error.

**An Honourable Member:** Eliasson.

**An Honourable Member:** Okay, good. I thought I was right.

**Mr. Loewen:** I notice on the chart on page 4, the org chart indicates that Mr. Eugene Kostyra fits in there somewhere between the minister and the deputy minister. Could you indicate Mr. Kostyra's role within government?

\* (15:50)

**Mr. Rondeau:** He is the secretary to the Community Economic Development Committee of Cabinet.

**Mr. Loewen:** Well, I can assure the minister I can read. What I was looking for was a little more detailed description of the role and job functions that Mr. Kostyra fills within the department where he is listed.

**Mr. Rondeau:** I can give the member the roles of the Community Economic Development Committee of Cabinet. It is a small secretariat that serves as the key co-ordinating body for the government's community and economic initiatives. The CEDC is responsible for the ongoing development, articulation and updating of the community economic development strategy for the Province and for providing a focussed, decision-making process for high-priority economic development projects, many of which require input from multiple departments. It ties departments together. CEDC is focussed on ensuring increased community economic development takes place in Manitoba in a manner that ensures all citizens in the province share the rewards of the increased prosperity.

I understand this is a very active department in working in that capacity.

**Mr. Loewen:** Well, specifically, does Mr. Kostyra interact with the minister on these issues? Does he report to the minister on these issues? Does he have any reporting relationship with the deputy minister and the other individuals listed here in the organization chart below the deputy minister? Does he just kind of freewheel and report directly to Executive Council?

**Mr. Rondeau:** Although this is a different subappropriation and does not get paid out of the minister's office, I can inform the member that he has a reporting function to the Economic Development Committee of Cabinet. Similar function was done under the previous government. He also has a reporting function to myself as Minister of Industry, Economic Development and Mines.

**Mr. Loewen:** Can the minister indicate what he would report to the minister on, what issues, and what he would report directly to Cabinet on?

**Mr. Rondeau:** He would report to me on industry initiatives. He would report to me and the committee

on all industry economic development initiatives. He would talk about major projects that are undergoing in the province or under consideration.

**Mr. Loewen:** So, for example, the setting up of the Magellan Fund, would that be something that Mr. Kostyra would have been involved in?

**Mr. Rondeau:** Those types of funds would be initiated under different departments, and then there would be an analytical function of the CEDC to provide advice to the Cabinet committee.

**Mr. Loewen:** So is the minister saying that Mr. Kostyra would have had no involvement in setting up the Magellan Fund and its subsequent transformation into CentreStone? Is he saying they had no involvement at all in any of the negotiations with that fund?

**Mr. Rondeau:** They would be involved as far as the analysis and the recommendations to the CEDC, which is a committee of Cabinet.

**Mr. Loewen:** So, just to clarify, Mr. Kostyra would have been involved in the initial recommendation of the loan, the advance to the Manitoba Development Corporation, out of the MIOP program which turned into the funds that were used to buy shares in Magellan. Mr. Kostyra would have advised CEDC on that issue?

**Mr. Rondeau:** I would have to inform the member that these funds have different proponents, and what the role of CEDC would be is to have the staff, including Mr. Kostyra, analyze the proposal and make recommendations to the Cabinet committee.

**Mr. Loewen:** With regard to the change in name, first of all, could the minister indicate what the Magellan Fund was established to do and what the \$5 million that was used to purchase units in the Magellan Fund eventually was used to do?

**Mr. Rondeau:** Again, I remind the member opposite that if we are going to go line by line, this is under Financial Services. It is not under the minister's appropriation or the minister's office appropriation. It is a separate line item. It is under Financial Services.

**Mr. Loewen:** Just to clarify, the minister is refusing to answer that question at this time?

**Mr. Rondeau:** To show co-operation with the honourable member, I can give an appropriate answer, even though we had followed the practice of going line by line, and not a global estimate. I can provide the member with the answer if he so desires.

**The Acting Chairperson (Mr. Chris Aglubub):** Is there leave to consider this question?

**Some Honourable Members:** Leave.

**Mr. Loewen:** I can assure the minister that I do not ask questions unless I want answers to them, just for future reference.

*Mr. Chairperson in the Chair*

**Mr. Rondeau:** From what I understand, it was started off with one name. Because that name had some sort of claim against it, under the name registration, they found out there was a second name or something that is similar. So they called it a different name. That is why CentreStone Ventures came out of the Magellan Fund.

I understand the whole purpose was to have a third-party program such as was started in the 1990s under the former government, which I agree was a good idea, starting to pool private and public investors to create pools of capital investment to grow Manitoba companies. I think sometimes you have to give credit where credit is due. The former government pooled funds with private and public enterprises to grow our economy, and I think we continued such under our government.

**Mr. Loewen:** I am just wondering a little bit about the timing because the first Order-in-Council was in April 2003. Then the subsequent name change was in, I have not got it right with me, but I believe it was June 2004. So, basically, is the minister indicating the money just sat there for a period of a little over a year and nothing was done with it?

\* (16:00)

**Mr. Rondeau:** From what I understand, that part of the initiative was we agreed to invest in the fund under the assumption that there would be \$25 million brought in total, including other investors. It took a little while for the proponent to the fund to gather the money from the private investors to ensure the fund had monies available.

I would also like to inform the member that we have not put the money up-front. What you do is you make a commitment and flow the money as deals are made.

**Mr. Loewen:** Well, the Order-in-Council of April 30, 2003, gives the government authorization to flow \$5 million to the Magellan Fund. Can the minister indicate when it was flowed?

**Mr. Rondeau:** The \$5 million has not flowed. There was one deal, I understand, that was made and some money has flowed, but it has not been the \$5 million.

**Mr. Loewen:** Can the minister indicate how much has flowed?

**Mr. Rondeau:** I can get that information in just a moment or two. I will invite the Director of Industry Development Financial Services, Jim Kilgour, to the table.

It is \$399,000 that has flowed to that fund as yet, because there has only been one deal that has proceeded from that fund.

**Mr. Loewen:** The minister indicated this is an attempt to pool private and public money. Can he indicate, of the \$25 million, how much of it is public money?

**Mr. Rondeau:** There have been a number of different participants. They include the Province, as well as pension plans, different organizations, and that is where, I understand, they have the commitment of \$25 million for investments.

**Mr. Loewen:** Just for clarification, the minister was quoted in the *Winnipeg Free Press* on November 27 indicating that this fund had been set up and \$25 million had been raised or committed. Just for clarification, is the \$25 million that he has now referred to exactly the same as that article indicated?

**Mr. Rondeau:** Yes, I understand the money has been committed. It has not been raised. They do not take the \$25 million and put it in the bank and wait for the deal. What they do is they get commitments from all the different pension plans or investors, they take the money, they get the commitments, they pool it, and when they have a deal, they contribute once the deal has been finalized and everything is going

forward. So what happens is you get the commitments, you flow the money as it is required.

**Mr. Loewen:** Thanks. I am well aware of that. Was the proponent of the Magellan Fund, Doctor Friesen, the same proponent that has been put out for the CentreStone fund? Was it the same proponent in both funds?

**Mr. Rondeau:** It is the same fund.

**Mr. Loewen:** Thank you, I just wanted to clarify that. The minister has indicated that there is a pool of private sector and public money. Of that \$25 million that has been announced and committed, could he indicate how much, and who the private-sector players are in that pool of funds?

**Mr. Rondeau:** I understand the proponents were in the CentreStone press release, and we will endeavour to get that to you by Monday.

**Mr. Loewen:** Does the minister consider funds coming from Workers Compensation Board to be public or private?

**Mr. Rondeau:** I believe that, when you are talking about investment funds, what we have here is a commitment from multiple partners to create a fund that is then going to add research money and investments in Manitoba.

**Mr. Loewen:** The minister indicated this was a pooling of private and public money. I am simply trying to determine what he considers public money and what he considers private money. Is the contribution of \$4 million from Workers Compensation, in his mind, considered to be public or private?

**Mr. Rondeau:** From what I understand, when you are talking about pension money, it is like Workers Compensation Board, they have an investment committee. What happens with the investment committee is independent of government. They decide where they do due diligence, and they invest in areas where they think they can get a return for their investors, so in the case of something like TRAF, they would do due diligence. In the case of Workers Compensation, same. What would happen is that any investor who is a private investor would do the same due diligence, look at what the prospectus is, look at

the investment instructions and make an appropriate investment decision.

One of the important things about investment decisions, as I am sure you know, being from the corporate business community, is you look at the direction where the investment is going to go. You look at the parameters of the investment. You look at the prospectus, in the case of a mutual fund, and then you make your own investment decisions.

**Mr. Loewen:** I certainly appreciate the minister's irrelevant comments. The question is simple: Do you consider Workers Compensation money to be part of the private pool or part of the public pool?

**Mr. Rondeau:** Workers Compensation is an organization that takes employers' contributions, invests them to the betterment of that organization. There is an investment committee that makes investment decisions based on knowledge and research they do to invest and get a return for each organization. The Workers Compensation would have an investment board which would do due diligence and decide how to invest, the same as TRAF, the same as any individual investment.

As far as the Workers Compensation Board, if the member opposite has questions about how they operate, I would suggest he ask the appropriate minister.

**Mr. Loewen:** It boggles the mind that the minister would refuse to answer such a simple question, and if he wants to sit here and dodge around all day, well, we can be here into the long, long heat of the summer, if that is what he is up to.

With regard to the \$2-million investment from MPIC, does the minister consider that public money or private money?

**Mr. Rondeau:** The member should know that MPIC is a Crown corporation. It has a board of governors and is a Crown Corporation. Again, I would like to remind the member that that is independent of government, as far as their investment decisions. We do not direct MPIC or Workers Compensation or TRAF as far as their investment decisions. They have investment committees which do their own due diligence in each respect.

**Mr. Loewen:** What I would like to determine from the minister—

**Mr. Chairperson:** Excuse me. The Member for Fort Whyte. Some order, please. There is too much talking, and we cannot hear the speaker speak, so we have to be quiet here. I will give the floor to the honourable Member for Fort Whyte.

**Mr. Loewen:** Regarding the Workers Compensation investment advisory committee, of course he would no doubt be aware that Mr. Kreiner sits on that, or sat on that, at the time that this investment was announced.

**Mr. Rondeau:** I understand that he did.

**Mr. Loewen:** Would he understand that Alfred Black was the head of the investment department at WCB?

\* (16:10)

**Mr. Rondeau:** I understand that the board membership is public knowledge, and I believe that it is important to have that. If you want, I can actually try to ask another department to get that information for you if you need the board membership of the different boards.

**Mr. Chairperson:** I will just interject here. I would like to take a moment and remind all honourable members to please provide the courtesy or attention to the member who has the floor. Besides the speaker here, there are several conversations going on, so we will just wait until the conversations are completed. It is acceptable to carry on a conversation at the committee table as long as you do not disrupt the proceedings. We would like to hear each other speak here.

The honourable Member for Ste. Rose, you have the floor.

**Mr. Glen Cummings (Ste. Rose):** Well, Mr. Chairman, I was probably the member guilty of creating some distraction. I think you have a problem, as well, when the opposition is asking reasonable questions on something as simple as what is considered public capital and what is considered private.

When the minister wants to fall into his teaching mode and instruct the teenagers on this side of the table about his wisdom in the financial world and how he understands the Crown corporations, then I

think there is a reason for some disrespect on this side of the table.

**Mr. Chairperson:** I thank the member for those comments. Okay, the floor to the honourable Member for Fort Whyte.

**Mr. Loewen:** With regard to the million-dollar commitment by the Manitoba Science and Technology Fund, would the minister indicate who would have negotiated that on behalf of his department?

### Point of Order

**Mr. Chairperson:** The Member for Russell, on a point of order.

**Mr. Leonard Derkach (Russell):** Mr. Chair, in all Estimates that we have undertaken to this point, and in an understanding of co-operation between government and the opposition, I think it has been an understanding between government and opposition House leaders that we would approach the Estimates debate in a general way. For that reason we have agreed to run three sessions of Estimates at the same time because there are members in the House in two committee rooms going through the Estimates in a global manner which allows for members to be able to shift back and forth.

It also allows the Liberal Party or the Liberal members to be able to come in and ask questions in the Estimates process because there are only two members, and they do not have the ability to be in three committees at once. In allowing it to go in a global manner, it allows the Liberal members to be able to come into a committee and to ask questions, perhaps, of areas that have been covered.

So it is a bit of an unfortunate situation that we have the minister who has decided he does not want to approach this in a manner that we have an understanding of how we approach Estimates. For that reason, I am going to have to ask for a delay of these Estimates until I have cleared this matter with the House leader.

**Mr. Chairperson:** The honourable minister, on the point of order?

**Mr. Rondeau:** On the point of order, if the opposition wishes to, I think that, under consideration of that and under the consideration we

have already granted leave and we are already doing it global, one way or the other, I would suggest I am prepared to grant leave at this point to do global if that is what it takes to get the work of the House done.

I realize that it will disrupt the work of my staff, but if that is what it will take to keep the committee going, I would be willing to grant leave to ensure that the process continues.

**Mr. Derkach:** Mr. Chair, to that same point of order, we are not here to try to obstruct the work of staff in a department or to cause them any inconvenience, but I think it is a responsibility of the opposition in a government to be accountable to the public of Manitoba and to the people who pay our bills. It is for that reason that I think it is important we have an opportunity to examine the Estimates in their fullness. Now, I know that takes time and it takes time of staff, but this is, in an overall sense, far too important to the citizens of Manitoba for us simply to try to restrict the debate on it.

It is for that reason that I am quite adamant about us—if the minister has indicated now that he is prepared to go global, I guess that satisfies the point of order, except that I do not want it hanging over anybody's head that we are doing this at the expense or at the cost of the staff within the department, Mr. Chair.

**Mr. Chairperson:** The honourable Minister of Conservation, on the same point of order.

**Hon. Stan Struthers (Minister of Conservation):** Yes, on the same point of order. It is not a point of order, Mr. Chairperson, but the minister has agreed that we would take a look at this in a global fashion. There is nothing in *Beauchesne's* that says we have to go globally or line by line. It is something that ministers and critics usually work out amongst themselves. So I do not want to have a point of order here in this committee the prescriptive for ministers coming down the road. It is not something that is found in *Beauchesne's*; it is not a point of order. But the minister has agreed to move to a global discussion of his Estimates.

**Mr. Chairperson:** The Member for Fort Whyte, on the same point of order.

**Mr. Loewen:** On the same point of order, I appreciate the minister finally coming to his senses. I just think it is unfortunate that in the two previous times when I asked for leave to go global, he and his cohorts on that side of the House said no.

**Mr. Chairperson:** Order. Okay, the Member for Fort Whyte, have you completed your comments?

**An Honourable Member:** This will dictate how smooth the House will run.

**Mr. Chairperson:** I will now interject here.

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

**Mr. Chairperson:** Order, please. I appreciate your comments. However, the Chair is unaware of any special arrangements. It is the Manitoba practice to go in a chronological order. However, there seems to be a will to proceed with a global discussion for this department. Is that agreed?

**An Honourable Member:** No.

**Mr. Derkach:** Mr. Chair, on your ruling you said there is no special arrangement. I just explained to you quite clearly what the general understanding is between House leaders. Now, if you want to challenge that, I suggest you do that and we will go and vote on it. To that point, you have wasted an hour of Estimates time right now. I am going to be asking that we extend Estimates time because this is nothing but a stalling tactic on behalf of the government. If this is the way that the House is going to run, then I am going to take that as your leave and we will continue from there.

**Mr. Chairperson:** The honourable minister, on the same point of order.

**Mr. Rondeau:** Just letting you know that what we have been doing for the last 45 minutes is we actually took somewhat of a leave, and then we have been proceeding globally. We have been going line by line. The member for Whyte Ridge has said that—

**An Honourable Member:** Fort Whyte.

**Mr. Rondeau:** Fort Whyte, sorry, Fort Whyte was given leave to go on to an area which was not the minister's office budget, and then we have gone from there. What I have said now is I would be prepared,

rather than do it on a line by line, we can proceed globally if that is the will of the committee, and I would agree with that.

**Mr. Loewen:** Just for clarification, we were not given leave. We were denied leave. I was asking some questions on the item regarding the role of the deputy minister and the Community Economic Development Committee secretary. The minister can twist and turn all he wants, but the simple matter is that he and his colleagues and his Cabinet colleagues sat at this table and denied leave. If he is now willing to rescind that, then it is appreciated. It is just too bad it came that late.

\* (16:20)

**Mr. Chairperson:** It was not my intent to interfere with the House leaders' agreement. I apologize to the Member for Russell (Mr. Derkach) for this, but is there an agreement now to go on a global discussion? *[Agreed]*

\* \* \*

**Mr. Loewen:** Well, I thank the Chair for that and appreciate his intervention in this matter. Back to the question at hand: Could the minister indicate who within his department would have conducted the negotiation that saw a million dollars from the Manitoba Science and Technology Fund be incorporated in part of the commitment for CentreStone?

**Mr. Rondeau:** The general partner of CentreStone would have invested with the Manitoba Science and Technology Fund. It was formed in 1999. To let the member know, it is a \$10-million pool of risk capital that invests in Manitoba-based small science and technology businesses. It is a privately managed and guided by an independent committee of advisers. It has raised its investment from individual and institutional investors. Similarly, it is meant to grow the economy and grow the research capability of Manitoba.

**Mr. Loewen:** It had nothing to do with the question I asked. I asked the minister, quite specifically, who in his department would have negotiated the contribution from the Manitoba Science and Technology Fund.

**Mr. Rondeau:** No one from the department would have. It would have been from the MST Fund and CentreStone.

**Mr. Loewen:** I thank the minister for clarifying that. I just pulled an information sheet off the Web this afternoon which indicates that Mr. James Umlah, the former chief investment officer at Crocus, is listed in the government's Web site as the director and chief executive officer of the Manitoba Science and Technology Fund. Is that still an accurate reflection of that fund?

**Mr. Rondeau:** I understand that prior to this, the Crocus Fund was a general partner in the fund. That status of Mr. Umlah being in that position would have reflected his position in Crocus prior to this. From what I understand, he has now stepped down from his position in Crocus, so I do not believe he is currently in that position.

**Mr. Loewen:** Well, I am not asking what the minister believes; I am asking him what the facts are. I appreciate that Mr. Umlah has stepped down. What I am trying to determine is, if it is not Mr. Umlah, who is the director and chief executive officer of the financial assistance program. I would just ask the minister to ensure that, if it is not Mr. Umlah, in the interest of public information, he have his Web site updated.

**Mr. Rondeau:** Just as clarification, is that a government Web site, is that the fund's Web site, or is it a private Web site? Which Web site are you referring to?

**Mr. Loewen:** Well, that was just a suggestion. What I am really looking forward to hearing is who the director and chief executive officer of the Manitoba Science and Technology Fund is today, as we speak. I will be pleased to give the minister and his staff the information, but it comes off the government Web site.

**Mr. Rondeau:** I will make inquiries from the general partner and get back to you shortly on who is currently the managing partner director.

**Mr. Loewen:** I appreciate that information from the minister, and will assume it is just a technical glitch, an oversight within the workings of the Web. I understand that sometimes these things get away from us.

With regard to the Order-in-Council that is dated June 16, 2004, signed by the former minister, the member from Brandon West and the Premier of

the Province of Manitoba changing the partnership name from Magellan to CentreStone. Can the minister indicate if this would have been something that was done through Community and Economic Development Committee, or was this something that would have been pushed forward by his department?

**Mr. Rondeau:** The O/C, from what I understand, was put forward to change the name from Magellan to CentreStone because the name search on the first came up where they could not use the Magellan name. They had to change the name of the fund, and the O/C changed the name of the fund name to tidy things up administratively.

**Mr. Loewen:** I appreciate that, but I guess my point being this was obviously done at a time when negotiations were underway with regard to putting together the capital for this fund. The minister has stated earlier in the original O/C that it was Mr. Kostyra that would have been the proponent at Cabinet for this. I am just trying to determine if it was something that was taken forward by his department or something that came from other members of his department or something that came forward from an analysis done by Mr. Kostyra.

**Mr. Rondeau:** I would like to correct the member opposite. Mr. Kostyra was not the proponent. He is not the developer, administrator of the fund. He is the secretary to the Community and Economic Development Committee of Cabinet. His job was to analyze and give recommendations to that Cabinet committee.

**Mr. Loewen:** Thank you, and he did that for the original investment in Magellan.

**Mr. Rondeau:** There is a three-stage approval process in this. What is happening is the proposal is prepared by the department. That is the first stage. Then the department goes to CDC, there is a recommendation goes to Treasury Board, and then of course there is an Order-in-Council, which would actually authorize the spending of the money.

**Mr. Loewen:** Could the minister indicate where in his department the original proposal is put together?

**Mr. Rondeau:** The Financial Services branch.

**Mr. Loewen:** Thank you. Can you give me the names of the people that worked on it?

**Mr. Rondeau:** It would have been Katherine Johnson.

**Mr. Loewen:** Is she still employed in the department?

**Mr. Rondeau:** She is employed in the department but on secondment to the Department of Finance at this time.

**Mr. Loewen:** Can the minister indicate when she was seconded?

**Mr. Rondeau:** March, this year, roughly.

**Mr. Loewen:** I appreciate that is an estimate, and I am just looking for a relative time frame. Just in terms of funding, who is paying the salary? Is it the Industry Department or the Department of Finance?

\* (16:30)

**Mr. Rondeau:** I understand it is an arrangement where Katherine is seconded to Department of Finance, and we in turn have a Department of Finance person who is working in Industry. Did you need the name of that person?

**Mr. Loewen:** No, I am just curious, given the scope of the Estimates, is Finance still paying for their person, and you are still paying for Katherine?

**Mr. Rondeau:** Finance pays her, and we pay the Finance person who has been seconded back.

**Mr. Loewen:** I thank the minister for that information. So, just to get it straight, this proposal would have been worked out by the department, sent to the Community and Economic Development committee within his department, headed up by Mr. Kostyra, and Mr. Kostyra would have made the presentation to Cabinet which resulted in the initial Order-in-Council.

**Mr. Rondeau:** No, the department would have worked it up. It would have gone to CEDC and the person who developed the recommendation from CEDC would have presented it to CEDC, or presented the recommendations and then it would have gone on to Treasury Board.

**Mr. Loewen:** Just for clarification, so it went to Treasury Board and then the Order-in-Council was issued?

**Mr. Rondeau:** Yes.

**Mr. Loewen:** Well, I want to thank the minister for that information. It certainly helps.

With regard to reporting within the department, I just want to confirm that all of the individuals in the departments listed here are reporting to Mr. Eliasson, that are listed on page 4 of the Estimates book?

**Mr. Rondeau:** All the people on page 4, excluding myself and Mr. Kostyra, report through to the deputy's office.

**Mr. Loewen:** I am interested in learning where within this department organizational chart that I would find Mr. Ron Waugh to be employed?

**Mr. Rondeau:** I understand he is in Industry Consulting and Marketing Support under Mr. Sprange.

**Mr. Loewen:** Can the minister tell us when he first became aware that there was a valuation problem at the Crocus Fund?

**Mr. Rondeau:** I believe that information became public the day that the Crocus board presented it and asked for a stop trading fund. But there was also a previous devaluation part of that, so are you talking about the first evaluation when that became public? What I can assure the member is I found out when the public found out, and that was after trading of shares. I believe that was the share trading date on December 10, and that is when I found out. As you know, it would have been inappropriate for the board to inform me prior to that, that there was devaluation of the shares. We found out after close of trading on, I think it is Friday, December 10, which was the date of devaluation.

**Mr. Loewen:** Was there any information that Mr. Eliasson would have been aware of as a result of the reporting relationship between Mr. Waugh, Mr. Sprange and himself?

**Mr. Rondeau:** I think that we have dealt with this in Question Period quite a bit. It would have been inappropriate for any board member to let us know prior to the devaluation. As you know, when we appoint a board member, Bernard Wilson said it quite adequately: "Their fiduciary responsibility is to the shareholder." It would have been inappropriate

that he would find out prior to that there was going to be a devaluation, and we were not in any way working with the day-to-day operations of the fund because that would have been inappropriate and so we did not do that.

**Mr. Loewen:** So your appointed director did not report any information back to the department?

**Mr. Rondeau:** I understand that we were very, very careful to make sure that we isolated Mr. Waugh from any discussions of Crocus, Crocus management, or day-to-day operations or any evaluations on Crocus or any of the government decisions on Crocus.

**Mr. Loewen:** The minister indicated in the House that his government had appointed a long-serving member of the civil service to be their appointee on the board. Can you tell me when Mr. Waugh started?

**Mr. Rondeau:** We have had a series of appointing civil servants to the board. One was my deputy minister who was appointed to the board of Crocus at one point; we have John Clarkson and we have Ron Waugh. The first two had been long-serving civil servants. Mr. Waugh has been working for the department for about two and a half years, but I understand he has had experience in business, business investment, and so they have all been civil servants.

**Mr. Loewen:** And Mr. Clarkson, the previous board member, resigned in May of '04?

**Mr. Rondeau:** I understand that Mr. Clarkson resigned from the board of Crocus when he was appointed as Deputy Minister for Energy, Science and—*[interjection]* No? Okay. May, 2004. Sorry. He resigned in May 2004. I understand that he has been with the government for a long time, and that he currently is the deputy minister for industry, science and technology.

**Mr. Loewen:** I hate to have to remind the minister that industry is his purview. Mr. Clarkson is the deputy minister of Energy, Science and Technology, but I am sure he will be aware of that one of these days.

With regard to Mr. Clarkson, can the minister indicate when he started his tenure with the Government of Manitoba after he left the, I believe it

was St. Boniface Hospital where he was employed prior?

**Mr. Rondeau:** As you mentioned in a previous response, he is not with this department. He is with the Department of Energy, Science and Technology as deputy minister. If you wish, I can respond by getting the Minister of Energy, Science and Technology (Mr. Chomiak) to get that information. I can endeavour to get it to you if you need it, but, again, that would be in a separate Estimates, but we can get it for you because we would like to accommodate you.

**Mr. Loewen:** Well, I appreciate that.

Actually, just for the minister's clarification, I just refer him to page 33 of the January, I have got the date right here, I think it is the January 22 prospectus of 2004 from Crocus indicates that Mr. Clarkson worked with the St. Boniface Hospital until 1997 when he came over to government.

In any event, that is just for the record and information that we have already obtained. When Mr. Clarkson resigned in May of 2004, did he provide this department with any reasons why he was resigning from the board of Crocus?

**Mr. Rondeau:** No, he did not.

**Mr. Loewen:** So we have already heard in Estimates of the department of science and energy and technology that Mr. Clarkson did not provide any reasons to that department either. So can the minister indicate who he would have advised that he had resigned his position as a director of Crocus?

\* (16:40)

**Mr. Rondeau:** I would assume as a board member he would have told the board chair of the Crocus Fund that he was going to resign. Again, he was appointed to that board and he would have let the Crocus board know that he was resigning.

**Mr. Loewen:** Very strange indeed, because he was appointed by the government and presumably by a former minister of this department, as is allowed for not only in legislation but indicated in the prospectus by which Crocus was selling shares under.

So the minister is saying that Mr. Clarkson just left the board and did not bother to tell anybody in government who had originally appointed him to the board that he was leaving, or why he was leaving.

**Mr. Rondeau:** He has told the government that he was resigning, but he did not provide a reason at that time.

**Mr. Loewen:** He never provided a reason at any subsequent time, and the government just said, okay, we will find someone else?

**Mr. Rondeau:** He did not tell me, and I am informed he did not tell the deputy minister of any reason why resigned from the Crocus board.

**Mr. Loewen:** Apparently, he did not tell the Minister of Energy, Science and Technology (Mr. Chomiak) whom he worked for, who is denying any communication. Would he have told Mr. Kostyra?

**Mr. Rondeau:** I am not aware that he would tell anyone the reasons for resigning. I think that we would respect his decision that he would resign from the board, and that is what we did. Then, we appointed someone else.

**Mr. Loewen:** So you have a government-appointed member of a board that sat on the Crocus board; I am not sure exactly when he started, but I think it was sometime in '98 or '99, sat there until May 2004, a government-appointed position, and you are expecting us to believe that he just resigned and did not tell anybody why he was resigning. He just left. Is that what you expect us to believe?

**Mr. Rondeau:** I understand he informed people he was resigning. We did not question why he was resigning. As you know, he does have a responsibility to the board. For the confidentiality of the board, it would have been inappropriate for him to communicate the ongoing of the board directly or receive guidance from the government about the ongoing activities of the board.

**Mr. Loewen:** I wish the minister would get his statements clear. Less than 10 minutes ago, he told us that the director reported to the shareholders. Now he is telling us the director reports to the board. I know what it is, I just wish the minister would do a bit of homework on this file, given that \$60 million

has been fleeced from Manitobans. Can the minister indicate the government's shareholdings in Crocus?

**Mr. Rondeau:** I understand that there was originally a \$2 million investment that was done when the fund was started. That was written off, or fully accounted for in a Treasury Board minute, and so that is what has happened. Then, those shares, and I quote from the 1999 Crocus prospectus. It makes it very clear, and I quote: "The Province is not entitled to receive dividends or otherwise participate in the earnings or growth of the fund. The amount of the Province's investment in Class 'G' shares was used to absorb operating losses of the fund in the start-up years. As a result, the Class 'G' shareholder entitlement, to be repaid its full investment, its investment, on the liquidation dissolution or wind up of the fund, has been eliminated."

There was an original \$2-million investment that was used for the start up of the fund. The fund, it was quite clear in the prospectus that this money was used for the start up, was used for the administration and then, as you explained to the Minister of Finance (Mr. Selinger) yesterday, there were some warrants issued later.

**Mr. Loewen:** The minister, I just asked him for the shareholdings. So you are saying you own two million shares?

**Mr. Rondeau:** There were \$2 million that were originally used. The intent was to absorb the operating losses of Crocus until those \$2-million worth of shares were used up, and then the anticipated, as I read to you in the prospectus, says that they are worth nothing.

**Mr. Loewen:** Well, I am simply asking if the government owns two million shares. It is pretty important information. There have been lots of accusations from the Securities Commission that the prospectus issued by Crocus was not, in fact, full, plain and true information. That prospectus indicates that there is a Class "G" unlimited authorization in terms of number of shares, for which there are two million shares issued and outstanding as of November 30, 2003. It certainly indicates here that the government is the owner of those shares. I am just asking the minister if, in fact, the government owns two million shares, or is that just another piece of misleading information in the prospectus?

