



Third Session - Thirty-Seventh Legislature

of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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



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

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, April 23, 2002

The House met at 1:30 p.m.

## ORAL QUESTION PERIOD

## PRAYERS

## ROUTINE PROCEEDINGS

## TABLING OF REPORTS

**Mr. Speaker:** I am pleased to table the Annual Report of the Office of the Children's Advocate for the period April 1, 2000 to March 31, 2001.

**Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** I am pleased to table the following 2000-2001 annual reports, copies of which have already been released in accordance with the intersessional procedures: The Co-operative Loans and Loans Guarantee Board; the Cooperative Promotion Board; the Economic Innovation and Technology Council; the Industrial Technology Special Centre, Special Operating Agency; and the Annual Report for Manitoba Industry, Trade and Mines.

## 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 from Immanuel Christian School 11 Grades 9 and 11 students under the direction of Mr. Jeff Dykstra. This school is located in the constituency of the honourable Member for Radisson (Ms. Cerilli).

Also in the public gallery we have from Archwood School 20 Grade 5 students under the direction of Mrs. Connie Stanley. This school is in the constituency of the honourable Minister of Finance (Mr. Selinger).

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

## Budget

## Manitoba Hydro Profits

**Mr. Stuart Murray (Leader of the Official Opposition):** Yesterday, for the first time, Manitobans learned that the Doer government plans to raid Manitoba Hydro to the tune of some \$288 million. Mr. Speaker, \$150 million of that was used to balance last year's books. How can the Premier, how can he honestly stand in his place, how can he stand and tell Manitobans honestly that the books last year were balanced?

**Hon. Gary Doer (Premier):** I find it passing strange that members opposite would be feigning indignation in this House after you consider that, first of all, this Chamber witnessed a major breach of a democratic mandate when they reversed the position in 1995-96 and sold the Manitoba Telephone System.

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

**Mr. Speaker:** Order.

\* (13:35)

**Mr. Doer:** Thank you, Mr. Speaker. They sold the Manitoba Telephone System and put the one-time breach of trust with Manitobans directly into the rainy day fund, to show it in the rainy day fund. The total between the debt payment and the amount of money that went into the rainy day fund, the debt payment for health capital, I believe, was \$415 million.

**Mr. Murray:** Mr. Speaker, we have seen what this Government has a history of doing. We have seen it before. First, with MPI, they see \$30 million. They go in and they raid it. Take it away, we are going to spend it. Now we see that Manitoba Hydro has some profits, so we better grab those, not to look ahead but to balance the books from last year. That is unconscionable.

My question to the Premier is: Has he learned anything from MPI, and did he consult with Manitobans before he thought of raiding another Crown corporation?

**Mr. Doer:** The term "first" should be used for members opposite with the sale, the unconscionable sale of the Manitoba Telephone System. That money was transferred into the former government's budgets to balance their budgets. Since that time, the Manitoba Telephone System has increased the rates since the Crown corporation—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Mr. Speaker, the rates from the Manitoba Telephone System have gone up over 66 percent since it was privatized by members opposite. The members on the board of directors that were receiving these major benefits from stock options and the brokers in this province were the main benefactors.

When we built Limestone back in the 1980s, we said that the revenues would mean a lot to the future of Manitoba Hydro and to the future of Manitoba. Members opposite said that we would only get 3 cents a kilowatt-hour. It is now at 4.3 cents a kilowatt-hour. It makes good sense to invest in a long-term vision which we did with Limestone.

This was the mothball party of Manitoba. This is the sell-off party of Manitoba, and we are here for all Manitobans.

**Mr. Murray:** My question goes to the spend party of Manitoba, Mr. Speaker.

Hardworking Manitoba families have to live within their means. They understand that. That is something that is very fundamental to hardworking Manitobans. There are no special privileges. Unfortunately, that is something that the Doer government does not understand.

I ask the Premier again today: How can he honestly look at Manitobans and say that, yes, we took \$155 million to balance the books last

year, how can he honestly tell Manitobans that is a balanced budget?

**Mr. Doer:** Mr. Speaker, members opposite took \$100 million, \$185 million and \$185 million out of the rainy day fund. We have yet to take—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Mr. Speaker, that is for a debt repayment of 75, 75 and 75. We have had two debt repayments of \$96 million, another \$96 million in debt repayment. We, for the first time in 41 years, have—

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

**Mr. Speaker:** Order.

\* (13:40)

#### Point of Order

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, I am sure the Premier would like the facts to be correct on Hansard. The debt repayment was 75, 150 and 75, not 75, 75 and 75. He should acknowledge that.

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

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, we expected the member was getting up to apologize once again. The Opposition begins a session with an apology. That talks to how pathetic they are coming back into the House.

That is no point of order, Mr. Speaker.

**Mr. Speaker:** On the point of order raised by the honourable Member for Fort Whyte, he does not have a point of order. It is a dispute over the facts.

\* \* \*

**Mr. Speaker:** The honourable First Minister had the floor answering a question.

**Mr. Doer:** Mr. Speaker, I am glad members opposite have confirmed that it was \$470 million out of the Fiscal Stabilization Fund in the last three fiscal years.

Hardworking Manitobans, the tax increases in the city of Winnipeg for school ratepayers was 60 percent. Since we have been elected, it is down 14.4 percent. In Fort Garry, it was 49 percent. It is down 2.2 percent under our Government. In St. James-Assiniboia, the taxes went up 48 percent; school taxes, the education portion, 9.9% decrease. In the Agassiz School Division, the taxes went up 112 percent in the 1990s. They are down—oh, they are up 7 percent in the year 2000. I want to be accurate. If they think their 112 percent is worth defending, let them go ahead and do it. In the Beautiful Plains School Division, tax increases up 64 percent in the 1990s; down 4.4 percent. That is our record, Mr. Speaker.

**Mr. Speaker:** The honourable Leader of the Official Opposition, on a new question?

**Mr. Murray:** A new question, Mr. Speaker. Did the Premier say that Hydro debt was up \$300 million? That is under his watch. By raiding this Crown corporation, they are stealing our children's future.

My question for the Premier—

**Mr. Speaker:** Order.

**Mr. Murray:** Mr. Speaker, my question to the Premier is: Why is he forcing Manitoba Hydro ratepayers to pay for his spending habits?

**Mr. Doer:** Mr. Speaker, the Public Accounts will show that our first three years in office, our first three budgets, the spending increases are lower than the last three years under the previous government. Those are facts.

I would have thought today the Leader of the Opposition would have stood up and dealt with all those predictions he had made sitting on that little scooter of his waving around little props. Income taxes are going to go up. Wrong. Green taxes are going to go up. Wrong. Gas taxes are going to go up. Wrong. Sales tax are going to go up. Wrong. You would think the

member opposite would stand up and apologize for this pathetic photo op that he had last week.

**Mr. Murray:** Mr. Speaker, it is very clear that since the Premier has been in government they have seen a billion dollars of new revenue come in and they have spent every penny of it, every last single cent.

\* (13:45)

Every time a dime would come in, the Premier would spend it. Unfortunately, when the dimes stopped coming in, he kept spending. Why is the Premier forcing Manitoba Hydro ratepayers to support his spending addiction?

**Mr. Doer:** Mr. Speaker, the numbers on spending are quite favourable relative to the other members. They keep using the false numbers that they use in their hyperbole. Any opportunity to look at the Public Accounts will show the last three years the revenue increase was approximately at about a 3% rate increase, and their spending was quite a bit higher because they drew more from the rainy day fund.

Today Nesbitt Burns said: In a challenging economic environment, the Minister of Finance presented a prudent and responsible plan in today's Budget Address. Manitoba did not backtrack on its commitment to control spending, pay down the debt and continue to trim the taxes. Again, the priority areas of health, education of families and communities will be benefiting. The Government deserves credit for tackling their pension liability which will be fully funded in just under 30 years.

Mr. Speaker, for the first time in 40 years, we have tackled the long-term liability. This liability was \$1.2 billion in 1990. It was \$2.7 billion in the year 2000. For the first time in 40 years, when we hire a jail guard, the pension liability will be paid for by the employer, this Government.

**Mr. Murray:** Mr. Speaker, raiding Manitoba Hydro the way that this Government has done is unprecedented. Manitobans will not stand to have this Premier use Manitoba as his personal slush fund. It is unprecedented. It is outrageous.

I ask the question to the Premier: Why then, Mr. Premier, have you decided to make Manitoba Hydro your personal slush fund?

**Mr. Doer:** Mr. Speaker, again we did not get an apology from the Leader of the Opposition. Closing rural hospitals, no; putting a user fee on home care, wrong. I have never met a person in my life that has been so inaccurate in the predictions before a budget.

The Manitoba Hydro corporation is an asset for all of Manitoba. The revenue that was generated from the Limestone dam, which was predicted in the 1980s by a previous government would generate revenues for future Manitoba generations to have the ability to have a heritage that would be very positive, members opposite voted against Limestone. They called it lemonstone. They said it would never make more than 3 cents a kilowatt-hour by the year 2000. Just like they are wrong in their budget predictions, they are wrong today; 4.3 cents a kilowatt-hour, \$400 million a year in export revenues, built by previous NDP governments for the benefit of all the people.

\* (13:50)

This Budget is for all the people of Manitoba, for health care for all the people of Manitoba, for education for all the people of Manitoba, for children of all Manitobans, for tax cuts for all Manitobans, not like the telephone system that was sold only for the privileged Tory few.

### **Budget Manitoba Hydro Profits**

**Mr. Jim Penner (Steinbach):** Mr. Speaker, when we got the six-month report, the financial report, from the Province of Manitoba, we were told that an increased transfer will be required from the Fiscal Stabilization Fund, estimated at \$140 million. Less than two weeks ago, on CBC, we were told that the Fiscal Stabilization Fund may be raided to the tune of \$200 million.

My question is: Why did you not choose to come clean with Manitobans as to your true intention when you as recently as two weeks ago were talking about the Fiscal Stabilization Fund when you had already raided Manitoba Hydro?

### **Point of Order**

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, just two points. I wonder if you could remind the Opposition when they have a question it should be addressed to the Speaker, and, as well, it would be worthwhile for the Opposition to indicate what minister they are asking a question of.

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

**Mr. Marcel Laurendeau (Official Opposition House Leader):** Mr. Speaker, *Beauchesne* is quite clear. The question is put to Government, not any individual minister.

**Mr. Speaker:** On the point of order raised by the honourable Government House Leader, I would like to remind all honourable members that questions and answers are put to the Speaker, through the Speaker, and also that questions are put to the Government and it is up to the Government who they choose to answer the question.

\* \* \*

**Mr. Speaker:** The question has been put.

**Hon. Greg Selinger (Minister of Finance):** I thank the member opposite for the question. I would like to congratulate him on his new responsibilities as the official Finance critic.

The decisions and the information presented in the quarterly reports were the best information available at the time. The decisions we made in the Budget are reported in the Budget, and that is what we stand on today.

**Mr. Jim Penner:** Mr. Speaker, I would like to ask the Minister of Finance: In that case, how is it possible to raid a fund like the reserves in Hydro retroactively?

**Mr. Selinger:** The books are not closed on the '01-02 fiscal year in the province of Manitoba. All decisions were made within that fiscal year.

**Mr. Jim Penner:** Mr. Speaker, I would still like to have an answer from the Minister of Finance

as to how we can go back and take last year's profit to balance the books after we find out that we do not have a balanced budget.

**Mr. Selinger:** As I indicated, Mr. Speaker, we made a decision, based on the extraordinarily strong export profits of Manitoba Hydro, to take a transfer from it to balance the books for the '01-02 year to preserve the Fiscal Stabilization Fund, and all of that has been duly reported to the Legislature.

### **Budget Manitoba Hydro Profits**

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, the third-quarter financial statements for Manitoba Hydro, December 31, 2001, and the preliminary third-quarter financial results that were distributed by the Minister of Finance for the Province of Manitoba towards the end of March, neither of those indicated that the Minister of Finance was going to demand that Manitoba Hydro contribute \$150 million to the general revenue of the Province of Manitoba.

\* (13:55)

I would like to ask the Minister of Finance when he informed the board of Manitoba Hydro that the Doer government was going to require Manitoba Hydro to contribute \$288 million, \$150 million of it retroactively, to the Province of Manitoba's general revenue.

**Hon. Greg Selinger (Minister of Finance):** Manitoba Hydro is treated like every other citizen of Manitoba. They get the information when the Budget is released in the Legislature.

**Mr. Loewen:** Mr. Speaker, I would like to ask the Minister of Finance for further clarification because, given that the financial statements published December 31 by Manitoba Hydro indicate that they only have \$14 million in cash, did he not feel it was his responsibility to consult them prior to demanding they pay \$150 million retroactively which they do not have?

**Mr. Selinger:** The forecast profit for Manitoba Hydro for the '01-02 year was \$99 million. The revised forecast is for a profit of \$209 million. We have decided that a transfer in the order of

\$150 million is reasonable and appropriate and will allow Manitoba Hydro to once again have a strong profit and an increase in the retained earnings.

**Mr. Loewen:** The matter before this House is where is Manitoba Hydro going to get \$150 million in cash to transfer to the Province of Manitoba given that at December 31 their cash balance was \$14 million.

How much more is Manitoba Hydro going to have to borrow, not only to pay \$150 million retroactively, but the \$288 million altogether? How much is Manitoba Hydro going to have to borrow?

**Mr. Selinger:** As I have just reported to the Legislature, the projected net income for Manitoba Hydro for the year '01-02 is \$209 million from which the transfer payment will be deducted. Of course, this was based on the strong export sales into the United States market because previous governments had the foresight to build the Limestone project specifically for export purposes.

### **Minister of Finance Conflict of Interest**

**Mr. Harold Gilleshammer (Minnedosa):** Mr. Speaker, when the Minister of Finance, desperate for revenues because of overspending, came calling at Manitoba Hydro, who was the minister responsible for protecting the ratepayers of Manitoba Hydro? Do you not have a conflict of interest in this?

**Hon. Greg Selinger (Minister of Finance):** I fully expected somebody to raise the question of conflict of interest, and I would advise them to be very careful in the language they use. There is no pecuniary benefit to any member of this Government or any member on the other side. All decisions were made in the best interests of Manitobans, all Manitobans.

### **Manitoba Hydro Public Utilities Board Review**

**Mr. Harold Gilleshammer (Minnedosa):** Mr. Speaker, this issue calls out very loudly for some third party to review this move by the

Government. Will the minister take this to the Public Utilities Board for review?

**Hon. Greg Selinger (Minister of Finance):** Manitoba Hydro currently is going through a review at the Public Utilities Board, but where the review is going to occur is in this Legislature and in front of the people of Manitoba whom we are elected to serve.

**Mr. Gilleshammer:** The rates for Manitoba Hydro have not been reviewed by the Public Utilities Board since the mid-1990s. Will the minister not do the honourable thing as an honourable minister and have this reviewed by the Public Utilities Board?

**Mr. Selinger:** As I indicated, Manitoba Hydro currently is going through a review at the Public Utilities Board. Unfortunately, the former government did not take any information to the Public Utilities Board during their term of office.

We plan to improve the frequency and the accountability of Manitoba Hydro to the Public Utilities Board, and we are willing to debate in this Legislature the decisions we have made to make this Budget work for all of Manitoba.

### **Budget Health Expenditures**

**Hon. Jon Gerrard (River Heights):** In the Budget last year, the Minister of Health estimated Health expenditures for the year just completed of \$2.587 billion. In the Budget presented yesterday, we learned that the estimated Health expenditures for last year will be \$2.686 billion, or \$99 million more than were budgeted.

My question to the Minister of Health: How is it that the minister missed his target by almost \$100 million?

\* (14:00)

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I thank the member for River Heights for that question.

As I recall in this Legislature, the Member for River Heights stood up and asked me to pay

the doctors of Manitoba more. The member asked us to pay the nurses more. The member asked for more coverage on Pharmacare. The member asked for more community-based services. All of those are in the Budget and are cost drivers in the Budget.

**Mr. Gerrard:** My supplemental to the Minister of Health who has missed his targets for two years in a row and rather badly, I ask the Minister of Health: When is he going to learn to hit the target better and what areas of health care budgeting, what parts of the Budget, were responsible primarily for running over budget so much?

**Mr. Chomiak:** One of the major cost drivers for the past several years in health care has been the Pharmacare budget that has been rising at double digits. I remind the member opposite that he campaigned twice as a federal Liberal cabinet minister on a promise of a national pharmacare program that I have asked for year after year, and we are still waiting. I say today if the federal government were to give us 50-50 on Pharmacare, then we would be able to expand the program and deal with the increases that have occurred.

**Mr. Gerrard:** My supplementary, Mr. Speaker. I ask the Minister of Health, given the lack of credibility in his Budget Estimates of the last two years, what will the minister do in the present year to make sure he is closer to the Budget targets that he has presented?

**Hon. Gary Doer (Premier):** The members opposite know the major issue of overexpenditure in the last couple of years was doctors' billings. It went up over \$200 million. On the fiscal side the second-largest overexpenditure was in the area of pharmaceuticals. The member has already indicated that. The issue of regional health authorities has gone down from about \$75 million three years ago to about \$25 million, \$22 million now. Some of the health authorities now, for the first time ever including the city of Winnipeg, are balanced for the first time in literally decades, and I want to pay credit to the Minister of Health.

I am absolutely shocked that the member opposite is doing with health care what he did



with the new downtown entertainment centre, saying one thing one day and another thing the next day. He talked about more money for doctors, more money for drugs, more money for nurses, and today in his comments in one of the newspaper articles he argues that we should not have any increases in spending for the health care system. This sounds like the echoes of the Liberals in British Columbia.

### **Budget Mosquito Control Program**

**Ms. Bonnie Korzeniowski (St. James):** My question is for the Minister of Intergovernmental Affairs. In yesterday's Budget, a commitment was made to work with the City of Winnipeg and adjacent municipalities on a mosquito abatement program. Can the minister explain to the House what this program will entail and what benefits it will bring for those living in Winnipeg and adjacent municipalities?

**Hon. Jean Friesen (Minister of Intergovernmental Affairs):** I would like to thank the Member for St. James for her question. I am delighted to be able to tell the House that the Province has been able, as part of its support for the City of Winnipeg, to commit \$880,000 to support a comprehensive mosquito control program. This will take place in two phases. The first phase will be a mapping phase which will cost about \$100,000 to identify the breeding grounds of the nuisance mosquitoes. The second phase will then move on to larviciding. This is an area, I think, where there is general support, a sustainable and preventative option for Winnipeg and its region.

I want to pay tribute in announcing this to the municipalities and the City of Winnipeg for the way in which they have worked together on this issue over the past number of months. I think that co-operation speaks very well for the kind of co-operation we are hoping and anticipating as we move forward in our planning for the capital region.

### **Thomas Sophonow Wrongful Conviction Compensation**

**Mrs. Joy Smith (Fort Garry):** Mr. Speaker, Thomas Sophonow was awarded \$2.6 million to

compensate him for enduring three trials and four years in jail for a crime he did not commit. Is the Doer government prepared now to pay Mr. Sophonow its 40% share of the \$2.6 million?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** I am certainly pleased to confirm that the Manitoba government is committed to paying Thomas Sophonow the amount that Commissioner Cory had recommended as the province's apportionment. Manitoba has already made a payment of \$100,000 to Mr. Sophonow at the time of the release of the recommendations, had already paid \$75,000 in addition to that at the time the inquiry was held. We, of course, have paid for the full costs, over \$4 million I believe, of the inquiry itself.