**Mr. Rondeau:** I will go through the history of the shares and the process.

On April 8, 1992, the Province purchased two million Class "G" shares of what is now called the Crocus Investment Fund, or Crocus. The cost was \$2 million. The money went to pay start up costs for Crocus. A feature of the Class "G" shares, given at that time of the purchase, was that the Province may convert the Class "G" shares into debt of Crocus after September 30, 1997.

Another feature of the Class "G" shares was that its value decreased by the amount of accumulated operating deficit of Crocus to a maximum of \$1 million. That was the original 1992 agreement.

On December 7, 1993, the rights and restrictions attributed to Class "G" shares held by the Province were amended so as to convey these shares into non-convertible, non-redeemable equity allowing Crocus to use the equity as a loss reserve to absorb the \$2 million of operating losses on a permanent basis. In English, that means the Province gave up its right to convert the Class "G" shares into debt and increase the amount of operating losses that the equity would absorb.

In return for that, for amending the original prospectus, or original deal, sorry, the features of the Class "G" shares, the Province received 200 000 Series 1 warrants, each warrant entitling the Province to purchase one redeemable participating Series Class 1 "I" share for \$10, exercisable any time after the year 2000. So they got an option or a warrant.

So the original shares, although there were 10 million shares, their value was nothing, because it was written off against the operating deficit.

**Mr. Loewen:** Well, I can assure the minister I know the capitalization of the Crocus Fund probably a whole lot better than he does. I am simply asking him if the information in the prospectus, which indicates that the government owns two million shares, is accurate. I do not care if they are worth \$10, \$50, \$1,000 or zero dollars. Is the government the registered and beneficial owner of two million shares as the prospectus indicates?

**Mr. Rondeau:** We would have two million shares at no value.

**Mr. Loewen:** So, finally, you admit you are, the government is, a shareholder in the Crocus Fund.

**Mr. Rondeau:** We would have shares that are worth nothing. So, if you have shares that are worth, that have been totally written down, you have a \$2-million investment that has been totally written down to nothing.

It is a special Class "G" share, and the shares were fully accounted for. So, in other words, the \$2 million was used in operating. It was used to pay off the deficit on the operating, and it was fully accounted for. The debt was accounted for by the Province, by the former government, and the shares were totally written down to zero. In return for that, it got warrants.

\* (16:50)

**Mr. Loewen:** I thank the minister for that. Again, it is just mind-boggling. I find it very disconcerting, and, quite frankly, a real slap in the face to those Manitobans that invested in Crocus. The prospectus indicates that the government is the registered and beneficial owner of two million shares of Crocus. For that, they have the right to elect a director to the board, and they are the registered and beneficial owner. It is unconscionable that the minister will not just admit that.

The Premier (Mr. Doer) says in the House they are worth nothing, when in fact, in consideration for those shares, the government got 200 000 warrants. According to the financial statements, in any event, the government got their 200 000 warrants in consideration. I quote the September 30, 2001, financial statement: "In consideration, the fund issued to the Province of Manitoba 200 000 Series 1 warrants. Each warrant entitled the Province of Manitoba to purchase one redeemable participating Series 1 Class "I" share, special share, for \$10 exercisable at any time after the year 2000."

I will just ask the minister once again if he could just indicate whether the government in fact, as is listed in the prospectus and is listed in the financial statements of Crocus, is the registered and beneficial owner of two million Class "G" special shares, which provide the government with a number of rights, but certainly the right to appoint a director.

**Mr. Rondeau:** I would reiterate that there was a \$2-million investment that was totally written down.

The investment was written down in 1993-94. The money, as I explained prior to the trial, it was written down first in \$1 million, then \$2 million, and so the investment of \$2 million was intentionally used for start up costs. It was fully accounted for, and so the shares are worth nothing.

**Mr. Loewen:** Technically, they are. Again, it is misleading by omission, information that we get out of this government. On January 1, 2001, the Crocus shares were trading for \$15.02. If the department had have converted its 200 000 warrants, can the minister indicate to me how much profit the government would have made on those warrants?

**Mr. Rondeau:** I would like to explain to the member that there was an original \$2-million investment. The warrant says that you could spend a further \$2 million to purchase 200 000 additional shares. On that, if you had purchased 200 000 additional shares, you still would not have recouped your entire investment.

**Mr. Loewen:** I am not asking the minister that. I am asking if he had exercised the warrants on January 1, 2001, when the shares were trading at \$15.02, how much could the Province have gained?

Just to be fair, I mean, this is ridiculous, math is obviously not his strong point, but at \$5.02 with an increase in the share, obviously, the Province would have been in a position to reap over \$1 million. Would the minister just agree with that?

**Mr. Rondeau:** What I would reiterate is that if we had have taken money out of Crocus at any time, it would have been to the detriment of the shareholder, and I trust that the member opposite is not suggesting that we should have taken money and got money for the Crown out of the shareholders' benefit. We, in fact, felt that it was appropriate to ensure that we made sure we did everything we could by appropriately getting the independent organizations involved in investigating and in conducting thorough organizational reviews of Crocus to make sure that the appropriate procedures have taken place.

**Mr. Loewen:** Well, it worked real well, did it not? You know, \$60 million fleeced out of Manitobans' pockets because you sat there and did nothing and the previous minister sat there and did nothing. In fact, he went so far as to refuse to call the Auditor General in December when he had to, for the first

time in the history of the province, use a clause that allowed him to make the decision to go in on his own and investigate an entity that was selling product that involved a tax credit. Later, he had to come back on his volition to request that you authorize him to proceed further by identifying him as the act calls for, as an individual who had the authority of the government to go in and look at anything, which, by the way, just for your own edification, you could have done at any time before then.

The point really being that the math seems too complicated for him, would he just admit that at any time the share value of Crocus was over \$10 a share, the government had, in fact, something to gain?

**Mr. Rondeau:** I am pleased to inform the member, and I guess he did not hear this during Question Period, that it was our government that expanded the powers of The Auditor General Act. In 2001, we passed The Auditor General Act, and it gave the Auditor General legislative authority to investigate the labour funds. The scope of his authority was extended to a business entity or organization that is issued a share, debt obligation or other security if a person is eligible for tax credit under Manitoba law in respect for that acquisition or ownership of the security.

In 2001, we extended the right of the Auditor General to go into Crocus or any other labour-sponsored fund or other organization receiving government support. When the Auditor said he needed additional powers to clarify that he had all the powers necessary, he wrote to both the minister in Finance and me on February 9. We responded immediately to give him full authorization to conduct a thorough and complete investigation in whichever areas he felt necessary.

Although he was able to, I believe in the 2001 legislation, conduct an investigation of the labour-sponsored funds, we extended that in 2001, which I think is very prudent. When he wanted further clarification, we gave it immediately and, in fact, he gave a thank you note for our prompt response to his request. I think that was very prudent and that was the right action to take.

**Mr. Loewen:** What the minister is admitting is that the Auditor General came to both him and the Minister of Finance and, just for clarification, and just so he does not get off track here, he should

understand the Minister of Finance (Mr. Selinger) has already admitted that it was the Auditor General that asked for these letters from the Department of Finance and from the Department of Industry, so would the minister just confirm that that was the sequence? The Auditor came back, asked the minister for a letter, and the minister granted him one.

**Mr. Rondeau:** What I would agree to say and it makes perfect sense, is that the original agreement from Crocus in 1992 allowed the Auditor certain powers. More importantly, in 2001 we have an agreement. We passed legislation that gave the Auditor the absolute right to do investigations. When he requested to make sure there would be no questions that he had the right to do whatever he felt was necessary he wrote to the Minister of Finance and me, and we responded immediately to give him those powers.

\* (17:00)

Although we believe he had the right to go in and investigate in our legislation of 2001, he wanted absolute clarification, and we made sure we gave absolute clarification that he could go into the Crocus Fund and get whatever information he needed to conduct his investigation without political interference, without any hesitation. We gave him that right.

**Mr. Loewen:** It is just too bad you did not give it to him on December 10. Instead, on December 10 you were saying you did not think the Auditor General needed to go in. You thought the Securities Commission would handle it.

The minister raised the issue of the legislation in 2001, and there was other legislation passed in 2001, both of which by the way, were voted for by members in opposition. I quote from Mary Ann Mihychuk from Hansard, second reading of this bill June 13, 2001. This is Bill 28, The Labour-Sponsored Investment Funds (Various Acts Amendment), and I quote, "Also, it is important that the government monitor the operations of labour-sponsored funds to ensure that they are adhering to the provisions of the legislation."

Can the minister indicate what monitoring his department performed on the fund on a regular basis since the passage of this bill in 2001?

**Mr. Rondeau:** Just in response to your first question, from the year 2001, the Auditor had the right to go and investigate the fund. The MSC had the right to investigate the fund at any time under The Securities Act. It was not something that we gave. We made sure there was no doubt in his authority or his office's authority.

As far as the other part, under the Crocus act, it has a right of pacing for information on pacing and right on information on whether the company is located in Manitoba. The pacing requirement basically says that when new money is invested, it has to be brought in and has to be invested at a certain time. The Manitoba content was that we provide the additional credit. So, if a person, if they are doing it as a RRSP, they get a certain tax credit. Then the federal and provincial government each give 15% additional credit. The reason why Manitoba gives 15% additional credit is so that the money is invested in our province.

So part of The Crocus Investment Fund Act ensures that we give the 15% credit over the RRSP credit, and why we do that is if the money is invested in this province. So that is why we do it, we investigate on the pacing and whether the investment is actually eligible or made in Manitoba.

**Mr. Loewen:** Is the minister trying to indicate that is the only authority he believes his department has over the fund?

**Mr. Rondeau:** Mr. Chair, I was explaining to you two of the components that we investigate or get reports on. Part of it was on the pacing, and that is a report on the money that comes into the fund and how fast it is actually invested. The second component is on the Manitoba content, and that is why we want to have the investment here. It would not make sense to give us a tax credit if the investment was made in a different province.

**Mr. Loewen:** Just for clarification for the minister, section 12(1), Valuation of shares: "For the purpose of determining the issue or redemption price of its Class A shares from time to time, a labour-sponsored venture capital corporation shall value the shares in the prescribed manner, annually or at such more frequent intervals as are prescribed."

As part of the monitoring announced by the government in 2001, is the minister saying that his

department did no monitoring of the valuation of the shares as is indicated as their right under the legislation?

**Mr. Rondeau:** The act contains a very detailed process on the valuation and how it is done. I have here the prospectus from 1999. You can turn to page 21 of the prospectus, and what it does is it talks about—on each case it will talk about the valuation of the funds, how the funds are generally accepted.

If you turn to the prospectus which is given to each person when they purchase the fund, they get this on purchasing the fund, what you will notice is that the net asset of value of the fund, and it talks about the valuation, 5.02 is talking about the general valuation. They are talking about the valuation of investments, assets for which public market exists.

It talks about the valuation of investment assets for which no public market exists and so they go through, line by line in the prospectus as to how the valuation of each share and the valuation is taken into account. So what is happening is that they talk about the process and that is part of the prospectus. They give the purchaser the information on why they do that and that is how any purchaser or any prospectus or any mutual fund talks about the valuation and it does it the same way.

**Mr. Loewen:** Well, just so the minister is perfectly clear. I am not talking about the prospectus, and obviously what the situation he described in the prospectus has just been found out to be out by \$60 million. But his own minister indicated it is the government's role to monitor the operations of the fund to see that they are adhering to the legislation.

The valuation is not only spelled out in the prospectus, but more importantly, it is spelled out in the overriding document which is The Labour-Sponsored Venture Capital Corporations Act and which specifically says that the shares are to be valued in the prescribed manner.

Is the minister saying that at no point did anyone in his department take any interest or have any information on in fact whether the valuation was being done or if it was being done in an accurate fashion?

**Mr. Rondeau:** As I explained, there are certain valuation procedures that are outlined in the

prospectus. There are certain processes on which they are followed, and I understand the purpose, and by the way the MSC, the Manitoba Securities Commission, their function is to find out how accurate and make sure that they monitor what information is done in the prospectus. I understand that that is part of the investigation now, is to ensure that the prospectus that was published, that was given out on sale had accurate and full and complete disclosure as is required under the MSC. That is not part of this department. That is part of the Finance Department.

**Mr. Loewen:** Well, I just want to clarify that obviously the legislation prescribes how the fund is to do its valuations. The previous minister indicated that the government was monitoring the funds to ensure that the fund was operating within the scope of its legislation. So I am just asking the minister a simple question.

Does the department not look at any information regarding whether or not the fund was operating within the act of the Legislature, as it said it was going to do with regard to its valuations? If they did not, that is fine. Just tell us.

**Mr. Rondeau:** I assume that the member opposite knows there are a number of investigations currently undergoing. There is the Auditor General, there is the MSC that is conducting investigations on just this to see whose responsibility, whether they acted appropriately within the act and that is what the investigations are going on. I assure the member that what we will do is we will receive those recommendations, receive those reports and act very expeditiously to take appropriate action to protect Manitobans.

\* (17:10)

**Mr. Loewen:** So the minister is saying that his department did not ever look into monitoring the valuations of the shares, as is prescribed in the legislation.

**Mr. Rondeau:** What I am saying is there is an ongoing investigation that will be exploring those details. I am sure the member opposite is aware of the ongoing investigation. It is independent of my department. It is independent of politics, and what they are doing is they are finding out whether behaviour was appropriate both inside government,

in the Crocus Fund, et cetera, in terms of management, in terms of valuation, in terms of appropriateness of the prospectus.

So that is exactly what is happening now. There are two independent investigations to determine that. I anticipate the reports from those organizations which will be public, to be coming forthwith, and we will react appropriately.

**Mr. Loewen:** So, despite the warnings that you had received in 2002, regarding possible problems with the valuations of the shares, you did not decide to follow clause 12.1 in terms of the valuation of the shares and have your department look into the valuation issue at all. You waited until December 10, 2002, when outside bodies decided to go in?

**Mr. Rondeau:** Actually, in 2002, it is interesting where Stuart Murray, the Leader of the Opposition, clearly stated that he was comfortable with the—

**Mr. Chairperson:** Please, do not refer to people's names here, to their constituency or portfolio. Thank you.

**Mr. Rondeau:** Oh, I am sorry. I apologize, Mr. Chair. I would like to inform the member that in 2002, when the member says that we were informed there was difficulty, the Leader of the Official Opposition clearly stated that he was comfortable with the way Crocus conducts the valuation of the assets.

When asked by somebody are you comfortable with the way Crocus does their valuations? His answer was, "Yes, we are." That was on CJOB, February 15, 2002. He went on to say, "The bottom line is we are satisfied with the valuations of Crocus."

In fact, on February 14, 2002, the article in the *Free Press* by yourself also expressed confidence in the Crocus Fund, "We received information this morning that satisfies us that the share price they are selling at today is a fair valuation."

So, in fact, it would have been inappropriate where we would state as a government that they are selling at an appropriate valuation. The Leader of the Opposition and yourself, you are the only two people who said that you agreed with their valuation and said it was appropriate.

**Mr. Loewen:** Well, I would just remind the minister that it is, actually, he and his department that is the only department within government that has the authority to go in and look. I think it is unfortunate he did not instruct his department to go in and take a look. He has answered the question by simply not answering it.

So, again, we have a situation where the government ignored what they said they would do, which was to monitor the operations of the fund. With regard to the other appointee to the board of the labour-sponsored fund, Mr. Sprange, who is listed in this book, did he ever have any discussions with anyone in the department regarding the operation at the ENSIS Fund?

**Mr. Rondeau:** No, he has not.

**Mr. Loewen:** So the minister is saying that there is no communication whatsoever between these appointed directors and anybody in government?

**Mr. Rondeau:** I think we have gone over this a couple of times, but I will do it again. Bernard Wilson, the chair of the board governance organization in Canada, has said that their fiduciary responsibility is to the shareholder. It would be inappropriate to talk about what is conducted at the board meetings or directing them to do certain things at the board level from government.

We do not operate the fund. We do not control its investments. We do not control its day-to-day operations. What we do is we appoint a board member, and the board members do not necessarily represent government. What they do is they represent the shareholders. Their fiduciary responsibility is to the shareholders. It would have been inappropriate for them to request direction from a minister or the government or the Crown.

**Mr. Loewen:** Well, I remind the minister that the government is a shareholder, but, regardless of that, is he saying that there was no communication trail or has been no communication between Mr. Sprange and anyone in his department regarding any aspects of the ENSIS Fund?

**Mr. Rondeau:** What happens is the people who are working as a board representative or on the investment committee sign a confidentiality agreement so that it would be inappropriate for them to come and

take information and tell us before it was public knowledge. So, basically, their job is to work as a board member on the best interests of the shareholders, which are the people who have invested in this case Crocus or ENSIS or any venture capital fund.

**Mr. Loewen:** Well, I am asking the minister a fairly straightforward question. Is there no communication, whatsoever, between the government-appointed board members and anyone in government regarding what is going on at either of these funds?

**Mr. Rondeau:** I will give you a quote. The board member has to respect the confidentiality of the fund. This was affirmed recently by the *Free Press* when Bernard Wilson, Chairman of the Institute of Corporate Directors, said, "Board members have an obligation of confidentiality to the board and that the board members allegiance is to the company and its shareholders." I believe that is the appropriate way to conduct business. That is the professional way to conduct business, and that is how we conduct business.

**Mr. Loewen:** Have presentations ever been made by board members appointed by the government to Treasury Board?

**Mr. Rondeau:** Not related to the funds.

**Mr. Loewen:** So there is no record that board members who have been appointed by government to be the government appointee to the Crocus Fund have ever made presentations to Treasury Board?

**Mr. Rondeau:** Well, I cannot speak for what happened prior to 1999 because the Tory government was in power. But, after 1999, no board member has made a presentation about their fund to Treasury Board.

**Mr. Loewen:** No board member from either the Crocus Fund or from the ENSIS Fund has reported back to government on any of the developments of these funds?

**Mr. Rondeau:** Nothing to do with the board, the operation, or day-to-day management or the investments.

**Mr. Loewen:** Well, then, what to do with?

**Mr. Rondeau:** I do not recall that they ever have. I do not believe they ever have made a presentation to Treasury Board. If it would have, it would have had to do with their other scope of their jobs within government, but they would never have done that as far as their board representation, as far as ENSIS or Crocus board, any of the daily operations, any of the investment decisions, or anything like that because that would have been inappropriate, as I have explained by Bernard Wilson. The board has to sign a notice of confidentiality. They have to respect the confidentiality of the board, and their fiduciary responsibility is not to the government. Once they have become part of the board, their responsibility is to all shareholders in the corporation.

**Mr. Loewen:** All shareholders, including government, one would presume. Would the minister table those documents?

\* (17:20)

**Mr. Rondeau:** What documents was it that you are requesting?

**Mr. Loewen:** Well, the minister is indicating that the board members signed confidentiality agreements. Would the minister document those?

**Mr. Rondeau:** Maybe you did not understand. What happens is, the daily operations of the fund which would be the confidentiality agreements, I would not get because that is part of the daily work of—that is part of the board, that is a part of Crocus or that is a part of ENSIS. It is not to this department. They do not sign a confidentiality agreement and give it to Department of Industry, Economic Development and Mines. They would sign a confidentiality agreement with the Crocus or ENSIS board and with the fund. It is not a confidentiality agreement with the government. It is with the fund that they are representing or with the board that they are sitting on.

**Mr. Loewen:** The minister knows for sure the two board members each signed a confidentiality agreement, one with Crocus, one with ENSIS. How does he know this? If he says he has not seen it, did somebody tell him that they signed a confidentiality agreement?

**Mr. Rondeau:** Mr. Chair, that is part of the obligation they have, to sign an agreement, but whether they have signed it or not, the member

opposite has had experience with business I trust, has had experience with investments, and because of that you know when you are a member of a board, your obligation is to that corporation. You do not represent where you are coming from. You represent the best interest of the board you sit upon. You have to have confidentiality with that board. If you are an investment person, you have to have confidentiality with the investment decisions and that is how boards operate. I will repeat, you have Bernard Wilson, who is the chairperson of the Institute of Corporate Directors, and he said, "Board members have an obligation of confidentiality to the board and that board member's allegiance is to the company and its shareholders."

The person, even if they were a representative of the MFL or appointed by the MFL or the government, their job is to be part of the board and represent shareholders to the board. They do not represent the MFL. If you are a member of any corporate board, you do not represent the hat you are coming from, you represent the entity that you are sitting on the board for.

**Mr. Loewen:** Just for clarification, and the minister might want to get educated on this process, but actually who you do represent is not the corporation, you represent the shareholders. You are the agent of the shareholders, not the agent of the corporation. You should do a little research before you spout off there. You indicated that you had knowledge that both of the unit—*[interjection]*

**Mr. Chairperson:** Order please. The Member for Fort Whyte has the floor.

**Mr. Loewen:** Thank you. You indicated that both of the board members, Mr. Waugh and Mr. Sprange, would have signed confidentiality agreements. Mr. Sprange is in the room. Maybe you want to just check with him and ask him if he signed a confidentiality agreement.

**Mr. Rondeau:** Whether he signed a confidentiality agreement or not is irrelevant. The member, if he is a board member, has an obligation not to inform about the workings of the board. He has an obligation, a responsibility to the shareholder. Again, if you look at Bernard Wilson, and I quote, "Whether there is a confidentiality agreement or not, the board member has to respect the confidentiality of the fund. The

board member has an obligation of confidentiality to the board and his allegiance is to the company and its shareholders." I have read that four times now. What that means is, again I will make it simple, the board member has to represent the best interest of the shareholders. In this case, it is the 34 000 fund holders in Crocus or ENSIS. That is their job. Their job is to do the best fiduciary responsibility to those shareholders.

**Mr. Loewen:** The minister indicated that both board members have signed confidentiality agreements [*interjection*] Right or wrong? Well, you told us in the committee of Estimates that both members had signed confidentiality agreements. Was that an accurate statement, or simply do you not know?

**Mr. Rondeau:** What I said was they have to respect the confidentiality of the fund. What they have is they have an obligation to respect the confidentiality of the fund, and whether or not they signed a confidentiality agreement, they have to respect that. You cannot have people who sit on the investment committee who do not keep confidential important information. So what they have is they have an obligation of confidentiality of the board, whether or not they have one signed. Not only that, but when they are doing deliberations they cannot go and let people outside the board know what the discussion is. They cannot let them know what the day-to-day operations are.

As I explained to the member, if there is a letter of agreement or confidentiality, I do not get it. The day-to-day operations of the fund are the responsibility of the board. The daily operations of Crocus are responsible to Crocus. The daily operations of ENSIS are the responsibility of ENSIS and the ENSIS board. It is not out of this minister's office.

So the board members are appointed to Crocus. They are responsible to the Crocus board and shareholders. We do not keep a copy of the letter, so I cannot guarantee that the letters are signed or not signed. What I can guarantee is they have a right of responsibility to the shareholders and board. They have an obligation of confidentiality to the shareholders and board.

**Mr. Loewen:** Well, it was you, sir, that said they did sign. So I am simply asking you to produce what they signed. Now you say you do not know if they

signed, so that is fine. We will just take you at your word that you do not know. You just felt like saying it for the sake of saying it. In fact, when we have a board member in the room, you will not even ask him if he signed it. You know, Mr. Kilgour is at the table as your director of financial services. He sits on the investment advisory board at Crocus, the investment advisory committee of Crocus, as is listed in the prospectus. Did he sign a confidentiality agreement?

**Mr. Rondeau:** Whether or not he signed one, he has an obligation of confidentiality to the board. He has an obligation of confidentiality to the investment committee. Whether or not he signed one or not, he has responsibility not only legally but morally, he has a responsibility of confidentiality.

I will quote again. We have Bernard Wilson who has said—and by the way, Bernard Wilson is the chairperson of the Institute of Corporate Directors. He is a person who understands the rights and responsibilities of corporate directors. He has said that board members have an obligation of confidentiality to the board and that the board member's allegiance is to the company and its shareholders. It would have been inappropriate for either of these board members, if they had talked to me about the day-to-day operations. It would have been inappropriate if they had talked about the investment decisions, and so that has not happened.

Now if the member really wishes to, I can look at Mr. Kilgour and ask him if he signed a declaration. Whether or not he has, he has the obligation of confidentiality.

**Mr. Loewen:** Well, as you made the offer, sure, ask him.

**Mr. Rondeau:** Yes, Mr. Kilgour has, but again I reiterate, it would not have made a difference whether he has or not. He did not send to the minister's office a copy of the confidentiality agreement because that would be the operations of the fund. That would be day-to-day management. It is not something that is controlled by the minister's office. He has an obligation of keeping confidential the investment decisions of the fund. It would be unprofessional and improper for him to talk to the minister or anyone else about the investment decisions or the day-to-day operations of the Crocus Fund.

**Mr. Loewen:** I did not ask that. I just asked a simple question, and I thank Mr. Kilgour for indicating. It could have been answered in two words. Does the minister believe that the board member would have had an obligation upon first learning that there were problems with evaluation to go immediately to the Securities Commission?

**Mr. Rondeau:** I believe that is something the ongoing investigations of the Manitoba Securities Commission and the Auditor will find out and give us appropriate information that will help.

In fact, the question in Question Period about education of board members and people on investments, I think part of the education process is to make sure that people know the rights and obligations of board members, of investments and investment decisions and I think that is appropriate to continue the education of all people so they understand investments because it is complicated.

**Mr. Chairperson:** The hour being 5:30 p.m. the committee rise.

#### INTERGOVERNMENTAL AFFAIRS AND TRADE

\* (14:50)

**Madam Chairperson (Bonnie Korzeniowski):** Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 255 will be considering the Estimates of the Department of Intergovernmental Affairs and Trade.

Does the honourable Minister of Intergovernmental Affairs and Trade have an opening statement?

**Hon. Scott Smith (Minister of Intergovernmental Affairs and Trade):** I, in fact, do. This has been an extremely busy department covering a number of issues, and certainly I would like to put on the record some of the initiatives we had over the last period of time.

I am pleased to present to all committee members here today for consideration the Estimates of the Department of Intergovernmental Affairs and Trade for '05-06 fiscal year.

The remarks will be as brief as possible, but the strong local governments are critical certainly to

Manitoba's position in the Canadian, North American and world economies. My staff's expertise in trade, in international activities and programs provides a single-window access and face to Manitoba's international activities and internal trade pursuits.

One of our key priorities is delivering targeted programs and services to support Manitoba businesses in becoming export capable and diversifying into international markets. Manitoba trade and investments, certainly the results are showing. Manitoba continues to be Canada's most diversified economy in manufacturing, agriculture, mining and electrical power.

In 2004, Manitoba's foreign merchandise export totalled \$9.85 billion, representing an increase of 7.5 percent over 2003. Foreign merchandise and services exported are major economic drivers and continue to be significant contributors to Manitoba's gross domestic product, accounting for 27.8 percent of our provincial GDP in 2004. As well, in 2004 we increased merchandise exports to the United States over the previous year, which translates into 73 percent of our total merchandise exports.

Manitoban companies realize the need to diversify markets, and clearly they are being successful. Manitoba's non-U.S. destined exports are up 27 percent of our total foreign exports. Countries such as China, Hong Kong and Mexico experienced a dramatic increase and demand for Manitoba products. We are always looking for improvements over last year's numbers. My department recently launched the Exporter Development Initiative aimed at increasing the number of export-ready companies and increasing market diversification by experienced exporters. We are undertaking a broad consultation with companies in priority sectors to identify export capabilities and review priority markets. We are encouraging increased co-ordination of public- and private-sector export delivery programs and services to the Manitoba business community.

Out of these collaborative efforts we have revised our Trade Assistance Program, TAP, to broaden eligible criteria which now include developing promotional materials and Web-enabled marketing. We will continue to look at areas of improvement in services and programming we provide to support our companies in achieving success in their export endeavours.

Canada and the U.S. and international relations: It is our goal to foster strong, positive, co-operative relationships with the United States and other international partners. To this end, we are providing leadership in the implementation of the province's international agenda. We are ensuring co-operation, communication and co-ordinated efforts between departments and others involved in international activities, as well as with our international community and federal government.

Promoting a government-wide approach to international activities, emphasizing sharing of knowledge, corporate mission planning, and consistent marketing is working; co-ordinating, marketing and reporting on the international activities undertaken by the provincial departments and provide strategic policy advice, analysis and support to manage relationships with other jurisdictions.

Manitoba is proud of its strengths and of its reputation in the global community. We will continue to enhance our image internationally and promote our interests around the world. We will maximize Manitoba's success rates in other markets by (a) enhancing our services to Manitoba businesses so they can achieve greater success in securing international project funding, (b) identifying Manitoba's niche capabilities and developing alliances, consortia, and both public and private partnerships around these capabilities to maximize success rates in securing international projects, and (c) building upon the many government-to-government relationships that Manitoba has nurtured and been very successful at. As well, we will supplement our private-sector capabilities with government expertise and services to help our private sector get their foot in the door.

On the international education branch, a comprehensive international education strategy is being developed. We continue to target Germany at the secondary level and certainly India and the United Arab Emirates at the post-secondary level. Follow-up initiatives are planned for fall 2005 which will build on successful marketing events that were held in each of these countries in the fall of 2004. Educational agencies and certainly educational agents who met with Manitoba school division representatives in Germany last fall will be invited to visit Manitoba in October 2005 for a familiarization tour. A request for proposals has been issued for establishing a stronger identity in India and the UAE

in order to attract more international students and training contracts from these two important markets. International student enrolments continue to show healthy year-over-year increases in the neighbourhood of 20 percent to 25 percent.

In international trade, another key trade priority is promoting Manitoba investment opportunities to increase inward investment and employment. Manitoba is the only province in Canada that exports more in goods and services to other provinces and territories in Canada than to other countries. Preliminary estimates for 2004 indicate that Manitoba exported \$12.1 billion in goods and services internationally and \$11.1 billion internationally. That is information from the Manitoba Bureau of Statistics.

\* (15:00)

We continue to be at the forefront in addressing barriers to international trade. The Council of the Federation identified internal trade barriers as one of their first priorities, and Premier Doer, along with Premier Lord of New Brunswick, has taken the lead on this initiative.