I can advise, Mr. Speaker, that currently representatives of the Province and the City are in discussions with a view to how to deal and get an expeditious payment of these amounts that need to be paid. We need to be, of course, sure that Manitobans are not asked to pay for a cost which is the responsibility or for which insurance coverage is available.

**Mrs. Smith:** Can the minister now assure Mr. Sophonow that the Doer government will pay now, Mr. Speaker, and negotiate with the City of Winnipeg later so he can expect a cheque in the mail?

**Mr. Mackintosh:** We certainly want to see and we are committed to an expeditious payment of the amounts. That is why we are in discussions with the City. Indeed, Mr. Speaker, I believe there are discussions taking place today. Mr. Thomas Sophonow is owed this amount, and we are committed to ensuring that according to the recommendations of Mr. Justice Cory the payment is made as soon as reasonably possible.

**Mrs. Smith:** When will Mr. Sophonow receive the cheque in the mail, Mr. Speaker?

**Mr. Mackintosh:** The members opposite should well know it is important to ensure, if there is insurance coverage, that the payment be made according to that. They should also know that if payment is made up front it is our advice that then there will likely be no recovery from the

insurance companies, who we believe have some liability here. So we are proceeding as quickly as we can. We are committed to making sure that Mr. Thomas Sophonow is paid as according to Mr. Cory's recommendations.

### **Budget Harness Racing Industry**

**Mr. Mervin Tweed (Turtle Mountain):** Mr. Speaker, yesterday we saw a government present a Budget to Manitobans with absolutely no vision. Today we find out that not only have they no vision but this Government has killed an entire industry, an industry that employs over 500 people directly and indirectly.

My question for the Minister of Industry, Trade and Mines: On behalf of the harness racing commission people who are here today in this House, why did you kill this industry?

**Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** Well, it is a very curious day when the Opposition across the House is asking for us to spend more. I do not know if they are aware that it was a very difficult year and a very difficult budget. Many departments and programs were reviewed very carefully. We have made a decision instead of continued expenditures, as they are requesting, that we had to take a review, and this was one unfortunate reduction that we had to make in the Budget.

**Mr. Tweed:** A new question, Mr. Speaker. The bottom line is that this minister, in her decision making, has killed an entire industry in the province of Manitoba. I would like her to go out and speak to the people in Holland, Glenboro, Carman, Deloraine, Portage la Prairie, Killarney, Miami, Wawanesa, Minnedosa and to all rural Manitobans and explain to them why she killed the harness racing industry in the province of Manitoba.

**Ms. Mihychuk:** Mr. Speaker, as the member across the way would know, harness racing has seen a decrease in participation that has been fairly dramatic, both in attendance and in participation, in fact since 1997 a 50% reduction in support from local Manitobans for this sport.

Mr. Speaker, after analyzing the conditions of the Budget and the support by Manitobans, a decision was made.

\* (14:10)

**Mr. Tweed:** On a new question, Mr. Speaker, and I will go right to the Premier (Mr. Doer) on this. Perhaps if we were to unionize the Manitoba harness racing commission, would the Premier step in and save this dying industry that this Government has killed?

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

**Mr. Speaker:** Order.

**Ms. Mihychuk:** Mr. Speaker, as the members opposite may remember, although it is very difficult for them to reflect on the past, in 1996 the members opposite reviewed the industry. This was after there was an attempt to bring the harness racing industry into Assiniboia Downs. Unfortunately, that did not work. In fact, the members opposite looked at a three-year bridge. In 1999, funding for harness racing was to cease.

This Government has worked with those individuals to try and find any further options. Unfortunately, participation in harness racing has seen a dramatic decrease since 1997 by over 50 percent. Unfortunately, Mr. Speaker, Manitobans are choosing other venues.

We choose to invest in rural Manitoba that supports all communities through programs like drainage, highways, health care and education.

**Mr. Tweed:** Mr. Speaker, I would like to refer the Government to page 41 of their Budget, where they talk about Festival du Voyageur, \$319,000; Folk Arts Council, \$301,000; United Way, \$2.2 million; harness and quarter horse race support, zero.

The minister refers to big money. We are talking \$491,000. She has killed an entire industry in the province of Manitoba.

I ask the Premier (Mr. Doer) to get involved.

### **Point of Order**

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, *Beauchesne* 410 says that supplementary questions require no preambles. I

did not hear the member get up and announce that he had a new question.

Would you please remind the member of the rules, that there should be a simple question in a supplementary question?

**Mr. Speaker:** The Member for Turtle Mountain, on the same point of order.

**Mr. Tweed:** Mr. Speaker, I was clearly making the facts clear to the Government of Manitoba that by cutting this grant they have killed the industry. I am asking them on behalf of the people here and the people of rural Manitoba for the Premier to get involved.

**Mr. Speaker:** On the point of order raised by the honourable Government House Leader, *Beauchesne's* Citation 409(2) advises that a supplementary question should not require a preamble. I would just like to remind all honourable members of 409(2). The question had been put.

\* \* \*

**Ms. Mihychuk:** Mr. Speaker, I think the point is that the Government had to look at programs very seriously. This is a sport or a hobby by a group of individuals in rural Manitoba. We have worked with them and have bridged funding from where the Tories, where the previous government had looked at suspending funding in 1999. We worked with the individuals and unfortunately tough choices had to be made.

After a full review of the harness racing sport, it was decided that given Manitobans had reduced their support for this that this was the proper decision, a very tough one. It is regrettable that tough choices have to be made.

### **Harness Racing Industry Meeting Request**

**Mr. Mervin Tweed (Turtle Mountain):** On a new question. The minister talks about consulting the industry and the people of the province of Manitoba. The harness racing commission found out about this cancellation of the program last night at five o'clock. If that is the minister's idea of consultation and discussing

with the industry, I think we have to reflect and look back and see what we can do.

I ask the Premier (Mr. Doer): Will he take a personal involvement in this issue and meet with the harness racing people today who are here in the Legislature to resolve this issue?

**Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** I hope that the members of the Harness Racing Association understand my door is always open, and I have met with them many times. I have met with the association and individual members many times over the last two and a half years. Mr. Speaker, decisions in the Budget are kept till Budget day. I do not know if this is a new concept for members opposite, but decisions were made and announced in the Budget that was presented yesterday.

## **MEMBERS' STATEMENTS**

### **Harness Racing Industry**

**Mr. Mervin Tweed (Turtle Mountain):** I rise today to bring forward an important issue of absolute disgust that people in rural Manitoba are feeling towards this Government. Mr. Speaker, last night at five o'clock an industry in Manitoba closed its doors because of a decision that this Government made. The decision that this Government made will put approximately 500 people out of jobs in Manitoba. Let us bring it down to the real facts. These are real living people working and making a living and contributing in rural Manitoba who today are out of work.

The horse racing industry has a long tradition in the province of Manitoba. It existed in this province for 80 years. In the past few years this organization has worked diligently with groups and governments to enhance their opportunities for the survival of their industry. The owners currently bred mares three years ago that are prepared this year to race, and a decision on a whim of this Government, they decided to pull the plug on this industry.

I ask, and I have asked today, that this Government go out and meet with the

communities where there is no longer this industry, where this summer 11 communities will no longer have a weekend of harness racing in their communities. They lose all the economic opportunities that are presented to them, and we have an industry and trade minister of the province of Manitoba who is supposed to fight for the industries in the province and is supposed to support the business industry in this province. Merely closing the door and saying well, it is not important to anybody and it is not important and perhaps it is not just important to rural Manitobans.

I am absolutely disgusted. I share the disgust with the Manitoba Harness Racing commission, and more importantly, with all rural Manitobans who have been shunned by this Government.

\* (14:20)

### **Mosquito Control Program**

**Ms. Nancy Allan (St. Vital):** I rise today before the House to recognize our Government's announcement to fund a comprehensive mosquito larviciding program. As a result of this program, Manitoba summers will become even more enjoyable for residents and tourists alike.

In partnership with the City of Winnipeg and 10 surrounding capital regional municipalities, the Province will assist in reducing mosquito populations throughout the area. The plan calls for an aggressive larvicide program in a six-kilometre radius that circles the city of Winnipeg. Currently the primary phase of the program is underway with a \$100,000 aerial mapping program that is targeting various mosquito breeding sites in the area. By eliminating mosquito breeding sites, we effectively target the pests before they become airborne. By doing so, we not only stand to reduce the mosquito populations more efficiently but we also do so with less need for chemical fogging. This program serves to eliminate mosquitoes in a more effective and environmentally safe manner and complements our province's efforts to reduce the potential impact of the West Nile virus.

The recent announcement is the culmination of several months of consultation with a

technical committee created by the Province. Members of the City of Winnipeg, surrounding municipalities, the Manitoba government and the University of Manitoba have worked together to develop this comprehensive strategy.

I would like to thank all those who have contributed to the process, and I would like to again applaud the Government on its leadership role in this important partnership. Like all Manitobans, I look forward to summers with fewer mosquitoes.

### **Princess Patricia's Canadian Light Infantry Training Exercise Deaths**

**Mrs. Joy Smith (Fort Garry):** Mr. Speaker, as we are all aware, on Thursday, April 18, a tragic friendly fire accident in Afghanistan killed four Canadian soldiers and seriously injured another eight. I would like to take this opportunity to express my sincerest condolences to the families and loved ones of these soldiers who gave their lives for our country. I would also like to wish those injured in this tragic accident a speedy recovery.

Among those injured was Cpl. René Paquette, who resides in my constituency of Fort Garry. He suffered a concussion, a bruised lung and two ruptured eardrums as well as shrapnel wounds. I was relieved to learn that Corporal Paquette was recently transferred out of the intensive care unit in Landstuhl, Germany, and was reunited yesterday with his wife, Lauren, and their newborn daughter, Breanne, in Edmonton, Alberta.

I would like to wish Corporal Paquette a speedy recovery and a very happy reunion with his wife and daughter. I understand Breanne was born while Corporal Paquette was overseas. I wish he and Lauren many hours of enjoyment and fulfilment as they experience the joys of parenthood.

Mr. Speaker, our military personnel continuously risk their lives to safeguard the freedoms and securities that we as Canadians hold dear. As we saw last week, the dangers of being a soldier are not always foreseeable, but they are always present. The price we pay for freedom is indeed dear, and it should not be taken for

granted. The men and women in the Canadian Armed Forces risk their lives for us to defend our freedom.

In return, our soldiers deserve our utmost respect for the duty and honour they display on our behalf each and every day. Not only should they be commended for their service, they should be reminded of how much Canada values their dedication and commitment to preserving our freedom. Thank you, Mr. Speaker.

#### **Financial Foundation Resource Centre**

**Mr. Doug Martindale (Burrows):** Mr. Speaker, a new financial services centre that increases opportunities for residents of low-income neighbourhoods in Winnipeg to improve their economic well-being, will celebrate its grand opening in the North End on Friday this week, located at 607 Selkirk Avenue in Point Douglas constituency.

With the focus on helping people save for assets like housing, education or small business start-up, the Financial Foundations Resource Centre will offer innovative services including the Winnipeg Saving Circle Pilot Project, the learn\$save National Demonstration Project, the Housing Individual Development Account Project and the SEED Winnipeg "Build a Business" Program.

The programs utilize 3 to 1 matching savings incentives to assist low-income families begin the process of overcoming poverty and learning money management skills within a peer-to-peer environment. Alternative Financial Services, a coalition of individuals and organizations that includes SEED Winnipeg Inc., the North End Community Ministry, Assiniboine Credit Union and the United Church of Canada created financial foundations.

Louise Simbandumwe, SEED Winnipeg's program developer, recently accompanied a graduate to make his down payment on a house. He had saved \$1,700 in one year and was matched with three times the set maximum of \$1500, so he basically received \$4,500 to add to his \$1,700, which gave him over \$6,000 toward the purchase of his first home. "He was thrilled, to say the least," she commented. Although spots

in the Housing Savings Programs are currently full, Simbandumwe says there are several vacancies in the savings program for education.

The coalition is looking to expand matched savings programs throughout Winnipeg and raise awareness of their services through the city's many financial referral agencies. Financial Foundations Resource Centre has received funding from the Province of Manitoba, the Mennonite Central Committee, the National Literacy Secretariat, Thomas Sill Foundation, United Way of Winnipeg, Investors Group, The Winnipeg Foundation, local investment towards employment and two anonymous philanthropists, and we thank them for their support.

#### **Manitoba Book Week**

**Mrs. Louise Dacquay (Seine River):** I am pleased to rise today to draw attention to the fifth annual Manitoba Book Week Gateway to the Best, April 21 to 27. Every April the member publishers of the Association of Manitoba Book Publishers in partnership with a variety of sponsors and supporters from the Manitoba book community present Manitoba Book Week. This week-long celebration of Manitoba publishing is held in connection with Canada Book Day and Brave New Words, the Manitoba writing and publishing awards.

Exciting Book Week events include launches, readings, displays, events for children, French language events and a variety of other activities. Most events are free of charge and take place in a variety of venues all over the province. Each year between 70 and 90 titles are published in Manitoba. Manitoba publishers produce a varied range of books, including works of fiction, non-fiction, drama, poetry, the spoken word, educational materials, children's books and how-to guides. They publish works in English, French and Cree. Many books are by Manitoba writers that tell Manitoba stories. Manitoba Book Week gives book lovers a great opportunity to meet these authors, participate in contests and enjoy Manitoba-published books.

It is exciting to see, Mr. Speaker, that an event which revolves around one of the province's culturally dynamic industries is already in its fifth year. I wish the organizers of

this Manitoba Book Week success and encourage all Manitobans to see for themselves the talent our province has produced.

## ORDERS OF THE DAY

### GOVERNMENT BUSINESS

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, would you canvass the House to see if there is leave for a motion to be brought forward regarding rule changes?

**Mr. Speaker:** Is there leave? *[Agreed]*

**Mr. Mackintosh:** I move, seconded by the Member for St. Norbert (Mr. Laurendeau), that effective immediately the rules, orders and forms of proceedings of the Legislative Assembly of Manitoba be amended as follows—

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense.

1. THAT effective immediately, the Rules, Orders and Forms of Proceedings of the Legislative Assembly of Manitoba be amended as follows:

- (a) by deleting Sub-rule 75(13) and substituting the following:

#### **Reports of Committee of Supply-75(13)**

*The Chairperson of the Committee of Supply shall report to the House items passed during the consideration of interim, main and capital supply, and shall also report at the conclusion of the estimates process, all resolutions passed and the concurrence motion. The Chairperson shall report matters of privilege referred by the Committee as well as incidents of grave disorder.*

- (b) by deleting Sub-rule 83(2) and substituting the following:

#### **Committee Membership Substitutions-83(2)**

*Substitutions to the membership of any Standing Committee of the House must be provided in*

*writing to the Clerk's Office by the Whips or Whip's designate of each recognized party.*

- (c) by adding the following after the new Sub-rule 83(2):

#### **Notice of Substitution Required-83(3)**

*The Whips or Whip's designate of each recognized party must provide the name(s) of the Member(s) resigning from the Standing Committee and the name(s) of the replacement Member(s) 30 minutes prior to the commencement of the meeting.*

#### **Filling of Vacancies at Committee Meetings-83(4)**

*If the 30 minute filing requirement for Committee substitutions has passed, the Committee may fill the vacancy by a majority vote of the Committee. The Whip or Whip's designate, following the completion of the Committee meeting must file official notification with the Clerk's Office of substitutions made during such meeting.*

- (d) by deleting Sub-rule 121(2) and substituting the following:

#### **Bill for Incorporation-121(2)**

*Every Private Bill for an Act of incorporation or an amendment of any such Act shall be in a form approved by the Law Officer.*

- (e) by deleting Appendices A, A-1, B, C and D and substituting the following:

### APPENDIX A

#### MODEL PETITION

TO THE LEGISLATIVE ASSEMBLY OF MANITOBA:

*These are the reasons for this petition: (or: The background to this petition is as follows:)*

*(Briefly summarize the problem or grievance and any necessary background information)*

We petition the Legislative Assembly of Manitoba as follows:

(Set out the action the Legislative Assembly is being asked to take or not take)

(Please Print)

Name	Address	Signature

NOTE: A minimum of three signatures is required for the sufficient execution of the petition.

4. We ask you to pass an Order-in-Council to fill the vacancy.

The two members of the Legislative Assembly giving this notice are:

Signature of member

Signature of member

NOTE: Section 25 of The Legislative Assembly Act states:

Notice of vacancy caused in any other way than by resignation

25 Subject to section 71 of The Controverted Elections Act, in any case of a vacancy in the representation of an electoral division created in any other way than by resignation, any two members of the Legislative Assembly may give notice of the vacancy to the Lieutenant Governor in Council and request the passing of an order in council for the filling of the vacancy under The Election Act.

APPENDIX A-1

NOTICE OF A PETITION FOR A PRIVATE BILL

This is a notice to the public that (name of the petitioner) will present a petition for a private bill to the Legislative Assembly at this or the next session of the Legislature.

The private bill will do the following: (In the space below, describe the bill, state what it is intended to do and specify any exceptional provisions that the petitioner proposes to include in the bill)

Blank lines for describing the private bill.

Date Signature of the petitioner or (petitioner's lawyer)

Address of the petitioner or (petitioner's lawyer)

APPENDIX B

NOTICE OF A VACANCY IN THE LEGISLATIVE ASSEMBLY

To the Lieutenant Governor in Council:

- 1. In accordance with section 25 of The Legislative Assembly Act, this is notice of a vacancy in the electoral division of (name of electoral division).
2. The member who is vacating the seat is:
3. The reason for the vacancy is:

APPENDIX C

RESIGNATION OF A MEMBER OF THE LEGISLATIVE ASSEMBLY

To the Speaker of the Legislative Assembly:

I, (name of member) intend to resign my seat in the Legislative Assembly for the electoral division of (name of electoral division).

Date Signature of the member

Two witnesses are needed:

Signature of first witness Signature of second witness

NOTE: Section 22 of The Legislative Assembly Act states:

Resignation of member 22 Any member of the Legislative Assembly may resign his seat,

(a) by giving, in his place in the assembly, notice of his intention to resign, in which case, after the notice has been entered by the clerk of the assembly in the journals, the seat of the member thereupon becomes vacant; or

(b) by addressing and causing to be delivered to the Speaker a declaration of his intention to resign, made in writing under his hand before two witnesses, which declaration may be so made and delivered either before or during a session of the Legislature, or in the interval between two sessions, and upon receipt thereof by the Speaker the seat of the member thereupon becomes vacant.

2. THAT the following plain language wording be permanently adopted for use in the House

(a) *Motion to resolve into Committee of Supply to read:*

*THAT the House resolve into Committee of Supply*

(b) *Motion to resolve into Committee of Ways and Means to read:*

*THAT the House resolve into Committee of Ways and Means*

(c) *Motion to resolve into Committee of the Whole to read:*

*THAT the House resolve into Committee of the Whole*

(d) *Wording spoken by the Speaker and the Clerk for Royal Assent on Financial Bills:*

*Your Honour, The Legislative Assembly of Manitoba asks Your Honour to accept the following Bills:*

*In Her Majesty's name, the Lieutenant Governor thanks the Legislative Assembly, and assents to these Bills*

(e) *Wording spoken by the Speaker and the Clerk for Royal Assent on Non-Financial Bills:*

*Your Honour, at this sitting, the Legislative Assembly has passed certain Bills that I ask Your Honour to give assent to.*

*In Her Majesty's name, His Honour assents to these Bills.*

3. *THAT the staff of the Clerk's Office be authorized to produce revised rules incorporating all amendments, additions and deletions.*

**Mr. Speaker:** It has been moved by the honourable Government House Leader (Mr. Mackintosh), seconded by the honourable

Member for St. Norbert (Mr. Laurendeau), that effective immediately—

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense.

*Motion agreed to.*

**Mr. Mackintosh:** Mr. Speaker, would you also canvass the House to see if there is an agreement to allow petitions to be presented in either the old or the new format for the balance of this session with the understanding that for sessions in the future the new format will be required?

**Mr. Speaker:** Is there agreement of the House to allow petitions to be presented in either the old or the new format for the balance of the session with the understanding that for sessions in the future the new format will be required? Agreed? [*Agreed*]

#### **ADJOURNED DEBATE (Second Day of Debate)**

**Mr. Speaker:** To resume debate on the proposed motion of the honourable Minister of Finance (Mr. Selinger), that this House approve in general the budgetary policy of the Government, standing in the name of the honourable Leader of the Official Opposition.

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, yesterday we saw the NDP government introduce their third Budget. I think a lot of Manitobans had some expectations. I think that after two and a half years in government, Manitobans were expecting this Premier (Mr. Doer) to show a little bit of leadership. They were expecting to see some hope and opportunity, and they were hoping that in this Budget document there might be some vision, some vision not only for where our province is going but perhaps some vision so that young Manitobans—instead of what we have seen, young Manitobans leaving our province for other provinces throughout Canada, I think Manitobans were hoping in this Budget finally they might be able to see some leadership and hope and vision.

\* (14:30)



People in rural Manitoba were hoping that perhaps finally after two budgets this third Budget might give some hope and opportunity to rural Manitoba. They hoped that in this Budget they might see a government that was prepared to understand that at the end of the day they have to make some tough decisions on behalf of the taxpayers of Manitoba to secure the future. That is what a budget document should do.

*Mr. Conrad Santos, Deputy Speaker, in the Chair*

So during the course of this, Mr. Deputy Speaker, what did they do? Well, they are telling us that they had some problems. They had some problems, and, frankly, it was a bunch of red herrings. What did we see? Well, they talk about the fact that September 11 had come, while we hear that Manitoba's economy has been steady because of its diversification. Then we find out that there is an overpayment from the federal government that has to be paid back. I think at some point you have to ask the question: Was the Minister of Finance, the federal Minister of Finance standing on the front steps saying please give me the money now? The fact of life, he was nowhere to be seen.

The unfortunate problem is that this Government did not recognize and was unable to acknowledge that the revenues were not keeping up with their expenditures. In other words, like most families would understand, it is that they were spending more money than was actually coming in, and for hardworking families they understand that as a problem. Unfortunately, the Doer government just does not get it.

It was the right time to realize that when you have spending pressures, it was the right time to turn off the tap, but the Premier (Mr. Doer) did not. As a matter fact, for every thin dime that came in, the Doer government spent it. The problem is the thin dimes stopped coming in and this Government continued to spend and spend and spend. It was time for this Premier to stand up in front of Manitobans and say we spent too much money; it is time for us to look at our priorities. But he did not. What did he do? He increased spending by an additional \$250 million.

Well, Mr. Deputy Speaker, looking at the history of this Government, they have had close to a billion dollars of new revenue come in, spending every thin dime. So we look at this Budget and what do we see? Well, out of nowhere this Doer government decides that, whoops, looks like we are not going to be able to balance the books from last year; looks like we are short. What are we going to do?

Well, they have a solution, Mr. Deputy Speaker. It is a solution that has never been done before in Manitoba. It is a solution where they went into one of the Crown corporations, and you think they might have learned something. The history of the Doer government, they have already had their hands in the cookie jar with MPI and they got caught. Manitoba ratepayers were outraged, and, in fact, they did the right thing. They did the right thing.

But now, what do they find? Well, they find that it looks like we are not going to be able to balance the books; looks like we are going to have to run a deficit. But wait, magically what happens? Well, here comes Manitoba Hydro, the unsuspecting ratepayers of Manitoba Hydro. There is a surplus there, Mr. Deputy Speaker, a surplus in Manitoba Hydro. So what does the Doer government do? They go in like bandits and they raid it. They raid \$288 million, take it out, and they take \$150 million of that to balance the books from last year.

This is not about looking forward, Mr. Deputy Speaker. This is about saying if we do not take \$150 million from Hydro to balance the books from last year, we are going to be in a deficit. The books will not be balanced. The Minister of Transportation (Mr. Ashton) is going to have to take a pay cut because they will have not abided by balanced budget legislation.

So, Mr. Deputy Speaker, now what we see, we see our futures, the children's future of Manitoba, the opportunity that Manitoba Hydro provides for our children's future, we see this Government going in and raiding it.

It is unconscionable. It is unprecedented. It shows one thing that I believe all Manitobans are starting to realize. That is that there is not a revenue problem in Manitoba. The problem is

that the Doer government has a spending problem. That is the reason that they have to go and raid a Crown corporation.

*Mr. Speaker in the Chair*

You know, Mr. Speaker, it is interesting. If there is excess revenue in Manitoba Hydro, this could be novel, and I hope members opposite listen, because this could be a novel idea. Maybe they could have paid down more of Manitoba Hydro's debt. Now, that is novel. That is a novel approach over there. Maybe with that surplus of money there is a possibility that they could have said Manitoba families we know are the highest taxed west of Québec, continually punished by this Government for not being competitive, maybe we should take some of that excess revenue and we should reward the hardworking men and women of Manitoba.

Well, Mr. Speaker, that amount is interesting, because that some \$750 that would have been given to hardworking Manitobans if, in fact, this Government would have rewarded those hardworking Manitobans instead of raiding the money like bandits because they have the inability to balance the books from last year, insuring that they put the money instead towards what would have been a deficit.

Manitobans will not stand for this Premier to adopt their surpluses in Manitoba Hydro as his personal slush fund. That is not on. Manitobans will not have it. Hardworking Manitobans, Mr. Speaker, understand. They understand the way they run their family, that you have a certain amount of money coming in and you have got to be careful and budget so that you do not exceed that, but not this Government. This Government thinks they have special privileges, special opportunities. They can just go out and look at a Crown corporation and raid that money to pay off the books from last year.

We have heard the discussion come up, well, this is really a safety valve. Manitoba is not just a safety valve that the Premier can open at any time to feed his spending habits. That should be done on the basis of responsible spending.

\* (14:40)

One thing, Mr. Speaker, between us and that party over there, we believe that spending

taxpayers' money is a privilege and something that should be looked at very carefully. They believe on the other side that spending taxpayers' money is a right. That is a difference between the Doer government and our party on this side.

What else do we see in this Budget? Well, we find that there is a tax gap that continues to widen. We know full well that in the past Manitobans over the past decade have seen hope and opportunity in Manitoba, but no more. That has ended. In fact, for the first time in our history, in the history of Manitoba, young men and women have moved out of Manitoba to every other province in Canada except Saskatchewan. That is not a record that I think anybody can feel good about. Now you look at Saskatchewan. Well, it is interesting that in 1999 a middle-income family of four in Manitoba, they were paying \$200 less than the same family of four residing in Saskatchewan. That Manitoba family was saving \$200 more because it was better to live in Manitoba. Now we see in this Budget that the middle-income-earning family in Manitoba is paying \$800 more than that same family in Saskatchewan. So, in other words, there is a penalty on that family in Manitoba. They are paying more money than that same family in Saskatchewan. That is a shame, Mr. Speaker. That is incredible.

You have got to know that all across Canada every government is reducing personal income tax, but not this Government. No way. No way are they going to reduce personal income tax. What they are more interested in is spending and spending. The result of that is very clear. Young men and women are leaving this province because being competitive is not a priority for the Doer government, and that is unfortunate.

In his election promises, of which he made numerous, one of them, of course, was to end hallway medicine, which we know he has failed. But one of his election promises when they said elect me and I will fulfil all these commitments, I will fulfil all of these promises with just over \$6 billion of expenditures in a year, just \$6 billion, well, last year, Mr. Speaker, in the Budget alone, he spent \$6.88 billion, an over-expenditure of some \$880 million. Now that we have seen that Budget, he says he is going to spend \$6.99 billion. That again is another \$800

million more than what he said he would spend in 1999. Well, \$800 million could have made Manitobans more competitive by reducing personal income tax, something that might have kept us competitive with those other provinces in Canada.

We know that this Premier (Mr. Doer) cannot keep his promises; he will not keep his promises; he is unable to keep his promises. This is a Premier that says one thing with the word "promise" in it, and then he fails to deliver to Manitobans. That is the record of this Premier. For example, he said elect me and I will end hallway medicine. I will end hallway medicine in six months with \$15 million. On that basis, this Premier has failed.

He also said we will make our communities safer, we will make everybody's community safer, our streets safer, not to worry. Well, lo and behold, since he has been the Premier, the Hells Angels have moved into Manitoba. That is what he has done. By the way, Mr. Speaker, those guys ride Harleys. That is the kind of community safety that this Premier is trying to introduce into Manitoba. We will not have that. That is not safer communities. That is not allowing our young men and women to say: I want to stay in Manitoba; there is hope and opportunity. That is bullets flying down Broadway, live ammo being shot in daylight, people's lives in jeopardy. That is the kind of safety that this Premier talks about.

On a competitive basis, it was always a discussion about, well, what about Ontario, what about Alberta? There are two provinces, and he would say, well, you know, be careful about competing with those provinces because somehow that is a difficult thing to do. Why is it difficult? It is difficult because the Doer government has a spending habit and does not understand that competitiveness is a priority for keeping young men and women in Manitoba. What we hear from the Doer government is, I hope, fingers crossed, take a big breath, I hope that we might be able to compete with Saskatchewan, because, boy, if we can compete with Saskatchewan we are really going to rev it up and we are going to do a great job.

Well, Mr. Speaker, I think everybody in this House would know, and for the record I will say

I am from Saskatchewan. Being able to—  
[interjection] That is right. Punnichy, Saskatchewan. There could be a prize when you say that name right.

Mr. Speaker, it is incredible and it is most, most unfortunate that the Doer government's bar to compete is to say, gee, I hope we can compete with Saskatchewan.

Let us compete with them in curling, absolutely, but let us not set our bar so low on the competition, the competitive side, that on personal income tax we fall further and further behind Saskatchewan. It has become a struggle. It has become a struggle for us to even keep up with our province in Saskatchewan.

So, Mr. Speaker, you look at a budget, you look at a budget and you say: What have we got for rural Manitoba? What have we got for education? What have we got that keeps our young people in Manitoba, and what are they looking for? What are all young Manitobans looking for? Ultimately, from a government they are looking for some hope, some future, some sense that they can take pride and put a stake in the ground and say: Manitoba is where I want to live. It is where I want to live and I want my children to live, because there is hope and opportunity and a sense of pride of saying: I am a proud Manitoban.

Well, Manitobans are concerned, and after yesterday's Budget they have every reason to be concerned. Manitobans deserve more from this Doer government. They deserve more in terms of an economic growth strategy. I know that members opposite have some difficulty understanding what a budget is or what an audit is. I understand members opposite have a difficulty saying, well, I have created jobs. This is what I have done. I personally have created jobs, because I know what an entrepreneurial spirit is all about. There is risk. There is reward. I have had a chance to experience that. I have. I have had that opportunity, unlike members opposite.

That is exactly the difference between the leader of that party and myself. Clearly, all Manitobans want to see, all Manitobans are looking for is some sense of vision, some sense of openness, some sense of ability to say, yes,

Manitoba is a place that I want to invest, Manitoba is a place that I want to be proud to call home, and Manitoba is a place that I believe there is a future.

\* (14:50)

So yesterday, Mr. Speaker, in the Budget we saw no vision. We saw no hope. We saw no opportunity. We saw none of those things, whether it is for young Manitobans, whether it is for rural Manitoba, whether it is for an opportunity to keep real jobs. People that are looking for high paying jobs here in this province of Manitoba, all they saw was zip, zero, *nada*, absolutely nothing.

Mr. Speaker, I think that again there has been a huge missed opportunity, a huge missed opportunity. Instead of giving a vision for economic development—I will say this again because I think it is important, something called entrepreneurial spirit. There is a word that unfortunately is not in their dictionary on the other side. It is a marvelous thing. They should try it. They should try to encourage it, because what it means is that it is not the Government that goes out and supports everything, it is individuals, because they have an opportunity, that if they put some capital at risk, there may be a reward. That entrepreneurial spirit is what drives members on this side of the House and will always drive members on this side of the House. That is one of the differences between that party and our party, because we believe in free enterprise.

So, Mr. Speaker, it is for that fundamental concern, along with every single other concern that I have outlined here this afternoon, that I have an amendment to the motion.

I move, seconded by the Member for Steinbach (Mr. Jim Penner),

*THAT the motion be amended by deleting all the words after "House" and substituting the following:*

Therefore regrets this Budget ignores the present and future needs of Manitobans by:

(a) failing to offer Manitobans any vision for an innovative, successful and sustainable future;

(b) failing to provide a long-term personal income tax reduction strategy that addresses the fact that middle-income Manitobans are the highest taxed west of Québec;

(c) failing to provide a sustainable provincial spending plan;

(d) failing to provide Manitobans with timely disclosure of the \$150-million retroactive tax imposed on Manitoba Hydro in order to avoid a deficit in the 2001-02 budget year;

(e) failing to provide an economic development plan to provide sustainable economic growth in Manitoba;

(f) failing to provide any incentive for young people to remain in Manitoba despite recent information showing that Manitoba suffered a net interprovincial migration loss of 4549 people in 2001, up 47 percent from the previous year; and

(g) failing to provide adequate supports to Manitoba's agricultural sector.

As a consequence, the Government has thereby lost the confidence of this House and the people of Manitoba.

*Motion presented.*

**Mr. Speaker:** The amendment is in order.

**Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** Mr. Speaker, I stand today to put a few words on record on our third Budget, one that provides balance and provides a vision for the future, a budget that not only keeps promises, promises to support health care, to enhance education, to rebuild our cities across Manitoba and to provide hope and a future for families and youth. This is a budget that does that, as well as continues on our promises to be competitive with other jurisdictions by lowering taxes for Manitobans, and thirdly, by continuing our concerted effort to pay down the debt and deal with our pension liability, something that the previous administration refused to deal with in their 10 years of mismanagement and avoidance.

It is a pleasure for me to stand today and be in a position to be part of a government that has

dealt with a very challenging year. Mr. Speaker, we have seen unprecedented challenges over the past year, including a significant U.S. global slowdown that many U.S. economists would argue was a recession. We had the September 11 attack on the United States and the resulting impacts which not only threw the United States into a serious downturn but impacted the world around in every country, including our own province of Manitoba.

In particular, hard hit was the aerospace sector, a sector that we are very proud of. The third largest aerospace sector in Canada is home right here in Manitoba. This sector has been impacted very, very dramatically by the events of September 11 and the U.S. slowdown. We have seen a significant downsizing in our large industries in aerospace, and we have seen an industry that has struggled through other hardships. But right now, that is a sector that we have seen significant adjustments. We are confident that this will be a short-term reaction to the events and it will recover. However, we have seen a very dramatic effect for aerospace.

In addition, we have seen very protectionist measures on behalf of our large neighbours to the south. The Americans have challenged us in softwood lumber, in steel industries, and the Wheat Board, once again. Mr. Speaker, this is again not only very difficult to deal with but has very real consequences on the people who work in our forestry industries from The Pas to Pine Falls to southeast Manitoba to downtown Winnipeg where Roslyn Nugent and her company remanufactures softwood lumber into value-added products. Each and every sector in the forestry industry has been hard hit by the softwood lumber challenge.

\* (15:00)

In addition, the U.S. launched a challenge for steel industries that had captured Manitoba Rolling Mills in Selkirk. Working with the federal government, we were able to get Manitoba and Canada excluded from that provision, fortunately, for the Manitoba Rolling Mills plays an integral part of a diverse and strong economy in Manitoba.

The Wheat Board challenged over and over and over again by the Americans. This is a service to rural Manitobans for growers that has

been challenged and proven to be not a subsidy over and over again, Mr. Speaker. This again is going through the process of another challenge. Low metal commodity prices has impacted the mining sector. Corporate income tax is sharply declined because of the situation over the past year. In fact, if you look at the projected loss of corporate income tax, we see a loss of \$230 million expended from last year's estimate 2001-2002 to this year's estimate of 2002-2003. That type of drop in revenue is a very challenging issue for a relatively small province with limited other opportunities for meeting the shortfalls.

In addition, we saw challenges in our bus sectors both with New Flyer and Motor Coach Industries. We are very proud to say that we have worked with both of our leading bus manufacturers to come with what we believe is a satisfactory conclusion to those files. In fact, we are doing due diligence on the Motor Coach proposal right now. We are hopeful that we will see an expansion of Motor Coach. Actually, we will be proud to welcome movie stars into Winnipeg to take their brand-new motor coaches from the Pembina plant in Winnipeg as they drive off in highly sophisticated, up-front, modern motor coaches. So we are going to be seeing a heightened activity in the bus industry in Manitoba. *[interjection]* And it works well with our film industry, as the Minister of Advanced Education (Ms. McGifford) points out.

Another challenge that we have been facing, of course, is in health. I find it shocking and dismaying when I hear the Member for River Heights (Mr. Gerrard), who is a physician by training, suggest that there should be no increases for the health care budget. Mr. Speaker, it seems absolutely untenable, given that we have an aging population. We have new and modern technologies that people expect and deserve, and we have the discovery of inventions in health in terms of drugs and innovation that can save lives and make our lives much more meaningful and practical. So for a person who is a physician to suggest that we should not invest in health care is a very disappointing and, I think, a damning statement from the individual from River Heights.

Perhaps it is true that he has been morphed over our period that we have not been in the

House, and he has gone from a liberal-thinking Liberal into this new radicalized Liberal, much more akin to the extreme right-wing members of the Liberal Party that we see in the province of British Columbia. They cloak their name under Liberal, but the policies that we see implemented are hack and slash, very radical adjustments to that province with little regard to forethought or to the people that live there.

I do know that the Liberal Party of Manitoba is reflecting on its future, as we all do and rightly so, and perhaps this new vision of the Liberals is like we have been hearing, the more radicalized Liberals. They are looking to make their mark on Manitoba's history. For instance, in B.C., they are closing down virtually every or maybe every other rural hospital. Is that what the member from River Heights is suggesting? One can only speculate, but I would suggest, from his comments today in the House, that that indeed is the route that the radicalized Liberals are supporting.

Now, those are some of the challenges, and I think everyone, all members of this House, all Manitobans realized it was a very, very tough year for governments across Canada. We have seen some very drastic decisions by other provinces, including raising very dramatically health care premiums. Other provinces have increased taxes. They have slashed services. They are cutting hospitals. They are slashing civil services. They are canceling debt payments.

Well, we have said no to all of those. We have said no to health care premiums. We have said no to tax increases. We have said no to slashing services and programs. We have said no to cancelling the debt repayment and we have said no to selling a Crown jewel.

This was a strategy, Mr. Speaker, that the members opposite think of very fondly. They have a very fond memory or strategy of selling the Crown jewels when things get tough. The former government did exactly that when they were faced with a challenging time, which they were; there was no doubt about it. What they decided in their great wisdom was to take a Crown corporation, at that time Manitoba Telephone System, and put it on the selling block. There were winners. The Province received a windfall that they socked into the

rainy day fund, used immediately. Apparently it was raining. They took the money out, \$400 million-plus, to mend some serious breaches of funding. They used those profits or that sell-off for balancing the Budget. Then there were those members that were on the board of directors that got a healthy payoff and there were the brokers and those in the know that did very well on that plan.