In 2004, premiers developed an international trade work plan identifying key issues, necessary actions and specific time lines. Again, on the effort to address internal trade barriers, ministers agreed to move forward on the issue of procurement by Crown corporations, and the federal government has now agreed to join with the provinces in this initiative. Together, these steps will add an estimated \$20 billion in annual procurement that already is covered by the agreement on internal trade. Manitoba suppliers will continue to reap the benefits of an open government procurement market across Canada. Premier Gary Doer, along with Premier Lord of New Brunswick, again continues to lead this initiative and issued a progressive report on behalf of the council at the Federation in August 2004.

A great deal of work continues to be done under the Council of the Federation initiative. The work plan tasks provincial and territorial ministers of the priority actions that include internal trade barriers in a wide range of areas, including agriculture, energy, business subsidies and the recognition of foreign credentials.

Ministers will meet in June to review progress of these issues and will continue to provide regular

reports to the Council of the Federation, which will remain closely involved to ensure continued momentum.

Ensuring an open market is very important, Madam Chair. We have faced a number of important challenges in ensuring open markets for Canadian exports internationally. In particular, we continue to face significant barriers in our exports to the U.S., especially, for our major agriculture exports.

In addition, 2005 promises to be a critical year for the Doha round and trade negotiations under the World Trade Organization, for progress on issues like agriculture subsidies are vital to the long-term future of Manitoba agri-food industries. In response, we are actively engaged with the federal government and with other provinces in pursuing all avenues both to open the U.S. markets for Canadian exports in cattle, hard red spring wheat, hogs and softwood lumber and to advance Canada's interest in the WTO negotiations.

We have, as well, participated in trade dispute panels under the World Trade Organization and under the NAFTA to reverse protectionist U.S. trade actions. While we have scored some important victories, the dispute settlement process is, unfortunately, a very slow process. It is important to recognize that while these trade disputes take on a very high public profile, they still represent only a relatively small portion of our total exports. In the coming year, we will work to continue to ensure Manitoba exports and exporters have open and secure markets, both internationally and interprovincially.

Madam Chair, in terms of Intergovernmental Affairs, my government has a long-term vision of ensuring responsible government and building sustainable communities. We are working together with other levels of government and various stakeholders to create a climate that fosters positive growth and seeks to retain the youth in our communities to ensure Manitoba's ongoing vitality, and certainly, our vitality into the next generation.

We have tried to help on, essentially, three fronts: (1) governments and capacity building; (2) improved legislation; and (3) funding supports to municipalities and the City of Winnipeg. The governance and capacity-building certainly are strong. Healthy municipalities equipped to address

the emerging challenges of a rapidly changing society are key to the long-term sustainability of Manitoba communities right across our province.

Departmental initiatives in '05-06 will strengthen the local government framework. We will also continue to provide ongoing support, certainly, processes such as property reassessment and emergency planning. In our governance and capacity-building, strong, healthy municipalities equipped to address the emerging challenges of a rapidly changing society are key to the long-term sustainability of all Manitoba communities. To this end, we are reviewing and expanding our Tools for Change program, developed in partnership with AMM, to help municipalities build local decision-making capacity. Here we tried to simplify information that gets collected to give both councillors as well as rate payers an easier way to evaluate the performance, the service paid for by their tax dollars in their communities, distributing a new and improved municipal statistical information guide, and are also in the process of redeveloping our Web site. We hope that the improvements we have made here will complement the Tools for Change package. In the spirit of promoting accountable governance models, this information will prove invaluable to local councils and CAOs in evaluating their R.M.'s performance, setting standards and making changes that promote sustainable local government.

Ongoing support from our Manitoba Emergency Measures certainly has been there, whether it is preparing for a flood, or any other emergency, public safety is among the highest priorities for this government.

Our stability and security comes with the confidence needed to grow, and our government is committed to working with our partners to create a climate that will foster prosperity in our province. To continue to be involved in ongoing administration of two disaster financial assistance programs, in 2004, spring flood, and in 2003 the trappers' cabins program, EMO has taken on a new responsibility for administering compensation for operation of the Red River Floodway. EMO worked to coordinate provincial departments to provide some limited emergency response to flooding this spring, and continues to work with municipalities to get their impact assessments completed and determine if DFA should be considered.

EMO has been active, nationally, in building the PT consensus of emergency management issues. A joint work plan was endorsed by the ministers and staff from Manitoba, and staff from across the country has been aggressively working on this issue and other matters of mutual concern. Progress has been included in areas of development and improvement in the emergency response framework.

For the federal government: including an interface between the provinces and the federal government leading DFA renegotiations in particular, ensuring that no downloading from municipalities occur as a result of the change to the cost-sharing formula; taking the lead on the national discussion on public alerting, which has resulted in the implementation of a plan to create a national public alerting capacity.

Other significant federal, provincial and territorial initiatives include development of a national disaster mitigation strategy; building chemical, biological, radiological, nuclear response capacity; building urban search and rescue capacity; and improving critical infrastructure protection is also key.

Ongoing support in 2006 reassessment: our department is certainly gearing up for the province-wide 2006 general property reassessment which, as you know, is a complex process undertaken every four years. The 2006 reassessment will update the market values of properties as the 2003 reference year. The reference year for 2002 assessment was previously 1999. Assessors located in 10 district offices are responsible for assessment of properties outside of Winnipeg. They are responsible for the assessment of approximately 390 000 properties. The production of the quality assessment role is very important, not only for property owners, but also for municipalities and school divisions. They rely on a stable base for their budgeting purposes.

A communication strategy is being developed to assist property owners, the general public as well as key stakeholders and government officials in understanding reassessment. This includes: preparation of assessment notices for all property owners; a public brochure in open houses held throughout the province between April and June; the assessment Web site to answer FAQs and to provide contact information currently on-line; media documents for

all Manitoba papers to coincide with mailing assessment notices.

On the assessment fact sheet currently available on various topics to assess municipal offices is answering many queries. Preparation of tax impact reports for review and discussion with municipal councils through May to July. The City of Winnipeg is responsible for their own assessments, and they have developed a similar communication strategy, which includes preview letters for property owners, open houses, an assessment website, meeting with the commercial property owners, and the preparation of an assessment notice.

For improved legislation, the goal here is to provide local governments with a legislative framework that is enabling, flexible and forward-thinking, ensuring municipalities have the appropriate tools to be proactive and address their local circumstances, ensure the long-term health and sustainability of our communities.

As part of providing an ongoing and enabling legislative framework, we are working on rewriting two of our acts: The Local Authorities Election Act, now known as Bill 29, The Municipal Councils and School Boards Election Act; and The Planning Act and combined partnership legislation.

Bill 29, The Municipal Councils and School Boards Election Act. Our goal here is to modernize local election laws that are out of date and no longer sync with today's available technology. I am pleased to report that we have introduced our new bill, so that we are well on the way to having a new legislation in place for the 2006 general municipal election.

\* (15:10)

In terms of The Planning Act, critical initiatives in the area of planning demonstrate our ongoing commitment to providing local governments with an effective land use planning framework. Our planning resources are focussed on the following priority areas. First, we are working to introduce phase one of a new Planning Act in the upcoming session. There are a number of goals guiding and rewriting the act. We want to maintain the current balance between provincial and local interest. We want to make the legislation more enabling and less

prescriptive and increase the flexibility of councils to respond to local concerns.

We believe the legislation has to support open and accountable decision making. We believe that stewardship of our natural environment in the interest of long-term economic and environmental sustainability is best served by giving municipalities the tools they need to do better up-front planning for livestock operations. We are committed to improving standards to protect drinking water, ground water and our treasured network of lakes and rivers, in particular, cleaning up Lake Winnipeg.

The new Planning Act is one part of how we, as a government, work toward that goal. Purpose is clarify the requirements for better up-front planning and ensure development plans are adopted for all municipalities and is completed and complemented by beginning to roll out provincial water quality management zones that will help municipalities to update their development plans.

The new approach will enhance municipalities' ability to effectively deal with the challenges they face in balancing competing local interests. It will ensure the local people are actively engaged in the planning process. We are also proposing a companion change to The Planning Act with provisions to enable the development of regional strategies around the areas of common interest. This will be of particular interest to the municipalities of the Capital Region and other urban centres in regions around the province.

Capital Region partnership legislation, as well, is implementing a recommendation that came out of the RPAC report. It sets out the mandate for the partnership organizations as follows: to create a forum for the sharing of information as well as discussion and resolution of regional issues, to promote co-operation between partners, to promote tourism and a sustainable economic development and to conduct research in Capital Region issues and to foster public awareness.

The new legislation requires the mayors and reeves of the 16 municipalities within the Capital Region to develop a report and recommendations on the membership, organization, and government's structure to the Capital Region partnership but allows for the report to be made even if there is not full participation of the 16 municipalities. The legislation

allows the report to recommend a partnership membership that is different from the current 16 municipalities. On receipt of the report and recommendations, the minister may recommend the Lieutenant-Governor-in-Council establish the Capital Region partnership by regulation.

The regulation establishing the partnership will set out its membership and its governance. It will also require regular reporting on the partnership's goals and progress towards these goals. I discussed this framework at the recent meeting with the mayors and reeves at the Capital Region and look forward to working with them to build the partnership needed to strengthen regional co-operation.

We are meeting regularly with the mayors and reeves of the Capital Region to assess and identify new ventures of regional interest. Just recently we agreed to jointly acquire a computer application that will allow us to evaluate various planning scenarios and improve co-operation, collaboration among all shareholders.

For planning to be effective in the Capital Region and throughout the province, we must work in partnership across government departments, with planning authorities and municipalities, with citizens and stakeholders and stakeholder groups. We believe that building regional strategies will help us to strengthen those partnerships and ensure future growth is managed, balanced and sustainable.

In terms of funding to municipalities, we provide significant capital and operating support to local government. This gives municipalities more flexibility to provide the services its citizens want and need while keeping property taxes reasonable.

As municipalities across Canada are talking about a new deal for municipalities, Manitoba continues to lead the country in innovative partnerships. Since 1976, this Province has provided a steadily increasing share of tax revenues to municipalities. It is important to note that we continue to provide ongoing operating support to municipalities through the unique tax-sharing programs.

In 2005, all municipalities will receive a share of growth revenues through an expanded revenue-sharing framework. The new Building Manitoba Fund will provide municipalities with a share of provincial tax revenues including provincial

corporate and personal income tax revenue and provincial fuel tax revenues. Overall, the Building Manitoba Fund will provide almost \$119 million in '05-06. This includes \$8.4 million in new support for municipalities, \$3.7 million through the income tax sharing component and \$4.7 million through the new fuel tax sharing component.

The new fuel tax component of the Manitoba building fund replaces previously flat transit and road grants, and increases them by \$4.7 million overall this year. Now that they are converted to the dynamic new tax sharing, there will be future growth potential for them. Overall, municipal transit grants in 2005 will increase by 15 percent, the first significant province-wide increase in over a decade, providing new resources to cities with transit systems which include Winnipeg, Brandon, Thompson and Flin Flon.

All municipalities except Winkler, which has declined payment, will continue to receive a share of net provincial VLT revenues provided on an unconditional basis. VLT payments will increase \$3.9 million in 2005. This means a 34 percent increase to Winnipeg over '04, and a 24 percent increase to all other municipalities in '04.

The Province also shares 100 percent of provincial fine revenues with municipalities responsible for providing their own policing. Municipalities can decide on how to use these funds. Direct support for policing will be increased this year and next providing new and ongoing funding for officers in Winnipeg, Brandon, rural Manitoba and the North. Winnipeg certainly will receive the greatest number of those police officers, and it will also receive 5 percent of the net share from the Winnipeg casino revenue increasing to a 10 percent share in 2006. Manitoba's financial support to municipalities helps to fund locally determined priorities like police, public safety, street and road repair, transit and community facility upgrades.

Our Neighbourhoods Alive! revitalization program has been incredibly successful. Neighbourhood revitalization is a particular focus for our government. We understand that it is neighbourhood residents themselves who know best what is needed in their communities and to renew those communities. There is no one-size-fits-all answer. What works in Winnipeg or Brandon may not work in other municipalities. Each is distinct and has

different priorities and needs. We believe that locally developed solutions work best, and that is why we have employed a variety of approaches right across the province.

A good example of this community-driven approach is the Neighbourhoods Alive! initiative. Funding under NA is making a significant contribution to the revitalization in neighbourhoods in the inner-city of Winnipeg, as well as in Brandon and Thompson. Since the launch of NA in 2000, my department has contributed over \$15 million to support 365 projects that are strengthening neighbourhoods in need. Government-wide, including support through Lighthouses and housing, the government has invested \$25.4 million through Neighbourhoods Alive!

In Winnipeg, the NA projects target some of the highest-needs neighbourhoods. All five of the Winnipeg Neighbourhoods Alive! neighbourhoods have been classified by the City of Winnipeg as major improvement areas based on a variety of social and economic indicators. However, there are a number of other inner-city groups and neighbourhoods facing the same kind of challenges. Neighbourhoods Alive! is having a positive impact in all the communities.

Our government also continues to partner with the City of Winnipeg to implement the Building Communities initiative. The BCI works in six neighbourhoods, neighbourhood clusters that shoulder the inner-city, ensuring that they are stable and healthy by providing capital support to housing and public and community facilities. To date, BCI has funded 675 home-improvement projects increasing the lifespan of homes valued at less than \$90,000. It has also supported the development of neighbourhood plans for each neighbourhood that identify priority public community infrastructure programs. Over 100 projects are now being implemented with BCI funding. This includes playgrounds, school site renovations, park ground improvements, street-scaping and several larger-scale projects.

In terms of economic development, the department is working with Ottawa and Winnipeg to roll out a five-year urban-development agreement for Winnipeg that will commit \$75 million in support of the community in economic-development projects. This is the second year of the five-year, \$50-million Canada-Manitoba Economic Partnership Agreement.

The EPA provides matching federal-provincial contributions, in partnership with stakeholders across the province, to strengthen Manitoba's economic diversity by focussing on two key strategic priorities: building our economy and sustainable communities.

\* (15:20)

So far federal and provincial governments have supported some 13 EPA initiatives leveraging about \$20 million in spending in a variety of sectors: manufacturing, the professional arts, industry, northern forestry, research and development, Francophone and greenway tourism initiatives.

We look forward to supporting additional projects in the coming year, as well as seeing impacts of the economic initiatives underway. These agreements do demonstrate the very unique and successful intergovernmental partnerships that exist in Manitoba.

In terms of our infrastructure in Manitoba, it is important to every Manitoban. In recognition of the infrastructure needs of our communities Manitoba provides significant capital funding support, knowing that safe, reliable and accessible infrastructure works are key elements of a strong community.

Since 2000, 178 infrastructure programs throughout Manitoba have been funded through our Canada-Manitoba Infrastructure Program. Appreciating the urgent and ongoing need for local infrastructure improvements, Manitoba worked hard to quickly conclude negotiations to the new agreement with the federal government. In December, we were the second province to enter into the new Municipal Rural Infrastructure Fund, the MRIF, with the federal government.

Again, we have our highly effective local consultative committee, consisting of representatives from the Association of Manitoba Municipalities. The Northern Association of Community Councils are working hard reviewing and recommending rural and northern projects selected from an early intake deadline which did end March 15. We hope to get these infrastructure recommendations announced with our federal partners so that some of the new MRIF projects can proceed this summer.

In support of city of Winnipeg infrastructure, we have announced \$165 million in tri-level funding for three significant, strategic infrastructure programs

under the Canada Strategic Infrastructure Fund: the Kenaston underpass, upgrades to Winnipeg's waste water treatment system, and critical recreation and leisure facilities. The Kenaston project is underway with construction about to begin, and design work is proceeding on the improvements to the city of Winnipeg's waste water treatment system.

Madam Chair, just in conclusion, as you can see, we have been very busy. That concludes my remarks, and I do look forward to the opportunity to highlight, to the committee, the many Intergovernmental Affairs and Trade's commitments to Manitoba during the consideration in our 2005-2006 Estimates. Thank you very much.

**Madam Chairperson:** We thank the Minister of Intergovernmental Affairs and Trade, for those comments.

Does the official opposition critic, the honourable Member for Arthur-Virden, have any opening comments?

**Mr. Larry Maguire (Arthur-Virden):** Yes, Madam Chair. I have a few comments that I would like to put on the record, and then I would move right into questions.

I would like to thank the honourable minister for his remarks and the presentations today in the healthy portfolios that he handles. As I can see, as he just concluded in his closing remarks of his opening statement, that he feels that he has been very busy in this department. I think one of the things that I find in listening to the presentation is that there are a great many programs and a great many issues that he is dealing with, as he pointed out. I am sure he will have no problem with us going global when we get further into the discussion on Estimates because there is a wide range in topics that he has just pointed out.

I think one of the things that I will be asking him about is some clarification around why some of those programs are in his department and what is the decision-making process for him speaking about issues that, certainly, appeared as if they might have been dealt with in other areas. Of course, Intergovernmental Affairs, as has been pointed out, is a very wide-ranging department, and it is perhaps hard to nail some of those issues down from time to time.

Madam Chair, I am certainly as concerned about trade opportunities in Manitoba as the minister is,

and I guess from our side of the House we want to have it on the record that we see great opportunities here in Manitoba for a vast array of new exports and new businesses in Manitoba with the proper incentives and the proper opportunities that a government plays a role in in attracting businesses to Manitoba and in supporting those who want to make new products for here in Manitoba or export those products from a trade perspective. I will be asking the minister some questions in that regard.

I think it is important, when we talk about the issues of trade, we cannot do it without speaking of the context of trade relationships with our neighbours. I know that the minister pointed out that he believes that they have made positive efforts in that area and I will deal with that further. I think there is a bit of a conflict there in the fact that we are suing some of our American neighbours over some of these particular areas of concern at the same time we are trying to promote increased trade with them.

So I have some difficulties in the conflict of interest, as I see it, between—of course, that may be between various departments and not within his entirely. I certainly respect the situation that he is faced with, that he is only one member of Cabinet and is not fully in charge of being able to make those decisions, or I am sure the minister might have made them differently.

There are concerns, I think, Madam Chair, about the issues of the growth of Manitoba and our future ability to maintain the opportunities that we have. I will address that in some of the questions I have as well.

Certainly, the issues of the bills that the minister has outlined, some of the bills that he has outlined that he has before the Legislature, and I will be asking him questions on those when we get together on the spreadsheet presentations and in the opportunity that we have to meet with him personally on those with his department. He has been busy, and I look forward to the opportunity to deal with a number of the bills that are before the House.

I guess I would be remiss if I did not say that I am somewhat baffled by the fact that the minister has brought back Bill 33, known as The Planning Act, in Manitoba when his first order of duty last fall was to kill Bill 40, The Planning Act, under the auspices that it could be dealt with under Bill 22, The Water

Protection Act. We will have some discussion on that, I am sure, at a later date as well, Madam Chair, maybe later this afternoon.

So I am going to just say, in closing my opening remarks because I would sooner get into questions—I know that there are a number of members that will be asking questions as well. I would just like to say that I think from the Intergovernmental Affairs circumstances of government today that Manitobans are looking for a clear direction on some of these issues as opposed to, perhaps, conflicting views.

I know that the department has worked very, very hard in regard to putting the effort that they have into some of the bills that this minister has had to deal with. I guess the Manitoba public are a bit sceptical about what they see before them when the first order of business is that the minister kills the first bill that was to deal with land use in rural Manitoba.

I think it is incumbent that, as the minister who is dealing with land issues in all of Manitoba, we get a very clear direction from him on exactly how he wishes to proceed in the province of Manitoba on that in the future.

Madam Chair, if I could just say that I think that there are a couple of other issues that I want to talk about. Of course, one I alluded to earlier is the trade relationship that we have over probably the single biggest issue in rural Manitoba today, the issue of slaughter plant capacity and expansion of it, under Intergovernmental Affairs working with R.M.s and other groups to bring that forward.

I know that the Minister of Agriculture (Ms. Wowchuk) has dealt with some of these in Rural Initiatives as well, but, as I heard the minister's opening remarks, he alluded to a number of these areas that other ministers are in charge of and looking at.

So I just wanted to note that there have been no spades put in the ground, if you will, in relation to the beginning of the Rancher's Choice plant in Dauphin and that the minister in charge of Intergovernmental Affairs could take a leadership role in this whole area in regard to bringing other departments together to begin such a project because it is very important to the future of this industry in Manitoba. I think it goes part and parcel with the

relationship building that he was talking about earlier.

I would say as well, Madam Chair, that the issue of education taxes is an opportunity to develop more of our rural opportunities in Manitoba. I believe that I will allude to the fact that the New Democratic Party has given consent to many tax hikes in the past, so I think that some of the latest ones are just pretty much a parallel of what the direction would be from this minister's government. I want to ask him some questions about that in the future as well.

\* (15:30)

I think that, in relation to that, a big concern that I have as Intergovernmental Affairs critic for rural Manitoba is the education tax, the move that has been made by this minister. I just want to put it on the record that we will be asking questions around why this tax was not eliminated, Madam Chair, and just exactly what some of the thinking was behind the minister making the announcements that he did. So, if we could move into questions on this department, I will leave it at that for my opening remarks.

**Madam Chairperson:** We thank the official opposition critic for those comments.

Under Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of a department. Accordingly, we shall defer consideration of this item and proceed with consideration of the remaining items referenced in Resolution 13.1. At this time, we invite the minister's staff to join us at the table, and we ask that the minister introduce his staff present.

**Mr. Smith:** Thanks very much. We have staff from Trade, Emergency Measures and Intergovernmental Affairs here with us today. We will start with associate deputy minister of Federal, Provincial and International Relations. Diane Gray is with us. We have Chuck Sanderson. He is our executive director at EMO. We have Marie Elliott, Deputy Minister of Intergovernmental Affairs and Trade, and we have Denise Carlyle, which is Administrative, Financial and Human Resource Services. We have Angela Mathieson with us today. And a bunch more back there.

**Madam Chairperson:** We will now proceed to the remaining items contained in Resolution 13.1 on

page 106 of the main Estimates book. Shall the resolution pass?

**Mr. Maguire:** I appreciate the minister introducing the staff to me, and welcome to Estimates. I appreciate your attendance here and the diligent work that you do throughout the year. I look forward to the number of bills the minister has to deal with in the coming session, as well. We look forward to the spreadsheet availability and this opportunity to discuss those with you in his office, or wherever we can arrange to do that.

I would request, Madam Chair, that we do go global with the discussion today, although my opening areas will be, I think, as much in Intergovernmental Affairs and perhaps not as much in Trade due to our Trade critic is Mr. Loewen, the Member for Fort Whyte. The Member for Fort Whyte, excuse me for using his name. There will be, as I said in my opening remarks, some issues around a few of the trade issues.

**Mr. Smith:** Just for clarification, we do not have a problem with looking at the Estimates globally, but we do have staff from Emergency Measures, we do have staff here from Trade and we do have staff here from Intergovernmental Affairs. So the critic, what you are saying is you would like all the staff to remain, and you will be asking questions in all of those areas.

**Mr. Maguire:** Madam Chair, if we could today, I think that would be appropriate.

**Madam Chairperson:** Is it the will of the committee to have the discussion globally with all staff present for today? *[Agreed]*

**Mr. Maguire:** I guess there are a few housekeeping issues that I would like to do in regard to my opening group of questions around staffing and that sort of thing in this department. I wonder if the minister could indicate to me how many vacancies he would have in the department at the present time.

*Ms. Kerri Irvin-Ross, Acting Chairperson, in the Chair*

**Mr. Smith:** Madam Chair, between Trade and Emergency Measures Organization and Intergovernmental Affairs, presently we have 6.5 vacant positions.

**Mr. Maguire:** Has that been a fairly consistent number? Have there been recent hirings, or has that been about where it has been throughout the last year?

**Mr. Smith:** Obviously, staff in a large department with a lot of employees goes up and down, certainly through a lot of different reasonings. Last year, there were about 17.5 staff vacancies, and this year there are about 6.5 vacancies, so whether that is close or whether it is not, those are the numbers.

**Mr. Maguire:** Can the minister indicate to me just where the 6.5 would be? We can see some of them in the Supplementary Estimates.

**Mr. Smith:** The Urban Strategic Initiatives has 1.5. The Community and Land Use Planning Services division has 1. The Provincial-Municipal Support Services division has 1. The Municipal Finance and Advisory Services branch has 1, and the Emergency Measures Organization has 2.

**Mr. Maguire:** Can the minister just outline for me his executive assistants and staff from that side of his department?

**Mr. Smith:** I have one executive assistant, Margaret Richards. I have one special assistant, Greg Merner. Within my department, there are Margaret Ali, Lisa Rowe and Diana Metzler.

**Mr. Maguire:** I thank the minister for that. Have there been any changes in that since he came in, in the fall?

\* (15:40)

**Mr. Smith:** Madam Chair, Audrey Paynter left the department in May of 2004, Linda Freed in October 2004, and Joseph Warbanski in October 2004.

**Mr. Maguire:** Could the minister indicate then who replaced them?

**Mr. Smith:** Margaret Richards replaced Audrey Paynter. We had Lisa Rowe replace Linda Freed, and we had Greg Merner replace Joseph Warbanski.

**Mr. Maguire:** Can the minister indicate to me then of Ms. Paynter, Freed and Warbanski, if they went to other departments or just where they went?

**Mr. Smith:** We had Joseph Warbanski that was transferred to the Department of Industry, Economic Development and Mines. We had Linda Freed that was transferred to the Department of Healthy Living in our reorganization, and we had Audrey Paynter that is now laid off.

**Mr. Maguire:** Can the minister just indicate to me the reason for the layoff of Ms. Paynter, or was there a retirement there?

**Mr. Smith:** It was an executive assistant, certainly, who chose to find other employment.

**Mr. Maguire:** Has that person been successful in that, you know, what position they have or where they went to?

**Mr. Smith:** Just to say to the member, it is not something that I have personally followed. I am not sure where she is now.

**Mr. Maguire:** I wonder if the minister could just indicate the Westman Cabinet office personnel for me.

**Mr. Smith:** We have 2.5 positions at the Westman Cabinet office right now: Donna August, who is full time; we have Lonnie Patterson at full time; and we have Michelle Scott at 0.5.

**Mr. Maguire:** Can the minister indicate for me, first of all, can he give me some indication of the number of members on the Municipal Board?

**Mr. Smith:** I believe that there are 43 appointments on the Municipal Board. We will get the exact number for you. There is a chairperson and five vice-chairs on the Municipal Board for the total of 43, and then the amount of staff, we can get the exact numbers as we speak.

It is correct. There are 43 in total. Mr. Peter Diamont is the Chair. The Vice-Chair is Mr. Denis Guenette and there are 41 part-time members. The part-time members, as you know, are appointed by Order-in-Council. Did the member from Arthur-Virden ask for staff? We have that as well.

**Mr. Maguire:** That was my next question, Madam Chair.

**Mr. Smith:** In total staff at the Municipal Board, there are nine staff including the chair, which is Mr. Peter Diamont, and vice-chair for a total of nine.

*Madam Chairperson in the Chair*

**Mr. Maguire:** The minister has indicated there are nine staff including the chair and the vice-chair. I wonder if he could just provide us with a list of the personnel, I know they are appointed by Order-in-Council. He does not need to read them all out to me now, but if he could provide me with just a copy of the personnel that are presently appointed to the Municipal Board of Manitoba, as well as the staff.

**Mr. Smith:** We could provide the member with the list. There are 43 board members. We can certainly provide him with that list. From the employees, from the nine, only one is Order-in-Council. That is the chair, Mr. Peter Diamont. The other eight are provincial staff and certainly we would be more than happy to provide him with those names.

**Mr. Maguire:** I thank the minister for that. If he could do that I would appreciate it. I just have another question for the minister. Have there been any staff changes on the Municipal Board since he became a minister? Have you had the opportunity to change or have to change any, or have there been any retirements there?

**Mr. Smith:** In terms of the board itself, there have not been any changes since I have taken this office. In terms of the Municipal Board employees, there have not been any changes since I have come into this office.

**Mr. Maguire:** Can the minister just remind me what date he was sworn in as the minister?

**Mr. Smith:** Certainly, it was in October of last year. We can get him the exact date of when that swearing in was. I know it was a grand day for me. It was a grand day for some of our other colleagues that were sworn in on that day. Between me and a few of the other colleagues, we remember the cake but we cannot remember the exact day, but we will certainly get that information for you.

\* (15:50)

**Mr. Maguire:** Well, that would put the icing on the cake then for me, thank you very much, if you could bring that date forward. I am sure that it is readily available to me as well.

I guess the only question that I would have for the minister is, he seems happy about the move. I enjoyed dealing with Transportation with him in his previous portfolio, and so I just wondered if he has any regrets in regard to the move away from Transportation.

**Mr. Smith:** This is something I could go on for some length, I know the member does not want a long-term discussion on this, but, certainly, it is the fourth appointment I have had in government and, being a previous municipal councillor for a number of years, this is a department I am extremely happy to be in. Obviously, Transportation was a very good department, and I had a good relationship with many of the municipal folks that are out there.

Being in the chair that I am in now, and knowing the system of the Association of Manitoba Municipalities, and being a previous director with the Federation of Canadian Municipalities, it is something that I very much value. It is dealing with a lot of grassroots opportunities that are out there and communities that we have in the province and knowing a lot of the issues.

So the Trade side has been spectacular. Certainly, with working with Trade, a lot of the economic development initiatives that I looked at in my previous department are now following me into this department and it is continuing on. On the EMO side, it is something that I have a fair, extensive background in and really enjoy.

**Mr. Maguire:** Thank you very much, Mr. Minister. I notice that sometimes our discussions can get fairly lively, so I thought to add a little bit of levity to your situation.

I said, I guess, in regard to living in Brandon West and having to redo 18th Street's pavement while you were the minister was a bit of a concern to some people. I am sure it is something that you have looked at. I respect the fact that a couple of ministers before you, there was some work being done on a highway out near where I live now as well. I appreciate the extensions on No. 1, but we will not go back into the Transportation discussions, I will have that with my other critic responsibilities with the Member for La Verendrye (Mr. Lemieux) later on.

But, I guess, I would say that there seemed to be a parallel there to something in that area because the

first act that you had to do as a minister in this area was to kill Bill 40, The Planning Act. I know it has been reverberating around Manitoba that if you cannot plan The Planning Act, what can you plan?

I guess I just wanted to ask the minister, you know, what precipitated his decision to kill that bill.