\* (15:10)

Well, I am very proud to say our Government refused that strategy and said, no, let us look at a more reasoned approach to balancing a budget. Let us look at a more reasoned approach to meeting the challenges of dramatically reduced revenues, a balanced budget legislation, which we support, and our commitments to supporting education, health care, youth. Let us see how we can manage our financial situation in a way that both addresses the emergencies and looks to the future in a balanced and positive way.

A major part of our bridging strategy was indeed going to our very successful energy Crown corporation. Mr. Speaker, we can be very proud of that legacy. We invested in it. We believed in it. We built it. We built Limestone, and now we are very proud to be selling clean, efficient, and effective power to the United States and across Canada. Those profits that we receive from that power corporation are going to help us at a time when we are seeing unprecedented losses of revenue from corporate income tax.

So, is it reasonable to look at our power corporation? Is it reasonable for Alberta to take taxes from their oil and gas industry? This has been the norm in the Conservative jurisdiction of Alberta year after year after year. This is how they balance their budget, this is how they reduce taxes, and this is how they stimulate the economy. Nothing wrong with that strategy, Manitoba just has not done it. Alberta does it. B.C. does it. B.C. takes a dividend from their power corporation. Saskatchewan, our neighbours, have also done the same. They use oil and gas revenues. I believe last year it was in excess of \$800 million to the provincial revenue. That is a very healthy situation.

As Minister of Mines, who is responsible for the oil and gas industry, I am very interested in expanding our opportunities in our petroleum fields, but unfortunately we have just a small portion of the great wealth that Saskatchewan and Alberta have naturally. Alberta in fact last year had over \$8 billion of oil revenue that they enjoyed and used to build a strong economy, one that has reduced taxes very strongly, but one that is heavily reliant on a fossil fuel industry that we know has a sunset date coming fast and rapidly.

So we have seen other jurisdictions looking at Crown corporations as a source of revenue to help balance, help provide wealth, help provide services to their people. Manitoba, at this time of unprecedented challenges, is looking at an option of taking a portion of the export revenues, the money that we are getting selling off additional supplies to the United States and using that to help us deal with very challenging times.

I think it is logical. I think it is supportable. I think Manitobans appreciate it. Would they want to see rural hospitals closed as the Member for Kirkfield Park (Mr. Murray) suggested or predicted? He suggested in his vision that we were going to—or perhaps that was his suggestion, what he would have done, really, because this was his speculation. He knew that there was a very difficult year. He speculated, he predicted the Budget would include increased sales tax. He predicted an increased gas tax. He predicted closing hospitals. He predicted increased home care user fees.

Mr. Speaker, I think that you can see that each one of his predictions was wrong, wrong, wrong. In fact, what we have seen is a Budget that not only deals with challenges but provides hope and a future for Manitobans.

Now, let us look at Manitoba's economic situation and see if we are doing well or poorly compared to other jurisdictions. Although members across the way and those here are fully aware of our statistics, not many of them choose to cite them. I am surprised that they do not ask me questions in the House. I am available every single day to talk about the economy. I would be very pleased to talk about the statistics that show our unemployment is either the lowest or second

lowest in the country for the past three years. That is a very strong indication that there are career opportunities here. In fact, there are jobs aplenty in Manitoba.

Do they ask me about Manitoba exports? They have never asked me a question about our exports. Did we see a drop in Manitoba like the Canadian average saw a decrease of 2 percent? I have never had a member ask me from across the floor. Well, you know, the scenario is very different in Manitoba. Exports have actually risen by 7.4 percent in 2001-2002 at a time of a severe crisis in the United States and globally. So a 7.4% increase in exports in Manitoba. That is a very good statistic. It shows that there are many things happening in Manitoba in a very positive sense.

Power sales: Our power sales and the revenue has been doing quite well, thank you very much, up 12.6 percent; housing starts up 15.7 percent; retail trade up 5.8 percent; farm cash receipts up 17.2 percent. Things are good in Manitoba. *[interjection]* Things are good, says the member who represents the Virden area.

You know, if I look at my own riding which is in an older part of Winnipeg, I can tell that things are going well in Manitoba from my neighbours who are talking about their home values. House values have risen in my riding alone by 20 percent. Mr. Speaker, that is a fantastic testament to a strong economy, one with confidence, one that shows that there is a future and hope here.

\* (15:20)

It is very unfortunate that members across the way do not want to talk about the economy or those statistics, but it is a pleasure for me to stand up today and put them briefly in my Budget speech and talk to Manitobans through this avenue and to members opposite just in case they missed the statistics, the good news. I am very pleased to talk about that.

The situation this year did cause us to look at every line item in the Budget, Mr. Speaker, over and over again. I can assure you that every program, every expenditure, was reviewed, evaluated, because we knew that tough choices

had to be made. We knew that government had to be smaller. There are many, many departments, including my own, that have taken dramatic reductions, 6.6 percent less for my department, Industry, Trade and Mines.

What we have had to do is look at the programs and services that we offer, prioritize, evaluate and decide on what we can afford and what we cannot. Tough choices have to be made for a tough government. There is no point in being in government unless you are willing to make some tough choices, and I am proud to say that we did, but we are also very fortunate in not having to do drastic measures that other provinces have had to take.

Not only have we reduced government expenditures in most departments, except for those departments that are keeping our election promises, to youth, to education, to health care, to families and for rural Manitoba for our highway strategy.

Mr. Speaker, we have seen governments reduce their expenditures in department line items. Number 2, we have increased vacancy rates from 4 percent to 6 percent, maintaining our workforce that can provide essential services but keeping the flexibility and providing financial savings to the province. We have also reduced or limited the amount of discretionary spending that departments have. All of these measures have meant that government expenditures have been reduced to just over 2 percent, and that is at a time when you are seeing health care demands rising at over 7 percent. That, I think, is a commendable record and one that we have not seen for many, many years in Manitoba.

*Mr. Conrad Santos, Deputy Speaker, in the Chair*

So when we look at issues of competitiveness, the members opposite are always crying out we want more. We want more. We want more tax cuts. We want more services. We want more. Well, you know, it is very difficult in a time where many members who were in Cabinet in the previous government know that choices have to be made, that programs that you want to implement may have to be delayed. The tough

choices might mean some reductions, but the tax cuts are an important measure of being competitive, and it is important that we are comparable to jurisdictions in Canada because, as we are looking at promoting Manitoba as the place to invest, to grow businesses, to come and move to, we must be comparable to other jurisdictions.

If you looked at the Budget document, the Manitoba Advantage 2002, you can see that, for a number of different sectors, Manitoba and Winnipeg play out very, very well, house prices, cost of living, overall retail price differential, the capital expenditures on recreation and culture, which is extremely important for all of those young people involved in the knowledge-based economy, monthly industrial electrical bills are the lowest in Winnipeg. Second lowest is Vancouver, Montreal.

I think what is significant is that ours are the lowest and puts us in a situation that makes us comparable and competitive across Canada. Let us not forget we are often quick to jump to Alberta as a comparison. Let us not forget that Alberta—[interjection] Alberta, as B.C., has levied a health premium of over a thousand dollars a year per individual, and that comes on top of other taxes. So it is very important to look at all measures when you are comparing jurisdictions.

If you look at health premiums in B.C. for a family of four earning \$40,000—now, this is a family that is working perhaps in a manufacturing facility, perhaps one member is working in the service sector, and they have two children. I think this is fairly typical of the people that live in my riding. Mr. Speaker, if you look at the numbers you can see that the amount of personal income tax, and then if you add on health premiums, and then if you look at child benefits, property tax credits, retail sales tax, gasoline tax, mortgage, property tax, home heating, electricity, auto insurance, telephone, for that family of four, of each and every province in Canada we are the most affordable location of any jurisdiction in Canada, including Alberta. Alberta's costs are \$12,450. In Manitoba it is \$10,386. I think that you can look at that comparison and we come out well for a number of different categories including families.



We are not going to say there are not improvements that could be made. We must continue on a regular basis to be competitive and make steps towards being comparable with other jurisdictions. We have to look at the whole picture, both in personal income tax, in property tax, education support levy, our electrical costs, our child care benefits. They all play into the cost of living in Manitoba, which plays out very favourably to all jurisdictions in Canada.

I am very proud to announce that Manitoba has launched a new initiative for the mining sector, the flow-through share program. We believe that this will help junior companies and exploration teams raise private sector capital to do advanced exploration, to get projects started.

The mining sector, which amounts to 3.5 percent of the GDP, is an important sector for Manitoba and has, when commodity prices have been higher, brought in well over \$40 million a year in mining tax alone. This is a sector that not only employs many, many people in Manitoba, pays one of the highest wages of any sector, and has built northern Manitoba in a great sense of the word.

So we are proud to initiate the flow-through program for mining. This is a program that tops up the federal program and has been instituted in other jurisdictions. I think this, along with the Mineral Assistance Exploration Program that we have, the MEAP program, means that Manitoba is viewed very, very favourably to any other jurisdiction in Canada, perhaps the most favourably.

Now that we have flow-through as well as the MEAP program, I think that we can be assured that exploration will be enhanced and promoted, and our mining industry, which is dependent of course on exploration, will have a future in upcoming years.

In addition, we have taken over 4000 individuals off the tax rolls. We continue to cut small business taxes, we continue to increase the threshold. This year alone it moves up from \$300,000 to \$325,000. So, as the tax portfolio keeps on going down, I think that there is no denying we have continued our promise to be competitive, to reduce taxation, reduced it in

small business taxes, corporate income taxes, personal income taxes, property taxes, education support levy, mining flow-through shares and the dropping of many individuals from paying any tax at all in Manitoba.

Debt repayment is another important component of a balanced portfolio when you look at a fiscal regime. I am very proud to say we continue to do that. Manitoba has been in an enviable position across Canada of having a relatively small debt. Even so, I do not think there is anyone on this side that likes to pay interest on debt incurred. Debt is sometimes brought forward because of projects like the floodway, emergency situations, the Depression, and other reasons for incurring debt, times of trouble or reduced incomes. Many governments have incurred debt.

\* (15:30)

We build hospitals; we build educational institutions; we build roads, airports. These are all important pieces of the infrastructure necessary for being a modern and vibrant economy, but there is no one on this side that likes to pay interest on debt. So we continue on the strategy to reduce debt and to recognize our responsibility for the pension liability, a responsibility ignored by the previous government and one that we have tackled, a responsibility that means that it will take us some time, but we are accepting it, that we will take measures to deal with the debt and the pension liability.

I have to commend the Minister of Finance (Mr. Selinger) on his recognition that it is wiser to pay down to move into the pension initiatives and that that indeed is a more innovative way of dealing with both the debt and the pension liability issues.

In terms of a strategy or a business plan, a plan for the future, I think that the Government can be proud of the steps it has taken. During the election in 1999, we called Manitobans together in a Century Summit. The Century Summit brought together for the first time in over a decade leaders from every sector, Aboriginal leaders, women leaders, business leaders, educators, labour leaders, to the table in one collective voice, and from that meeting, we came

with a vision for Manitoba. The recommendation was one to move into the knowledge-based economy, that Manitobans should adopt knowledge-based economy sectors and that we should use the tools of education, that we should use our tools of immigration, and that we should use our energy advantages to build Manitoba into a knowledge-based economy.

Those recommendations have been worked on by each and every department in this Government from Agriculture to ITM, from Family Services to Advanced Education. Each and every member of the puzzle has a role in bringing and moving our economy into the knowledge-based economy through strategies like the nutraceuticals.

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

**Ms. Mihychuk:** Mr. Deputy Speaker, can you—

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

**Ms. Mihychuk:** Thank you, Mr. Deputy Speaker. I know that the members opposite are anxious to speak on the Budget, and I look forward to their comments on the record, but please ask them to restrain their comments until they have an opportunity. I only have a few more issues that I would like to put on the record that talk about the innovation strategy that we are preparing, that talk about how we move the educational resources that we are investing in, how we take that intellectual property and create economic growth. That is a strategy that has been adopted by successful communities all over the world: Singapore, Ireland, Denver, Dallas, Minneapolis and now Winnipeg. We can say that we get it. We understand that the future for tomorrow is about intellectual property. It is about knowledge. It is about our ability to use our knowledge in a way that creates jobs, opportunity and hope for Manitobans and, in particular, young people.

I know that members across the way are talking about interprovincial migration. We had a recent report that showed that we lost approximately 3000 individuals to interprovincial migration. It is disappointing, and we want to stop interprovincial migration outflow. In fact, we are doing a fairly good job. Overall, our

record over the past three years is 30 percent better than the previous administration's record. In fact, there were many years when over 10 000 Manitobans chose to leave under the previous Filmon era. Now it is down to 3000, but even that is disappointing, Mr. Deputy Speaker.

It is true that we do have members from Manitoba who choose to go to other provinces. Some of it is unavoidable. Some of it, I encourage. Many of us travelled after university. I went to school in Ontario, lived in Newfoundland, had a very good experience, learned about other places in Canada but came home when I had an opportunity. That is part of the Manitoba Comebacks program where it invites Manitobans to come back because we have a number of opportunities for Manitobans to fill. In fact, two focus groups conducted in Calgary and Minneapolis showed that over 50 percent of those individuals were looking to come back home. With a career opportunity in Manitoba, they viewed this as a positive move, wanting to come back to Manitoba where they see a positive future for themselves and their families.

The Century Summit said invest in education, invest in immigration, move into the knowledge-based economy. We are very proud to say that we will be announcing our innovations strategy very shortly that highlights the specific tools and methods that we are going to use to get there.

It is important to include all members of society. It is important to include everyone because to move an economy forward into the knowledge-based economy requires everyone to agree. It requires rural Manitobans, northern Manitobans, urban Manitobans, young, old, business and labour. I think that this co-operation exists in Manitoba, and for that reason I believe that the recommendations of the Century Summit will be played out in an economic platform that we will be presenting this year that moves Manitoba forward for a bright and prosperous future for Manitobans.

Thank you, Mr. Deputy Speaker.

**Mr. Leonard Derkach (Russell):** Mr. Deputy Speaker, I want to begin today by welcoming our newest member of the Legislature, the

Member for Lac du Bonnet (Mr. Hawranik) and I want to congratulate him on winning the riding very handsomely in the area where the NDP—

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

**Mr. Derkach:** Well, Mr. Deputy Speaker, when the election was called, the Premier (Mr. Doer) could not wait for my good friend the former MLA from Lac du Bonnet to resign before he quickly ran over to the Speaker's Office to call the election—what was it?—20 minutes after the resignation was handed in. They were so confident that they were going to win the election that they could not wait to call it.

You know, the people of Lac du Bonnet were wiser. They were smarter. We have to give them much more credit for choosing a candidate to represent them who not only sits on the right side of the House but indeed represents the values and the objectives and the hopes and dreams of the people of that constituency, and I sincerely want to congratulate now my colleague, the Member for Lac du Bonnet (Mr. Hawranik).

Manitoba has a history, a very rich history, and every year we enter into a time of economic beginning, if you like, for the province in a fiscal year with a speech from the Minister of Finance (Mr. Selinger) who lays out the financial plan for the province.

Mr. Deputy Speaker, over time I think there are certain principles that we have always adhered to, principles that Manitobans hold near and dear to their hearts, principles that Manitobans want to ensure that governments appreciate and acknowledge. Those are things such as ensuring that we live within our means as a government, ensuring that as stewards of the Treasury of this province we do what is honourable in terms of how we spend the money, and also that we are careful in how we raise the funds as well so that we do not overtax the citizens of our province.

\* (15:40)

Well, Mr. Deputy Speaker, all of that went out the window this Budget, because if we look at how this Government has decided to balance

its books, it is somewhat deplorable. I will speak about that a little later.

One of the other things that I have found very curious in the lead-up to this Budget was, I guess, the lack of sensitivity to certain sectors of our economy. I have to say that rural Manitobans had a right to fear what this Government was going to do in the Budget, and they expressed those fears in weeks and in days leading up to the Budget. Indeed, we saw those fears were warranted when the Minister of Finance (Mr. Selinger) made his speech in the House here yesterday.

It is unquestionable that we have lived over the last two or three years or the last four years in a time of economic buoyancy in our province. Our economy has outperformed in many instances what the national average has been. We have in the past been only second to Alberta, I think, in the province of Manitoba, and that was in the years when we were in government.

In the 1999 election we predicted that we would have an economic growth in this province that would measure a billion dollars over a period of five years. During the election in '99 we signaled how we would spend those monies. Half of that money would go to repaying the debt that was incurred by the NDP party in this province. The second part of it was going to go to ensure that our social programs that Manitobans need were going to remain strong and were going to remain what Manitobans needed.

Well, Mr. Deputy Speaker, the NDP during the election campaign scoffed at the idea that we would even think that our economy could grow by a billion dollars over a period of four years. They said that was impossible. Where are you going to get the money?, said the then-leader of the NDP, now the Premier (Mr. Doer). Well, two years of government by the NDP show that the economy did not only grow a billion dollars over the course of four years, it grew a billion dollars in two years. That is not our numbers, that is the Government's own numbers that speak to that. The revenues of this province have grown by a billion dollars. All we have to do is go to the statement of revenues for the Province of

Manitoba for the past two years and you will see that evidence in the books.

Now, the question is: If we have had such growth in this province, then where did the money go? Where was the money spent? It is sad to say that our party, who had promised to pay down the debt using half of that billion dollars, could not do it, but this Government blew that half-billion dollars on other things.

Now, Mr. Deputy Speaker, health care is important, and I am not going to suggest that health care has ever been overfunded, but there is more to health care than simply throwing money at it. This Government threw a half a billion dollars at health care in two years, but did it save anything? Did it improve anything? Did the waiting lists decrease? Did the times for surgery decrease? To date, we have more people in the hallways in the hospitals of this province than we have ever had since 1999. We have more people waiting for surgery, waiting for procedures in this province than we have ever had. A promise that was made to the Brandon General Hospital to put in a CAT scan to improve the facilities there is still being waited for by the people of Brandon. So where did the money go? The money was wasted. When the Government faces a challenge, when it cannot balance its books, it can no longer draw on those increased revenues because it has built those increased expenditures into the base, and it finds itself in trouble. So they reach out.

At first the Minister of Finance (Mr. Selinger) said, well, we are going to have to reach into the rainy day fund. Okay. That is the fund that was created for that purpose. That fund was put in place for days when the economy did not grow and days when you had to reach into that pot, so to speak, to make sure that you, I guess, lived up to the expectations that Manitobans had of you. So this Government decided on an alternate route. Not only was it going to take money out of the rainy day fund, but they were also going to start double taxing Manitobans and double taxing the ratepayers who buy hydro services today by raiding the Hydro coffers of this province.

Now one would think that Manitoba Hydro has bushels and bushels of money in its coffers. The reality is that the earnings of Manitoba

Hydro, the saving account of Manitoba Hydro, stands at about \$14 million, and this year the Government has demanded from Manitoba Hydro that they want \$150 million, \$75 million for last year because they could not balance their books and \$75 million for the current year when they say they cannot balance their books.

Mr. Deputy Speaker, this is a time when you have a buoyant economy. This is a time when the economy of this province is doing very well, thank you. I have to acknowledge all of the business people, all of the entrepreneurs, all of the working Manitobans who contribute to the economic wealth of our province because they have done a good job. Manitobans have done an excellent job in ensuring that our economy is strong.

Mr. Deputy Speaker, one of our slogans in the years that I was with government was that we wanted strong communities. We wanted strong rural Manitoba. We wanted strong cities. We wanted a strong economy, and we got it, but what did this Government do? It sold out Manitobans. The Government likes to blame everybody else for its woes. Two and a half years into its mandate, it still cannot take responsibility for anything. As soon as you point something out to this Government, they have someone else to blame for it. They will go back two and a half years and blame the former administration. They will go to the feds and blame them. Failing that, they will blame Manitobans, but they will never take responsibility for their shortcomings and for the things that they do to the citizens of our province.

Mr. Deputy Speaker, we have a government that says it is only going to increase its spending by 2.5 percent. Well the economy, according to them, is only going to grow by 1.7 percent. So we have a government that is getting itself into trouble because it has no plan. It has no vision. It has no idea where it is going. Now I am going to ask where are they going to get the money once Manitoba Hydro runs out of it, because this is not sustainable. It is not \$150 million, as we see in the books of the Province right now. You have to look at the other aspects of it. They are going to use \$14.7 million, I believe it is, to build roads in northern Manitoba out of Manitoba Hydro.

Mr. Deputy Speaker, last year they increased water rates, which are going to take another approximately \$100 million into the coffers of the Province, so where is Manitoba Hydro going to get all this money? It is not just \$50 million or \$75 million a year. This is starting to add up to something like \$280 million over a three-year period from Manitoba Hydro, but on top of that you have to add the water rates, and on top of that you also have to add the northern roads which are there as well.

Mr. Deputy Speaker, the question is how long can this continue, because Manitoba Hydro does not have a bag full of money. Members opposite talk about the profits of Manitoba Hydro. Who are these profits made by? These profits are contributed to by the ratepayers, the people who buy the services from Manitoba Hydro. Now we are saying that they should be double taxed. If you are going to say that, well, the profits are going to raise by \$120 million or whatever it might be or \$210 million, I think is the number the Premier (Mr. Doer) used, then should that dividend not go back to the ratepayers? Should the ratepayers not be seeing something out of that if there are going to be those excessive revenues coming to Manitoba Hydro? Manitoba Hydro has an obligation to its ratepayers. It has an obligation to the rural people and the people in urban Manitoba.

We have talked about the need for three-phase service in all of rural Manitoba. Even Saskatchewan has it. I can go across the border, and I live close to the border, and I can locate anywhere in rural Saskatchewan and have three-phase power.

\* (15:50)

Members in the House may not know what that means, because in rural Manitoba, if you can get onto three-phase power it means that your savings vis-à-vis your operating costs are very substantial, because you can run equipment on three-phase power for just pennies as compared to what it needs on single-phase. Now, if you are going to do something for Manitobans, why would you not look at extending services to the people who pay for those services?

But this Government has cut that off. They have not allowed Manitoba Hydro to do what it

is supposed to do. They have raided their purse. They have raided their bank account, a bank account that does not exist, because Manitoba Hydro is going to have to go to the bank to borrow the money to be able to pay the Government.

Now, do Manitobans really understand that? I think that they do, because I did not expect the reaction that we received after the Budget. I was getting calls from Manitobans all around the province who said: Is this true, can this really be, is it allowable, does the law allow for the Government to raid the Manitoba Hydro bank account to pay for last year's mistakes? My colleague from Burrows says the answer is yes.

Any government can give itself that power, but is it ethical? Is it ethical? I ask the Minister of Finance, is it ethical that he is the Minister of Finance and the Minister responsible for Hydro, and does he then have a meeting with himself and say, now, as Minister of Finance I am going to tell the Minister of Hydro to hand over \$75 million? I am going to tell myself to hand over \$75 million from Manitoba Hydro. When we talk about a conflict, I think Manitobans would see this perhaps not as a conflict in the real meaning of the term, but more importantly as a breach of ethics and how government is supposed to do its work.

*Mr. Speaker in the Chair*

If the Minister of Finance was so confident that this was the right approach to take, why would he not take this measure to the Public Utilities Board, a third party, which can call forward witnesses, which can call forward experts to determine whether or not this is a proper process in doing business in Manitoba? What does the Minister of Finance fear from taking that approach and taking that route to determine whether or not this is an appropriate route to take for funding the shortfall of this Government in this period of time?

Mr. Speaker, in the Budget, one of the issues that the Government did highlight was the fact that corporate taxes for the province of Manitoba were going to decrease by something in the neighbourhood of \$230 million. Now, Mr. Speaker, if that is in fact true, if this projection is

lived out, what is that really going to mean for the province of Manitoba? What is it going to mean in the business community? Do you think that any business will operate simply without making a profit for the purpose of staying in business? I do not think so. That is not sustainable.

Businesses are going to take action, and they take action very quickly. They either decrease their employees that they have in their companies, their work force, or they are going to reduce the output that they have from their companies, because they will not stay in business simply by churning their wheels.

So, Mr. Speaker, I think this is a signal. It is a signal that the Government should take very seriously, because it could very well mean that those corporate profits or those corporate taxes that are received by this Government are going to fall further in the future year.

If we start looking at this Budget department by department, I can see that there is an increase in what money is going to be flowing to the City of Winnipeg. I do not have any qualms with that provided that it is sustainable, provided it is needed. We want a strong city. We want a core area in our city that we can be proud of rather than ashamed of. We want to ensure that crime rate in our cities is dropped. We want to ensure that things like car theft, things like prostitution, are wiped out, if we can, in our city. This is our city. This is not somebody else's city. We are all Manitobans. We are proud of our city, and we want to make sure that it is a strong city.

At the same time, we want to ensure that all the other smaller cities in our province remain strong, that all the other communities remain strong. I cannot help but think that our rural representation by the Minister of Agriculture (Ms. Wowchuk), the Minister of Intergovernmental Affairs (Ms. Friesen) has been snubbed. These people have forgotten their responsibilities to rural Manitobans.

The Minister of Agriculture, when she was in opposition, used to wring her hands and say, boy, if I ever get the chance to become Minister of Agriculture, I will stand up for Manitobans. I remember the days when we gave out a \$50-an-acre payment, and she said it was not enough;

they would do better if they were in government. Mr. Speaker, since she has been in government, she has done nothing, absolutely nothing, to help rural Manitobans, to help Manitoba farmers. Do not take it from me. You ask any farmer out there, and they will tell you the same.

They are somewhat embarrassed that they do not have a strong spokesman for them in the Legislature of this province. They are embarrassed about the performance of the Minister of Agriculture in this province, and that is not me speaking. You talk to the farmers. The farmers came to the Leg here. They lobbied this minister for support, and what did she do? She did not come out. When she did, all she could do was blame the federal government, and then she ran back inside. She was gone. At first she did not come out. When she did come out, she spoke briefly, and then she ran back in. She was gone. She was so busy. She was so busy doing nothing. Mr. Speaker, that is typical of this Government.

Rural communities, they are the heart of rural Manitoba. These are small communities that are striving to exist in an economy that seems to be passing them by. These are communities that depend on the quality of life to sustain themselves, that they have always been able to market. The quality of life in a rural community is special. The quality of life in a rural community is close to family. That is what is important about rural communities.

During our years in government, we worked very hard to ensure that we gave these rural communities every advantage to be able to survive, succeed and to grow, and it was happening. There was an excitement in Manitoba. In the next few days, we have Rural Forum happening. I am sad to say that the results of Rural Forum have been less than successful in the last two years. As a matter of fact, it seems to be changing its focus because all of a sudden this Government does not have as its priority to ensure that we have strong rural communities, Mr. Speaker. Like the farmers, these people are facing a very difficult time with this Government in power.

Today we saw another blow when we were made aware by the harness racing association of

this province that the Minister of Industry Trade and Mines (Ms. Mihychuk) has cut their funding—

**An Honourable Member:** Callously.

**Mr. Derkach:** She cut it callously, yes, without consultation. Now that is typical of this Government.

We have seen the Minister of Education (Mr. Caldwell) break the law. He broke the law. Not once, not twice, but three times now he has broken the legislative act of Manitoba as it pertains to The Public Schools Act. He has gone out and broken the act, but he said he is doing it in the interests of Manitobans. He does not have the mandate, for example, to amalgamate school divisions. He does not have the mandate without going through the Board of Reference, without striking a Board of Reference. Mr. Speaker, how is he proceeding? Does his Premier (Mr. Doer) not see what this man is doing? Manitobans are not going to tolerate that.

This Minister of Industry Trade and Mines is ignoring the importance of consultation, the importance of working with Manitobans. I am told that the harness racing association of Manitoba has something in the neighbourhood of 500 people working directly or indirectly in that industry. That is 500 people who depend on horse racing in this province for a living in one way or another. Now we may say, well, they do not depend on it solely, but every penny that comes into a household is important whether it is from a part-time job or from a full-time job, and there are 500 people who work in that industry who are going to be impacted by this minister's callous decision.

\* (16:00)

Mr. Speaker, I found it curious today that back-to-back to this issue was the mosquito issue. We are prepared to spend a million dollars fighting mosquitoes, but we could not support 500 people who depend on jobs in the horse racing industry by providing a grant of \$491,000. There is something wrong with our priorities. There is something wrong with our attitude. There is something wrong in how we view the people who make up this province.

The minister in her address to the Budget just now talked about the high-tech industry. Yes, it is an important one, Mr. Speaker, but married with that are the traditional economic industries, the traditional economic engines that drive the economy of our province. She just killed an industry in one fell swoop. Yes, she killed an industry. You know, it is not just the people who raise horses. It is not just the people who look after those horses, but it is the people who grow the feed for those horses, who provide the nourishment for all of those horses. I am told that in the horse racing industry today that it costs about \$20 in hay costs alone to keep a horse for one day. These are specialized animals. So therefore, somebody has to do that, so therefore, you are affecting somebody else's income. That is hardly a way to diversify our rural economy. Whether it is northern or whether it is just southern rural, it does not matter. It is the rural economy of our province.

So, Mr. Speaker, where are the real priorities of the Government? It is certainly not in looking after rural Manitoba.

Of particular interest to me yesterday in the minister's address was that he made specific reference to northern Manitoba as a separate part of rural Manitoba. Mr. Speaker, you, yourself, are from northern Manitoba. There has been a lot of money invested in northern Manitoba, and I think that is fine. I think that is just fine, but we should not do that at the expense of others. We should not be looking at where we can cut programs from other Manitobans so that we can indeed help our friends. That is not the approach that we should take.

We look at the area of health care, an extremely important area in Manitoba. Everybody can agree with that. In the last two years we have put more than half a billion dollars into the health care field to try to shore up some of the shortcomings, but we have not outlined a plan for Manitoba in health care. We have not outlined a vision for where we are going in health care in the province of Manitoba. Repeatedly, the critic for Health on our side of the House has asked the Minister of Health (Mr. Chomiak) for his plan, for his vision, but nothing has come forward. Now I hear, and the minister has not denied it, that we may have a

consolidation of regional health authorities in rural Manitoba. Specifically, Marquette Regional Health and Southwest Regional Health may be somehow merged. Whether it is with Brandon or who it is with, we do not know.

I asked the minister in Question Period yesterday whether he has any evidence, whether he has any proof that indeed these regional health authorities are not doing their job, because what is the threat if you combine even larger regions together? The threat is that you do not have representation from these small communities. There is nobody to speak for people who come from Gladstone or from the Swan Lake Reserve or from my community of Russell or wherever it might be. The decisions are made in remote locations, and you do not have that representation.

Now, in Winnipeg it is quite different, Mr. Speaker. In Winnipeg it seems to be all right—and I am not attacking Winnipeg for this, but I am just showing the difference—to have the local boards. Yes, those were established long ago. We kept them in place for each hospital in the city of Winnipeg except the Health Sciences Centre. On top of that, we have another layer of government in health care in the city of Winnipeg called the Winnipeg Regional Health Authority.

Now, the minister talks about reducing costs, administrative costs, and if there has ever been a duplication of costs, the evidence is here in the city of Winnipeg. The big dollars in health care are spent here in the city of Winnipeg. They are not spent out in rural and northern Manitoba. The costs in rural and northern Manitoba are fairly small vis-à-vis the Budget, because we do not have those specialized services. We have to come into the city of Winnipeg for those specialized services, and now the minister says I am going to find further savings by inflicting greater pain on small rural communities.

My colleague the Member for Ste. Rose (Mr. Cummings) asked the question the other day of the Minister of Health (Mr. Chomiak) with regard to emergency services in the small hospital of Gladstone. The minister said, oh, no, we cannot do that. Mr. Speaker, there are people from outlying communities around Gladstone

who have to travel as long as 71 kilometres to Gladstone alone to receive emergency services. If we do not restore those services, those same people will have to travel 90 to 100 kilometres to get emergency services.

Now, what does that say to a person who might have a heart attack and lives 50 kilometres or 100 kilometres from an emergency service? What are his chances or her chances of survival, Mr. Speaker? I remember the debate in the House when we wanted to consolidate some services in the city of Winnipeg, when people in Winnipeg thought they were too far away if they were longer than 10 to 15 minutes away from emergency services. Now, how do you square that with emergency services in rural Manitoba that are an hour away from the people who need them?

So, Mr. Speaker, I have a great concern with the Minister of Health when he says that he is going to look at further amalgamation of regional health authorities on the west side of the province. That causes not only heartache for me, but it causes a tremendous amount of fear in the rural citizens, especially senior citizens of those communities who depend so heavily on health services in their small communities.

So the Government through its budgeting process is taking some steps that I think are dangerous, that I think spell disaster for some of our people in rural Manitoba especially and indeed in an overall sense spell some disaster for the approach that we have taken in raiding Manitoba Hydro to start paying for services that should be paid through our tax dollars.

Mr. Speaker, I want to speak for a moment about agriculture because in my constituency agriculture is a very important enterprise. Agriculture is still the single largest sector that contributes to the GDP of our province, and I think I am correct in that.

Mr. Speaker, as a single sector it is still the largest contributor to GDP in our province. I am talking about the agriculture sector. Now, what does the agriculture sector include? It includes the processing. It includes the primary production. It includes the value-added processing right across the province. In this Budget there was not



a mention of agriculture. As a matter of fact, we see that the Agriculture budget is decreasing by 1 percent along with other budgets that are decreasing, but this is an industry in our province that is the backbone of our province. It is an industry in our province that employs a large number of people, an industry in our province that is kind of the foundation of our province.

Although we are into high-tech industries, a lot of those high-tech industries are in the agriculture sector, so let us not think that agricultural primary production is something that is archaic and not in the today world, if you like, because agriculture is very much current in terms of the technologies that are employed in it.

Mr. Speaker, the Minister of Agriculture (Ms. Wowchuk) has not done her job around the Cabinet table and around the Treasury Board table, because she was not able to get any further funding for her department for this next year. I know the minister will say, well, all you want me to do is spend more, spend more, spend more. The answer to that is, no, rather we want spending done more wisely, spending done in a way which is going to be effective and spending in an area where Manitobans are asking for it, in diversification, in value-added processing, in support to industries that are going to add greater value to what is being produced in our province.

Mr. Speaker, we are falling behind other jurisdictions, and we are falling behind very quickly. If you look at how we are taxed, we are being taxed excessively. In the year 2000, when the Budget was released, we found ourselves, as Manitobans, in a position that was worse than even our neighbouring province of Saskatchewan. As a matter of fact, for a family—and we have put this on the record before, and I want to put it on the record again—in the year 2000, a family of four, with a single earner earning \$60,000 a year, paid approximately \$200 more in taxes in Manitoba than it would have in Saskatchewan. That margin has increased. As a matter of fact, it has increased to the point where we are paying about \$700 more in taxes in Manitoba this year than a family of four earning \$60,000 would pay in Saskatchewan. Now we are slipping in terms of what we call the Manitoba advantage. The Manitoba advantage is

becoming a disadvantage in terms of the taxes that Manitobans pay.

\* (16:10)

So where is this Government taking us? It is taking us down the same path that the Pawley government took us years ago, a path which saw increased debt, unprecedented increase in debt to the citizens of this province, a debt and deficit situation that took us almost 10 years to correct. There will be an administration that will come after this Government that will have to address those very same issues, but it is being compounded by the fact that today we are robbing the coffers of the Crown corporation of Manitoba Hydro to help shore up what is really the responsibility of the Government and of taxpayers in this province.

We are seeing other curious things happening to a lesser degree, Mr. Speaker. I do not want to speak about the True North Project, but when you look at the amount of money that is going into the project itself today from the private sector, it is diminishing very quickly, and more and more money is starting to flow from government sources. Like last year, the minister responsible for Autopac at that time tried to take a significant amount of money and throw it into the universities. This year, we find the very same minister attempting to take money from Workers Compensation, money that was paid for by workers and employers in this province for potential injuries. Now they are going to take that money, they are going to steal that money, steal it, and they are going to put it into an arena.

Do you think that injured workers in Manitoba would support taking money out of their funds, out of funds that they have built up over time to look after the disabled who are injured in a workplace, who have sustained either permanent or temporary injuries in a workplace? That money is being used to build an arena. I cannot believe that. That is not something that anybody can support that I have talked to. This minister is going to have to be accountable. I am going to put her on notice that in the next few days we will be addressing the issue of how she thinks that she can put worker compensation money, money that is put into a fund by employers in this province to look after

the injuries of their workers, should they occur, that money is now being taken, without consultation, without any authorization by this minister and being given to an arena in our province. That is a desperate move, almost as desperate as trying to take money out of MPI. We saw the reaction from Manitobans when this minister tried to do that with MPI. The reaction is going to be equally as strong for Manitobans when they learn that this minister is attempting to move significant monies from Workers Compensation into the arena.

Mr. Speaker, in an overall sense, this Budget is a huge disappointment to Manitobans. It is a disappointment because of a relatively buoyant economy that this province has enjoyed over the last number of years. Manitobans expected much better from a government that was supposed to be sensitive to the needs of citizens.

We have always known that the NDP are a spendthrift bunch. The NDP love to spend money whether they have it or not. They are spending someone else's money and they just love to do it. We saw Howard Pawley do it in six short years. He drove this province into enormous debt. What a legacy he has left for Manitobans.

Now we see the Doer government doing much the same, going down that very same path of spending the inheritance. They are spending the legacy that perhaps Manitoba Hydro should be leaving to the citizens of this province. This Government has now decided to spend it because it cannot manage its affairs.

I submit that this is a government that cannot be trusted. They say one thing, they do another. Manitobans know they cannot trust this Premier and this Government, and they will let them know in the next election that this is a government that is untrustworthy, it is not worthy of the support of Manitobans, because it has done things that are, to say the least, unethical, whether it is in education, whether it is in finance, whether it has been broken promises.

One other industry that has faced enormous challenges is the fishing industry. My little Lake of the Prairies saw a situation occur on it this winter that I have never seen before. Because

somebody created a market for those fish that are in that lake, Aboriginal people were coming there with nets. I do not blame those people. Somebody created a market for those fish. Those people were taking advantage of a situation, but after building up a resource in that province by slot limits, by making sure that the stock was healthy in that, we saw it destroyed in a matter of a few weeks.

This Government, this Minister of Conversation, who has the responsibility to protect those resources, let it go. One other thing, the Minister of Tourism, I am told—now he is denying it. He says he never said it, was alleged to have said that this is not an important issue right now because it will go away.

I have a great difficulty with this and with the way that it has been presented to the people of Manitoba.