**Mr. Smith:** Certainly, in terms of building Manitoba and moving Manitoba ahead, it has been this government—when we talk about some of the transportation issues and the issues that are out there, it is interesting that, in Brandon West and Brandon East, 18th Street, in fact, one side of the highway is in Brandon East and then, sometimes, as you travel through Brandon, one part of it is in Brandon West. The member has, very close to his home, the twinning of Trans-Canada Highway, and I guess you can look at that transportation end from this department as an economic opportunity, investment in the province of Manitoba.

Certainly, I think it has been cajoled and joked about that the member from Arthur-Virden better move his bird bath because the highway is just about going right through his front yard. One of the largest investments in Manitoba's history, right through the member of Arthur-Virden's constituency, is a good investment, some \$40 million, as I recall. A good one for Manitobans, my community and many of the other communities around Manitoba. The date that we had come into this office was October 12, I am informed, for the member, so he can write that date down.

In terms of The Planning Act, it is of some interest to look at The Planning Act in its entirety. I found, coming into the office, the last time The Planning Act in any substantial way was dealt with some 30 years ago. Certainly, municipalities and many of the folks in AMM and others were looking at fairly substantial changes. A lot of work was done over the last two to three years with the municipalities in many forms, many ways.

I look at good legislation as something that is critically important to myself and critically important to all Manitobans. I can tell the member that, certainly, when you deal with what was formerly Bill 40, it is incorporated in The Planning Act very substantially, but one thing we continue to do with this side of the House and in this government is

listen to communicators and people out there and everyone right across Manitoba.

So it includes what was potentially or was Bill 40 in this act. It is strengthened in many ways. When you look at the combination of how many of the acts are fitting together through Water Stewardship, which is critically important to Manitoba and protection of our environment, and, certainly, moving ahead in Manitoba, not only in the livestock industry, but in all development and in every development right across the province, there were many considerations taken. I believe that The Planning Act is something that has been asked for by a lot of AMM for a number of years. It is critically important that we have the tools for municipalities and for many of the planners that are out in our communities.

This bill is a good bill. It is something that has taken a number of years to complete. It is a massive bill, The Planning Act, and, certainly, we are considering doing it in two parts or two phases, if you will, to reflect changing practices. Those practices can change from year to year, but when you look at the Water Stewardship bill that is coming in, and the mapping that is being done, and the new technology that is available, and how critical that is in planning, it is incorporated in this bill. Certainly, it is the first extensive restructuring of The Planning Act in 30 years.

There have been many amendments. Through the nineties there were some changes, and some confusing changes, and some things jockeyed around a little bit, but I am very proud that it is this government that is working to simplify this act. It is working to have the balance of local and provincial interest addressed. Our government is committed to maintain the local control over land-use planning issues and, at the same time, recognizing that there are certain overriding principles that are critically important to the government. That is how Bill 22—I believe it is Bill 22, Water Stewardship bill—fits in conjunction with the bill that we have here.

It is something that I believe is an evolution of good change. It is something that we had considered as a strength; for example, we believe that the environment is critical to be protected by the Province of Manitoba. So how the bills fit together, the large changes that are practised in this bill, and the tools that we are providing for local decision

makers were critical steps. So there is a lot to this bill.

It does include many of the things that we had in what was previously Bill 40, but it is a lot more than that and, certainly, provides a relationship with all municipalities and with the provincial government, clear views on what sustainable development should be in leaving autonomy for a lot of local decision making with good decision makers within communities.

**Mr. Maguire:** I thank the minister for that response. This has been no doubt a very important bill and, because of his previous involvement in municipal affairs, he will know how long individuals, perhaps, have been looking at changes. I think some of those changes have certainly been precipitated by actions of the federal government and changes in regard to the focus that many farmers and rural business people have had to make in their attitudes towards business.

I am thinking particularly of the forced changes upon an industry because of a massive change like the Crow benefit elimination back in 1995, August 1. I have had some personal dealings with an individual that now ends up being our Minister of Finance for Canada, who had a pretty major flip-flop in the last few days, as well, in regard to some corporation taxes in regard to this province, but he made a—

**An Honourable Member:** He has a new friend, as we know.

\* (16:00)

**Mr. Maguire:** Absolutely, a new friend. This minister is the same one that indicated that he would never eliminate the Crow benefit at one point in the eighties, and ended up in 1995 being the minister in charge of its devolution, and forced much change in capital investment back on, particularly farmers of Manitoba because of the increased dollars that are going to have to be taken and used over the last 10 years in capitalization and to retool their operations, because we are the furthest away from port in relation to the trade opportunities that were before us.

It became the most expensive place, as the minister is very well aware, to export grain in North America and, therefore, there were great

opportunities. This community of Brandon has benefited from the likes of the Maple Leaf hog plant and the number of other facilities in processing that have come into Manitoba, that one being, of course, the major facility that was put in place that allowed the expansion of the industry that has added a great deal of opportunity to the farming community and helped keep the survival of many small communities alive today in Manitoba.

I guess that was the importance of bringing forth a bill like Bill 40 in regard to the development of land use planning, and AMM as an organization has been asking for land use planning decisions to be kept in their hands for some years and asking the Province to continue to deal with environmental regulations. I was pleased to see a move afoot in that regard in Bill 40 as it came forward last fall. I felt that it was important that we have the opportunity to have community hearings on that particular bill or, pardon me, public hearings here after second reading of that bill in the Legislature. With 82 presenters already on the list to appear before those hearings, I think it was incumbent on the minister to have at least proceeded and dealt with a bill like that and listened to the input of those 82 persons instead of indicating that he wanted to kill a bill like that, because one of the reasons was he needed to have more time to communicate with the citizens of Manitoba. I guess I have several questions around that.

I understand from the minister that he wanted to make sure that, as the new minister, he had his i's dotted and t's crossed in regard to that. I guess my question is this: What faults did he find with former Minister Mihychuk's bill and one that he killed? There must have been some shortfalls that he felt were in that bill.

**Mr. Smith:** It is of interest to look at a bit of the history, going back on the changes in The Planning Act. The amount of time I have spent in this chair is somewhere around seven months or eight months. It is interesting to note that, when you go back 30 years prior to that, amendments were made and certainly commitments were made through the nineties with no real substantial changes. It was something that I remember and recall very well, certainly going back to the nineties as a municipal councillor.

I recall the government at that time, the Filmon government, talking about some changes, talking

about taking The Planning Act and doing some restructuring and some substantial changes, but was, unfortunately, never done. The government that we have had certainly looked at it, and the member may term it as "killing a bill." It could not be further from the truth on that. Certainly, when we look at in The Planning Act is something that is strengthened what originally was proposed as Bill 40, and certainly strengthen The Planning Act and clarify The Planning Act for an excellent tool for municipalities to use.

As for the evolution of events, the introduction of having the water bill brought forward with consideration of protecting our water and our environment in a substantial way has connected with some of the good bills and moves we have made in Agriculture, some of the good bills that we have had in Conservation, and certainly connected now with Water Stewardship through the introduction of the new bill, which I am hopeful the member from Arthur-Virden and others will support and pass through for Manitobans in a quick time frame because it is a great bill.

Certainly, that does connect with what we are doing with The Planning Act. So there are substantial changes, and the positive move for up-front planning is something that has been asked for for a considerable amount of time. I am certainly under the view that good, up-front planning with public consultations and communications on the front end is certainly something that is very positive. It is something that gives the municipalities the tools, clear tools, of what regulations are in the province, what is being introduced by the Province, and certainly gives the public the opportunity to be part of that planning within their communities.

Up-front planning is critically important to any area, and I believe that this bill, as set out, is doing precisely that. It is something that is giving clear tools to decision makers in the 198 or 199 municipalities right across the entire province of Manitoba and not just on livestock issues and issues that the member is reflecting on in, maybe, his jurisdiction, but right across the entire province of Manitoba. I have found that, when you are clear on the view and the direction that you are going as a provincial government, it makes the decisions for local decision makers very clear as well.

The final decision on planning will be with the local jurisdiction. Certainly, it is something that in

autonomy in some way, but it is obvious to this government and to the province of Manitoba that the input on the front end from citizens and technical review groups and others are critically important on that process and that step. That is what this bill does.

It certainly highlights and makes available planning districts and the input from people in planning districts for good, up-front planning. Certainly, I believe that is what has been asked for, for a number of years. We had asked for it when I was a city councillor in the city of Brandon right from '95 to '99 with no avail. When we formed government with the bills that we have had to strengthen, as I mentioned Agriculture, certainly on the Conservation side, certainly through the department I am now in and others, the combination of them all fitting together has certainly been something that we are proud of. I think the public participation is critically important in that step, and that is being maintained in this bill. It is being clarified to the public in Manitoba.

**Mr. Maguire:** There is no doubt, of course, that the public input is good and that the Technical Review Committee is a panel of experts that does exceptional work in regard to the development of all of these kinds of projects. I guess I would say that I still need some clarification from the minister in regard to what he felt the shortfalls were in Bill 40.

**Mr. Smith:** As mentioned to the member, he, I guess, likes blue and I like orange. So I guess we often like different things. All of us around the room could probably say that. He turns things one way and we all like red. Certainly, we would like to say that some shades are better than others. The Planning Act, we and myself do not look at anywhere along the lines of killing a bill, or shortfalls. What I look at is a strong bill, something that has been strengthened with substantial changes to The Planning Act for the first time in some 30 years, and certainly the ability to make that user-friendly for municipalities.

So, as the member would like to say, killing a bill, or shortfalls, it is quite the contrary. It is strengthening the overall objective and taking The Planning Act and bringing it forward where we have had suggestions and extensive consultation with all Manitoba.

When you consider whom we consulted with over the last couple of years alone, with AMM, with

the Manitoba Municipal Administrators Association, with the Law Society of Manitoba, the City of Winnipeg and many professional planners that are out there, not only on The Planning Act, but with the Water Stewardship and other bills in Agriculture, and again, I mentioned Conservation, the changes and how the bills fit together and fit into The Planning Act are pretty obvious.

We look at The Planning Act as complementary pieces of legislation fitting together and Manitobans understanding that, and giving them clear tools to make their local decisions with the new Planning Act. So I look at this, and certainly I believe Manitobans look at this, as positive change for Manitoba and the strengthening of The Planning Act.

\* (16:10)

**Mr. Maguire:** I guess I can only respond by just outlining the minister's comments about his colour choices. The member from Inkster here looks like he has found a new friend in Jack Layton, and the minister from Brandon West may have a new cohort in the Prime Minister, Paul Martin. Of course, it would appear as if shortly there will be an opportunity for each one of them to choose the party that they want to run in, if they just chose to run federally, but I think that at least the Conservatives know where they stand and are clear that the issues of taxation to help expand opportunities for business and bring more people into this country are very clear and have been reneged on by the two parties that I have just outlined earlier by mentioning their leadership. I would hope that neither one of these two individuals would agree that a \$4.6-billion increase in taxes to corporations in Canada is going to help anyone in regard to providing an increased opportunity for business and employment and a better lifestyle in Canada.

I go back to saying to the minister here, as well, that the issues that he is speaking of even took his predecessor five years to bring forward to the table, and if it was so important when he first came into government, can he explain to me why his government did not begin this whole process in 1999, and if they did, in fact, begin that process in 1999, why it took them till 2003 to get an act like this on the table?

*Mr. Doug Martindale, Acting Chairperson, in the Chair*

**Mr. Smith:** Mr. Chair, the member asks about the length of time for change and things to change and from my view in Intergovernmental Affairs with working with a lot of the different departments, it is interesting to look at change. Certainly, what this side of the House has done is, when we commit to something and you make a promise in something, it is done. You do it. I can recall, many times, as the member mentions a few examples and instances on promising health care facilities, hospitals and such, and then not delivering. What you found, certainly when we said we would make substantive changes, with The Planning Act, that is being done. It is something that, unfortunately, through the nineties, was not addressed, and we, through full public consultation and looking at the other changes in many of the bills, are now introducing what we believe is a real strength for Manitoba and up-front planning.

The member also makes comments that are quite interesting on knowing who you are, and I think it is critically important for Manitobans to know who they are. The Liberal Party, I know has not changed its name recently for many, many decades, and I know the New Democratic Party certainly has not changed its name. But I think when you look at, well, what was it, the Reform Party was flopping around for a while and many of the people scrambled off boards and on to that from the Conservative Party. Then I believe it was something—what was the next one, what did they have?

**An Honourable Member:** Alliance.

**Mr. Smith:** Oh, the Alliance. That was next. The Alliance was next, and then it seems that it has flopped back to, I think it is called Conservatives again. Manitobans and certain Canadians are confused on what that name is, but not to defend the Liberals in any way, but I know they have kept their name. They have certainly had that name for a good length of time. They have not split. The New Democratic Party has kept its name and has not had any split. But Reform, Alliance, Conservative, I think it is called Conservative now. The member could correct me. It seems to be a play on words, Conservative.

But, quite frankly, The Planning Act is a critical piece of legislation that has taken a number of years to complete and do properly over the past couple of years in the changes. I know an incredible amount of

staff resources and work have gone into it, as in many things in our society, many changes in the last even couple of years with the technology that is available and what we have in tools for operations. Certainly, practices in many of our areas in society have changed.

The Planning Act, in combination, as I had mentioned, with the new Water Protection Act, they are complementary pieces of legislation, and that will ensure greater public involvement and greater protection of our water and land use decisions. We believe that The Planning Act, in its plain language and simplification in sections, gives the tools for municipal decision makers greater decision-making powers, and, certainly, the public is critically important in this. So I believe it has connected the municipal decision makers with the public in a good form and process with the provincial government's regulations clearly identified and with the up-front planning that is now going to be done, hopefully, when the member from Arthur-Virden passes this bill for the good of Manitoba, and in a way that will be able to be done within two years for municipalities to have their development plans done with these tools.

So the introduction of the bill, I am looking forward to a good, solid debate on this bill. I would be looking forward to the member debating why nothing was changed in the nineties, and certainly in terms of time lines, this is a substantial bill combining other bills and regulations for good, strong environmental protection for the province of Manitoba, for good, up-front planning for all municipalities right across our province, and as in many other things, this is a forward-moving government, not as it was maybe in the nineties.

**Mr. Maguire:** The minister has just indicated, I guess, that the reason he feels the bill needed to be killed and billed under the number that he had in Bill 40 of The Planning Act from last year was that he felt there was not enough opportunity then, if I am correct, for more public input in the previous bill.

**Mr. Smith:** The member again is incorrect. Certainly, the more input that Manitoba citizens have in bills is nothing but a positive thing. What I did indicate in introducing The Water Protection Act, Bill 22, there certainly is a synergy there that runs with the good, up-front planning. Some of the changes that were made in some of the Ag bills and

some of the Conservation bills, again, combine with the regulatory changes that we have seen that need to be incorporated in good planning in this bill, in The Planning Act.

So I guess what I am saying is not only in Intergovernmental Affairs and Trade, but certainly in Conservation and in Agriculture and in Water Stewardship, there has been a good evolution of positive change to protect our environment and have good, up-front planning. That is now brought certainly into context in The Planning Act for good, up-front planning. I guess that is what I said.

**Mr. Maguire:** Just so that we are clear, then, the minister feels there is more public consultation that will take place in the new bill.

**Mr. Smith:** We have had good public consultation to the point where I am very comfortable and very secure with putting a strong bill together. Certainly, we have done that. We will have ongoing consultations with Manitobans. The good consultations that will be done with this bill, I can tell you, are identified with the up-front planning that will be done by every municipality when they are doing their planning. That consultation will be done on a local level of what is relevant and extremely important to every community in the province of Manitoba. This bill introduces that and certainly makes it mandatory that that good planning is done up-front. That is loud and clear from all municipalities in the province of Manitoba. That is something that is incorporated in the bill, and it is going to be something that is going to be very positive on a go-ahead basis.

**Mr. Maguire:** I thank the minister for that clarification, I guess, then. The only thing he could possibly say is they just felt there was not enough public input or proper input going to be allowed under the previous Bill 40. There had to be a reason he killed it. He said it was because he wanted more public consultation. I assume that he received that before he went ahead, and I assume that the new bill will provide that. When I speak of more public input, I am speaking of the actual opportunities in the bill that will allow not only municipal officials but individuals and proponents of new investments and protection of our environment to come forward and make their views known through much public consultation in the new bill. Is that correct?

\* (16:20)

**Mr. Smith:** Many of the municipalities that are represented, as the member from Arthur-Virden knows, are represented through the Association of Manitoba Municipalities. I know the president, Ron Bell, certainly has said he is very supportive of the bill and of this act. They have been at the forefront for asking for a lot of the changes that were incorporated in The Planning Act. I appreciate the views that we have had from AMM.

Many of the other planners across the province of Manitoba have been extensively consulted over the last two years, and a little longer than two years, on input for what they consider positive changes within this act. As I mentioned to the member previously, the act does clarify municipal responsibility for land-use issues and provincial responsibility in terms of environment, which was a recommendation from the Livestock Stewardship Panel. So I believe that, certainly, the input has been extensive. It has been well received. The Association of Manitoba Municipalities has been extremely helpful in dealing with this.

That continues to go on. Obviously, we meet with those folks regularly. We meet with many other people in Manitoba regularly. But we have put together, with all that input, a bill that is substantial. It is a bill that those recommendations and consultations have taken place. I believe that this bill is to the point. Obviously, it has been introduced in a form that is very strong. It is something that we believe is ready to be introduced into the House in combination with the Water Stewardship bill that is coming forward and with some of the changes that we have had on other bills in Agriculture.

I note that the member from Arthur-Virden, I recall the criticism when he first heard about the bill being introduced, had said we should have had the Ag Minister at the announcement with us. Certainly, she has been working through this entire process, as we do as a government. In fact, the setbacks impacting agriculture are in the farm practices guidelines developed by the previous government through a stakeholder consultation that was led by Agriculture. I know the member from Arthur-Virden had talked about the announcement, because of the act, contained setbacks impacting agriculture. But those were guidelines that were introduced back in '98, I could be wrong, it was before '99, that is a fact.

So the member, I believe, sees how different departments impact the planning and regulations within this act. But we have now got them simplified into areas that are at fingertip for municipal councillors to identify quickly. The bill, The Planning Act, previously, flipping section to section was somewhat confusing. Information was there, but at times a very difficult bill for municipal councils and CEOs and communities to understand in a way that they could put the information together quickly.

This bill does now simplify that in plain language. It is structured in a way that is quite easy to follow within the bill for decision making. Certainly, I know that it does clarify responsibilities very clearly for municipalities and what the Province of Manitoba has. It does look to Water Stewardship and Conservation to strengthen our environment, which is critically important to every Manitoban.

So the bill is a good strong bill. Certainly, I know, the consultations, as well, throughout the process of rewriting The Planning Act, industry stakeholders that the member from Arthur-Virden would know, Keystone Agriculture Producers and Manitoba Pork Producers, have been extensively consulted in a meaningful way.

It is time for this bill to move ahead for what is a positive for Manitobans and, I believe, for our environment and for every single community across Manitoba, and good, up-front planning.

**Mr. Maguire:** When the minister killed the bill last fall, there were 82 presenters registered at committee to hear this bill, or to come and make presentations, rather, to him on this bill. Can he indicate why he did not want to hear from them?

**Mr. Smith:** Certainly. Again, the member is incorrect in his statement. It has been pretty obvious, in developing and putting this bill together, the full consultation of all Manitobans right across this province for the last few years, extensive over the last period of time, the year or so.

We have listened to Manitobans in every single community right across Manitoba, in the northern part of Manitoba, with industry in that part, and with land development in every corner, in every piece of this province. The extensive consultations that are out there have happened.

I am more than happy to bring this bill forward. I hope the member from Arthur-Virden is happy to bring this bill forward quickly, get it into committee. We will hear from Manitobans again on what is a good, strong bill.

**Mr. Maguire:** I guess I would have to ask the minister. There were a number of issues around Bill 40 when he cancelled it. He said that he was looking for consultation, that he could fix some of this bill under Bill 22, The Water Protection Act, but will he be notifying—I guess I have a question because of the concerns that a number of people who came to present before Bill 22, The Water Protection Act, at that time indicated that they did not want to see that bill passed until they could see the regulations in Bill 40. I wonder if the minister could indicate to us whether he will be making any of the regulations that might come in under the new Bill 33, or if he has asked the Minister of Water Stewardship (Mr. Ashton) to put forth any regulations around Bill 22 yet.

**Mr. Smith:** What I can speak to is the structure of The Planning Act in this bill. The bill, certainly, will incorporate regulations that are in other departments and make it very clear on what those regulations and considerations need to be with up-front planning. As I mentioned before to the member, the synergy of different bills or different regulations in different departments is identified quite clearly. Obviously, when you consider it, the act maintains a conditional use process, but lowering the threshold for public hearings from 400 to 300 animal units is clearly set out.

Other changes in the bill, which are numerous, are clearly set with a lot of consideration of what would have been considered at that time Bill 40. The changes within Bill 33 do incorporate a lot of what was in Bill 40, but, in fact, strengthen it. It has, in fact, strengthened, I believe, The Planning Act in total. Under the water act, certainly, there is consultation, and it is ongoing.

Obviously, information is out there. What I can say is that with ourselves, with The Planning Act, through AMM at many of their district meetings and at their annual general meeting, we have had many staff out. Linda McFadyen has been out with information with AMM and answering any information that we have been asked of local decision makers throughout the province.

I know in many of the conversations I have had myself with the district meetings, at the annual general meetings and, certainly, dealing with a lot of the municipal elected officials, we have had full consultations with AMM and many of the decision makers. A lot of times clarification, and those clarifications have been made in a substantial way. The consultations on the water quality management zones certainly would take place with the municipalities and with the public. That, obviously, is going to be done. It has been done and will continue to be done. I know in that case, as well, a lot of clarification has been done through AMM and through many other avenues from Minister Ashton's department, and will continue to be done.

The full consultations on the water quality management zones would take place with municipalities and the public, so that has been said. It has been something that has been out there for a considerable amount of time, and it is certainly not something that is new to anybody. There has been a lot of information, a lot of consultation and, certainly, that continues.

\* (16:30)

**Mr. Maguire:** I just want to get a clarification from the minister on the fact that the 82 people that were going to present last fall to Bill 40, I guess they were basically cut off because they could not then present to Bill 22 because those committee hearings had already been held. Will he admit that if he had not brought a new planning act back, those 82 people would not have had a chance to have their say?

**Mr. Smith:** What I can inform the member from Arthur-Virden of is good, solid work on a planning act that will enhance the concerns that many Manitobans have displayed over the last period of years, and a substantial bill for better up-front planning for each and every municipality right across our province, including local decision makers in a substantial way in that process. The clarification on planning and regulations that need to be followed for those municipalities and I can certainly identify that the public will have good input process in a substantial way on up-front planning.

Each and every citizen in the province of Manitoba will be impacted by a positive aspect of this bill and good, up-front planning. So, whether it be 82, I like to think of it as 1.125 million people in

Manitoba will have good, up-front planning decisions and it will be mandatory to be done, and they will have that full opportunity as development plans are done within every jurisdiction. So 82 is a number that is too low. I believe the 1.125 million people in Manitoba will have better input into the process of good planning in the province of Manitoba.

**Mr. Maguire:** I could not agree more that the 1.125 million people of Manitoba need government that provides them with good input and good opportunity. But I believe by his answer the minister has agreed the 82 people that were going to present to Bill 40 before were cut off by his action.

**Mr. Smith:** The member at times mentions things that are just not factual, and, quite frankly, the amount of input we have had from people in the province of Manitoba has been extensive. It has been very good input. There have been a lot of consultations and certainly the amount of people that have been consulted with, I think, is really the question here. The entirety of the province of Manitoba covered through AMM and others has had a good opportunity. The industry has had a good opportunity. Certainly, citizens in all walks of life have had good opportunity, not only in this bill, but on other bills that we have introduced over the last period of five years.

The culmination of that evolution has developed good, stronger legislation in the province of Manitoba, as this Planning Act will. The synergy of those bills coming together in action by a province that is bringing forward good legislation, I believe, has been nothing but positive. I think the education or the information getting out to people in a substantial way for clarification has been positive over the last year or two.

I believe people that I have spoken to are extremely comfortable that this does incorporate a lot of what, as the member had called, Bill 40 would have introduced and, in fact, is even stronger with the changes that are made in The Planning Act.

I cannot reiterate enough, the need for up-front planning and decision making and local people making those decisions in their area are good, positive legislative changes that are incorporated in this new bill. The existing act, as I mentioned, is some 30 years old before substantive changes, and

what we have incorporated here now is to introduce new planning tools with the municipalities in areas, such as planning commissions and the regional strategies that they will have in secondary plans in this bill. The distances in this bill from two kilometres to three kilometres with your neighbours, if you will, being mandatory, that has to have involvement.

There are a number of others that are in this bill. I know the member has other questions, so I will not begin to list all the changes which are substantive in this Planning Act that are good, solid tools for decision making and up-front planning.

**Mr. Maguire:** I just want to say, Mr. Chair, that I do support the efforts of local levels of government having the decision making and land-use planning in those areas. I think we need to make sure that when we are bringing bills forward like this, there is an opportunity for all citizens to have a say in those areas.

*Madam Chairperson in the Chair*

I know there were 82 members there who were willing to make a presentation to the minister on the previous bill that he killed. I know it would be nice if he could bring a bill forward that all the citizens of Manitoba would agree with. That is not likely going to happen. It does not usually happen on any given bill, but I would say in order to provide an opportunity for them to come forward as well, can the minister indicate to me—I mean one of the things, before I ask this question, that I would like to put forward is that the minister may feel that 82 is not enough, that that is not a very big number in regard to the number of people that present. But, in the six years that I have been in this Legislature, that is about the second largest number to ever come before a committee meeting in this Legislature to make a presentation on any particular bill.

I believe the ruthless legislation that was brought in by this government in regard to The Labour Act back in 2000 was probably more draconian and got a lot more people upset about their move than what even this minister's bill did in regard to that activity. Certainly, this bill needed some clarification. There is no doubt about that.

So I guess I have a couple of questions left in this area before we move on, Mr. Chair, and that is

will the minister be notifying those 82 persons to come back and present to his new bill, the new Planning Act, Bill 33.

**Mr. Smith:** As the member knows, as I am hopeful we move this ahead to committee stage, every Manitoban will be advised of this bill. We have sittings here in this House. Obviously, anyone that would like to come and make presentation is more than welcome. Certainly, I would say that anybody that would like to come and get the details on this bill and clarification on this bill should come. Obviously, it is something that is critically important. When you have public notice and we have notice from this House out that we are going to committee stage, every Manitoban has the opportunity to come out and present. Obviously, you would never want to limit the amount of people that want to come out.

This is a good bill with good positive change. It has been reflected by many of the local decision makers that I have talked to with their input. Obviously, The Planning Act does set out a clear framework for public participation in land-use decisions. So that is incredibly well received in every area of the province. When you can have that up-front planning in your jurisdiction, no matter where it is in the province of Manitoba, and have that public participation on the front end, it is something that is enhanced in this bill and is good positive steps.

The Water Protection Act and its regulations, as well as other ongoing regulatory changes, provide the scientific tools to support local decision making. Obviously, that is something that has been critical for the last number of years. It is something that is being done through The Water Protection Act, something that is being incorporated into this bill. Certainly, that does provide, again, go- and no-go zones, if you will. It clarifies for local decision makers that checklist of scientific evidence that they need in other regulations to make good, up-front planning decisions.

Now, the hundred years or so in Manitoba's development, obviously, is something that you look back on. If we only had had this tool back in 1991, I believe a lot of concerns would have been addressed that are key concerns and incredibly important to Manitobans such as our water, one of our key sources for economic development moving into the future, something that is critically important to Manitobans and something that Manitobans I have

heard loud and clear, and we have heard loud and clear is a key element and something we should be protecting in the province. This bill lays out and fully addresses those concerns that have been brought forward in a substantial way and good planning.

**Mr. Maguire:** Madam Chair, I am pleased to see the minister has actually raised the issue of Bill 22 here as well, The Water Protection Act, because that is one of the areas he said that, when he killed Bill 40, he could use it to fix and deal with all of the issues that were in Bill 40 anyway. Can the minister indicate to me why he changed his mind?

\* (16:40)

**Mr. Smith:** The member seems a bit confused, so I will clarify for him. The synergy of certain bills in the government, as I mentioned before in Agriculture and Conservation and now in the bill that has been introduced in Water Stewardship, obviously, strengthens a clear framework for decision making and incorporates in The Planning Act those regulations in something that should be considered and will be considered on a move-ahead basis.

So the obvious answer is that by making those changes over the last number of years and different regulations in different bills from different departments, The Planning Act is incorporating those good positive changes in having them brought into up-front planning for municipalities to consider and look at in their public debate on the front end when they are dealing with everybody in their municipality. It makes it quite clear and sets those tools out in a substantial way for people to follow. The scientific tools that will be there are very positive. Through the Water Stewardship bill, obviously, it will have the regulatory changes there to clarify that.

The introduction of planning tools , the planning commissions and many others have been asked for by AMM. The bill clarifies that, and Manitobans, who have said loud and clear—I would assume that the member from Arthur-Virden has heard it as well in his constituency, not only from producers but from people in the different towns and communities that he travels in—that a priority in Manitoba is to address our environment and to address our water and the source of that water.

This bill, obviously, identifies that that is critically important in up-front planning.

**Mr. Maguire:** Well, Madam Chair, I just want to put on the record as well that that is absolutely one of the reasons why I accepted the position on the National Environmental Council of the Agricultural Policy Framework back a number of years ago, to have the opportunity to travel the country and look at the opportunities that we need to put in place in all industries to protect our environment, not just agriculture, because it does not bear any undue level of, if you will, environmental enforcement there than any other sector, than many of the other manufacturing industries. We certainly cannot isolate rural issues in regard to this planning area because even though most of The Planning Act deals with those issues specific, more specific at least to rural areas.

Bill 22, as we have seen, the mismanagement, I mean, what I hear out in the country, and it may be different than what the minister is hearing, but I hear people saying that this government could not possibly manage these areas. They have a minister that killed a bill that we had extensive discussion on and, perhaps with a few amendments, could have already had in place, so we would not have had to have gone through this exercise during this next session of the government, of the Legislature, that we are going through now. The minister cannot seem to tell me what improvements are in the new bill that were over the old one. He cannot tell me whether he thinks that the previous minister did a poor job of putting this bill forward. I think that the department had done a good job of trying to bring forward a number of concerns around this issue. It is a big concern as our industry evolves much more quickly in the last few years than it had ever had to do before because of the changes that I outlined earlier, just being one of them.

This government had five years in existence before it got to this point where it finally realized that there was a much greater need to come out and look at these areas and try to deal with them. I guess a prime example, though, if there was anything to be gained from this is, as I said earlier, the two reasons that the minister indicated that he killed the bill, one of them was for more consultation and we see that there is still clarification or still an opportunity to have input into the new bill. The second one was because he felt that these changes could be dealt with in Bill 22. I remember quite distinctly him saying that at the time of the press conference to announce the killing of Bill 40, The Planning Act, at that time.

We waited until this session of the Legislature, a few in the fall, but more in the spring, Madam Chair, to look for the amendments that would come forward under Bill 22 that would deal with Bill 40 prior to the minister bringing the new bill forward. His cohort, the Minister for Water Stewardship, the Member for Thompson (Mr. Ashton), brought forth some 12 amendments in the Legislature, not very many of them, if any of them, dealing with Bill 40 at all.

So I guess what people are saying out in the country is can these ministers get together to co-ordinate anything and can they trust the fact that the new bill will not be killed as well.

The minister can either indicate to me why the Minister of Water Stewardship did not bring forward amendments to deal with his bill, why he did not bring amendments forward to Bill 40 last fall to deal with it and clarify it.

**Mr. Smith:** The member mentions some of the things that are in this new bill. Certainly, I can address a lot of the positives that are in the new bill. It has been pretty obvious, on the evolution of events of good legislation brought in over the last five years by many departments in the Province, addressing issues that are critically important to all Manitobans.

Certainly, the member talks to a lot of people in his riding, in his community. As a minister, not only in my community, I get the opportunity to speak with AMM and many other people who represent the 198 municipalities across the province of Manitoba. In travelling throughout Manitoba, I have certainly heard extreme positives on what The Planning Act is now setting out to do, with the comments from AMM that have had a great of input into some of the changes that are made.

Now, the member asks for some of the things that are in the bill. Certainly, I am happy to address some of that. The significant rewriting and updating of this legislation is very positive. The extensive public consultations, as I had mentioned, over the past two years have been extremely well received. The streamlined approval process is able to combine public notices and hearings for single developments; it is nothing but positive for moving developments positively ahead.

At the same time, the act does enhance citizen participation through improved public notice

provisions and more opportunities for public hearings. I would assume the member feels that is quite positive.

The mandatory planning aspect of four municipalities will result in a more predictable land-use planning framework right across Manitoba.

The member had asked other things that are in the bill. I can certainly clarify that this act does lower the threshold for mandatory hearings and technical reviews, from 400 animal units to 300 animal units.

As regards the other things in the bill, certainly, the new act maintains the right for municipalities to decide whether to approve livestock operations with no appeal. Obviously, better up-front planning is in it, for all municipalities will be required to have livestock operation policies in their development plans and stating where those operations will be allowed, limited or prohibited, which, again, is good for up-front planning.

The livestock operations policy, which will be debated at the development plan public hearings, will also give industry a clear signal about the operations, and might be considered. The act sets out clear links to water protection. I have mentioned this many a time to the member. Municipal development plans will have to consider any regulations, such as a water quality management zone, or any watershed management plan approved under The Water Protection Act.

So, as the member can see, the synergy of a combination of good information and good bills is critical. We have got to that point where those things are being addressed. A number of the goals in the overall Planning Act were to rewrite a number of restructurings in the act to be more readable and more user-friendly. I know I certainly talk to many of the local councillors and reeves and decision makers and communities, and, quite frankly, I had dealt with this act myself. That has been nothing but positive for bringing forward.

The member asked other things, and I can certainly explain to him maintaining the balance between provincial interests and local control. That is dealt with in this bill, quite clearly making the act more enabling and less prescriptive. It is something that we heard over and over again from decision makers. It does address that. Streamlining planning processes, I would assume the member opposite feels

that that is a positive for any local jurisdiction; and supporting open and accountable decision making, improving planning for intensive livestock operations and other developments across the province of Manitoba.

\* (16:50)

The Planning Act is a very thick document, and, in many cases, the changes are extensive; but I can tell you, out of the 198 municipalities that we do have in the province outside the city of Winnipeg, about 155 have development plans that are already in place and incorporate good planning, and 29 are in the process of adopting development plans.

The streamlining planning process that they will have enabled now on the up-front planning will be quite clear. Municipalities will have to review and re-adopt their development plans regularly, but there would be greater flexibility around the timing of that review, depending on development activity.

The two bills are complementary but, obviously, are very different. I think people have a clear view of how the synergy works together for better water protection based on science. I believe The Planning Act is the framework for those land-use decisions, which is quite clear, the member would know that. Municipalities will use the tools from the water act and others to support those local decisions, as I mentioned, in Agriculture, Conservation and many other departments of the Province of Manitoba.

So it clearly identifies that, and it makes it easier for planning districts and municipalities to enforce their by-laws through new provisions that would allow them to issue stop-work and compliance orders. So it is new planning tools that municipal councils would be able to use to lessen their workload, make good solid decisions based on science, enable the public to have a good reviewing process on their up-front planning and municipalities to adopt their secondary plan.

The appointment of a planning commission by municipalities is a good tool, again, that we would be able to use and is incorporated in this act. There are many others that are positive in there, so, if the member would want me to continue, I could continue with many of the things that are in the act, but I know he does have other questions. I certainly want to hear from the member opposite. It is not just for

good, improved planning in livestock operations. It is for good, up-front planning in every decision that municipalities are making in every area for better protection of their environment, for the communities, and for something that is critically important to all Manitobans: that is our water, our highway systems and our natural resources we have here in the province that need to be maintained in a way that good planning does.

**Mr. Maguire:** I guess there is certainly a good reason why many of the municipalities, and a number of them did have before anyway, but there are a certainly a number of reasons, and one good reason why most of the municipalities of Manitoba do have planning by-laws put in place is because, up until the minister killed the bill last fall, they were expecting the bill to pass. The bill had in it that these by-laws had to be developed by those municipalities by January 1 of '05, or else they would be done for them.

So there is in the new bill that it has been moved back a year, and so we need to look at clarifying those areas and making sure that we could proceed with the dates and times. I am giving the municipalities credit. They worked within the parameters of what they saw coming and tried to do the very best they could, and will.

I also want to say, as I said earlier, the support is there. We need to have public input into these areas, and we need to do the very best job we can of providing the opportunities for the protection of our environment and the expansion of operations on our farming operations in Manitoba without impeding their abilities to be able to do the day-to-day things that they need to do in a farming operation to expand it.

I guess it is even more doubly important if the minister could have used the opportunity of a few amendments last year to have taken the bill that was there, unless he is saying that, as I asked earlier, the previous minister just did not have a good bill. There are a few changes in the new one, that is for sure, but it is interesting to note that the minister has now chosen to bring forward a new planning act instead of making changes in Bill 22. Most of the people that are looking at that particular bill are saying that this government is not being able to manage its affairs in that regard because 12 amendments on the government side of the House have come forward on

this bill and they are asking for subamendments on it, Madam Chair.

I think that is a concern amongst those individuals in the rest of Manitoba that the government was either not ready to deal with the legislation, that they were rushing this kind of legislation, even though they had had five years to bring it and put it in place.

I guess that is the only concern that I want to raise with the minister on behalf of the citizens of Manitoba that I hear from on this issue on a pretty regular basis as I travel rural Manitoba most of the time when I am not in the Legislature here at least, Madam Chair.

In respect to dealing with my critic responsibilities of rural development and transportation, those are key issues that these people who wanted to come forward and deal with development and who continue to make changes in their operations that were perhaps forced upon them, certainly not by him, and the changes that I talked earlier about, the federal changes that were made.

They felt that a year has been wasted in regard to this whole effort and a year that may have cost them even more at a particular time when we have seen the BSE issue force the expansion of the cattle industry, if you will, and to the detriment of many of those cattle farmers.

They feel that, if this government was serious about some of these issues, we would have been able to have moved forward, or they would have even been able to have planned the expansion of the slaughter plant, take care of some of the animals that we have with the BSE industry.

I know that the minister may feel this would fall under Agriculture perhaps more than his area, but when we are looking at dealing with other levels of government, I think that it is incumbent that, as a Cabinet minister dealing with his colleagues, things like getting the environment plan together for the Rancher's Choice plant in Dauphin with that community, things like putting the amendments in place, that if one minister feels he can fix a bill by bringing in a dozen amendments, perhaps Manitobans would have accepted the opportunity of this minister to have brought forward some amendments to clarify his bill and we would have had it through last year

instead of still dealing with it now a year later when it has cost these citizens some opportunities.

So, with that, I would like to move into some other areas. Madam Chair, I know that the member from Inkster, as much as he likes red, is back. He had asked me to have a few minutes of opportunity to put a few questions to you this afternoon as well, and so I would ask him if he would like to ask his red cohort a few questions.

**Mr. Kevin Lamoureux (Inkster):** It would be my pleasure to ask my buddy a few questions, no doubt.

Madam Chair, I do have a couple of questions in regard just to international trade. Can the minister indicate to what degree do we have elected officials travelling outside of Canada to support international trade at the provincial level?

**Mr. Smith:** The member has asked a question about elected officials, to what extent do elected officials travel outside of Canada to support international trade. I think it is quite clear to the member from Inkster about the support that we have given over the last period of time to international trade and obviously both working with our own strategy on international trade through many areas.

We have worked with the federal government fairly substantially over the last period of time. I quite agree our targets, obviously, are placed where we believe there is opportunity for expanded markets and up-and-coming, emerging markets coming over the next period of time.

We quite agree, and I agree, with the Government of Canada with targeting some specific areas, really with India as a target, with Brazil as a target, and obviously dealing with markets that are expanding in China.

There are many other markets that are out there. Those are something that we see as emerging large markets. Obviously, Mexico is something that is a market, and there are many others. But, certainly, there has been considerable resource placed into that area.

\* (17:00)

With our international trade we have targeted specific areas for obvious specific commodities.

Some are stronger than others in some of the international areas in trade, but we agree that there are many areas that are out there. The travels are quite extensive when you take different departments or different elected officials.

Obviously, if the member considered education, which we do, as something that is an economic tool for trade and exchanges, that is something that is critically important. I know, myself, when I joined Team Canada on a trade mission to China it was very extensive. It was something that we believe good contacts were made and, in fact, signed an MOU with the province of Anhui while we were there, and there are many opportunities in that country. So I can tell the member that I did travel to China with Team Canada on that mission.

I know Minister Wowchuk, as well, travelled to China in the fall, and, certainly, Premier Doer, I apologize, no names. The Premier (Mr. Doer) of Manitoba travelled with Premier Lord to Texas, and often others do travel. So, certainly, if the member has specifics, or if there is a specific area that he would like to ask about or have me consider, I could probably get him the information. There are others that do travel, obviously, down into the United States for other issues and things, but those are targets. Those are the ones I know of right off the top of my head, and I am sure there are others.

**Mr. Lamoureux:** Actually, there are two areas that I have very much a keen interest, one of which he has mentioned, the minister has made mention of, and that is India. The other one is the Philippines. I am wondering if the minister can indicate sometime whether, maybe, even if we backtrack a little bit. In the last 12 months, has the minister or MLAs travelled to either one of those countries, or in the next upcoming 12 months? I understand the province is looking, for example, at going to the Philippines. Could he maybe just comment on those two countries specifically?

**Mr. Smith:** The member does raise another important area. Certainly, I would agree, the Philippines is not to be left off the list of things that are important, certainly, we have had in the last period of time staff from the department travel to India. As far as elected officials, no. We have had one of our members I know on personal business and family business in India, obviously, over there on

personal business and, certainly, as any MLA does, make contacts while they are in different places representing our province.

I know one of our members, Cris Aglugub, was in the Philippines and tagged up with a mission that we had with some of the City of Winnipeg that ended up in a sister city agreement in the Philippines. The date of that, I cannot remember, January, I believe, or around there and, certainly, was over there on personal business, as well. I know when he met up with the delegation from Winnipeg, Mayor Katz and others, obviously, was there, as we all are as MLAs, putting our best foot forward, but certainly that personal business is something that I do know about as colleagues. Others may have travelled to other areas across Canada on other business. If there are specifics, I could certainly look at getting some information for the member.

**Mr. Lamoureux:** I would appreciate that. I have, very much, an active interest in the economic and social ties between Manitoba and the Philippines and India. Those are two countries, in particular, that I have an interest in and would like to be able to further pursue. If the Province is sending out delegations, I think that it is, in fact, appropriate to de-politicize. I would even entertain the possibility, depending on the time of year, of going with the delegation.

Just to get the minister's comments, would he have a problem, in terms of someone like myself, if the opportunity was there, where the Province was sending a delegation, would he be favourable to other members participating in that?

**Mr. Smith:** I would like to thank the member for his interest. He mentions the Philippines, and I believe, too, that there are a lot of opportunities there, certainly, in many areas, human resource skills and immigration and education and many other avenues and areas, as I have mentioned, India and, certainly, China and Brazil. I know Denis Rocan had travelled to France, paying his own way, and I know the member from Carman was in France. He certainly wears his MLA hat there, and I would assume represents Manitoba in any way that he can.

As for the delegations that we are looking at over the next period of time, obviously, things change in your planning process, but I know WTO

negotiations are coming up in Hong Kong. I will likely be going to those talks at that time and doing some other work over there, and going back again to China.

Certainly, there are other avenues, there are other things that are planned over the next period of time. I know the Philippines fits into some of those plans but can be changed. So anything concrete as we get close to our planning process, and once things are established and set out in a calendar and chart, if the member has a certain interest, I would be happy to sit and chat with him about what some of his interests and ideas are, and be more than happy to do that.

**Mr. Lamoureux:** Madam Chair, I would appreciate that in the sense that I have other business that I would like to be able to deal with primarily in immigration and visiting some of the immigration offices. I have done that back in the early nineties, and I think at times it is beneficial. It assists me in better representing the constituency which has supported me in the last election. I would very much value, as opposed to just going down to dealing strictly with immigration, to be able to contribute in other ways, as I know many of the different entrepreneurs in both the East Indian community and the Filipino community. I feel that I would have, if not through them, but possibly even there would be arrangements made for some of them to join us down there. That is why I am very much interested in some of the preliminary work that would be done, and if there is going to be an official delegation. I would very much welcome the opportunity to sit down with the minister prior to the departure and see if there might be a way in which I would be able to contribute in a tangible way.

**Mr. Smith:** I again appreciate the member's interest in this. I know we have talked briefly on a couple of occasions on his interest in immigration and immigration into Manitoba specifically. I know we have met with many of the members and leaders in both the Indian community and, certainly, in the Filipino community. The newly formed Chamber of Commerce, East Indian Chamber of Commerce, is something that we have met with just a short time ago with many of the community leaders and business leaders from their community and have got good feedback and good input from that group's delegations.

Leaders in the Filipino community have been people we have met with extensively over the last period of time with excellent suggestions. The leaders in that community, certainly, have made their views and brought their views forward on what they believe are good opportunities and considerations for my department, my office, to look at, with good solid input from people that have lived and worked in that country and have many other contacts in that country.

The member's interest is there. It is something I would value if he has some things that we should take into consideration or consider in our planning, and I would be happy to hear from him on his views of what he considers as strategic or positive for Manitoba in any way. Certainly, I would do that with him, to sit down and do that anytime.

**Mr. Maguire:** Madam Chair, a couple of questions for the minister just in regard to Municipal Board again and the fact that there is about a million dollars, I guess, for the budget in that area. I wonder if he can just indicate to me a little bit further breakdown in regards to the \$807,000 as reported here for Salaries and a quarter of a million roughly for Other Expenditures. I wonder if he could indicate to me who all are paid staff, or if Salaries is just for paid staff, or what kind of per diems or extensions are paid for, if any, for the 41 Order-In-Council appointees.

**Mr. Smith:** I can advise the member from Arthur-Virden that, as in our Estimates the managerial staff that we have hired, the three, are about \$216,700. The professional staff, the \$85,300; one staff and five administrative support staff are \$193,100. In terms of the board members, about \$240,000 in '05-06 has been expended. In addition to that, there is about \$85,600 for Employee Benefits, the employees I have mentioned, to get us to the total Salaries and Employee Benefits, including the board members, of about \$807,000. Of that, the board itself is \$240,000.

**Mr. Maguire:** Just as, from the Estimates as well, the Brandon office has run, I would say, fairly frugally in the past, but I do see a 30 percent increase in the supplies and services that the office has in the coming year. Can the minister indicate what the \$10,000 increase roughly would be for in that area?

**Mr. Smith:** The increase in operating budget brings it more in line with the budget line of estimated

office costs that are out there, the \$10,200. The budget increase certainly does bring it into line to reflect a lot of the costs that are out there. In '02-03, the budget was reduced reflecting lower per square meter space costs with the move to the provincial building. However, the adjustments in common area charges in the provincial building, combined with the rate increases and increased space costs by about \$10,000 since '02-03, I guess that is a big piece of the costs, still less expensive we found in consideration than other private-lease spaces that are out there. By moving to the provincial building, we are able to increase its space by 33 percent. Obviously, it is very busy out in the Westman region, as the member will know, servicing the entire Westman area. The costs certainly have been brought more into line with the service delivered. A busy office, obviously, and that is the increase.

**Mr. Maguire:** Madam Chair, last fall the minister had the opportunity of making the announcement that the government would reduce the education taxes on farmland by 33 percent in the first year and 50 percent in the second year, some \$20 million this year. I am assuming there was a process the minister went through to determine what those percentages should be, and I just wondered if the minister can elaborate why he chose those numbers, those percentages for me.

**Mr. Smith:** I know the commitment we had certainly made on educational support prior to the last election was exceeded fairly extensively by the commitment we made initially. We had said we would reduce educational taxes—we have the minister here—by nearly half of what we actually ended up doing. Certainly, that was a commitment we had made, so I guess the member must believe that to be able to exceed as we did was actually 33 percent, as I recall in the first year, and then 17 percent in the second year for a total reduction of 50 percent off the educational side on farm taxation.

It is something we heard from very extensively when we dealt and met with many of the local decision makers out there, a priority in their areas. I think the combination of the BSE crisis combined with many of the difficulties that have been experienced in the farming community over the last period of time are pretty well recognized, and recognized by this government. So, as we balance, obviously, our government priorities in many areas, we are able to look at this as a priority for rural Manitobans in a time of crisis, in a time of need.

We are able to take and allocate dollars into other areas through growth in Manitoba and certainly look at this as being a priority for our government, and put even more in than we did in our election commitment. It was something that we heard loud and clear. It was something we looked at in how we balance priorities for Manitobans. We knew that this was a priority for Manitobans, and quite frankly, it was one that we had faced many challenges in other areas to make sure we had met the priority of Manitobans in other areas. As well, we are able to do this as a priority in this area, so we are quite proud of the fact that we exceeded even our commitment prior to the election in substantial education reductions off of farm properties. We believe that it is well received in rural Manitoba.

**Mr. Maguire:** As the minister well knows, it was the Progressive Conservative Party that said in the 2003 election that we would eliminate the education taxes off of residences and farmland in Manitoba, so the minister is getting close to, at least on farmland, where the farmers of Manitoba would be today under a Conservative government where it would have been eliminated.

I wonder if the minister would indicate that it is probably easier to make these decisions in these days when you receive a \$349-million increase to transfer payments from the federal government than it would have been during the nineties when the federal Liberals were cutting 240 million back out of provincial coffers in transfer payments.

\* (17:20)

**Mr. Smith:** I think I would mention to the member that it would have been an interesting process. I know other commitments were made by the Conservative government on putting 1 percent into the increase in health care, and also eliminating education taxes, as I recognized and Manitobans recognized, was another hollow promise. We said we would look at reducing education taxes prior to the election, and that was done, and, in fact, exceeded.

I think the reality in Manitoba now is the growth that we are seeing in Manitoba. We are seeing substantial immigration come to Manitoba. We are seeing a growth of industries unprecedented in capital investment in businesses in Manitoba. We are seeing in many areas continued growth, and many of the business community seeing growth that they have never seen. We are seeing housing in Manitoba hit

new heights year after year after year over the last three and four years, with the valuation and values of houses going up, the sales are going up, the confidence of Manitobans in our economy and moving ahead in Manitoba with more people in Manitoba for the first time in some 23 years is pretty well recognized. So, when you take the \$10-billion increase that we have seen in Manitoba over the last number of years because of policy decisions and good hard work of the Manitoba community, we do recognize that obviously some of the community is not impacted as positively, that being the agriculture industry.

We listened to Manitobans and we certainly listened to rural Manitobans that have had some difficulty. Obviously, the decision by the Americans to close the border to cattle in Canada has been an extremely negative impact on our communities. We have focused our efforts to assist that community. Of interest, I guess, would be the portioning rate that the member and his party went up pretty substantially on farmland through the nineties, and we reduced that farm portioning down. We also now have reduced the taxable payable on farm property by 50 percent. The reduction in the ESL portion of education has been well received in communities, not only in communities in urban areas but certainly in communities in rural areas, and then the increase that we put on for the tax credit on education to Manitoba communities right across this entire province has been well received.

So Manitobans recognize when this government makes a commitment we follow through with that commitment. Not only do we follow through with that commitment but on the educational side that the member has mentioned, we have exceeded it very substantially and I think people recognize that commitment. It is something that the member opposite can say that their party had said they would eliminate education tax off people's properties.

It is interesting to note that the member from Emerson had his vision of putting it on the sales tax in the province of Manitoba and certainly that is not something that most Manitobans believe is a positive. It is an option that the Conservatives had looked at. We are doing it by other means in growth in the province of Manitoba and our economy growing, and certainly it is in bite-sized pieces that people recognize year after year after year in a reduction in a doable way.

**Madam Chairperson:** The Member for Arthur-Virden, on a point of order?

### Point of Order

**Mr. Maguire:** I would just like to clarify the untruth that the minister just put on the record in regard to the vision for elimination of the education tax. Indicating that the Conservatives were in favour of putting it on the PST is wrong. In regard to where we were at, I think he can maybe clarify himself in regard to the fact that that was the report that became public that was going to happen, and his Premier (Mr. Doer) never gave, or the ministers never gave, the people in charge of the education review program.

He quite quickly, the Premier of Manitoba, correctly indicated that he was going to not allow a 1 percent increase in PST to occur in the education funding in Manitoba, Madam Chair, but at the same time he could have alleviated that kind of debate by saying when you are doing the parameters for the review, giving them the opportunity of saying, "Here we need to look at how financing of education can be dealt with in Manitoba without increasing taxes." That was not something that is in this government's view, and obviously by the actions of his federal leader today where you see a \$4.6-billion increase to corporations in Canada, I do not believe that the minister is being straightforward with Manitobans when he says that it was the Conservative government that was going to add 1% PST because it clearly was not.

**Madam Chairperson:** This is not a point of order. This is a dispute over the facts. I would just like to take the opportunity to caution the member of the use of the term "untruth." It can be considered unparliamentary.

\* \* \*

**Mr. Smith:** I guess the member did not have a point of order. It is obviously something that his philosophy and the philosophy of this government is different. Quite frankly, we believe in the growth of Manitoba and the economic growth of Manitoba supporting Manitobans and making changes based on growth and priority areas in Manitoba.

One thing I can assure the member is health care is a priority in Manitoba. I know prior to the election,

it was mentioned that 1 percent could be an increase by his party. So the priorities in Manitoba have been health care. They have been education, and obviously, the support and funding of education. The education reductions on taxation have been quite substantial in all areas, in all avenues in Manitoba, but certainly well received by the farming community.

I know when working with AMM, one of their major resolutions was to reduce the education taxation down to zero. The numbers could be a little varied, but some \$700 million, \$800 million needs to be replaced with something, and certainly there have been many options put out there. The consideration of many of those options have been looked at by ourselves. We have dealt with it with growth and in growth revenue and certainly, we know it is a priority.

We are continuing to work with AMM, and we are continuing to work with many of the producer associations out there with good suggestions of how we can get there together, working with the municipalities to meet their needs. I know that this year, there is one of the largest transfers of dollars to municipalities right across the province of Manitoba to support their municipalities, and certainly that is well received.

Obviously, we all know there needs to be a balance in local communities with funding available. We know in the province of Manitoba that we have made education a priority.

**Mr. Maguire:** The minister is quite right when he admits that it is easier to make decisions when you have got a turnaround on transfer payments of some \$590 million in a few short years from one government to the next, and he happens to be in power when there has been a windfall coming from the federal government in those areas.

Having said that, and he put the words in my mouth, Madam Chair, the growth of the province, and you will remember that they called the election in 2003, the day after they passed their own budget, there were growth dollars in that budget to eliminate the education tax off of farmland and residences in Manitoba. This government chose not to do it. There is a great need for priority in health care as well, and this government has not improved the issues of health care either.

I wanted to point out, I wanted to ask the minister specifically in relation to the manner that they have rebated back to farmers the issue of education tax. Can he tell me why they chose to use a rebate format in regard to the education tax rather than eliminating half the education taxes off of the tax bills of farmers and rural citizens of Manitoba?

**Mr. Smith:** The interesting scenario with people getting a rebate back or a reduction in their taxation is something that is a nice issue to deal with. In fact, obviously when you exceed what you have committed to in an election on process, the member is talking about process; the reality is that people are seeing a 50% reduction. Obviously, dealing with municipalities and those municipalities having the ability to work with local ratepayers and others, consultation was done with many people.

The reality is, and quite frankly, the good news for landowners is that certainly a 50% reduction is hugely substantial to what they are paying on the educational portion of their taxation. I know by being at many of the AMM meetings, with local jurisdiction school boards, it was quite a surprise to see the 50% reduction well received. The process of how those dollars are distributed is probably one of the last worries in people's minds. What they do know is that through the process and through a commitment to farming communities and producers it was done. There was a 50% reduction and that is being credited to them. There are many options for collection and certainly many options for processes.

**Madam Chairperson:** The hour being 5:30 p.m., committee rise.

## WATER STEWARDSHIP

\* (14:50)

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

Does the honourable minister have an opening statement?

**Hon. Steve Ashton (Minister of Water Stewardship):** Yes. First of all, by the way, I would like to welcome certainly my new critic for Water

Stewardship. I certainly know that the Member for Emerson (Mr. Penner) has a decided interest in water-based issues, so I am not anticipating there will be a lengthy learning curve. I do know that we may hear the Holland dam a little bit less from this critic, but I believe the member has his equivalent, the Pembina dam. So I look forward to Estimates.

Just very briefly, because I know with the current format for Estimates time is of the essence, I start from the premise that as a department now we have been working very hard based on the very basic vision that we want to leave water in the province in better shape than we found it.

We have certainly found that the focus of having a Department of Water Stewardship has been well received by Manitobans. What I want to outline, just briefly, are some of the initiatives that have been happening that I think are going to have a very significant impact on Manitoba water over the next number of years.

First of all, the department was designed to integrate water management and aquatic ecosystem protection matters in one department. We are responsible for 20 pieces of legislation and, of course, three new pieces of legislation: The Water Protection Act, The Red River Floodway Act and The Floodway Authority Act. We have also, by the way, done an extensive process of strategic planning building on the various streams, if I can use that term, that became part of the department and certainly this has been a significant focus of the department.

In terms of Estimates this year there is an overall increase in operating funds for Water Stewardship of 6.9 percent, with an increase of over \$4.4 million, for close to 12 percent for existing programs and new initiatives. That is a very significant increase, and if you look at it, Mr. Deputy Speaker, it certainly shows that only did we put the new department in, we put significant new resources in place in the budget this year.

There is an increase of over \$2.5 million for new Water Stewardship initiatives for a total of over \$3.4 million, including \$930,000 in new funding for the Fisher River flood protection, that is total commitment. This year \$1.28 million; \$1.2 million in new funding to support the implementation of Bill 22, The Water Protection Act, when it is passed;

\$210,000 in new funding for additional water quality research and improvement projects, with a focus on Lake Winnipeg, bringing the total to \$760,000.

There is an increase of over \$1 million for waterway maintenance; an increase of \$500,000 for water and waste water systems; an increase of \$225,000 for conservation district programs; and an increase of \$400,000 to support the implementation of a new fishery management regime for Cedar Lake.

There is an increase of up to 100 percent in capital funding available for water infrastructure investments, to a total of \$8 million, for an allocation of up to \$4 million to the internal reform capital budget for Department of Water Stewardship projects such as the Shellmouth Dam.

New capital funding of over \$56 million for the Manitoba floodway expansion, which we are anticipating will start construction as early as July this year, pending, of course, on environmental approvals.

Just to run quickly through some of the most important work of the department. The health of Lake Winnipeg has been very much a focus of the Water Science and Management branch. We have received the Lake Winnipeg Stewardship report. We have committed to action on 23 of the recommendation areas, and the board is currently consulting in terms of the 32 recommendations.

We prioritized a number of initiatives relating to Lake Winnipeg. The stewardship board itself at \$125,000; collaborative science research, \$150,000; E. coli research and clean beaches program, \$85,000; water quality education, \$65,000; water quality friendly drainage research, \$70,000; and erosion control demonstration projects and technical commitment.

In addition, many recommendations of the report will be addressed through measures under The Water Protection Act toward which the government has allocated a total of \$1.2 million. The groundwater resource evaluation monitoring is \$160,000. This is of particular concern to East St. Paul, West St. Paul, Winnipeg and extending southeast toward the Sandilands region because of the looking at the capacity of the major aquifer.

Trans-boundary issues continue to be a very high priority for us with the Devils Lake, NAWS and Garrison projects. We continue to be involved with these issues, specifically focussed on getting a reference to the Devils Lake project with the IJC and, most recently, a court action involving NAWS. The Shoal Lake management plan implementation is also an activity with the department that is significant.

Fisheries Branch. The aquatic eco-system ensures that approximately 250 development proposals that could impact provincial aquatic ecosystems reviewed meet Manitoba's interests for conservation and sustainable development.

Fish culture and stocking. We are looking at creating new self-sustaining fisheries, and maintaining and enhancing fisheries where required. Of course, the Fisheries Enhancement program is a very significant aspect of fisheries programming.

We are particularly focussed, of course, on recreational fishing, commercial fishing. I do want to highlight that this budget maintains the Northern Fishermen's Freight Assistance Program. We are continuing to work with Aboriginal fishers, Métis fishers and fishers across the province on areas of mutual concern.

In terms of the Office of the Drinking Water, a very significant part of this department, \$1.8 million. We are monitoring Manitoba's 400 public water systems. The inspections reflect the new requirements of The Drinking Water Safety Act.