#### Point of Order

**Hon. Ron Lemieux (Minister of Culture, Heritage and Tourism):** The member from Russell was making remarks with regard to statements that I supposedly had made. I can absolutely put on the record I did not make any such statements. I certainly would want him to retract that statement about how I said that sport fishing somehow was not an important industry and somehow that the Lake of the Prairies was not important to tourism and so on. So those words were, I certainly never did say that. I am not sure where he was going with those types of comments, but certainly I would want him to rephrase it or retract that.

**Mr. Derkach:** On the same point of order, Mr. Speaker, I indicated in my remarks that those were alleged comments that were made to me. I acknowledge the fact that the minister has stood in his place and has indicated that he did not make those comments and did not express that attitude. I take him at his word and I will certainly retract those comments of mine on the basis of his comments.

**Mr. Speaker:** I thank the honourable Member for Russell. That should take care of the matter.

**Mr. Doug Martindale (Burrows):** It is a pleasure to take part in this Budget debate because I believe it is a positive and balanced budget.

Before I begin my Budget debate I would like to congratulate the Member for Lac du Bonnet (Mr. Hawranik) on winning his seat and welcome him to the Manitoba Legislature. Someone in the Tory caucus said he is such a nice guy, how come he is a Tory? I would not want to attribute that to anyone because I would not want anyone else to be demoted or fired, but maybe it proves that even a Tory can be a nice guy. So we are happy to have him join us here in the Manitoba Legislature. *[interjection]* I was quoting somebody in your caucus. Anyway, we are happy to have him here.

**Some Honourable Members:** Name him.

**Mr. Martindale:** No, I said I do not want anybody else to be demoted or fired, so I do not want to get anybody in trouble.

Mr. Speaker, I would like to begin with an overview of the 2002 Budget. If you look at this Budget, it builds on the 2001 and 2000 budgets, and together they provide \$500 million more or 2.5 percent per year in spending for health, education, families and communities and \$244 million annually in personal tax reductions plus \$288 million towards debt and pension liability reduction.

\* (16:20)

There have been some major challenges for our Government, the global economic slow-down, the impact of September 11 last year and the federal accounting error of at least \$480 million. I think now it is up to over \$700 million. Plus corporate income tax revenues were down by \$230 million. However, in spite of these challenges, the Budget is balanced with no draw required from the Fiscal Stabilization Fund. Overall budget spending has increased only 2.5 percent, the lowest budget-to-budget increase in five years.

So all this talk that we are hearing from the Conservatives about overspending really does not add up when you look at the figures and

compare budget to budget and realize that we have only increased spending 2.5 percent this year, the lowest budget-to-budget increase in five years. Only priority areas such as health, education, justice and support for families and communities receive increases. Some departments did experience decreases because there was a lack of money. There are new personal income tax reductions in 2002, meaning the average Manitoban will see 11.5 percent cut in personal income taxes by 2003, and another 5400 Manitobans will be removed from the tax rolls in 2002.

There is a new five-year plan to phase out the education and support levy on residential property taxes, saving taxpayers almost \$100 million. I think this is probably one of the most important things that we have done in this Budget because, as all of us in this Legislature know, regardless of party, when we campaign, when we talk to our constituents, when we go door to door, probably the thing that comes up the most often is the education support levy. Our Government is responding to that concern. *[interjection]*

I will get to that in a minute. The Member for Fort Whyte (Mr. Loewen) wants to talk about the North Y. I would remind him that it closed in 1995. His party was in government for four years and did absolutely nothing. Our Government has put a million dollars aside for capital renovations or new construction and given a consortium of community groups \$100,000 to consult the community, which they have done, and they are working on a business plan. Apparently it is going quite well. The people who want to be in partners in the new building are going to pay rent, which hopefully will cover most of the mortgage costs, but it is going to take some more work. Even though it is not in Burrows anymore, it is in Point Douglas constituency, we want to see the North Y reopened. We are very hopeful that is going to happen. It is an important issue in the North End, and I really do not mind being reminded by my colleague from Fort Whyte because I am happy to talk about the North Y. It is still something that people phone me about every week and talk to me at Safeway and other places in the community and ask me what is happening. So I am pleased to provide him with an update on the

record. *[interjection]* He says just get it done. Well, it is not up to me. It is up to a large group of people, and they are working very hard on it.

This is the third consecutive year of debt retirement payment in this year, of \$96 million. We have improved our plan to pay down debt and pension liability sooner than originally planned. We are addressing the unfunded liability of teachers and civil servants, and we are beginning to pay that debt down as well.

There are no health care premiums or user fees introduced, unlike other provinces like Alberta. I wish I had a list of all the increases in Alberta and the cuts in B.C., but perhaps somebody else will read those into the record.

A payment of \$288 million over three years from Manitoba Hydro is based on U.S. export profits. We are doing this in order to bridge the gap caused by the federal accounting error and corporate income tax revenue shortfalls.

We are investing in Manitoba's future. Over the past two years enrolments have increased by nearly 12 percent at colleges and universities. Funding for public schools will exceed \$1 billion. University and college tuition fees remain 10 percent lower than 1999 levels. If there is one thing that this Government has done that I think all of us are very proud of, and certainly I count myself in that, it is the 10% tuition reduction and the freeze for the two years following. I think that this has been a bold move on our part, certainly reversed a trend of Tory budgets which saw tuition go up every year. I think the direct result of the tuition reduction and freeze is the increased enrolment. I know that students are very, very appreciative of this. They lobbied our Government to reduce fees and to continue the freeze. We have done that, and they have commented very favourably on that.

Universities and colleges receive more operating funds, and almost \$16 million have been invested in post-secondary bursaries and scholarships. We know that the Tory government cut the bursary program in 1993, and we brought it back. Now we are investing \$6 million in bursaries, which is really an investment in the future of Manitobans and Manitoba.

We have considerable support for families in this Budget. In this year's Budget, we are encouraging a better start in life by building on the accomplishments of the Healthy Child Manitoba program. Funding for child care alone has increased by \$16 million over the past three years. The full restoration of the National Child Benefit continues by including families on assistance with children aged seven to twelve effective in 2003.

A new multiyear plan to put affordable quality child care within reach of more families is being worked on. The Healthy Schools pilot program will link public health services and local schools, and the Aboriginal Child Welfare Initiative has received additional support. Parent-child centres, healthy pregnancy programs and FAS and FAE prevention programs continue to expand.

We are investing in children, which is also investing in the future of Manitobans. We know from the research that it is better to invest at the front end than to spend millions of dollars in the justice system and welfare system when these people become adults. We keep talking about that over and over again, because it is absolutely true, and the research is there to prove it. *[interjection]* I am glad to see that one of the ministers on that Healthy Child Committee of Cabinet agrees with me, the Member for Brandon East (Mr. Caldwell). In fact, I think the former Member for Brandon East would be very proud of him, because he was always talking about children and improving social programs. I think he would certainly—

**An Honourable Member:** The tradition continues.

**Mr. Martindale:** The tradition in Brandon East continues.

We believe in better health care for all, and Manitobans have said they want health care services based on medical need, not the ability to pay. The Budget in 2002 responds with innovative solutions and \$2.8 billion in funding.

Hospital improvements include adding new dialysis facilities at Seven Oaks Hospital. I was pleased to be there for the official opening

earlier this spring. There will be more surgery capacity in rural and northern centres, better emergency services at Victoria and improved critical care in Brandon. The largest health capital project in Manitoba history will take place, and that is the modernization upgrading at the Health Sciences Centre.

Pharmacare is being increased by 26 percent. We are expanding community mental health services. Obstetrical services get a major upgrade in The Pas. There will be new community-based ultrasound services. Yes, tobacco taxes have been increased, but there is a rationale for that. It is connected to health and that is to prevent smoking and to help offset the cost of recent nurses' contracts. Provinces have joined to create regional sites of excellence for advanced treatment such as high-tech gamma knife neurosurgery in Manitoba.

Our Government is on track with tax cuts. With the relief provided in the last three budgets, the average Manitoban will see an 11.5% cut in personal income taxes by 2003, a 10% cut in the education support levy, which I already mentioned, and a new five-year plan to phase out the ESL. This will save taxpayers nearly \$100 million and completely eliminate one property tax, the property tax that is of the greatest concern to taxpayers.

There will be \$15.3 million in new personal income tax cuts effective this year, which brings total income tax relief to \$56 million for 2002. The \$400 education property tax credit has been increased by \$150 over the past two years and will be maintained. More Manitoba businesses will qualify for the lower small business tax rate, the fourth lowest in Canada, with a three-step increase in the threshold to \$400,000 by 2005.

The four-year plan continues to reduce the tax rate in larger businesses, the general corporation income tax rate. This plan which began in 2002 and is the first general corporation income tax cut since the Second World War will see the general rate fall by 0.5 percent in each of 2003, 2004 and 2005 when it will reach 15 percent.

\* (16:30)

The retail sales tax has been lifted on feminine hygiene products, saving consumers \$1

million annually. I have a very interesting quote on this. By way of background, this tax was brought in by the Conservative government in their 1993 budget. On November 26, 2001, a member of the Tory caucus, the Member for Carman (Mr. Rocan), made some remarks about this tax which his government brought in.

He said, and I quote from Hansard: Women in this province are subject to gender-based taxation. Only females have to purchase feminine hygiene products, and they have to purchase them regularly for much of their lives. Despite this they are required to pay the regular rate of provincial sales tax regardless of the fact that feminine protection products are an absolute hygienic necessity for only the women of this province. There is certainly no luxury aspect to this. So I hope that the Member for Carman will be applauding the removal of this tax, since he was one of the people that criticized it and urged us to remove it.

This Government continues to build safe and vibrant communities. For the first time in a decade property values are rising in some inner city neighbourhoods. I know that the Attorney General, the Member for St. Johns (Mr. Mackintosh), mentioned this in a mailing that he did to his constituents and pointed out that property values or assessments are rising in his constituency north of Mountain Avenue. I am glad to hear that because I sold a house a year and a half ago north of Mountain Avenue and our assessed value declined by \$11,000, or, I should say, our selling price was \$11,000 less than the assessed value. So we feel that we really lost \$11,000 on the sale of that house. I am happy to hear that those assessed prices are going up again, and it is because of the positive actions of our Government in the inner city with programs like Neighbourhoods Alive! and Building Communities.

It is going to take time to turn it around after 12 years of Tory neglect of the inner city. We are not going to fix these problems overnight, but gradually by perseverance and by putting more money in it and by supporting community groups and nonprofit groups who are renovating housing we are going to turn it around. The City of Winnipeg is going to get increased powers to deal with boarded-up houses, because we

certainly have to deal with that problem. That detracts from people's property values. We want to reopen those houses. We do not want to demolish all of them. We only want to demolish where they are structurally unstable and we cannot renovate them, but those that can be renovated, we do want to renovate them and put them back on the housing market. That is starting to happen in the North End. It is a very positive move and it is good to see property values going up.

We also are participants in the Winnipeg Housing and Homelessness Initiative. We are increasing policing to counter gangs, organized crime, theft, and drunk driving. Lighthouses and other youth programs provide support, provide positive options for young people. I am very pleased to see those schools open in the evenings and on Saturdays. It certainly is a positive alternative to the streets for a lot of young people.

We are working with Winnipeg and municipalities on mosquito larviciding programs. We continue to support workplace safety inspections by hiring eight additional inspectors and a full-time prosecutor for workplace safety violations.

I would like to reiterate our personal tax reductions. The personal nonrefundable tax credit amounts are increased by 3.5 percent for the 2002 taxation year, an estimated tax reduction of \$15.3 million. In other words, we are putting \$15.3 million into the pockets of Manitobans. This brings personal income tax relief in the year 2002 to \$56 million, building in another recently implemented tax relief. Effective January 1, 2003, personal income taxes will be cut by another \$18 million. The education support levy will be cut by 10 percent or \$10 million for 2002.

I would like to provide a few more details about our assistance to children. We announced a \$9-million increase to child daycare in the 2000-2001 budget; an additional \$4 million in 2001 and 2002; and \$2.3 million more in 2002-2003, for an overall increase of approximately \$16 million in child care in Manitoba. This has resulted in more subsidized spaces, more resources for children with disabilities and wage increases for workers.

I think all of these things are important, but probably the wage increase for workers is the most appreciated. This is a problem that was building during the Tory years because wages were not increasing. In fact, the Filmon Conservative government took \$10 million out of child care. The result was that wages were very low, and child care centres had a very difficult time keeping workers and attracting qualified workers because people could work in retail or the hospitality industry for more than they were getting in child care even with two years of post-secondary education. The result is that many child care centres had provisional licences because they did not have the proper staff ratios.

We have changed that. Our goal was to bring salaries up to that of the wage scale set out by the Manitoba Child Care Association, and I believe we have met their initial wage scale requests, and we are working on continuing improvements. So I am very proud of this initiative on the part of our Government over the last three years.

We will be announcing a multiyear Manitoba child care plan that will focus on quality, affordability and accessibility to continue to make progress, and we will be calling on the federal government to partner in this multiyear strategy. Some of you with a long memory might recall that the federal government during an election campaign campaigned on a national child care program. What happened? Did we get it? No, kind of like that Pharmacare program that was referred to in Question Period. They promised a national Pharmacare program several times, and we did not get it. Of course, the list goes on and on. They promised to not sign on to NAFTA if they were elected. They promised to get rid of the GST if they were elected. So it would be great if the federal government would invest some money in child care since they promised to do so in the past. They have the opportunity to do so again.

When the new investments in child care are added to a \$22-million investment in Healthy Child Manitoba, our Government has invested close to \$40 million in early child development with this year's Budget.

We know that the previous government clawed back the National Child Benefit for children in families on income assistance beginning in 1998. The National Child Benefit, for the education of the Member for Emerson (Mr. Jack Penner), came in when his party was in government, and every province in Canada except two clawed back all of the money from people on social assistance and reinvested it as they chose. Well, our Government is letting families keep that money because we trust them to spend it on their children. After dramatic cuts to programs like child care, the previous government used the clawback money to backfill their cuts, for example in child care, before the 1999 election.

We began restoring the National Child Benefit July 1, 2000, by flowing through all National Child Benefit increases from the federal government for children of all ages. We fully restored the National Child Benefit for children six years old and under July 1, 2001, and this year we are fully restoring the National Child Benefit for children seven to ten starting in January 2003.

I could talk about drainage. In fact, there is a quote here from the Member for Emerson. Everywhere I go in rural Manitoba—and I do go out on behalf of the Minister of Intergovernmental Affairs (Ms. Friesen) on speaking engagements. I have been out to rural Manitoba three times or to organizations that are composed of mostly rural Manitoba members, once to Gimli, once to Brandon and once to a hotel in Winnipeg, the Association of Manitoba Municipalities, and a couple of other groups. These groups are always changing their names, but if you talk to people from rural Manitoba, drainage always comes up. In fact, it came up when we were campaigning in Lac du Bonnet.

What did the Conservative government do? Well, they cut the money for drainage. In fact, I was here when the former Minister of Agriculture—I think at that time he was the Minister of Natural Resources—was bragging about how he contributed so much to the government's deficit reduction plan by making cuts in his department and maybe even contributed overgenerously to those cuts, but he was proud of it at the time. But one of them was

cuts to the drainage budget, and then we have the Member for Emerson admitting that, quote, the Department of Conservation was one of the departments that had significant amounts of money cut from their budgets, and they have not had the resources to keep up with the cleanouts and the maintenance of those drains, which he said on CBC Radio.

\* (16:40)

So we have put close to \$2 million in new money for drainage over the last two years after the Tories cut the drainage budget in half. I know the Member for Interlake (Mr. Nevakshonoff) and all of our rural members—*[interjection]* The Member for Fort Whyte (Mr. Loewen) will get his 40 minutes to put his concerns on the record.

We know that drinking water is an important issue. All we have to do is think about what happened in Ontario and what happened in North Battleford, Saskatchewan. We know that when governments are not vigilant, when governments make tax cuts and then they have to cut departmental budgets, things like the quality of water are at risk. We have been very fortunate that we have had no serious problems in Manitoba and we are being proactive in putting money into water treatment facilities so that we do not have a crisis in the future.

One of the things we have done is we have reversed the Tory privatization of drinking water tests. We have introduced certification of drinking water operators. We have invested in drinking water infrastructure in rural Manitoba. In this Budget we have fully established a new office of drinking water quality with 12 more staff and better monitoring, and we are investing in safe drinking water systems for northern communities. We are bringing in new measures to strengthen drinking water safety standards.

Mr. Speaker, I would like to move on to talk about Manitoba Hydro and our vision for the future, which is to continue to expand in a prudent way and to see that the benefits of Manitoba Hydro go to all Manitobans. After all, Manitoba Hydro belongs to all Manitobans, and we think all Manitobans should benefit from Manitoba Hydro.

Since the last unit of Limestone Generating Station was installed in 1992-93, Manitoba Hydro has achieved excellent financial results. The debt-equity ratio has gone from .95 to .80. Retained earnings have gone from \$159 million in '92-93 to \$1.88 billion in '00-01.

In 1986 the Pawley government introduced legislation called The Manitoba Energy Foundation Act. Under this 1986 concept profits on export sales determined after recovery of all costs would be shared 50-50 between Hydro to help keep rates down and the foundation to provide support for social and economic development in Manitoba.

The then-opposition Tories opposed the legislation, and some of their quotes are quite interesting. For example, the Member for Lakeside (Mr. Enns), who is still with us, said: Limestone power coming off at 3 cents a kilowatt hour is what he, Vic Schroeder, told this House last night. With those kinds of figures of course you can create any kind of mythical profits you want. One can certainly take the position that it is preposterous to talk about any profits flowing at any time as a result of our generation of hydro.

Well, that was, let me see now, 14-16 years ago, and I think he was wrong. He thought there would be no profits, and now we hear a billion dollars. *[interjection]* The Member for Lakeside says a person can make a mistake.

The former Member for, I think it was Arthur-Virden at the time, Mr. Downey, in August of 1986 said: What is he wasting the time of the Legislative Assembly for and the taxpayers' money for some mythical dream that he says is going to happen in the year 2000?

And former MLA Clayton Manness, former MLA for Morris, said: Again and again I tell the members opposite we do not accept the methodology that has been put into place with respect to the NSP Agreement. We do not believe there are significant profits or indeed any profits associated with the sale.

Former Premier Gary Filmon, same debate, said: The effect of this legislation, Madam Speaker, is to mislead the people of Manitoba into believing that there would be significant

surplus funds out of extraprovincial sales, principally from the NSP Agreement.

Later on in the session former Premier Gary Filmon, well, I guess he was not premier at that time. I guess he was Leader of the Opposition in 1986. He said it is that kind of elusive dream that is called forward by this Manitoba Energy Foundation Act. But then things changed. In the 1999 election Premier Filmon's position on declaring a dividend, well, it turned 180 degrees by the time of the 1999 election. According to *The Winnipeg Sun* on September 5, 1999, the *Sun* said: While campaigning in Thompson, Filmon said Hydro would be able to keep 75 percent of our additional profits brought in by the increase, with the remaining quarter going to improve infrastructure in Manitoba's northern communities.

He said: By challenging the utility to increase its export sales and profits, we will generate more revenue, which can be used for the benefit of Manitobans.

In the *Thompson Citizen*: Premier Gary Filmon announced Saturday during his visit to Thompson that he is mandating Manitoba Hydro to double its export sales over the next ten years. Any increase in earnings from sales made outside the province based on any growth made over and above 1999's earnings will go towards keeping the province's hydro rates low and fund infrastructure development in northern Manitoba.