We are at work on the identification, inspection and inventory of the 1500 semi-public water systems that are now subject to regulation. There is ongoing co-ordination of analytical services to drinking water. The implementation of the drinking water module of Manitoba's EMS database and training are important priorities.

The Planning and Co-ordination Branch. I was very active in the implementation of The Water Protection Act. We are looking at initiating watershed planning, designing the Water Stewardship Fund, establishing the Manitoba Water Council, and co-ordinating the development of water quality management zones and water quality standards, objectives and guidelines. Again, all elements of Bill 22.

Water protection initiatives and beneficial management practices, that is a \$670,000 initiative. I have referenced the support for conservation districts, very important at \$225,000. An allocation under the SDIF, Sustainable Development Initiative Fund, for the Water Stewardship fund of \$350,000.

We are very active in terms of ground water and water well testing. We are looking at the certification of well drillers and of installers related to wells, and the development of a management system that plays a key role in all these activities.

Infrastructure continues to be a high priority for this department and this government. In terms of waterway maintenance, there is over \$1 million that has been budgeted for drain and vegetation control programs, community ring dike maintenance and new partnerships with R.M.s for provincial waterway maintenance projects.

The floodway expansion, I mentioned earlier, is a very major capital investment; water and sewage systems, an increase to the Manitoba Water Services Board of \$500,000; purchase of lands affected by floodway operation, the Shellmouth Reservoir, enhancement of community ring dikes involve a \$4-million investment. We have also increased the resources to manage water licensing by \$213,000. We are very involved working with the Manitoba Crop Diversification Centre. Increased resources have also been put in place to promote the sustainability of the Assiniboine Delta Aquifer.

I want to stress that these are not just isolated initiatives. Members opposite will recall that some of these reflect ongoing concerns that have been raised by municipalities, by agricultural organizations, by many people. I think it is very significant that, in this budget, this department has now moved from being a department of vision, a new department, to still being a department of vision, a department with the resources that are needed to do the job. I just want to stress again that our vision is nothing less than to leave Manitoba's water in better shape than we found it.

**Mr. Chairperson:** I thank the minister for those statements.

Does the official opposition critic, the honourable Member for Emerson, have any opening comments?

**Mr. Jack Penner (Emerson):** I do have a few opening comments to make, but, before I do that, I just would like to ask the minister whether he indicated in his opening remarks that this was an increase of \$4 million-how-many in his budget. I think he stated just over \$4 million, if I am correct.

**Mr. Ashton:** It might be better to ask this again at the end of Estimates, but there is 6.9 percent with an increase of \$4.4 million, close to 12 percent, in terms of existing programs and new initiatives.

**Mr. Penner:** I thank the minister for that clarification. When I looked at how the government had dealt with this whole matter of the Department of Conservation, and then removing now the water and water issues, plus fisheries out of the Department of Conservation and developing a Department of Water Stewardship, it made me wonder what the true agenda was of this government because, when I went back to 1988 to '90, that period of time, and I was the minister of this department, or Ministry of Conservation at that time, I think at that time it was still called Natural Resources, and we did what was then deemed to be very significant, made a very significant move forward in land and water strategies and land and water development. We developed such things as the Round Table for the Environment. I think it was known internationally. Manitoba was recognized internationally for the direction that we had taken and were taking. I think Gro Harlem Brundtland made comments in a speech—I believe it was in South America where the major economic and environmental conference was held, I believe, in 1990-91, if memory is serving me correctly—at how progressively the Province of Manitoba was pursuing the protection of the environment.

\* (15:00)

We did, Mr. Chairperson, a very long process of policy development, which involved some 1200 Manitobans in a series of meetings and conferences that I personally chaired, and asked people to get involved and try and help us develop a process of economic development which we would later call "sustainable development."

I still believe that word "sustainable" should be used daily in our approach to environmental issues and the protection of our two main resources that all life depends on, on earth, and those are water and land. If we have no land, we have no food. If we have no water, we have no food.

Either way, water and land certainly, in our view, were the main issues at stake in developing those policies and the directive that came out of that in establishing the Round Table on the Environment. I was quite amazed and surprised that this government chose to disband that round table and abandon in its entirety the approach to economic development on a sustainable basis. If you do not build sustainability into a developmental process, you have nothing because, at the end of the day, it will fail.

So, sustainability, both from an economic standpoint and an environmental standpoint, it was always my view that you had to build the environment into a sustainable economic plan over the long term in order for it to survive. That is the reason why we did that. Now I see the dissecting of the resources into various sectors in this department, and I know why the minister did that, or I know why the government did that. They wanted to leave the impression with the electorate of Manitoba that they were progressively pursuing the protection of water. Well, just the dissecting, or just the singling out and boxing them in separate boxes does not solve anything.

The disbanding of the sustainable development process and the Round Table on the Environment, I think, were clearly an indication of the sincerity, or the lack of sincerity, of this government in that respect. I think in large part what drove the separation out of water, out of the natural resource component, was largely done because a few years ago, as we all know, we were afflicted with a drought in western Canada that lowered the flows of water in some of the main rivers that we were dependent on in the province of Manitoba for hydro-electric development.

We also know that at that same period of time, prices had risen fairly dramatically for that electric power in the export market, namely Minnesota, Wisconsin and then farther east. They were paying premiums to get access to that energy that we were able to produce. We did produce it, and we did export. We provided revenues of up to \$400 million to the coffers of the Government of Manitoba, which they took out of Manitoba Hydro and spent on whatever.

I think that drove them to utilize the storage pond that we have, which is called Lake Winnipeg

and Lake Manitoba, to utilize that water and draw down those lakes to the point; when we stayed three days at Lake Winnipeg, at the beaches of Lake Winnipeg in a cottage over a weekend, the tips of the sewage pipes coming out of those cottages were bare, in other words, above the water level. That had never happened before. That fall, there were satellite pictures showing the algae blooms in Lake Winnipeg. Did not surprise me.

Those of us that were born and raised in rural Manitoba, especially in southern rural Manitoba, will note that all the sloughs, in the fall of the year when it gets very warm and we have had a drought, those sloughs decrease in levels. What do you get in those sloughs? You get adamant and just a plethora of algae blooms in those sloughs. I do not want to call Lake Manitoba a slough, because I believe what the terms the minister has used to describe Lake Winnipeg will be detrimental to the tourism industry in the province of Manitoba for years to come, for years to come.

I think it was unfortunate that the minister and his government forced Manitoba Hydro to keep those turbines running at the speed they did by drawing the waters out of those lakes. At some point in time, that will be prescribed in history as a mistake that led us to spend millions of dollars to try and correct a perception. The perception was created by political manipulation and political rhetoric.

I want to go a bit farther south. I have heard the minister talk many times about the impact of the Red River on Lake Winnipeg and the impact of the nutrient loading of the Red River and the agricultural community, and that is very prevalent and very evident in his piece of legislation of what he thinks and how his government thinks about the agricultural community.

I want to show the minister his own department's results of testing in that Red River Valley over 20 years, from 1978 to 2000. That is 22 years of testing, and I want to show this committee sitting here, especially you, Mr. Chairman, take a look at the flat line of the nutrient loading from Emerson to Fargo, North Dakota. The minister has constantly talked about the U.S. contribution or the increase in loading of phosphates by the Americans. Look at that flat, straight line. It is amazing. Where does the minister get his information? This is his own material. These are his documents.

Then I want to turn the page, and I want to show the minister the results of that same period of testing on those same phosphate levels from the town of Emerson, in other words the U.S. border, to St. Norbert, just outskirts south of Winnipeg. It is a deadly flat line. There is no change in the last 22 years of any nutrient loading from that Red River. None. There is no increase.

How can the minister, in all honesty, go before the people of Manitoba—no, not just the people of Manitoba but the people of North America—and tell them how we have polluted and caused the pollution of Lake Winnipeg when the last 20 years of agricultural activity clearly demonstrated, by his own graphs and his own research over 20 years, his own department's research, that that agricultural community has done a yeoman's job, even though they have increased production by almost double during those 20 years, a yeoman's job of protecting the environment? By his own tests, and then he stood before about 500 people, a number of you, when he first became the minister, and told those 500 people in a conference in the Convention Centre in downtown Winnipeg, how the agricultural community was polluting the waters of our lakes in Manitoba.  
[*interjection*]

I will read you back your own quotes, Mr. Minister.

\* (15:10)

Now I want to show you, Mr. Chairperson, another chart. Take a hard look at that chart. That chart goes fairly straight upward, and this is where the minister and I agree, that we, as human beings, not as farmers, not as industries or whatnot, we as human beings had better look after how we do things and what we do with our own effluent that we use, because this is a chart that was taken from St. Norbert to Selkirk. That is a sharp upward trend of nutrient loading, which includes the largest populated centre in Manitoba.

I say to you that when I look at Bill 22 that the minister had put before the people, there is virtually no mention in that bill about the human effect to the environment. He talks about agriculture. He blames agriculture in that bill. He talks about international boundaries and waters entering Manitoba through international boundaries. It is only the United States that we border internationally. He talks about that in

that bill and has numerous clauses dealing with that and, yet where does he indicate in that Bill 22 the human impact? The human impact, and I include myself, Mr. Chairperson, in that analogy.

I think it is extremely unfortunate from two perspectives that we have constantly—and I want to raise one more issue. Here is where I will probably get some flack from the minister and maybe some others, but I think honesty needs to prevail in this Chamber. I would like to see a lot more direct, forthright presentations made than what I have heard in the last while.

I am ashamed some days to be here because of what I hear in this Chamber and how it is presented. I am really ashamed to be a member of the Legislature. Here is a document, and the minister has constantly questioned, made reference to Devils Lake. I am not a proponent of allowing Devils Lake water into Manitoba. I am also not an opponent. I neither oppose nor am I a proponent, but what I have constantly said, and the minister cannot argue this, is we should use scientific analysis to do the assessment of what the impact will be. I will stand by that and we should do that. We as a province of Manitoba, as far as I am concerned, failed when we went to court first and then started asking questions later.

This is called the Integrated Planning Report and Environmental Impact Statement by the U.S. Army Corps of Engineers. It is a huge document. I believe there are, if I remember correctly, some 800 pages of material. This is another part of that document and I have two more documents in my possession which I did not bring here, but this is a condensed copy of the environmental impact statement.

The reason I am saying this, when you read this report, sir, this report clearly identifies that there are no striped bass, and the minister has talked numerous times about striped bass. I want to spend a bit of time on striped bass, numerous times about accusing Devils Lake of transferring striped bass, a fish species, into Manitoba waters that apparently we did not have until last fall in Lake Manitoba.

The Army Corps of Engineers in their study says, "We did not find any striped bass in Devils Lake." They are, however, deadly honest. They said in their report, "We did not find any," but they say,

"We would not guarantee that there are none." That is what they said. I think they were being totally honest.

They said also, "We did not find any striped zebras, zebra mussels. We did not find any of those, either." But they said, "We would not guarantee that there will not be some at some point in time." This report said it is one of the best walleye fisheries in North America. That is odd. That is such a polluted lake and raises such great walleye. In other words, pickerel. How could you raise pickerel in such a polluted lake? How can you do that? I do not know, but these are the words the minister has used, and I have heard the Premier use that same language the other day and I honestly was surprised. Sadly surprised, not pleasantly surprised, because that was not what they would have read had they read this report.

It also says that, as far as mercury is concerned, this report says the area of the lake, the bay of the lake and, if you know the lake, it is sort of a large lake area, then there is another large lake area, and three large components to this lake. The area that they are going to take the water out to put into the Red River has less mercury in it than the Red River does. It also has less sulphur in it, in other words, salts in it than the Red River does.

It does not surprise me, quite frankly, because I have lived on the Red River for all my life. We go fishing on the Red River quite regularly. My kids used to catch striped bass in that Red River 30 years ago, striped bass. I related this to my sons, three of them, and they are great fishermen. I taught them well. They love to go fishing. My youngest son said to me, "Dad, you want to go fishing with me next Saturday in Lake Winnipeg?" "No," I said. "I do not like fishing on that big lake." "No, no," he said, "we will go up the Winnipeg River, just to the mouth of Lake Winnipeg. There is great fishing there. There are big walleyes there; the greenbacks are running now." I said, "Okay, let's go."

You know what the first fish was that I caught? The first fish I caught was a striped bass. When I pulled it out of the water, I said, "I cannot believe this. This is a striped bass. This is what we used to catch in the Red River 30 years ago." Lawrence said, "Yes." He said, "Why? We catch a lot of these in this lake. We always have." Then that evening we had

supper at the hotel. We stayed overnight and stayed for another day of great fishing next day.

We stayed in a hotel in Pine Falls, so I asked the three guys sitting right next to me where they were from. They said, "We are from Iowa. We come up here to fish." I said, "Any luck?" "Oh, yes," they said, "good luck." I said, "By the way, do you guys ever catch striped bass here?" He said, "That is why we come here. This is the greatest striped bass fishery that we have that we can access." They said, "We love to fish for striped bass." Those are not my words. Those are their words. I said, "Okay."

Then this last spring I met a fisherman who the minister knows well. His first name is Bob, from north basin of Lake Winnipeg. This was in Fargo at the Red River Conference. I said, "Bob, you are a commercial fisherman. You have fished this lake 40 years. Do you ever catch striped bass in the lake?" He said, "You know, Jack, I just wish we had a market for them." He said, "They are great eating. They are great fish to eat. Sportsmen love to catch them, but he said they are a nuisance"—[*interjection*] You do, too. Mr. Chairman, likes to catch striped bass too.

The interesting thing is he said they are good eating. He said they are a nuisance to us because there is no market for them. You know what we should do, Mr. Minister? We should take the advice that you gave to us regarding the pollution of the lake. We should stop talking about the pollution of that lake, and we should start talking about the huge potential of that lake. We should build on it and we should develop it. I believe if you would spend the amount of time you do talking about the derogatory side of that lake and use it to build and promote the industry, the freshwater fishery and industry and sell the product that comes out of it instead of dumping it on the ice.

We have mullets, we have carp, we have striped bass and we have all kinds of fish that we can market internationally, but yet we are telling them that our lake is so polluted that we are going to spend probably hundreds of millions of dollars trying to fix it, when in fact, the only stress that I have seen put on that lake was by human beings and human effort. That minister and his government are to blame for much of it, because they drew the lake down to the point where it became too warm and, therefore, presented itself an environment to grow algae.

\* (15:20)

I go fishing regularly with a former scientist at the Freshwater Institute at the University of Manitoba. We go fishing on Lake of the Woods. Every year Paul and I go fishing, and I ask him why in July is that Lake of the Woods so absolutely polluted with algae.

You know what he said? He said, "This algae will not hurt the lake. It might, in fact, be healthier over the long term because algae does exactly what trees do. They use carbon dioxide. They burn carbon and put out oxygen." He said the only problem we have is in some of the shallow lakes. We get so much algae and when that sinks in winter, it causes a degeneration of that, and that is where our trouble is. I said, "That does not happen on the Lake of the Woods?" "No," he said, "it has not been a problem so far."

In some of the bays where we went fishing, where I caught one of my biggest fish, quite frankly, it was nothing but pure green pea soup. If you have ever fished on Lake of the Woods, in July, you will know what I mean. It was pure green soup and that is what we are dealing with here today. I think the minister should have some significant second thoughts about that.

I am totally in favour, as I demonstrated in '88, '89, '90, of protecting the environment. As a matter of fact, I am probably one of the biggest environmentalists around because I farm. If I do not protect that farm, and if I do not protect the water that comes off of that farm into the rivers, that farm is not going to survive. My children and their children and their children's children will depend on what kind of steward I am. We all are.

That is why these tests, these reports, both the minister's own reports, demonstrate how careful farmers have been. This is clear evidence, 22 years of evidence, of how absolutely great stewards farmers have been. I say to the minister: Now let us get on with doing the work to make sure you and I, as human beings, do our share to ensure that we will not pollute those waters by the sewage we dump into our rivers, lakes and streams, out of every sewage lagoon in the fall of every year, to drain them down so there will be enough capacity in winter.

We do ourselves proud by the agitation and the aeration and all that sort of stuff, but at the end of the

day the nutrients are still there and we have no hesitation to dump them into the rivers and the streams that flow.

I look at the Plum River at St. Jean every fall. Most of the times that river is absolutely dry at the end of September, but by about mid-October, that river starts flowing again. No rain, but it starts flowing again because we say to all the towns upstream that now you can dump, and they do. What are we doing to our river and our lake?

I think it is time we started developing a process that would absolutely treat and remove the nutrients before we do anything with that water in those lakes or in those lagoons. That is where we should be focussing and this report demonstrates that. I think it is time that we, as human beings, start pointing the fingers right back at ourselves, not our animals, not the farmers that work the land because it is not the animals that do this. The animals do not do more than what nature allows them to do. We need to make sure we treat our own waste, human waste, as we do the waste that comes out of the barns we so highly regard.

So I say to you, Minister and Mr. Chairman, I want to thank you for allowing me the time to express some views. Then I want to also remind the minister that there are times when we will look very critically at his department. We will view very critically what he says, and we will remind him of that time and time again, because he is, in my view, and he should be, in my view, the true steward of what we hold, what human society holds most dearest, and that is their water and their land.

Thank you, Mr. Chairperson.

**Mr. Chairperson:** Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration of line item 25.1.(a) and proceed with the consideration of the remaining items referenced in resolution 25.1.

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

**Mr. Ashton:** If I could, I would like to introduce my new deputy minister who is no stranger to members

of the Legislature, former Deputy of Government Services, and who I worked quite closely with as my former role of Minister of Government Services—the Golden Boy comes to mind—Don Norquay, the assistant deputy minister of Ecological Services Division, actually a Transportation alumni; and Steve Topping, executive director of Infrastructure and Operations Division, no stranger to members of this House for his work on capital areas; Dwight Williamson is here, director of Water Science and Management Branch.

I would also like to indicate that, given the space limitations, that we also have available Dick Menon, general manager of the Manitoba Water Services Board. We also have Don Rocan, manager of the office of Drinking Water; Joe O'Connor, the director of Fisheries branch; and I can also indicate that, if there are any questions involving the floodway, Ernie Gilroy is unable to be here today but will be here at future meetings of this committee if we do continue past today.

**Mr. Chairperson:** Does the committee wish to proceed through the Estimates in a chronological manner, or a global discussion? Which one?

**Mr. Penner:** I wonder whether the minister might be amenable to sort of wandering through the process and ignoring the line by line until the end of the procedure that we are into, or end of the process that we are into, if that is okay with him. If not, I mean, I have no aversion to either one, either going line by line or wandering through, but sometimes we get distracted and then we do not have to be called back.

**Mr. Ashton:** I certainly have no difficulty with a global consideration of items. The only thing that might be useful is, given the space limitations in the Chamber, given the fact that the Water Services Board, the office of Drinking Water and the Fisheries staff are waiting to come in, if required, if we could maybe just co-ordinate those sections at a point in time where we can deal with all Fisheries questions, whatever, but I do not see any particular need to go through the Estimates line by line. I think it is far more useful to go on a global basis.

**Mr. Penner:** Thank you. That means that the minister has given me only a few hours to go fishing. Sure, I have no problem with doing that. If the minister promises that he will take me out fishing

this summer for more than a few hours, then we can, I think, accommodate that.

**Mr. Ashton:** I can go and take him fishing for the white bass that is found in Manitoba, not the striped bass.

\* (15:30)

**Mr. Chairperson:** As the Chair understands the agreement, the general rule is global until you come to fishing and other co-ordinated topics, in which case you focus so that we can accommodate the necessary staff that provides the information. So we will do it. As agreed, we start at Fisheries first and we go fishing first.

Do we want to start questions now, or do we wait for the staff? The floor is now open for questions.

**Mr. Penner:** I wonder whether the minister could give us a bit of an overview as to the Dauphin Lake fishery and what has happened in the last year or two in regard to the matter of overfishing in the channel at Dauphin Lake that was quite prevalent a couple of years ago. I wonder whether he could tell us what the state of that fishery is there.

**Mr. Ashton:** I believe the member is referring to a situation that occurred where there was illegal fishing both in Lake Dauphin and Lake of the Prairies. What I can do is I can indicate that charges were laid, and I want to make it very clear that these were not fishers that were entitled to fish for subsistence fishing through their constitutional right as treaty fishers. These were individuals that were improperly fishing. In fact, charges were laid in terms of both lakes.

I want to indicate that we worked very extensively with the local communities and particularly First Nations, with the Western Regional Tribal Council. We work with sports fishers in the area and developed a very significant approach, I thought, which respected the right of subsistence fishing but established a permit so that we could clearly identify situations in which there were not legitimate fishers involved in fishing.

By the way, I want to stress that in fact the charges that were laid often involved non-treaty fishers, so there was often a misperception that did

not reflect the reality. We have been working very closely, again, with the Western Regional Tribal Council and with sports fishers in the area and have made significant progress in terms of dealing with that situation. One of the things it led to, by the way, is not just a course for Lake Dauphin but for the province as a whole. We did increase the fines. We have been basically working on far greater consequences for illegal fishing. We passed legislation in this House. You will recall that was supported by other parties, by the member's party.

I want to indicate, too, that we have worked very hard on a manageable program, and we have, in particular, in the area been working with First Nations and with the sports fishers, focussing on, in this case, angling. We put in conservation measures that do limit the harvest there because it is done through angling rather than through netting in the area that the member mentioned. Our top priority has been conservation, and we believe we have made significant progress over the last number of years.

**Mr. Penner:** What is, Mr. Minister, the state of the fish habitat in Lake Dauphin now? Is the fishery fairly stable there, or is that increasing in population?

**Mr. Ashton:** It is probably improving. There has been some work funded through the Fisheries Enhancement Initiative so, certainly, there are indications of fairly positive trends in terms of fish stocks in the lake.

**Mr. Penner:** Is there any stocking of fish in that lake right now?

**Mr. Ashton:** No, the focus there has been through the kind of mechanisms we use elsewhere in the province in terms of catch limits, et cetera, through the actual management of the fishery harvest. Again, it is showing some significant signs of improvement.

**Mr. Penner:** Thank you, I appreciate that. I wonder if the minister could give us a bit of an overview as to the state of the fishery in Lake of the Prairies.

**Mr. Ashton:** Yes, a similar situation to Lake Dauphin. The indications from our staff are that it is improving, and I want to acknowledge, by the way, the importance of both lakes to the area. I think they are very important, certainly recreationally, but also for other purposes. They are very significantly used.

Lake of the Prairies, again, we did lay charges where illegal fishing took place on Lake of the Prairies, going back a couple of years now. We will continue to work on a management process that looks at sustainable levels of fishing but also makes it very clear that illegal fishing will not be tolerated and there will be significant consequences.

I just want to add that when we did increase the general fines for fishing to as much as \$100,000, it has to be recognized that having fines in the hundreds of dollars when you have the potential for people to take fish out in semi trailers, catch them illegally, sell them illegally, fish that can be worth upwards of twenty and thirty thousand dollars on the retail market, that is a significant area of concern. That is why we did act. I should mention, by the way, on both lakes we have also done a lot of work, as we have across the province, in moving ahead now in terms of better identification of fish that is legally caught, properly caught, for commercial fishing, because that continues to be a concern as well.

In some cases in the past, we have had situations where fish have been caught on the lake, rather than in the specific area that the fisher has quota for or, in many cases, fish has been caught on lakes, previously, was being caught on lakes that there was no quota. What we have done there as well is worked to ensure that we do have consequences.

In my mind, fishing on a lake you do not have quota for is equivalent to getting somebody else's cattle if you are a cattle farmer. It would be considered theft. This counts no different with fish, so we have been stepping up the enforcement quite significantly at both lakes. In fact, if I recall correctly, 10 charges were laid and we have also significantly increased the potential penalties for future charges.

**Mr. Penner:** I not quite sure that I quite understood. Do you say that the fines were as high as \$100,000 on illegal fishing?

\* (15:40)

**Mr. Ashton:** Yes, Mr. Deputy Speaker, under the legislation we passed in the Legislature. Now this is, by the way, not for the sports fisher who catches one more fish than their limit, or a commercial fisher who commits some minor infraction. This was to go

from a situation where we had, in many cases, a maximum ability of fines of only \$10,000 and allows in very serious cases for that to happen. So we have been working also on an enforcement strategy that deals—and I want to stress, by the way, that this is in no way, shape, or form to suggest that there is a significant number of people that are fishing illegally, but it does not take too many. It can take a very small number of people illegally fishing.

The other thing I should mention, by the way, is that the penalties are consistent with the penalties in other provinces so I know there may be some concern that it sounds exorbitant. It is not. This is only for extreme cases, but if somebody was to haul a semi trailer load of fish out of a lake illegally, I think we all know it is a lot tougher to—I mean, you cannot put the fish back, and it takes a while before the lake will recover. So you will have seen a very significant enhancement of enforcement. And I think, quite frankly, not just the enforcement in this case, the 10 charges that were laid, but the fact that there are far greater consequences today than there would have been even two or three years ago.

**Mr. Penner:** Thank you, and if you have not got the answer for this one I will understand, but \$100,000, I am not opposed to that. I support \$100,000 fine in those kinds of situations, just so you clearly understand where I am going with this. Can you tell me what the fine is for stealing cattle in this province?

**Mr. Ashton:** Being the Minister of Water Stewardship, I would consider it appropriate that I know what the fine is for illegally catching fish, but I am not the Minister of Agriculture, so I will not even hazard a guess.

**Mr. Penner:** I wonder if the minister might want to hazard a guess as to what the fine is for stealing a car in this province.

**Mr. Ashton:** It all depends.

**Mr. Penner:** Again, the only point I want to make here is I support what the minister has done or is doing in his department. I just want to say to the minister that he should take back to his Cabinet that they have a serious problem with criminal activities in this province other than stealing fish or overcatching fish, and they should look at doing the

same thing in other areas as well to eliminate crime in this province.

**Mr. Ashton:** I should indicate, too, that one of the key things here is recognizing the fine should not be a cost of doing business. They are not, with the current legislation in place, going to be a cost of doing business. We also are implementing impacts in terms of licences. We have licensed commercial fishers who commit significant infractions that can result in a suspension of a licence for a period of time. It is not something that is done lightly. The department looks at all of the facts, but once again, you cannot catch fish that you do not have a quota for in this province. The only fishing that is legal is either licensed fishers, both commercially or recreationally, treaty fishers for subsistence, and, certainly following the Powley decision, we certainly respect that decision. Again, we will be applying those principles, but the bottom line is there is clearly not an ability to just fish at random in this province, and there are significant fines and penalties available.

My view, by the way, too, is the supplies, and clearly other areas as well, but in this particular case, we recognize we cannot put an NRO on every lake, river and stream, but when you catch someone, it cannot just be a slap on the wrist for a serious offence. I know the member knows this, but there is no resource that is more closely guarded than the fishery resource in this province. There are a lot of people out there that rely on it either for a living or for recreational purposes, and we found it has been very well received. I think there has been a bit of a shift in attitudes as well, too, in the last 10, 20 years.

Growing up in Thompson, I am sure it was no different than, certainly in the sixties and seventies, the Member for Emerson's (Mr. Penner) home community. I think people had a different attitude at times, not everyone, but it was almost considered fashionable to catch whatever number of fish as long as you did not get caught. That has changed. I think people understand that you cannot catch your limit three times a day. You have got to follow slot limits; you have got to follow all the rules and regulations.

One of the things I did want to put on the record here, quite frankly, is that I want to credit the Fisheries department staff, our Fisheries section, because it has to be one of the toughest jobs in the province, believe you me, even tougher than being

an MLA. Well, okay, probably a lot tougher, because, you know—*[interjection]*

We will debate that, but I can tell you, it is often very difficult when the Fisheries department has to sit down and look at say an extension for a season request or a change to Fisheries regulations to allow more to be caught, et cetera. But they understand that their goal has to be to maintain the fish in the future and it is not often easy, given public reaction, to do that. Nor is it easy, by the way, to enforce with our NROs, our rules and regulations.

The bottom line is if we are not vigilant in terms of protecting our fish, we will not have the kind of fishery we have. Just for the member's information, and I do not know if the member is aware of this, and, by the way, both this government and the previous government have been part of this, so this is not a partisan comment, but we are the one success story, particularly in terms of recreational fisheries. There are more anglers now, 220 000 growth in angling just in the last 10 years. The Fisheries Enhancement Initiative has worked extremely well. It has been very well supported by the public. A lot of fisheries enhancement groups, angling groups, played a key role in that and while other provinces have seen a decline, and why other activities such as hunting have seen a decline in the province, which is I think, unfortunate, what is happening here is certainly on the recreational side we have had a fairly significant number of people. It is very encouraging to see young families involved. I know there are people in the member's area that are very much involved with that.

I did want to put on the record that through a lot of work we started in the mid-1990s and continues to this day, there has been a pretty significant enhancement of the fishery. I want to give credit to previous ministers, by the way, because this did not happen overnight. We are seen as a success story across Canada.

**Mr. Penner:** I was not trying to make the case that we were not doing a job of enforcement in our fisheries, in our natural resources. I think our resource officers, and I have learned a lot about them when I was the minister and have a great deal of respect for the people that enforce our rules and laws in the natural resources sector.

Nor do I totally agree with the minister when he says they have a very tough job. They do, but they

also have a very enjoyable job. I always say the natural resources guys and the farmers are very similar. They get to work out in the fresh air. I see them whipping across the lake when I went out to Whitemouth Lake to fish just about a week before the end of the season this year. I went ice fishing with the boys and they came whipping across the lake and said, "Hey, you guys, you got your licence," and all that sort of stuff. I said, "Yes, we do." I showed them my driver's licence. "Oh," he says, "you do not need a licence." I said, "That is right. I have gained that age now."

They do a marvellous job and I commend them for it. I have a lot of respect for the people that work in my area and look after the needs of people and the needs of the whole resource sector.

The reason I asked the question, or made the point, is I think that government needs to take a very hard look at the human sector and how we deal with thievery, whether it is auto theft, or how we deal with the drug situation and the lack of adequate fines and/or incarceration for those kinds of things. I am very serious about that. I think we sometimes forget that those that offend through the laws, the breaking of the laws, cause a detriment to society. If we are very serious as legislators, or if we were to become very serious about the criminal activity in this province, we would make the fines such and the incarcerations such that we would simply eliminate them by taking them out of circulation for a long, long time. I think that is what needs to be done. That is the case I try to make. I will leave that there.

\* (15:50)

I want to ask the minister about Lake of the Woods. Lake of the Woods, as the minister knows, is a very interesting lake because it is a tri-jurisdictional lake. It is a tri-jurisdictional water body from an administrative standpoint of the fishery act and in three different jurisdictions. It also becomes a very difficult lake to administer, both from an environmental standpoint as well as protecting the fish species or other species, for that matter, because the streams that enter Lake of the Woods come within a few miles of the Great Lakes, and they run into Ontario quite some distance, and cause a drainage out of Ontario where the laws are substantially different than ours. Again, in Minnesota, they are substantially different than ours, and we do not know what kind of protection is afforded to that lake from those two jurisdictions.

We know what ours are, but we do not know what the protection is that is afforded to them. We are not quite sure even at ours because the Northwest Angle, that little chunk of the United States that we almost annexed a number of years ago, and it was an interesting exercise, but they were very unhappy with how they were dealt with, as Minnesotans, within the jurisdiction of Manitoba, and how they, especially the outfitters over there operating out of there, there is only one left there now, but at that time there were, I believe, three operating out of Northwest Angle, whom I know very well, by the way, and how that lake, as far as we, as Manitobans are concerned, is open to the introduction of foreign species into that lake.

It has always been a concern to me because I agree with the minister when he says that we have to protect our lakes and our rivers from foreign species. We want to do that. But that is an area that is wide open, and we have no say there whatsoever. There are fishermen from all over the United States and Canada that enter that lake, and we have no idea what they bring with them when they come to fish in those lakes. We have no idea what kind of species they introduce whether through bait species and others. We do not know whether that bait includes a bass, or a jackfish, or a walleye, or what those minnows are. We do not know that. We have no way of controlling that. We have no say in that.

So I want to ask the minister whether he has had any meaningful discussions with that tri-jurisdictional body that periodically meets to talk about the rules and regulations in that lake. Secondly, before I let the minister answer, I wonder if he has had any discussions with those two jurisdictions about a licensing process and a limit process that would be equal in all three jurisdictions.

**Mr. Ashton:** First of all, just one thing, I wanted the opportunity, I could not resist to say how pleased I am that the member has had the opportunity to follow through on our initiative to provide licences to Manitobans who have earned them for free. I had the great pleasure, as Minister of Conservation, of announcing that. I am not going to get into political discussions about it. I will just say that it has been very well received. I do believe once you reach a certain age, you have earned a few things, and the ability to go fishing without charge, I think, is very much appreciated. So the fact that Conservation licences are available to Manitoba seniors is, I think,

very important. So I am glad the member opposite is putting that into effect.

In terms of some of the jurisdictional issues and the importation issues that the member referenced, we have banned the importation of leeches to Manitoba from the U.S. due to concerns over purple loosestrife. So we have been very vigilant in terms of that. We are working very much in terms of zebra mussels. The member is quite aware of that. I know, every summer we have a very significant effort to make sure that the public is not bringing zebra mussels in. I think that is very significant because they are a real difficulty for many other jurisdictions, particularly in the Great Lakes. In terms of Ontario, Ontario is actually moving very much, in terms of fishing regulations, in the same direction that Manitoba Conservation and, now, Fisheries have.

So there is a fair degree of developments that have been taking place in terms of harmonizing those regulations. I think that is quite important because I think the member points to the fact that we really have to have an interjurisdictional approach. There are discussions due to take place on an interprovincial basis. We are looking at enhancing that, by the way, not just in terms of fisheries issues, but also in terms of water quality issues. Some of the significant pressure affecting Lake Winnipeg actually comes from the Ontario side of the equation. So, when we talk about water quality issues, the same principle applies. But on the fishing side, the bottom line here is we do work with Ontario and do work with Minnesota as well. There are ongoing meetings.

What is interesting, I think, is the degree to which all jurisdictions are working in very similar manners. You know, for example, Minnesota, and I have had the opportunity to meet with commissioner and deputy commissioner of Natural Resources, Minnesota is really strong on the importation of foreign biota. It is a major, major part of their efforts to make sure that their lakes are kept as pristine as possible. Minnesota, I know, while we have 100 000 lakes, they have 10 000 lakes, which is not bad. Some very nice lakes, actually, and they have a whole history there of work on foreign biota.

So we are working interjurisdictionally. But I think the member has pointed to the fact that that side of the border is an area we need to have a significant amount of focus on, partly because of the

Lake of the Woods itself, but also because of the significant number of tourists, the significant number of people that are back and forth for recreational reasons, you know, with cottages, et cetera. We have been quite successful, relatively speaking. When I say relatively speaking, let us put it in perspective. Lake Winnipeg has four invasive species currently. That compares to about 160 in Lake Erie.

But the bottom line is, the clear message is, you have got to be ever vigilant. One of the issues that many jurisdictions are dealing with right now is the Asian carp that are just devastating the existing fisheries in many jurisdictions. I have had the opportunity to talk to our colleagues in Minnesota. They are also very concerned with that themselves.

So the bottom line is foreign biota is an issue, a major issue. I think the member points to Lake of the Woods as being a very important part of it. The degree to which we do co-operate, I think, is the degree to which we will be successful. There is a fair amount of co-operation and symmetry of regulations.

**Mr. Penner:** I just make the point, or want to make the point, and I think this is important to this whole discussion, that Manitoba being what Manitoba is and Manitoba lying, as we do, at the bottom of the Churchill basin drainage system, we are subjected to very significant, by chance, proliferation of foreign species that we might not think that we have.

\* (16:00)

I say that with all due respect, but having been down at the Great Lakes and fished there and then come back into Minnesota, well, this was in Minnesota, but come back into our part of the world, I know how easy it is for a bait bucket to be carried in the back of the boat for an hour and fish in a stream or river that flows into Lake of the Woods. I know how easy that is.

Therefore, I believe species transfer is very simple and can happen almost anywhere along our borders or beyond our borders in the introduction of foreign species. I think we must be very careful when we make statements in that respect because I think we need to respect the jurisdictionality or the responsibility of other jurisdictions in that respect, and we must also respect their laws and their rules. I believe that, because those waters flow into the Churchill Basin, we also must be careful when we

say we have not got some of the species that are prevalent in other areas.

You know, again, by this report, there is an identification of two species of biota in Devils Lake, but I now also have found out that those species exist in at least three lakes in Minnesota that flow into the Red River, and they apparently also exist, one of those species also exists in one of the lakes in Manitoba. You know, that is why I raise this because it is a concern to me because we want to have those people come visit us in Manitoba. I think we want to be careful that we do not present ourselves as something that we really are not, but I think we also want to make sure that we earn the respect that we expect from them as well. I think we must always be very careful what kind of language we use in describing other jurisdictions properties or responsibilities. I am not sure that I have always heard that from our side of the border.

I only say this because we do a lot of travelling. We have done a lot of travelling across the world. We have always been quite highly respected as Canadians, and I have a great deal of comfort when I travel to countries such as Indonesia or China or Japan or Australia, New Zealand or South America. When you identify yourself as Canadian, it says a lot. And the same thing used to apply right across the line to the United States.

I just live six miles from the United States. I do a lot of business over there, but the atmosphere there has changed. The attitude has changed, and I think it is largely due to a couple of politicians that have not presented ourselves well as Canadians. One of them was our former Prime Minister, and the language he used, the descriptive language he used, was unfortunate.

I think when we use language to describe other people's waters as being polluted without having the knowledge, the true knowledge, because we did not do the tests there, I think that is unfortunate to do that. I have no problem with identifying, but let us use a scientific base for making accusations before we make them. If we have not got the scientific base, then let us be careful because they do impact us, can impact us economically to a great, great degree. We are traders both ways and we must respect that.

I want to ask the minister whether the commercial fishery in Manitoba has expanded. What

is our export of freshwater fish out of Manitoba into other jurisdictions, and where do we market many of our freshwater fish in the province?

**Mr. Ashton:** Just, if I could, with some of the comments the member made previously, I am quite prepared to get into a Devils Lake discussion. I think it is really important to be consistent and put on the record that what the member is referring to is now something that some people in North Dakota have been putting forward as being the case, but the Minnesota fish biologist who was reported, made the statement, has put out a disclaimer indicating that these parasites, you know, the comments member made about the parasites being in the Red River were taken out of context, and that is not the case. There is one in a Minnesota lake but not in the Red River. This has been something that I know again we have been dealing with it.

I just want to put on the record, by the way, that when it comes to Devils Lake, the appropriate body in this particular case to deal with all the scientific issues, following a proper environmental impact statement, is the International Joint Commission. That is the role of the International Joint Commission and, as for the quality of the water in Devils Lake, the state of North Dakota, Department of Health, basically issues a waste water permit. That is their determination. The water itself is not suitable for immediate irrigation purposes for general application. There is documented, clear evidence of the fact that it is saline water. It is nutrient overloaded. The member, in his opening comments, referred to heavy metals. It is an issue that was raised by Secretary of State Colin Powell in a letter, actually, on the federal project, but obviously this particular concern would apply to the state project, as well.

The key element to remember here, and I think the member in his opening statements missed the point, pickerel, for example, can survive in water quality conditions that may be fine for pickerel but can still have difficulties in terms of nutrient overloading, salinity and the other concerns that we have. I want to stress again that we do take very seriously the scientific issues, and I want to point out that, unlike the federal outlet, which at least went through a U.S. Army Corps of Engineers environmental impact statement process, there were some flaws, but at least it went through that and did result in design features that added environmental

mitigation, sand filters in particular. The state outlet, basically, has not had any adequate degree of environmental assessment.

The difficulty the member has, by the way, quite frankly, I do not know why he continuously puts forward erroneous information that is put forward. I expect that, perhaps, from some of the people in North Dakota that have been using this information in the past and one of the most recent erroneous statements was the fact that Manitoba or Canada did not want to go to the IJC in 2002 on the Devils Lake outlet. Not true. I mean, there was the federal outlet under consideration. It was premature. The environmental impact statement was not done, was not completed. You go through that process, get the information, then you go to the IJC. No one ever said they were opposed to going to the IJC, but, continuously, elected officials in the U.S. have been making the statement. I know Senator Conrad made this statement recently. I can indicate I have written to Senator Conrad to correct the record.

\* (16:10)

I would appreciate if the member would also, on the record, clearly state what Manitoba's position is, because I have always felt that this is a non-partisan issue. Certainly, that has been the tradition. I would like to point out, Mr. Deputy Speaker, the reference to statements being made in the U.S. back and forth. I have no time for the Carolyn Parrish anti-American gratuitous statements that were made. You know what, that is nothing to do with Devils Lake because this is not Canada versus the U.S. It is very much a situation in which you have Manitoba, Missouri, Minnesota, citizens of North Dakota, environmental organizations, the National Wildlife Federation, the Great Lakes Commission, which represents eight states and two provinces. So I want to make it very clear that indeed we are working not on a Canada versus U.S. basis. This has got nothing to do with that whatsoever. It has got everything to do with our case, protecting Manitoba's interests, and I would assume the same would apply to all the others, including the people on the U.S. side of the border.

I do want to put on the record, too, that there is often reference to quota action. Well, you know, Premier Filmon, in 1998, indicated that he would fight the Devils Lake outlet. At that time we were dealing with the federal outlet, and would go to court if necessary to protect Manitoba's interests. If you

cannot get to the IJC, like North Dakota citizens, you have to fight back, and I point out in the state court of appeal, when we appeared with Devils Lake on April 18, it was North Dakota citizens and the Manitoba government. There are people in North Dakota who do not agree with the Devils Lake outlet either, and people want the proper environmental assessment. I think that is important because, quite frankly, I would assume the member is concerned about the Manitoba interests here. I would point out that it also involves North Dakota. So I am not sure what reference this was.

As I said, I have no time for what I call the stupid kinds of comments that are made by people like Carolyn Parrish and others. Those kinds of comments are gratuitous. They do us a disservice, and, quite frankly, any of the similar comments that are made by anybody on either side of the border are not there. We have a dispute between neighbours, and I remember I had the opportunity to meet recently with Mr. Belford, and I have met with colleagues south of the border as well, it is a dispute between neighbours. In this case the way to resolve it is to bring an outside third party.

Now one of the reasons it is important, and I assume that was the reason why the member talked about Devils Lake in the preamble to his question is because in terms of the commercial fishery, it is a very significant economic asset to the province. We produce 12 million kilograms of fish. The value is about \$23 million a year. Walleye and sauger are about 70 percent of that, whitefish about 11 percent. Lake Winnipeg, by the way, is about 40 percent of the total production and 55 percent of the value. We now have the largest freshwater fish production in the country. We have overtaken Ontario. So it is a very important element of what is happening.

I do want to stress, by the way, too, on the fishing side because, again, I think the member at times likes to selectively hear comments that are made because one of the things we have said with Lake Winnipeg is that Lake Winnipeg is under stress. That is the exact term that was used. If the member cares to check Lake Winnipeg Stewardship Board, the member will find significant documentation of the sources of that stress. If the member checks the record, the member will find in that document, in the statements that I have made and others have made that, indeed, it comes from one 1.1 million sources. Actually, I have to update that now

because our population is actually growing, so \$1.17 million, and if the member reads through the report and checks page 17, he will also see that, despite his comments about agriculture being targeted, the document itself clearly points to the fact that that is not the case.

The largest single-point source is the city of Winnipeg at 6 percent and because of the actions of this government in going to licensing hearings for the city of Winnipeg waste water system and adopting the licensing recommendations of the Clean Environment Commission, something that should have happened in 1992 but did not, but happened in 2002 under this government, we will be taking a point source that is 6 percent. This is not agriculture. This is the city of Winnipeg, and we will be reducing that down to probably less than 2% source. So if you consider that our target on Lake Winnipeg is a 10% reduction, Mr. Deputy Speaker, that is very significant.

I want to stress, by the way, that you can see on Lake Winnipeg that, indeed, the fishery stock right now is in very good shape. There have been record pickerel catches the last number of years. That is why it is so important to work to protect water quality in this province. So, when the member talks about Devils Lake, yes, it is part of it, and when the member talks about the water quality management zones, The Water Protection Act, any of the features of Bill 22, that is part of it, but you know what? The bottom line is the blame game will not cut it anymore, and I have said very clearly that I have no time when people—

**An Honourable Member:** You are responsible for it.

**Mr. Ashton:** Well, you know, it is interesting the member opposite, I do not know where he has been the last period of time, but I have made it very clear that agriculture is part of the solution. There are significantly improved agricultural practices in this province, as compared to five and ten and fifteen and twenty years ago, and in fact, and the member, I know, knows this from that, looking at Manure and Mortality Regulations, farm practices guidelines. The Manitoba-based farm sector is a significant part of the solution already. In fact, all of agriculture combined, and the member can check page 17, is still actually less than other sources, you know, the Red River. It is only 14 percent, and we have said that. We have said that on the record.

So I do not know if it is, maybe, convenient at times to try and create a phoney political war, but there is no politics involving this issue other than, to my mind, the fact we are all part of the problem. If we start pointing fingers and saying, "You are blaming this section and you are blaming the other sector," we will never fix the problem. As I said, read page 17 on Lake Winnipeg Stewardship Board report. It indicates that there are many sources out there. We have already started. As I said, it is, I think, very significant that the first real significant reductions in nutrients in this province will come from the largest single source, the city of Winnipeg. That, by the way, includes all 700 000-plus city of Winnipeggers who will be very much a part of the solution.

It will be fairly costly. We are working on infrastructure support. But let us be very clear here that this is only going to be an issue that we can resolve if we all work together. That is what, quite frankly, this department is about, our water strategy is about, the various acts we brought in place are about and the initiatives we are dealing with in Estimates this year.

**Mr. Penner:** The minister has just demonstrated how short his memory really is, or either he does not remember what he says from time to time, because at the Winnipeg Water Conference, where he was the minister that presented, he blamed agriculture and he said that agriculture would have to start soil testing. He said the nutrient run-off off of agricultural land would have to be stopped. Well, his own reports indicate clearly that the nutrient run-off has not changed in 22 years. If the minister would have read his own material before he would have made that speech, he might not have made the blunder that he made there and he might not have blamed the agricultural community.

Secondly, I want to say this to the minister, that the first report, the first environmental assessment that was done on Devils Lake is 1999, printed. The second one was 2001. The major one was done in 2002—

**An Honourable Member:** Federal outlet.

**Mr. Penner:** These were state and federal reports. If you have not read them. What I am saying is, you were given the opportunity, Minister, to appear and get the support of the IJC. I have talked to members

of the IJC and they said they were disappointed that Canada, is the term they used, had denied the IJC getting involved in 2002. This, the major report, was dated 2002. Why did you not say, yes, to the IJC involvement then? Why? That is your problem, sir. I think it is time you recognized that you have not at all—

**An Honourable Member:** That is the North Dakota state government position. It is wrong.

**Mr. Penner:** Let him speak, if he wants to.

**Mr. Chairperson:** Nobody can understand if two people talk at the same time.

**An Honourable Member:** That is true.

**Mr. Chairperson:** So, let us have some order here. The floor is with the Member for Emerson.

\* (16:20)

**Mr. Penner:** All I want to say to the minister is be honest, be absolutely honest with the people of Manitoba and with the people of North Dakota, or the U.S.A. and Canada, be honest about that, because these reports are dated and they are clear. The impact is clear in those reports. I accept them, as they would accept our reports.

I think therein lies the problem. The minister also said Premier Filmon had said they would go to court—

**An Honourable Member:** I have got the press release.

**Mr. Penner:** Not on Devils Lake, but on Garrison water being brought into Devils Lake to stabilize the waters in Devils Lake. That is what the issue was. Ask your staff, they were there. My goodness, accept that. At least be honest, sir. I cannot believe that the minister would try and put those kinds of things on the record without objecting to those kinds—

**An Honourable Member:** You do not know what you are talking about.

**Mr. Penner:** Well, I was the minister at the time, and I do not know what I was talking about?

**An Honourable Member:** Well, you were not the minister in 1999.

**Mr. Chairperson:** Order. The issue has to be addressed through the Chair so there will be no direct confrontation. Otherwise, we will be up in arms here.

**Mr. Penner:** All I want to do is make sure that the minister understands that some of us were born outside of the city, but not outside of the province. We do our homework some days and we go back and we have good memories, and I think the minister needs to be assured that others have memories as well. When he makes the kind of statements that he has made from day one, since he became the Minister of Water Stewardship, it is unfortunate because he has constantly pointed fingers at almost everybody he could find, and that is coming to haunt him now because he is going to, at some point in time, have to make a real decision. Then we will find out where the rubber hits the road. Because when a decision is made, either in Canada or the United States, or even at home here, on the legislation that you have put forward and you bring forward the regulations to demonstrate how serious you are, then we will see who is correct and who has not been correct. It is time that we become honest with the people of Manitoba. There is no point in me sitting here putting all sorts of incorrect information on the record and then later on, wanting to defend that if it is not correct. At least level with the people you represent. That is all I am saying.

**Mr. Ashton:** You know, I must admit I get a little bit frustrated when the member, on the public record in the Manitoba Legislature, essentially puts forth the erroneous representation of Manitoba and Canada's position that I might expect from, you know, Senator Conrad, who said this, and we have corrected that record, that we were opposed to an IJC reference, but I expect a member of the Legislature who has got some of these documents in front of him to understand that we are dealing right now with the state outlet.

In fact, there is a whole history, and I will give the member the quotes here because, quite frankly, I am not sure whether he is really supporting Manitoba's interests in here when he clearly does not know what he is talking about when it comes to the IJC referral, by the way. Let me run through the chronology here because I think it is important for the member, before he runs off and starts, you know, I expect, say, Senator Conrad to do that, he has to represent the people of North Dakota the way he

thinks is appropriate, but the member is a member of the Legislature for Manitoba, and let us look at this.

In 1998, the U.S. Army Corps of Engineers, this is dealing with the federal outlet, there was no state outlet under consideration in 1998, started by requesting the State Department to initiate consultations with the IJC on the Corps-proposed Devils Lake outlet project. That is the federal outlet. The State Department responded, "We will need to provide the IJC the details of the Corps of Engineers' plans and the results of the Corps' environmental assessment now in progress," the documents the member referred to—this is in 1998—and also responded, "When the Corps has completed its requirements under NEPA, which is the National Environmental Policy Act, and has forwarded those results to the Department of State, we will be in a position to approach the IJC to undertake the necessary consultations." So the State Department said on the federal outlet, "Do the environmental assessment and then we can look at the IJC."

Well, in May 2002, the Corps review under the NEPA was only partially completed. The final environmental impact statement, which the member, I believe, has with him, was not issued until April 2003, and the record of decision was not issued until October of 2003. Now the record of decision brought to conclusion the NEPA process. Between May 2002, and October 2003, the U.S. Army Corps of Engineers environmental review was still underway and significant modifications were still being made to the project. In other words, the environmental assessment had not been completed and the project design had not been completed.

So when asked by the State Department in May 2002 to refer the Devils Lake project, this is the federal project, to the IJC, Canada responded. In the view of the Government of Canada, it is inappropriate to refer to the IJC a proposal such as the potential Devils Lake project, which is neither finalized nor recommended by the Army Corps of Engineers to determine whether it would be compliant with the provisions of the Boundary Waters Treaty.

Do I have to read it again for the member to understand that the issue is not if it should be referred to the IJC, it was when and the appropriate time was not in May 2002. It was after October 2003 when the environmental assessment was done. I do

not think it helps Manitoba's case when you have a member of the Legislature who tries to give some idea that there is any cogency to this argument that has been put forward. I have written a letter, by the way, to Senator Conrad to make sure he is aware of the fact. It is not true to suggest that Manitoba, or Canada, had refused an IJC reference. The only issue was when, not if and the when was after the completion of the environmental assessment.

Now, I want to go a little bit further because the member has these documents, but I do not know why he does not understand clearly the difference between the state project and the federal project. Now the federal project, also known as the U.S. Army Corps of Engineers project, is a different location of the lake. The state project was developed starting in 1999, and the project we are looking at right now is not the federal project, in terms of the imminent opening, it is the state project. Now how was the state project designed? It was designed to avoid any federal scrutiny in the U.S. It snakes its way around wetlands, and in one case it went under a wetland. It has deliberately been put together to avoid any federal scrutiny. It has no U.S. federal funding, so again it avoids federal scrutiny. What essentially is happening is we are trying to get it to the IJC because there has not been the kind of environmental assessment there was with the federal project or the mitigation.

By the way, the federal project, and, you know, the member likes to slip and slide back and forth between the two here, the last cost total for the federal project was about \$220 million U.S. It may have gone up even since then because of built-in mitigation, things like sand filters. The state project has no mitigation, nothing, except maybe a wire screen. There are no sand filters. There is no treatment. There are no efforts to do anything other than open this up this year.

Now, again, if the member cannot stand up and correct the record and say that, clearly, Manitoba and Canada had never said that we were opposed to an IJC reference; the only issue was on the federal outlet and the timing of an IJC reference, I would say that would help Manitoba when we are working with our friends and allies in the U.S., trying to get the IJC reference.

You know, Mr. Deputy Speaker, one of the reasons I get frustrated with this is because the

member keeps repeating this. He said it before, and it is not true. It is not true. We have always supported an IJC reference, and I know these comments have been made by North Dakota officials. You know, I would expect maybe given some of the issues that are involved here, you might expect it and I cannot do anything other than what I have done with Senator Conrad, which is write a letter to correct the facts. The fact is not true to say that it was no IJC agreement from Manitoba or Canada. It was a question of when, not if.

\* (16:30)

For the member to get up and do this is just, I think, incredible. By the way, he throws around the documents. This is to do with the federal outlet, the U.S. Army Corps of Engineers outlet. The Secretary of State Colin Powell on the federal outlet, not the state outlet, wrote a letter, indicating clearly that there were concerns that had not been dealt with in terms of foreign biota, that is in Secretary of State Colin Powell's letter. It also raised the issue of heavy metal pollution. So, clearly, again, this is the Secretary of State, not Canada, not Manitoba.

When the Governor of North Dakota, by the way, tried to suggest that the environmental assessment, the information that was coming forward in terms of the environmental assessment of the federal outlet applied to the state outlet, the State Department wrote to the Governor of North Dakota and said, "No, it does not." It applies to the federal outlet, not the state outlet. They are two different things, same lake, different area, different water quality, different water flows, different issues, and, in both cases, if you look at it, it is very, very clear, Mr. Deputy Speaker, that even on the U.S., it is not Canada. I know the member wants to kind of create this as some U.S. versus Canada dispute. I do not know what element it is, U.S. versus Canada, when you have got the State Department clearly indicating that whatever was done, the U.S. Army Corps of Engineers on the federal outlet does not apply to the state outlet.

Now I can provide the correspondence to the member, and I can show him the press release where Premier Filmon at the time said that they were prepared to go to court to protect Manitoba's interests. If he is saying no, they would not do that, I can provide the press release to the member. But you know what, Mr. Speaker? I would like to ask the

member by the way, he likes to say, "Well, you should try diplomacy." We have been trying diplomacy. The federal government has been meeting at ambassador level, meeting with senior officials. We tried diplomacy. The Premier (Mr. Doer) has met with the governors, also the chair of the state water commission. We have met with our U.S. allies. I will not list them again, but if the member cannot understand that it is a pretty broad cross section of people in the United States who support our position. I think he will see that.

We may be friendly Manitoba, but we are not a doormat. If we are being told by the state of North Dakota that there is not going to be an IJC reference if they have anything to do with it, if we still do not have a decision from the State Department which we are hoping to get very soon, what are we supposed to do on NAWS, on Devils Lake? Are we just supposed to say, "Well, too bad there has not been any proper environmental assessment." I am just trying to sort of think what the member opposite would do if he was Minister of Water Stewardship. What would he say? Would he say, Hey, no problem. It was Manitoba, it was Canada that was at fault here. We are not going to sue you. We are going to do what?

You know what, Mr. Deputy Speaker, when we went to the NAWS court decision, there was some question if we would even get standing in the U.S. court as a Canadian jurisdiction. We did. It started in 2002, my predecessor was part of that, the Member for The Pas (Mr. Lathlin). We continued that and we have had two favourable court rulings. A U.S. federal court judge has said what? He said even with a small chance of foreign biota transfer, there is significant potential for catastrophic damage. We also were able to get a partial injunction in a recent court action. I mean this is a U.S. court, this is a U.S. federal court looking at the NAWS decision.

If the member disagrees with our strategy, that is fair ball, but you know what? I think it really undermines our efforts as a province, not our government, but I would say on behalf of all residents of this province when the member says and puts on the record those kinds of statements.

I know we read into the record the rather bizarre editorial that came from the Bismarck paper a while ago. You know, Mr. Speaker, talking about the province of Winnipeg and consumer boycott, and all the rest of it. The editor of that newspaper is entitled

to their opinion and I thought he was a little bit off. They are entitled to their opinion, but talking about consumer boycotts because Manitoba is protecting its interests, no one in Manitoba is talking about boycotting North Dakota. That would be inappropriate. We made it clear.

I was asked what my comments were. I said, "Unfortunate." What, though, I thought was more than unfortunate, the member read it, put it on the record and then endorsed it. That kind of comment, I am not going to criticize the editor of the paper, I thought the comments were a little bit ill informed; the province of Winnipeg, over the top, the member from Transcona points out. I do not expect the member to buy into this kind of stuff because, you know what? We have to maintain a united position as a province, and our position is not anti-American, it is not anti-North Dakotan. It is pro-Manitoba. That is what it is, and how you can be anti-American—because he likes to skate around this; it is like there is some insinuation—when we are working with Minnesota and Missouri. What are they, anti-American, too? How about the eight Great Lakes states? Are they anti-American, too?

You know what? No one is being anti-American in this one. The only one raising this kind of, good fisheries analogy here, a red herring is the Member for Emerson. There is not once that I have not said, "This is not Canada versus the U.S." Right now it is pretty well the state of North Dakota, not the people, it is the state, the governor, the state water commission. Certainly, there are congressional representatives that are clearly the proponents with the state outlet, and pretty well anybody else you can imagine is saying one thing: It is crazy not to go to the IJC. It is an institution that has served us well since 1909.

By the way, I am hoping the member will correct on the record. I can give him the letters, if he wants. I have the chronology here. I can show him a copy of the letter I am sending to Senator Conrad. I will get the member a copy of the letter I am sending which outlines all of this because, you know, I would expect a member of the Legislature from Manitoba to stick to the facts and not undermine our position with the state of North Dakota. We have always said as a province, and our federal government has always said, the only issue in terms of the IJC is not if, but when.

**Mr. Penner:** Again, the minister demonstrates the language that has been a problem in his presentations

all along, and I think that is unfortunate. Again he uses all kinds of descriptive language to make his point, and let him do that as he will. The editorial in the Bismarck paper that he refers to was clearly an indication as to how people in North Dakota feel about Manitoba, and I think the minister—*[interjection]*

Well, the minister says, "No, it was not," but if an editorialist of a paper writes in his paper a recommendation to all North Dakotans not to go to Manitoba, I think that is fairly strong, and I think the minister needs to recognize that. That is all I am saying. I am not going to defend whether the North Dakotans are right or wrong. That is not the point I made. The point I made is the IJC offered in 2002 to hear the case, and the minister says the documentation was not there. Well, we have three pieces of documentation which I could table here today, if he wants it, but I am sure the minister has this himself. All I am saying is let us be careful what we put on the record because others do pay attention, and others are as sensitive as the minister obviously is, or else he would not have used again the descriptive language that he has used here today.

You know, I made some statements the other day when I read the editorial into the record here, and the only reason I did that was, again, it was a demonstration of how absolutely unassuming—I should not say, "unassuming" is not the right word—how absolutely partial the minister was and the NDP government had become during their term in office and/or before the term in office. I think I would like to remind the minister what I put on the record, and it was only factual what I put on the record, and that is that this NDP government told us time and time again how absolutely incompetent we were in agreeing to a free trade agreement with the Americans.

\* (16:40)

Well, the minister should today reflect on that. Where do we market most of our freshwater fish? Out of this province? Where did we market virtually all our beef coming out of this province? We have no slaughter facilities in this province. Where did we market them? Where do most of our hogs go? Most of the eight million hogs, not quite eight million, just under eight million hogs a year that we raise now in this province of Manitoba.

By the way, the minister and his colleagues were very opposed to the hog production in the province. When we left office, I believe we raised about three million, just approaching three million, 2.8 million, I believe is what the numbers were that we were raising in 1999. I stand corrected on that number, but today we are just under eight million. That is a substantive increase over the last five, six years. Where is the market for them? In the U.S.