For example, for every \$100-million increase in revenue, \$10 million will be committed to this dividend, with \$7.5 million being used to keep hydro rates down and \$2.4 million will go to improving northern infrastructure.

What about other Canadian utilities, especially Crown corporations? Well, Hydro Québec, dividends are declared once a year by the Québec government. No dividend may be declared if it increases the debt equity ratio to be greater than 75:25. B.C. Hydro is required to pay to the Province 85 percent of their Hydro surplus; the debt equity ratio of Hydro after the payment must not be greater than 80:20, which is higher than Manitoba. Newfoundland and



Labrador Hydro, the board of directors can declare dividends of up to 75 percent of net operating income of the corporation. There used to be a restriction that the debt equity ratio could not be greater than 82:18, but that restriction has been lifted. Hydro will be paying a significant dividend in the amount of \$90 million in this fiscal year, which will take their debt equity ratio to 85:15, was what the treasurer said about Hydro in Newfoundland and Labrador. Saskatchewan Power Corporation pay dividends to the Crown Investments Corporation that determines when these will be flowed through to the province. In 2000, SaskPower transferred \$63 million.

It is very interesting when you look at what other Crown corporations are doing in other provinces. In fact, even though my speaking notes say debt equity ratio of 80:20, Mr. Bob Brennan, the president of Manitoba Hydro, when being interviewed on CBC Radio this morning actually, I heard him say, and I have the quote here, that the provincial government set a target of 75:25 and that right now they are at 77:23. So it is even better than what I quoted earlier today.

Now probably the most interesting quote that I got comes from a former member of this Legislature, Jim Carr, who is the president of the Business Council of Manitoba and, as CBC pointed out—[*interjection*] Not a New Democrat, but a former member of the Liberal Party in this Legislature. CBC pointed out that one business group was applauding the Government's decision to skim profits from Manitoba Hydro. This is what he said: All Manitobans should stand up and salute northwards towards the Nelson River and sing "O Canada!" because the combination of taking Hydro profits to balance the Budget and to look at 6.9% increases in federal transfers is really a story about how this Government was able to keep things on an even keel. So I congratulate our provincial Minister of Finance and our Government for keeping the province on an even keel and for getting the support of important organizations like the Business Council of Manitoba.

So that is something that we will have to recommend to the Tory caucus, that they stand up and face the north, the Nelson River, and sing "O Canada!."

We believe that this is a long-term plan and that it has been a long time coming because, when we built Limestone, we predicted that there would be profits. In fact, when our Premier (Mr. Doer) was interviewed on CBC this morning, he said we built the Limestone dam 12 years ago, and this was not good luck, this was good planning, good long-term vision. We always thought that Limestone would produce tremendous export revenues and nobody would know whether we would ever need it or not in Manitoba. But this allows us to invest in health care, invest in education, pay down the debt, balance the Budget and also have tax reductions take place. This allows us to bridge, if you will, this economic uncertainty with the certain revenues we have from U.S. export sales.

On the one hand, we had an NDP government under Howard Pawley in the 1980s building Limestone and having a long-term vision for this province. On the other hand, we had an official opposition at the time, the Conservative Party, who opposed to building Limestone and said that it was just a bunch of visionary stuff about having profits. Now we have profits of \$1 billion a year, and we are taking some of those profits so that we do not run a deficit and so that we can invest in important programs and services to Manitobans.

\* (16:50)

I think the Official Opposition should be applauding. In fact, I give credit to the Member for Lakeside (Mr. Enns), whom I quoted earlier in the debate, who said, well, a person can be wrong. You know, it is kind of good that we have got people that have been here a long time like the elder statesmen—what do we call him?—the dean of the Legislature who has been here a lot longer than since 1986. I think he was first elected in 1966, but it is good to be able to quote these people. All the other people that I have quoted, Mr. Downey, Mr. Manness, Mr. Filmon, are all gone, Jim Carr, but the Member for Lakeside is still here, so we can read his quotes back to him and have him say that he was wrong.

*Mr. Speaker in the Chair*

This is the same opposition party who were opposing using these profits but who sold the Manitoba Telephone System and used the profits to pay down debt, to pay down health capital debt, and used it to invest in programs, used it in quite a few creative ways actually, because it was a lot of money. The Tory way is to sell Crown corporations such as MTS to create a Fiscal Stabilization Fund, create the impression of good fiscal managers, and then to splurge in pre-election spending. Ratepayers and all Manitobans continue to pay for this as basic phone rates steadily increase. Meanwhile we have equalized hydro rates.

So there is quite a difference. One government sells off a Crown corporation. They promise that rates will not go up. It was predicted that rates would go up because they would have to pay taxes to the Government. They denied that was true. It happened. The rates did go up. They did have to pay taxes to government. Meanwhile our Government has equalized hydro rates across Manitoba. I think we saved rural Manitobans something like \$12 million a year by equalizing hydro rates.

The most recent MTS rate has been directly attributable to income taxes, something we in opposition predicted would happen, just as I said. The gross proceeds from the MTS sale were \$910 million. A debt payment of \$400 million was made. The Government then applied \$150 million of the revenue to eliminate hospital and personal care home capital debt, and the balance of the proceeds, \$265 million, was transferred to the Province's Fiscal Stabilization Fund. Then of course they dipped into it whenever they needed it, plus basic phone rates have gone up since privatization. For example, in Winnipeg in 1995 the phone rate was \$13.30. By 2001-2002 it has gone up to \$25 a month. In rural Manitoba in 1997 residential rates were between \$11 and \$14-15 per month for service in small towns. Currently rates for outside Winnipeg are \$24.20 per month.

As I recall, I think CBC and the *Free Press* did a public opinion survey during the MTS privatization bill debate, people in rural Manitoba were even more strongly against it than people in Winnipeg because they rightly perceived that it would affect their rates and they probably knew that it is more expensive to

service telephone customers in rural Manitoba and that if it was a private sector company they would want to increase the amount of revenue that they collected from their rural customers to offset their costs and that rates would go up even more in rural Manitoba. I have not figured it out on a percentage basis, but certainly the rates did go up in rural Manitoba as predicted.

In March 2001, when rates increased yet again, MTS states that the reason for the increase is to fund income tax. We predicted that this would happen in opposition but opposition members denied it. According to their 2002 annual report Ashley Everett is still on the MTS board and is also a member of their audit committee in human resources and compensation committees.

Mr. Speaker, I think it is time for me to wind up here, but it is a pleasure to take part in this Budget debate, because I think it is a balanced Budget in more senses than one. We are predicting another balanced Budget. We have not taken money out of the Fiscal Stabilization Fund. We have invested more money in crucial departments like Health and Education and Family Services and I think Justice.

We have had to make some difficult decisions because we are government. I think the public will agree with us that taking money out of the profits of Manitoba Hydro was a good decision. I am sure that we are going to have a good public debate about whether or not this was the right thing to do.

I think Manitobans will agree with our Government and our party that because Manitoba Hydro belongs to the people of Manitoba that the profits belong to us as well, that it is only reasonable to take a small part of the profits, especially since they are from exports to the United States and because rates will continue to be frozen and use that money not only to balance the Budget but to invest in crucial programs that benefit all people in Manitoba. We have continued with some modest tax cuts and people appreciate that, especially taking 10 percent off the education support levy is a very defensible move on our part. I believe it will be very popular with people in Manitoba. With those few remarks, I conclude.

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, I am pleased to take the opportunity to address the issues around the Budget that we received yesterday. Let me first of all say that one of the most obvious aspects of this Budget is that while I believe the Minister of Finance (Mr. Selinger) strives to be straightforward and honest in his personal dealings and his discussions with the public and very often strives in this House to be straightforward and open with his answers, I believe that in this Budget and in the wording that is in the Budget papers this in fact reflects more the Government that he is part of than it does his individual style and his approach to budgeting and to governance in this province.

What happens in this Budget is that there is a singular approach to placing a monotonous and uninspiring position in front of the public and manages not only to produce numbers and thinking that support the concept of this being a modest Budget, but at the same time possibly covers up what are some significant problems that may be evident down the road in the Manitoba economy or issues that maybe this Government just does not want to talk about right now.

I look, for example, at one of the departments where I have some interest and some of involvement. That is the Department of Conservation. Numbers are down a modest \$5 million. That is not a big drop, but nevertheless this is a department that has been struggling as a result of reorganization. It is a department where there are a large number of vacancies that need to be filled, if I understand the vacancy situation currently. It is a department that probably would affect more people in rural Manitoba and northern Manitoba than most other departments in government, and yet this department is not being given any impetus, if you will, to return to a more aggressive and vibrant stance.

I must take note of the speaker just before me when he referenced the water quality initiative and the fact that Manitoba needed to get with the times. Those are my words, not his, but in fact the implication is that by throwing some resources at water quality the environmental concerns in this province have in fact been taken care of.

Nothing could be further from the truth. If water quality issues were the only issue in environment then I could agree with the honourable member, but the fact is that we went through 11 years of government where there were some fairly constricting budgets and there were significant financial challenges. This department, both Environment and Natural Resources, as it was then, both suffered from reduction of service and tighter management on personnel, but nevertheless was able to deliver programs.

If we are going to see an emphasis now placed on water quality, what that simply means, and the reason I referenced the numbers that I did, what that simply will mean is that some more focus will be placed on that area and the Government and the department responsible will simply have to reallocate its resources to deal in that area.

So what other areas of its responsibility may be left to languish we will have to wait and see, I suppose, but one of the concerns that then falls directly from that is in the area of environmental management. We have just seen a series of concerns raised about outfalls from private sewage in the Red River. That immediately leads to further questions about the management of the city of Winnipeg waste water.

\* (17:00)

All of those things are issues that are not going to go away, and what we do not know is whether or not they are going to be any more aggressively managed. If they are not any more aggressively managed, then they will, in fact, become the environmental issue that will start to haunt this Government; one of many, I might say.

The second thing that I notice immediately, in this area of government, is that the monies allocated for the Clean Environment Commission—they are not up, not by very much. That would indicate that this Government sort of sees a status quo, stand-pat situation in terms of responsibilities for the Clean Environment Commission. Does that mean that they are not going to be sending some more of the current

proposals that they are talking about to the Clean Environment Commission?

They are talking about the potential of building another dam. I sincerely hope, and I say this with the greatest of sincerity, and, of course, the Minister of Education (Mr. Caldwell) is trying to help me with my grammar, but I must admit his grammar is not a lot better than mine most days, so we ain't got a hope of getting this right.

But the fact is that, with the demands that are being made on environmental assessment, I am a little surprised that there is not a signal in the Budget that the Environment Commission may well have to be called in, Mr. Speaker, to function in relationship to building a new dam at Wuskwatim. Either that, or what we have seen is an announcement that is being made for the sake of an announcement, and that maybe this is the one bit of optimism that the Government wanted to put into the Budget, but really does not believe that they are going to be bringing it on-stream anytime in the near future. Or, are they waiting till a more opportune electoral window in order to make an announcement, and stir up a little bit of political activity?

You know, that really is what I am trying to talk about in relationship to what I see the Minister of Finance (Mr. Selinger) doing when he crafted his speech, and when this Budget was put together. Because I was quite impressed on the weekend when I saw the *Winnipeg Free Press* talking about an ethanol plant, with a \$35-million incentive to have an environmentally friendly energy supply in this province. It was going to be the dawning of the new green agenda, I thought.

So I was listening very carefully to the Budget. I listened very carefully when the Minister of Finance talked about his environmental issues, and this was sort of like a ricochet shot off the glass. It did not even get near the goal, if this were a hockey game, because he sort of talked off to one side about the possibility of further studying and research on ethanol, and that was it. Well, come on folks. Let us get real. If you are serious about the ethanol opportunity in this province, you have a proposal on your desk that has been there for two years. Maybe

the minister has buried it somewhere, but you could have an ethanol plant up and running by now if you really were serious about this.

Look, it would do a lot for agriculture. There may be some questions about the environmental balance that might flow from an energy audit of what it takes to produce ethanol, but we need alternate markets out there in agriculture. This Government did not even do any more than put a glancing shot at it during the Budget Speech, and that, frankly, was a personal disappointment not only to me, but, I am sure, to other members from rural Manitoba in this Legislature. Because that could have sent a message that would resound throughout rural Manitoba, and would have put some enthusiasm and some excitement and some bounce back in the steps of those farmers who were thinking about planting a crop this spring.

Instead, we saw a crass and, I would say, shallow attempt to manipulate the media. I have a high regard for an open and honest and interested media in this province, but I have to say to them, if any of them happen to be listening, I think you have been used in the last couple of weeks, with sort of the Ottawa mentality, where we are going to leak as much as we can to whet the appetite. We are going to raise the expectation. We are going to give that a little bit of feel good stuff out there, and then we could slip in with a bland and, I would say, deceptive Budget that is now going to be the cross that Manitobans have to bear for the next year because, of all things, this Budget is going to be, I hope not frankly, but this is meant to be, the map that will show Manitobans where this Government wants to take them over the next 12 months or so. If this is a real reflection of their view and vision for Manitoba, then I think they are not only disappointing me and others in the way that I just described, that they are, in fact, providing a budget that, while they hope it will not attract much controversy, they are also saying that they are not prepared to put a lot of initiative and a lot of funds into it.

The Minister of Finance (Mr. Selinger), who is also responsible for Hydro, sort of laughed today and made a remark that was intended to slap us down and put us back in our seats a little bit about brushing off this discussion of conflict.

Nobody said that he was in a personal conflict. What we are talking about is the fact that somewhere in the mandate of government, when a minister is given responsibility for a Crown corporation, as it would be WCB for that matter, or MPIC, somewhere in that mandate, that minister has to recognize his responsibility to the Crown corporation and ultimately those who benefit and those who have a stake in the operations of that Crown. Manitoba Hydro, of course, has the biggest and widest sweeping impact of all the Crowns throughout our Province, because there are very few places that are not touched in some way by Hydro's operations.

Let me take it one step further. I think the Minister of Finance, as Minister responsible for Hydro, while he may not feel comfortable with the term of "having breached a trust," he does have to search his soul and respond to the public when they ask him who in that meeting between he and himself and his shadow was speaking for the ratepayer, the consumer who is going to consume the production of Manitoba Hydro. We could even probably accept the fact that he had full Cabinet co-operation on this decision, but if he thinks that we on this side of the House and that Manitobans in general will not take some umbrage at the fact that they retroactively balanced last year's Budget by plucking money out of Manitoba Hydro, then I suggest that he is going to have to do a lot of explaining as he tries to support this Budget across Manitoba and talk to the public about it, because, in fact, he has not had a true balanced budget.

There is a mechanism that was set up in balanced budget legislation that said that the Fiscal Stabilization Fund was to be maintained at no more than a certain percentage of total funds available to the Province and that it would be the source that could be used as a sleeve to make up for that variance of up to 3 percent, or less in most cases, that governments are bound to have when dealing with a \$6-billion budget. By golly, we are almost at \$7 billion now. So this Government who talks about hard times, even by presenting the Budget that has close to \$7-billion worth of expenditures in it, they are openly admitting that they found most of a billion dollars since they came into government, because last time I was in government it was around \$6 billion. So it does in every way that I

can test it confirm the fact that they have an expenditure problem as much as they do a funding problem.

They could argue that putting that money toward health care was probably the right thing to do, and unless you get into the details of where that money was spent in health care, in general principle, people will say, well, that was the major problem that was presented through the '90s. Somebody had to start spending some real money to make this work. By the way, it had to be the feds that had to be called to the party as well. But, in the end, I think people are starting to question the priorities that this Government used, the spending of the money whether it was targeted in the right areas, whether or not the services were studied, so that the most bang for the buck could occur.

\* (17:10)

I had a most interesting holiday this winter. In January I spent some time travelling with a gentleman from the United States, who was, in fact, someone who had spent some time studying the efficiencies of the health care system in the United States. That was what he and another professor spent most of the year working on, and developing some thoughts around how to most efficiently deliver health care. Of course, when he found out I was a Canadian and a Manitoban, in particular, he has travelled in Manitoba, he wanted to know more about Manitoba's health care system and the controls and/or the problems that were being manifested in our jurisdiction. One of the things that absolutely astounded him was that some of our pieces of medical equipment are not being used 24 hours a day.

Now I know there is a funding issue around putting staff in place. I know that there is a funding issue when you have to go a 24-7, and you have to have proper medical teams in place. But he pointed out that if you make those multimillion dollar investments, and you do not run them to their maximum, then you are not, in any way, coming close to getting peak efficiency for your dollar. That was one of the first things that became the most obvious between his system that he was studying in the United States, and what I was able to tell him about our system here.

This had nothing to do with politics. It had to do with the efficiency of delivering medical services to the population.

**An Honourable Member:** Just 40 million Americans were not covered at all. Is that efficient?

**Mr. Cummings:** Well, the Minister of Labour, as soon as she hears the word "American," all of a sudden comes to attention over there. I said this had nothing to do with the politics. It had to do with the cost efficiency of delivering the health care system.

Mr. Speaker, if the members of the Opposition who all of a sudden think that my remarks are unfairly brought to this House to somehow slander them, it has nothing to do with anything more than the efficient use of dollars. If their mind is closed to the discussion about whether or not there are other ways that we could provide service within our communities and within our health care system to make better use of the dollars that we are spending—if their mind is closed, then I would suggest they are going to be a one-term government, because if they do not listen to this type of a discussion, and then make up their mind, then they will never be open to anything except the blind patronage that goes towards it must be publicly delivered in all cases, and it must be a system that is publicly owned. I mean, they have already demonstrated that through the purchase of Pan Am.

**An Honourable Member:** The discussion is about patient care and health care.

**Mr. Cummings:** Well, you know, I started this discussion by suggesting that when you have multi-million dollar pieces of expensive equipment that are not being run 24-7, or even 24-5, then you are not making the best use of those expensive dollars and those expensive health care dollars. They have to be prioritized. If they had been prioritized and put into that piece of equipment, an MRI as an example, then it should be used to its maximum, not left vacant. Even we dumb clodhoppers who farm out there, we do not buy a quarter-million-dollar tractor to leave it sitting half the time, because we do not feel like having somebody run it. It is

a simple question. It has got nothing to do with socialism, conservatism or liberalism. It has got to do with the dollars that we need to provide services to the public in health care.

If I can finish my rationale on that, if this Government is so sure that it can provide that best use of those dollars by the system without any modifications as it is currently delivered, then I would like them to answer one question simply for me: Can veterinary services hire time on any of our medical equipment in the off-hours? Can sports teams hire time on any of our medical equipment in their off-hours? Is that sports celebrity or that high-priced athlete, are they more of a Manitoban than I am, or you? That is the question that is relevant to whether or not you are using your equipment as efficiently as possible. Just for the record, in case my colleagues in Government misunderstand my purpose in bringing this forward, let me say that this man, though he was an American professor, had some profound things to say about Canadian health care, some of them complimentary. This was one area where we had a lively discussion about whether or not there were more effective ways to use the investment dollars. Again, I think the Minister of Finance (Mr. Selinger) is prepared to look at new and innovative ways. I mean, who would have thought of stripping \$288 million out of Hydro overnight? That is pretty innovative, but I hope that his colleagues will listen to him when it comes to talking about health care reform.