Where is our hotel industry's market during the summer months? Where does it come from? South of the border. We attract people from south of the border to come to Manitoba. When we use terms like "polluted waters in your lakes; we do not want your polluted waters," we better have the evidence. That is all I have been saying. We had better have the evidence in hand before we make those kinds of accusing statements.

I think the minister is being rather frivolous. He is using the same kinds of tactics again to try and vilify the comments I made. I only referred to the documents before me, the huge document, dated 2002, environmental statement, the 2001 environmental statement, the 1999 environmental statement.

But the worst of it was when members of the NDP party stood tall in Winnipeg and burned the U.S. flag, I believe it was in front of the U.S. embassy. What happened to the embassy? The embassy was withdrawn from Canada, from Winnipeg. They removed it. Why would they have done that, because the NDP party burned the flag, the U.S. flag, in front of it?

That is what I put on the record the other day just as examples of how important it was to be very careful of what kinds of actions we present and how we present our objections to them. I have no problem with saying, "No, we do not want your water, Devils Lake water, in our river system," if we have proof to present before a court that says this water will destroy our fishery. We do not have that. I am sorry. I have not seen that.

Then when I get documents such as this describing the content and then saying that there are species, two biota species, in their lake that might not be prevalent in Red River but they are prevalent in the lakes flowing into the river, one or two, I believe state documents says in Manitoba and three in

Minnesota. Are they lying with these documents? I do not think they would do that.

So, all I am saying is by evidence that is before me, I make those statements. The minister says I am lying. Well, then these documents lie. I am sorry.

The editorial that I read here, if that is a lie, it was published and circulated. It was published and circulated. If that is a lie, that is all I read into the record.

The burning of the flag, if that is a lie, then why was the embassy withdrawn? The opposition to the Free Trade Agreement that has served Manitoba extremely well, if that was a lie, then I apologize. But I believe that was the NDP position.

So we will leave that because I do not think we will resolve that today. All I am going to say about the fishery in Manitoba, I believe we have a great freshwater fishery from two perspectives, to attract foreigners to come here and use our tourism facilities, to use our hotels, our motels and our cottages at the lake and those facilities that individuals have spent large amounts of money to develop.

If we look after our resources well enough, as I think our staff is trying to do, but it needs a minister's clear direction and honest direction for them to have the confidence in the minister. I am talking about your whole staff, Minister, for them to have the confidence in the minister to be able to deliver. If we destroy the confidence of the tourists in other countries that come here, if we destroy that confidence, then we have a lot of rebuilding to do. That is the point I was trying to make.

So, I want to ask the minister regarding Lake of the Woods again, has the minister done an assessment of what kinds of species, or has he had discussions with Minnesota and Ontario since he has been a minister of how we prevent foreign species that are foreign to our waters coming through those waters into our lake system?

**Mr. Ashton:** Mr. Speaker, I am not going to dwell on the past. I mean, the member went back to the Mulroney Free Trade debate in the 1980s. This is the year 2005, and it is funny that the member sort of pointed to this document he has on his table, the corps, and again, the member deliberately does not get it because the letter that is being referred to that

says it was not time to go to the IJC was in 2002. The document he was kind of pointing to was 2003. The environmental impact statement was completed in 2003.

Again, Mr. Deputy Speaker, you know, I really wonder what this member's agenda is. He is the official spokesperson for the opposition and he is spouting the same kind of misinformation that is being put out by the proponents of getting the outlet built and opening it up. I think it is really unfortunate because I would expect a Manitoba MLA, the spokesperson for the Conservative Party in the Legislature, to be a little bit more forthcoming in terms of that.

I really also want to stress one other thing before we leave this question on fisheries. To show you what Devils Lake is all about, the section 402 permit that was issued for the outlet is, and I want to quote, "a waste water and pollutant discharge permit." So, Mr. Deputy Speaker, even under federal U.S. legislation, I am sorry, it is a waste water permit. I mean that is what it is identified as. I do not understand what part of a waste water discharge the member does not understand, but anyway.

I also want to deal with another item the member puts on the record, because again the member consistently does this, and he does a disservice to fisheries in Manitoba. You know, what have we said about Lake Winnipeg? We have said it is a lake under stress.

**An Honourable Member:** You put it under stress.

**Mr. Ashton:** Oh, the member says we put it under stress. You know, we have been in government since 1999. It has been growing in terms of nutrients since the 1970s. The member, I know, has stated, put on the record publicly, he thinks the water is in better shape than it was 20 years ago.

**An Honourable Member:** Absolutely, I believe that.

**Mr. Ashton:** He believes that, Mr. Speaker, he just said it on the record. It is like the Flat Earth Society. I am sure the member is afraid that if he drives too far he will fall off the edge of the earth because nobody, but nobody, that I talk to except the Member for Emerson has seen anything other than a lake under stress and the eutrophication.

By the way, the member said, "You know, there are these other lakes and there is this algae and algae can be good." I would suggest he take the time to sit down with some of the biologists, some of the scientists that will outline to him toxic algae, toxic algae blooms and what eutrophication does. By the way, the member really does not get it, maybe he does not want to get it, but what you end up with is you end up with more and more nutrients. You get more and more algae blooms. After a while, what happens is it chokes off the oxygen supply, can actually be toxic.

Algae blooms are not new, but they are growing in terms of Lake Winnipeg. I would expect the member not to put on the record this stuff about saying Lake Winnipeg is polluted. We have said it is under stress and particularly because of nutrient overload. He should read the Lake Winnipeg Stewardship Board report because, you know what, again, what the member does is he says, "Well, there, you know, you are saying it is polluted and that is hurting the province."

\* (16:50)

He is the one saying that that is the comment that is being put forward. If the member wants to help Manitoba, I would suggest what he do is he would say, "No, I know better. I am the Water Stewardship critic. It is under stress. We got all sorts of scientific documentation."

I know the Member for Emerson sees himself as a scientist, too, because when he sees white bass it is striped bass. When he sees a 10% increase in nutrients, he thinks that actually we are in better shape than before. He sees pickerel in Devils Lake, somehow that means that it is okay to drain Devils Lake through the Devils Lake outlet.

I do not know where the member is coming from in terms of this, but we have said nothing less than our lakes and rivers are under stress. We have also said every time I had the opportunity that in fact our fisheries are in good shape. If you were to consider Lake Winnipeg, for example, the bottom line is—*[interjection]*

You know what? Talk to our fisheries. The member, again, you know, I am amazed. We have the renaissance person here because he knows better about fisheries biology, he knows better about

drainage. I remember when I was Minister of Highways, he knew better than our highways engineers, so I think the Member for Emerson is, certainly in his own mind, the renaissance person. He knows better than everyone else.

You know what? I am not a fisheries biologist, I am not an engineer, and I rely on the advice of some very capable staff, but what the member I think should learn here, and I am sure it is a political agenda—I suppose we all have political agendas, but you do not advance a political agenda in this province. These comments are dragging up things that happened in the 1980s. In the year 2005 we have very legitimate reasons to be concerned about issues like Devils Lake. It is nothing to do with being anti-American. It is everything to do with being pro-Manitoban and working with people who are pro-Minnesotan, pro-Missourian, and people who are in North Dakota pro-North Dakota. We are in court with who? The Save the Sheyenne group, the Peterson Coulee association. They are North Dakotans. I guess, according to the member's idea, they are anti-American, too.

You know, whatever issues the member has going back to the 1980s or the 1990s, it is the year 2005. That is why I want to stress, by the way, that we do take seriously a lot of the work we are doing. We are working with our counterparts. We have had on the national agenda issues in terms of foreign biota, the national Fisheries Minister's agenda. We have a very vigilant program, particularly with zebra mussels inspections that I referenced earlier. We are working on issues like Devils Lake because, indeed, that is a concern: parasites and foreign biota as a general concern. Foreign biota is now actually of international significance. The President of Mexico, the President of the United States and the Prime Minister of Canada all referenced foreign biota as a significant concern.

That is why, by the way, and I hate to get back to this, and if the member does not want to continue the discussion on Devils Lake, do it at length, but that is what the IJC is there for. It is primarily and fundamentally going to be able to deal with issues like foreign biota, so we are going to be very vigilant. I make no apologies, by the way, on the record, as minister. I do not think any member of our government would make any apologies. I do not think too many other MLAs in this House would make too many apologies for protecting Manitoba's

interest and protecting Manitoba's water. That is what we are here for.

**Mr. David Faurschou (Portage la Prairie):** In regard to Devils Lake, I want to be very clear. We are seemingly brushing over a very serious issue here, but the Army Corps of Engineers and the federal resourced studies that have been done had not just one option. I have looked at three separate options, and I believe that one of the options that was there to stabilize the Devils Lake level could have been very acceptable to ourselves here in Manitoba because it would essentially have been a containment reservoir that would have been the collection of runoff waters that would essentially have been no different than runoff waters we see here right in Manitoba and would not have actually had any contact with the waters within Devils Lake which we all recognize could potentially have some foreign biota to Manitoba.

So, in any event, I will say that I think it is important that we really, truly evaluate all of the options and not always to be so quick to be confrontational and try and settle our differences before the judicial system. I believe we are all rational, common-sense thinkers interested in the same thing, and that is protecting our environment. Water is, without question, our greatest natural resource here in Manitoba and we must make every effort to protect it.

The minister has made statements in regard to fisheries. That is what I would like to ask the minister and staff about as the growing demand for fish here in, not only the province of Manitoba, across our nation, but in the world, as the global fishing stocks are diminished to a point where the demand is not being satisfied through catches. I believe that we have to make a more concerted effort to make certain that our lakes are stocked and that our industry has available to them fish that can be caught and brought to market.

So my question is to the minister: Is the department co-ordinating with First Nations, co-ordinating with Manitoba Hydro which has obligations under the Northern Flood Agreement, and other private hatcheries that develop fingerlings for release into our major lakes? Is the department co-ordinating between those respective entities?

**Mr. Ashton:** One brief comment on Devils Lake, because I think it is important, again, to remind the

members of the Legislature of Manitoba that the federal outlet that has gone through extensive scrutiny. The federal outlet had an environmental impact statement that was completed in 2003, not 2002, when the letter that went forward in terms of the IJC timing was there.

The federal outlet clearly dealt with a very different situation than the state outlet, and particularly by the way, the federal outlet at its final design stage or at least the highest level of design, built in sand filters.

So let us understand that that whole process has resulted—You know, there may be some flaws in the environmental assessment, at least there has been some environmental assessment. I think, if you will follow through in the sort of the spirit of the letters back and forth in terms of the IJC, if we were dealing with the federal outlet, we would be going to the IJC at this point in time.

But you know, again, and I find it unfortunate when people forget one thing here, it was the State of North Dakota that unilaterally, in 1999, started to design what has come to be called the state outlet. The State of North Dakota has restricted itself to only state processes and they basically have developed a \$28-million outlet, not a \$220-million outlet, that has no environmental mitigation. So, you know, we have suggested going to the IJC—

**An Honourable Member:** What about the federal funding, because you went to Washington—

**Mr. Chairperson:** Order, please.

**Mr. Ashton:** You know what, Mr. Deputy Speaker? I think the member for Portage is misinformed here because the whole purpose of the state outlet was to avoid federal funding and federal jurisdiction. It has been pretty clear from what has been happening, because if you do have federal funding, as the NAWS project does, the Bureau of Reclamation, you then end up in court, federal court, as we did in terms of NAWS, with federal court jurisdiction, federal jurisdiction in the U.S.

If the member had a neighbour that was going to take in this case the permit that we are dealing with in terms of Devils Lake is for a waste water permit, I do not think the member would hesitate to look at maybe trying to reason with the neighbour. The

bottom line is I think the member would understand that if his neighbour was still intent on going ahead, what other option are you supposed to follow, by the way?

\* (17:00)

It has been raised at the highest level, the Premier (Mr. Doer) and the Governor. There have been discussions with the State of Minnesota and State of North Dakota. They have raised it as well. In meetings between North Dakota, Minnesota and Manitoba, it has been raised there.

North Dakota said no. They do not want to go to the IJC. They do not make the decision. That is the State Department so they have said no. I do not quite understand what part of the imminent opening of Devils Lake that anyone could not understand. They have said no. They are not proceeding. They do not want a IJC referral. They call it a delay tactic.

I mean, the bottom line here is we are protecting Manitoba's interests and, by the way, outside of a couple of people in the Legislature, I have only heard people who have said, "What else do you expect?" People think it is unfortunate. We have had a very good relationship with North Dakota, but the same concern is in Minnesota, Missouri, within North Dakota. I just want to stress that because we want to go to the IJC. It is a process and the bottom line is you have to have proper accounting for interjurisdictional issues for you to deal with it.

I appreciate, Mr. Deputy Speaker, in terms of the fisheries side, we do have a very significant involvement working with both the commercial fishers and the sports fishers, including hatcheries. Hatcheries do not always work. It depends on the ecology of the lake, but they are an important part of our fishery management program. I think that is really important. We have pickerel receiving ponds. Last year, by the way, we put in \$200,000 to work with volunteer groups, and I am a big fan of the FEI, Fisheries Enhancement Issue, because, quite frankly, it brings out some of the most creative ideas you can imagine. I know the member is probably aware of some of the projects that have been approved across the province. I know the member from Emerson is so enthusiastic about what is going on in the fisheries side that he just cannot wait to get back into discussion here.

We are working quite significantly on fisheries enhancement, and I think that it is good. By the way, we do co-ordinate—we are working now, particularly on the Aboriginal side. Our staff has been meeting with First Nations, Métis fishers because I know the member referenced Aboriginal fishers and I assume he is referring to both First Nations and Métis, co-ordinating with Hydro in terms of hatcheries, as well. So when I talk about some of the progress that has been made on the fishing side the last number of years, it is very much a co-operative effort and I think we are seeing the results.

Now there are challenges out there in the fishing side, particularly with the rise in the Canadian dollar, the decrease in prices, particularly for a number of species such as mullet. I know there are ongoing concerns. The member will be aware certainly from commercial fishers in his area, Lake Manitoba area. One of the issues, by the way, that I think should be looked at is more involvement of fishers on the board, perhaps following the Wheat Board model, direct election. I have raised that with the minister, but the bottom line is Freshwater Fish Marketing board certainly has been an important part of the fisheries and we work with them, as well.

**Mr. Faurschou:** In regard to the fishing industry, I believe it has a great potential for added value to a natural resource here in the province of Manitoba. I believe we should and can do more to promote and develop the fishing industry here in the province of Manitoba on the commercial end. I want to emphasize that more resources need to be dedicated in this regard, and an engagement of the fishers themselves because we do need to have a consistent quantity of supply so that we can satisfy a processing support industry here in Manitoba. Right now we are having to ship a lot of raw product out of province because you do not have the processing capabilities here. That is the mullet market as the minister mentioned. I believe that is the reason we are facing that situation because we do not have the processing capacity.

I want to ask the minister whether he is considerate, because there are two diverging interests in fish in the province. The one is the commercial net fishing industry, and the other is the sport tourism fishing here in the province of Manitoba.

I have been known to promote, I believe, the benefits of having those two interests in different

departments, i.e. the commercial fishing under the direction of the Department of Agriculture and aquaculture, and have designated lakes specific for netting and commercial fishing, and the balance, or the rest of the lakes here in Manitoba designated as sport fishing. Thereby, a clear definition regardless of whether it be Aboriginal, Native, Métis, any interested parties that do commercial net fishing, the lakes are identified and clearly though, that is the jurisdiction to which this activity is focussed. There is no conflict as we have seen at present between the netting of fish in other areas which are in clear conflict with the tourism sport fishing industry that sees certain lakes in this province as their predominant domain.

I want to ask the minister whether he is amenable to looking at that concept so that we can really, truly develop a natural resource to which our province is so naturally suited to, and to really have another industry develop in our province that I believe could see hundreds of millions of dollars of economic activity.

**Mr. Ashton:** I appreciate the idea the member has put forward. I would take a different approach. I think the current organizational structure, having Fisheries part of this department is important because there is a direct connection in terms of the provincial mandate between the habitat side of fishery and the fishery itself, so I think that is important. I actually think there needs to be, if anything, more common interests between the commercial and recreational fishers in the sense by having again, one department responsible for fishery. We are not separating the interests out.

As the member knows, there could be times at which there are disagreements between the recreational fishery and the sports fishery. There can be disagreements within commercial fishery and the recreational fishery as well, but I think it is important to have management that includes both habitat protection, but also management because clearly the provincial role here jurisdictionally is to have allocation of the resource between all users to look at the economic benefits to communities, that is part of the quota system and certainly with our lodges and outfitters and other economically driven aspects.

I certainly appreciate what the member is saying, but I actually think that the fishery is far better served in this department having one Department of

Fisheries. If anything, what we need as a creative solution is to have the federal government co-ordinate much more what it does with Fisheries with provincial governments.

I have had with my counterparts, the last minister and this current minister, we did sign a memorandum of agreement on habitat. I have said that we have a lot of DFO staff, for example, that if we could better co-ordinate our activities, we would be able to, I think, be involved in even better management of the fisheries. So I have even gone to the point of saying we are prepared to look at even more co-operation. We do not need less federal involvement on the fisheries side, we need a shift to make sure those resources are put to good use. I appreciate the member's suggestion, but I think we will have to agree to disagree on it.

\* (17:10)

**Mr. Penner:** I want to thank the minister for the comments he made in regard to the fishery. There are a number of other issues that, I think, are prevalent in the fishery that we should be looking at and discussing, but time will not permit. I think we have spent a bit too much time discussing the international situation and the minister's rhetoric. We maybe spent a bit too much time listening to each other.

So I would compliment the minister on the 63 million fry that were released, plus or minus 10 percent, I think your document states here, and the million or so trout fingerling and 10 000 sturgeon that were released. It think that is encouraging that there is still that kind of an effort being put to try and ensure that, especially in the sturgeon fingerlings. Again, we went fishing on the Winnipeg River and caught some sturgeon, the first time in my life I ever caught sturgeon, and it is quite something to catch a 54-inch sturgeon. It is a good experience.

I would like to revert to the floodway authority agreement with the minister, and if the fisheries people want to excuse themselves, that is fine. Thank you very much for attending.

The expansion of the floodway was first brought to our attention by this government, and the Premier (Mr. Doer) asked whether we would be amenable to an all-party kind of an arrangement to deal with the floodway. We said, "Yes, we would," quite frankly, because it was in all our best interests to look at how

to prevent a flood entering the city of Winnipeg and to ensure that there would be adequate protection provided. We found it interesting that after two meetings, and after having the opposition parties agree that the expansion of the floodway was the right way to go, the Premier decided not to call another meeting of the committee, and the committee has not met since.

I found it also very interesting that the Premier and the minister would draft a floodway management agreement without bringing that document, prior to signing on to an agreement like that, bringing that document to an all-party committee for discussion and consideration because if you are going to have an all-party committee dealing with the floodway expansion, then I would suspect that that would apply to all measures dealing with the floodway, and how contractual arrangements were arrived, and how we would ensure that the construction would proceed in an organized manner to ensure on-budget and on-time delivery of the project. I think we could have helped the government a bit with that.

I want to ask the minister what, other than what they have already put on the record, prompted the minister and his government to levy a penalty on non-union workers of \$2.91 an hour, to have that deducted from their salaries and paid into what is called a trade improvement trust fund, a pension trust fund, and a health and welfare trust fund. We do not even know who those funds would be administered by, and also 25 cents an hour to a union. So I want to ask the minister what prompted them other than their ideologies to try and draft a so-called project management agreement, the likes of which we have before us today, other than the construction industry?

**Mr. Ashton:** Mr. Deputy Speaker, I think the member's comments really show the agenda of the opposition on the floodway. I mean, talk about ideology, they have continuously raised this issue with their usual inflammatory anti-union rhetoric, which we expect from members opposite, but what is interesting is if you read into the question and the statements that have been made, I was trying to think sort of which decade I would place their policies in because I was, sort of, being generous one time when I suggested it might the 1950s, but it could be even earlier than that.

Let us put on the record what members opposite have difficulty with in terms of the floodway

agreement. First of all, by the way, the concept of a project management agreement, period, they are opposed to it; they have said it. They are against the project management agreement. Now we have had project management agreements with Manitoba Hydro since the 1960s. It was actually a Conservative government that brought in the first project management agreement for Manitoba Hydro, but they are against it.

It is interesting, Mr. Speaker, because they are also against, because I have seen these comments in the House and the comments again, clearly against workers on the project having pensions and benefits, having a training fund available. Unionized or non-unionized, I mean, they are criticizing here the very part of the agreement that deals with that.

You know what, Mr. Speaker? I guess I disagree. I do not think you can build a major project like the floodway unless you pay decent wages and you have decent working conditions and you have decent benefits. I do not think that is something that takes a heck of a lot to figure out. Now, if you want to go one step further, by the way, we know that the member opposite disagrees with the employment equity provisions. You know, I have stated very clearly that the hiring should reflect the diversity of the province.

Someone said, "Well, what about qualifications?" Well, Mr. Speaker, there are many people, many Aboriginal people, many minorities, many women who are more than capable, just as qualified as other Manitobans. There will be an opportunity for all Manitobans. But, again, the member called it apartheid. So I assume he is against employment equity provisions.

You know, Mr. Speaker, again, the agreement that has come in place does not require anybody to join a union. That was part of the Wally Fox-Decent report. There is actually no certification clause for the floodway project. There is an agreement in place. It is quite unique. It has got opportunities for union and non-union contractors and union and non-union workers.

By the way, the degree of unionization varies across the different sectors, Mr. Deputy Speaker. Some sectors are more unionized, some are less unionized. This ensures that they can all bid without preconditions.

Now, I want to go one step further, by the way, because I know the Leader of the Opposition (Mr. Murray) has said, "Well, non-unionized members do not go on strike." Well, you know, Mr. Deputy Speaker, the reason project management agreements came into Manitoba is because, in the 1960s, with the Grand Rapids Dam, there was no unionization. The employees decided, democratically, under law to become unionized, had two legal work stoppages, delayed the project by a year. Huge cost to the government. So, again, the members opposite do not recognize that one of the key elements this agreement brings in is a no-strike, no-lockout clause.

By the way, Mr. Speaker, you want to talk about ideology, I put them in the 1950s. They are also against the Rand Formula. They ran in the last election against the Rand Formula, which basically says if you receive the benefit, you do pay dues. In this case, we have got a unique provision that has a clear provision built in for non-unionized workers. Now, see, the Rand Formula dates back to 1944. So I think we have the Conservatives pegged, at least in the 1940s. Again, this is the year 2005.

I can tell you one thing, Mr. Speaker. Today I was very proud to introduce the engineering contractors, the two consortiums, \$27 million worth of engineering work. We have got world-class engineers here in Manitoba working on a world-class project, win-win for everyone.

What is interesting, Mr. Speaker, is we are finding increasingly over the next period of time, number one question I get asked about the floodway is not the project management agreement. It is when is it going to start. The good news is, subject to environmental hearings, this summer, and I want to remind everybody, because members opposite often miss this in their comments, it is about protecting 450 000 Manitobans against flooding. That is the job we have to do and we are going to get it done.

**Mr. Penner:** I wonder whether the minister could tell us whether he believes that disclosing private information to the Floodway Authority chairman or the Floodway Authority by every employee that is not unionized might, in fact, be an infringement of individual employees' rights.

\* (17:20)

**Mr. Ashton:** I do not know if the member has had the opportunity to meet with the floodway staff. By

the way, the Floodway Authority has been very active in being available. I met with his federal counterparts, the Conservatives. I met with the whole caucus of all the different parties, the Manitoba caucuses.

I do want to introduce Gus Fiorino, the financial officer of the Floodway Authority, who is just joining us, making sure that the Floodway Authority is well represented here.

I would remind the member again—I would suggest he sit down and look at what happens with project agreements of any kind, in this case a rather unique one because it does have clear provisions for both unionized and non-unionized contractors.

The whole issue, I think, is not unusual where there are other agreements in place and the member should be aware he is creating this spectre that somehow there is going to be information given out for organizing drives, et cetera. There is clear recognition in this case, going back to the Fox-Decent report, that that not be the case. It contains a no-certification clause, which guarantees a worker's right to join a union or not join a union. There is a clause that is built into the agreement. I do not know if the member has seen that clause, but, Mr. Speaker, I would have thought the member would have said, "That is good."

It is almost as if the Conservatives from day one have wanted just desperately to turn the project management agreement in to sort of this big, ideological issue. They repeatedly attacked the labour movement in here and that is their right. It reflects their inability to work with a pretty important part of our community because the labour movement is an important part of our community. We see it on April 28, Day of Mourning. We see a lot of the things that the labour movement does in this province, but I would point out again that if the member goes through the provisions in place, there is no evidence of any of the kind of conspiracy theories the member keeps talking about.

He is always looking for the grassy knoll, but the agreement is there; it is pretty up front. It reflects the Wally Fox-Decent report and it reflects the Manitoba way. The Manitoba way, Mr. Deputy Speaker, is a way of compromise. There are various different provisions in this agreement that represent compromise from all the players. I think the general reaction I am

getting from people is, notwithstanding the last session, they spent more time on this issue than pretty well any other issue. I think almost as much time as maybe health care.

I think they have their priorities a little bit misplaced here because the most important thing about the project is the project. It is the floodproofing. The project management agreement represents compromises from all sides, a lot of input, and I recognize there are people that have disagreements with part, maybe even all, of that. If the member opposite is saying he is against private project agreements, so be it. That means, Mr. Deputy Speaker, they are back to the pre-1960s where, quite frankly, without this kind of agreement, we would not have a no-strike, no-lockout provision. We would not have any guarantee that what happened in the Grand Rapids Dam happened, and we are not prepared to allow that to happen. This project will be built and there is no-strike, no-lockout provision, so we can, in this particular case, ensure there will not be an interruption of this extremely important project for Manitobans.

**Mr. Penner:** I would like to ask the minister, regarding the privacy and the rights of workers, whether he recognizes that most of the heavy construction industry is not unionized at the present and most of them have virtually the same benefits as unionized companies do. In other words, the health benefits that they, through Workers Compensation and all those kind of things, the holiday pay and that. If these workers are now required to pay \$2.91 an hour into three special funds by the virtue of this contract, in other words, the government forcing them to pay that additional fee into those funds, which they, if they do not unionize will never have use of. Whether he thinks that it is absolutely moral and ethical of a government to force a workforce to pay into something that they do not want to pay into, do not need to pay into, nor will they ever have any benefit from.

In other words, I believe, as many workers do, that they are now having to pay to buy themselves a job on the authority. Does he believe that is fair and equitable?

**Mr. Ashton:** Well, again, the member distorts what is in the agreement. If he is against workers on the floodway having pensions, benefits, let him state that. These provisions are in place there because you

have an agreement, you either have benefits or you do not, you either have pension provisions or you do not, and clearly, the member again has difficulty with this. This reference to buying a job, this is standard when you have benefits, whether you are unionized or non-unionized, to have that paid for, to make sure that you have benefits and pensions, in this case, training opportunities as well. I do not know if the member really is opposed to it, or whether he is just trying to twist it for some other purpose. I must admit, even though sometimes members opposite do surprise me, I just really cannot believe that they honestly would go out and say to Manitobans that there should not be this kind of a provision in an agreement.

What this agreement does is it provides a number of things. One is a wage scale, it provides benefits, and that is quite standard. I want to stress, by the way, there was a fair amount of involvement. I appreciate the Heavy Construction Association withdrew from the discussions. They were involved initially. They left in mid-January, but the Winnipeg Construction Association, for example, represented by George Rajotte remained at the table, indicated his support for the project management agreement, participated in the announcement of the agreement. These are people that I respect. George Rajotte and others who were part of this process, they have said there were a lot of compromises made back and forth. And what the member does is he sort of creates these straw people and likes to run around and put misinformation on.

I do want to mention, by the way, the confidentiality issue, again, if the member wants a briefing on this, worker lists will be maintained by the Floodway Authority without being provided to the Building Construction Trade Council, so they are maintained by the Floodway Authority, and it is there in terms of benefits and other provisions, security provisions on the worksite. It is fairly standard when you work for any site. If you worked at Inco in Thompson, the names of contractors are provided as a result of that. But again, there is not an issue in this case, and there is not an issue in terms of organizing because that is part of the agreement. There is a no organizing provision in the collective agreement. So this fear factor that the member has that there would be organization and certification on site, no, that is not the case. The member might be wise to get a briefing on the agreement.

**Mr. Penner:** Do you believe it is right and fair to charge somebody \$2.91 an hour for something that they can never get unless they join the union? Yes or no?

**Mr. Ashton:** Again, the member does not understand the agreement. I do not know if he has had a chance to have a briefing on the agreement. I would suggest he may want to sit down with the very capable staff of the Floodway Authority because the member's question is based on a false premise. How many times do I have to answer a question that is based on a false premise. The member might want to read the agreement. I think he will find that there are all sorts of provisions put in to reflect the fact that there will be unionized, non-unionized contractors, unionized and non-unionized employees. There will be opportunities for all Manitobans.

**Mr. Penner:** I will ask for the third time. Does he believe that he, as a representative, a minister of the Crown, is it fair and right that a person of Manitoba now has to buy himself a job paying \$2.91 an hour for the privilege of working in that construction industry? Is it fair and right?

**Mr. Ashton:** Benefits and pensions; it is right for workers on the floodway to have benefits and pensions.

**Mr. Penner:** They cannot, Mr. Minister, access that unless they join the union, and you know that. Is it fair and right?

**Mr. Chairperson:** The honourable minister, quick.

**Mr. Ashton:** Mr. Speaker, the member does not understand the agreement. It is fair and right for workers to have pensions and benefits in the year 2005.

**Mr. Chairperson:** The hour being 5:30 p.m., the Committee of Supply will rise.

Call in the Speaker.

## IN SESSION

**Mr. Speaker:** The hour being past 5:30 p.m., as previously agreed, the House is adjourned and stands adjourned until 1:30 p.m. on Monday.

## LEGISLATIVE ASSEMBLY OF MANITOBA

**Thursday, April 28, 2005**

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<b>GOVERNMENT BUSINESS</b>	
<b>Committee of Supply</b>	
(Concurrent Sections)	
Agriculture, Food and Rural Initiatives	2045
Industry, Economic Development and Mines	2048
Intergovernmental Affairs and Trade	2073
Water Stewardship	2101