In fact, there is a letter to the editor that I hope is going to be published pretty soon that references the Minister of Health, sitting next to the good Minister of Finance. I ask the question: if buying the Pan Am Clinic means that you can substantiate your theory of public ownership and that that is the best way to deliver health care within this province, that that is the best delivery of health care dollars, then why is it that my constituents who have their emergency room unavailable to them unless they travel a further hour—are they not part of the Manitoba population that is entitled to the same type of socialized medicine that they are putting in place when they buy private clinics and then put them into the public system? That kind of saving, does it not entitle the users in the city and the users in rural Manitoba to equal access? That is the

question, equal access and opportunity to receive medical services on a timely basis in this province.

Mr. Speaker, it gives me some unease when I raise one simple topic for debate about whether or not they should be looking in a broader way at how they spend their health care dollars, then they immediately say I am trying to talk about Americanization of the system. What I am talking about is that your health care budget is going to be up into the 40s and to 50 percent of the total budget of this Province, and that is unsustainable, absolutely unsustainable.

Roy Romanow's answer is: Well, the feds have to contribute more because health care only costs and I stand to be corrected on this, but he used a number somewhere in the low teens as a percentage of the federal budget. So how are we going to manage those two dichotomies? If they are not corrected pretty soon, provinces like Manitoba and the Maritime provinces and Saskatchewan are going to be brought to their knees. Their opportunity to do some of the initiatives that government can do, their opportunities to support research, to support diversification in our economy, to bring back the high-paying young people that we deserve in this province that will pay taxes that will help to support the health care I am going to need in a few years—those things cannot happen unless the provincial governments have an opportunity to get that albatross at least in part off of their back.

Mr. Speaker, I cannot let this Hydro situation that the minister has created, I cannot let that go without a little bit further comment. When I said the Minister of Finance (Mr. Selinger) is being a little less than his usual forthright self when he talks about his Budget, when he talks about taking \$288 million out of Hydro, he clearly hopes that we do not remember he took \$96 million last year for water rates. That \$96 million for water rates was not a one-time take. That is one time every time. So to say, well, I am only going to dip into Hydro for three years, he is not taking \$150 million, he is taking a quarter of a billion dollars out of Manitoba Hydro for last year—

**An Honourable Member:** And more.

**Mr. Cummings:** And more. I mean that is a modest number. *[interjection]* Well, my colleague reminds me, how much are they planning on building on roads? That, of course, clearly adds to what we ask on this side of the House: Is it not possible that you are going to start to put Manitoba Hydro, which is a thriving Crown corporation—it is well managed, it has good employees, and it is returning a profit for export—does the Minister responsible for Hydro have any concept of what might happen if we have a low water year? There is not a heck of a lot of water coming down the Assiniboine, folks. There is not much in the Red, and there sure as heck is not much in the North Saskatchewan, that I am aware of. So a low water year is all of a sudden a real possibility.

\* (17:20)

Always we hope that the worst will not happen, and I would not even wish that upon this Minister of Finance or this Government, but what I want to know is: Does this Government consider the impact that this kind of sudden and unpredicted expenditure, what impact is that going to have on the loaning ability, on the debt ratio, and, ultimately, on the guarantees that this Province put forward and on, ultimately, the borrowing power of this Province, its ratio of debt through Manitoba Hydro—it is all guaranteed by the Province—where is this province liable to go?

I mean, every government has a risk of a downturn. Every government hopes that there will be an upturn in the economy. Every government wants to be able to do the best it can in terms of managing budgets, well, not every government. There have been a couple that sort of thought managing the budget or balancing it was sort of an irrelevant matter, but the fact is that I will accept the fact that this Government has now accepted balanced budget. But they have only half-heartedly accepted it. They are doing it by a quick sleight of hand out of Hydro when they had the opportunity to deal with it up-front with the Fiscal Stabilization Fund. I find that a very strange approach, and I am highly suspicious that somebody in the backrooms of the NDP is setting this up so there will be a little slush fund around as we get closer and closer to an election window.

The Education Minister, who is the current John Plohman of this Chamber—I remember John Plohman sort of shouting across at us when the Government fell in '88. I remember John Plohman was sitting right over there next to where the current Minister of Labour (Ms. Barrett) is, and he leaned across and he said, "You guys will come in and you will clean up the finances and we will come back in and spend it all." Well, doggone it, Mr. Speaker, John Plohman is a lot smarter than I thought. He was right. It took a decade for him to be proven right, but he was right. That is what we have got.

I must admit I was sort of disgusted with the former Member for Dauphin, because I thought that that was a rather unkind thing to say and probably not one that he would even want on the record. But he clearly said it, and he clearly did not care if I put it on the record. So the member from Dauphin prior to the 1988 election certainly understood where government might go. He knew the bad financial case that this province was in 1988, and he knew probably it would take a long time to fix it. I sincerely hope that this Government does not come anywhere near putting the province back in the kind of fiscal bind that it was in the late '80s and through the middle '90s.

**An Honourable Member:** Three-quarters of a billion-dollar deficit.

**An Honourable Member:** Five hundred million of that was interest payments on your debt.

**Mr. Cummings:** Well, I appreciate the debate between my colleagues here, because frankly everybody seems to forget that the first buck out of a budget is the interest payment. You can have no money left, but the interest has to be paid. You could have no money left, but the interest has to be paid [*interjection*] I love the Minister of Labour (Ms. Barrett). She helps all of us make better speeches.

You know, one thing that I could never understand where governments try to defend the position that they have taken that may not be as defensible as they would like to think. It is that they like to point around and say, "Well, they're doing it, and they're doing it. B.C. is doing it. Saskatchewan is doing it. "Well, it is especially

when it comes to Hydro and the fact that money has been taken out of these utilities. British Columbia, Québec, and Saskatchewan all receive dividends from power utilities, and Winnipeg Hydro paid \$17 million last year.

Well, that may be all true, but I will tell you that if I go back to my riding and I say that, oh, the Government is doing fine, they are just sort of following Saskatchewan's example, I do not think that I would be given much credit for being credible or intelligent to accept that position. Saskatchewan has its own unique set of problems that it has to deal with. Manitoba is entirely different. Manitoba has a surplus of hydro that we can export for profit, and we do, but Saskatchewan has a history—

**An Honourable Member:** Why do we have that? Limestone.

**Mr. Cummings:** Just let me finish my comment before you shout me down. Saskatchewan does have a history—

**An Honourable Member:** I would never, ever do that.

**Mr. Cummings:** Thank you. Saskatchewan has a history, frankly, of every time they are in difficulty, the Government turns to its Crowns to bail them out. I mean, that is a long-standing practice in Saskatchewan, not one that I subscribe to.

Let me tell you why we on this side are so incensed about the fact that you would go after taking profits from the Crown corporations. If there is anything that demonstrates to the public and demonstrates to me in particular that you have no concern about anything other than making your dollars available to cover the spending plans and initiatives that you are putting in place, is the fact that you are willing to compromise your position vis-à-vis Crowns. I mean, taking money out of MPI was an embarrassment, more of an embarrassment because they had to withdraw from that position.

**Taking money out of Manitoba Hydro:** Over the years, Manitoba Hydro has always paid water rates, which was a form of sending money to the province, but it was predictable. It was



public policy that was well-known. Until I hear differently from this Government, the only thing that I can assume is that it is now their policy that the Crown corporations of this province are fair game. Any time they have a pet project, or the budgets do not match, or the revenues drop, or the transfer payments from Ottawa—there are two things that you can almost always predict with an NDP government. I am sorry to have to say this folks. It is sort of like, you know, saying something inappropriate at a family dinner, I get that feeling. But there are two things that always seem to happen. One is blame Ottawa and the other one is fiddle with the Crowns. Why do you have to approach the management of government in that fashion? Is 10 years, 12 years, 14 years too long for you to forget the disaster of MPIC?

**An Honourable Member:** MTS was a Crown and you sold it.

**Mr. Cummings:** Oh, the member says MTS was a problem because it was sold. MTS would be a basket case if it was not able to compete in the modern milieu. The Premier (Mr. Doer), who stands here and makes fun of MTS, has his picture proudly taken shaking the hands of the management of the current MTS as the company of the year and one of the best-run companies, and he is there congratulating them.

**An Honourable Member:** And taking some of their money.

**Mr. Cummings:** Well, it seems to me that the tax revenue that the province is earning from the success of that company is a legitimate revenue. They are glad to pay their taxes when they can make some money.

If you want to compare to Saskatchewan, like appears to be the case relative to Hydro, if you want to make a comparison to Saskatchewan, take a look at Saskatchewan telephone. It is a basket case. Saskatchewan telephone is losing on every side. It is losing. It has to go into strategic alliances with private companies in order to survive. Saskatchewan has done everything except actually put the sold stamp on the corporation. They have had to get into that milieu. The taxpayer of Saskatchewan

has actually lost a lot more than they ever dreamed they would because they were fighting the CRTC ruling that caused the telephone companies of this country to have to be competitive in a very public way.

\*(17:30)

Mr. Speaker, I talked about health care and I talked about efficient spending of dollars, and there has always been a question about where do you put the emphasis when you are in negotiations in health care. Certainly, no one ever wants to see a work disruption in health care where it can be avoided, but as a constituent representative in western Manitoba, I certainly am disappointed, more than disappointed. It is absolutely of heavy heart that I see what the Minister of Health (Mr. Chomiak) is talking about in terms of reorganization of the two RHAs in western Manitoba. I already mentioned the lack of providing emergency services in Gladstone, which would serve Sandy Bay First Nation, a community of 4300 individuals. In fact, I would say it is more like 4500, but let us call it statistically correct at 4300. They do not have emergency care within an hour of home. That is not efficiency. That is not economy of service.

I represent an area where three RHAs currently have common borders: Central, Parkland and Marquette. The Minister of Health attached to this Budget release indicated they were looking at RHAs' management and efficiencies. So they went out in the dark of night, and they talked to the RHAs, Southwest and Marquette, and said, well, you are going to be amalgamated.

Do you know the people of western Manitoba are not sure if they can believe their ears when they have the Minister of Health out there say, well, we are looking for administrative efficiencies, and we are going to amalgamate two of the larger RHAs around Brandon? But Brandon is not in the amalgamation. Come on, folks. I mean, this is nothing but a shell game for the sake of saying, see what a good boy I am? I am eliminating some administration. You have an RHA that runs from north of Russell to the U.S. border; from halfway between Neepawa and Gladstone to the Saskatchewan border, and

it surrounds Brandon, the referral centre for western Manitoba. Brandon is the referral centre. You have now given these folks in western Manitoba the worst of all worlds, absolutely the worst of all worlds.

You could argue that we might have chosen the boundaries differently, or better, for the RHAs when we went to regional services. You could argue that the overlay between the boundaries has some communities together who do not have a history of working together, but here is one that is a natural. I mean, when the minister started talking about reorganization in the name of efficiency, everybody said, well, fine. We do not think it is working quite right the way it is. But then to do this demonstrates nothing more, nothing less than a lack of real understanding of the ability that the Government has to take the initiative, and do the right thing when it comes to management of health care.

That is a minor issue in many respects, considering the dollar challenges that this minister has, but the reason the people that I represent and the feeling that I personally have that is so venomous regarding this Government, and how it has approached with health care, is that they ran around during the last election saying \$15 million dollars in six months, we will fix it. Want more nurses? We will hire them. Where are they? Want more doctors? We will hire them. That was the cry of the NDP in the last election. They have spent most of a billion bucks, and they still have not fixed it. That is why they have to be challenged on how it is they are going to manage their health care expenditures.

Mr. Speaker, if the public was not so blatantly misled in the last election, they would have a mandate to do a lot more changing, reorganizing of health care through this Budget, if not through the last one. But now their political capital has been rapidly burned in the areas that I represent, because they have double-crossed, they have misled. Now they are using the Hydro and the purpose of this Budget to simply take control of the financial authority in this Government to satisfy their expenditure, and not realize proper savings with the dollars they have at their disposal to be spent appropriately.

Mr. Speaker, I support a non-confidence in this Budget, and I sincerely hope that nobody

over there wakes up in the morning and says, oh, I have an idea. I fear that too much of that has happened. We need a plan.

**Hon. Becky Barrett (Minister of Labour and Immigration):** Mr. Speaker, it is a pleasure for me to stand and speak in support of the Budget that was produced by the Minister of Finance (Mr. Selinger) yesterday. Before I speak specifically about the Budget, however, I am bound to respond to some of the statements that were made by my honourable colleague in his comments just a moment ago.

As he knows, and everyone knows, I originally come from the United States, and so I was interested in his story about the fellow from the United States, the professor from the United States, and the concern about the utilization of technology as often and as long as possible. There is no question that the most efficient use of technology is to use it 24-7, where that is feasible, with time down for maintenance and that kind of thing. There is no question that we are not to that point in some of our medical technology.

However, for the member to say that we have a closed mind, when it comes to ideas around health care, is blatantly untrue. It is just not a fair assessment of what we have done in health care, specifically given the terrible nature of the health care system when we took office two-and-a-half years ago. We are moving rapidly forward into producing a health care system that we can all be proud of. The member talked about the efficient use of money, and I think that is absolutely what we have to look at. What we have to look at is using the resources we have more efficiently and effectively.

I do think, however, that any time anyone uses the United States health care system as an example of efficient use of resources, they have got to be checked in their comments, because it is absolutely not true. I would like to suggest that 40 million Americans and growing every day, 40 million out of a nation of 300 million are not covered by health care, have no health care coverage, and those are people who fall through the cracks. They are not people who are low-income, who are covered by Medicare. They are not seniors who are covered by Medicare. They

are not people who have HMOs or insurance company coverage. No, those people are covered, although you can argue how well they are covered when you cannot even choose your own doctor, or in many cases your HMO will not allow you to have a medically required procedure. Because the bean-counters in the administration in the hospital say, our HMOs will not let us do that procedure on you because it is going to "cost too much."

But those 40 million Americans, Mr. Speaker, are people who are totally not covered. Think about it. I have a story that goes back 25 years in the United States. So you can extrapolate from there the cost and money we are talking about here. A fellow colleague of my partner's had the best medical coverage then available to anyone in the United States. He worked at the University of Southern California. He had a marvellous insurance plan. His wife became ill with what turned out to be terminal leukemia. His medical bills over and above the insurance coverage that he was given, in 1975 dollars: \$200,000. This is the cost of the medical system in the United States.

When the member talks about how we need to use our equipment to its maximum efficiency, how efficient is a system that uses, or disuses, its "human equipment"? I would suggest to you that a human being is worth more than a machine, and we should all be looking to maximizing the efficiency, the quality of our persons in our country and our province and our communities.

\* (17:40)

So do not ever, ever expect to not be challenged when you use the American health care system for any kind of a positive statement about health care. We may have our problems, and we do have our problems. I have a suggestion for the members opposite as to how they can help us and themselves and the people of Manitoba in dealing with this health care system. But looking to the south as they did when they hired Connie Curran in the early 1990s, who was going to reform health care in the province of Manitoba, well, she certainly did that. It led to the firing of 1000 nurses. It led to the closing of the RN program. Her suggestions have led directly to many of the problems that

are facing Manitobans in the health care system today, problems that were going to be fixed by a \$4-million U.S. payment to Connie Curran, Connie Curran, who I do not think is heard of much more. Even in the United States, they have recognized that she did not have the answers.

I would suggest to members opposite that, if they are really interested in helping the Government and the people of Manitoba deal with the health care situation, they join with us in making presentations, an all-party presentation to the federal government to follow through on their election commitment to implement a national Pharmacare strategy. As the Minister of Health (Mr. Chomiak) has stated and the Minister of Finance (Mr. Selinger) has stated and the Premier (Mr. Doer) has stated in Question Period, one of the largest cost drivers in our health care system, which is now upwards of 40 percent of our Budget, is the increase upwards of 20 percent in Pharmacare costs every year. We cannot sustain that. The member is absolutely right. This is not sustainable, but it is also unconscionable that the federal government, which should be a 50-50 partner in health care, as they were at the beginning of the Canada Health Act, should at least be 25 percent, as Monique Begin stated in her reports. It is unconscionable that the federal government would put 14 cents out of every dollar into health care in the country—14 percent. No wonder the health care systems are in crisis as the member stated—*[interjection]*

We did say that. We did talk about the fact that the federal government was not supporting to the level that they should be. So I urge the members opposite to join with us and to talk to the Member for River Heights (Mr. Gerrard), who was, as the Minister of Health (Mr. Chomiak) stated today, elected on a platform twice of supporting a national Pharmacare platform of the federal government. Join with us to going to Ottawa to making a strong presentation for a national Pharmacare strategy, as the federal government said that they would do.

Briefly on "the vision thing" that the Opposition is saying this Budget does not provide, I would just like to reflect very briefly on the vision that the former NDP government in the early '80s had when they first brought

forward the concept of Limestone. The Member for Burrows (Mr. Martindale) has quoted in his speech some of the reaction of the then-opposition and current Opposition to the vision of Limestone.

**An Honourable Member:** Mythical profits, they say.

**Ms. Barrett:** Mythical profits were going to be there. It was never, ever going to work. I believe it was the Member for Arthur-Virden (Mr. Maguire) said something about how can you expect us in 1986 to think far enough ahead to the year 2000 to envisage profits from export. Well, that is what governments should be doing. They should be having visions like that. We have a concrete, if I can use that word, example in Limestone of a vision that worked and a vision that all Manitobans are benefiting from today. A vision that requires, that allows for the payments that are going from the Hydro profits into the Budget for this year and the next two years to come exclusively from the export profits of sale of hydro to the Americans. That export does not look like it is going to reduce anytime soon because the Americans are continuing to have increasing demands on hydro-electric power.

The member who spoke just before me did talk about what a good corporation Hydro was, how well it is run, and we expect that to continue in the future. So let us not talk about vision in the context of Manitoba Hydro when that is the government that sold a Crown corporation, sold it right out from under the people of the province of Manitoba. What has been the impact of that sale on people's rates? Every single telephone rate has gone up. I could ask my fellow colleagues from rural and northern Manitoba what kind of rate increases they have. I understand from the Member for Selkirk (Mr. Dewar) that the Selkirk office of the Manitoba Telephone System or Telecom System is totally gone, every employee laid off. Why? Bottom line—no concept of service provision, no concept of rate equalization. You pay as you go in this brand-new wonderful corporate world—\$400-plus million dollars sold, an asset of the people of Manitoba sold out from under the people of Manitoba, and who did it benefit?

The Jaguar salespeople when the stocks were being put up for sale, the brokers. Those

brokers were going to the Jaguar sales office like you cannot believe. The Jaguar salesperson said that his sales had never been better. Well, tell me how that helps the people of the province of Manitoba.

In contrast, Mr. Speaker, what did we do last year? We rate-equalized hydro rates throughout the province of Manitoba. We did not double or triple the rates of telephone users for the rural Manitobans like the former government did. We equalized the rates so no matter where you live in the province of Manitoba, you pay the same hydro rates. It is about time we did that.

Mr. Speaker, the member questions our priorities of spending in this Budget. I would like to briefly go over those priorities in spending and see where the member disagrees with us, or see where Manitobans would disagree with our priorities in spending.

Half a billion dollars more, \$500 million more in spending for health, education, families and communities. I would ask the Opposition: Where could you possibly disagree with that kind of a spending priority? Mr. Speaker, \$244 million dollars annually, that is a quarter of a billion dollars almost annually in personal tax reductions.

This is the Opposition that talks about how we are not reducing taxes. We are reducing taxes, \$244 million, a quarter of a billion dollars, and \$288 million toward debt and pension liabilities reduction. The first government in 40 years to address the issue of pension liability in the Civil Service. We are reducing that. Our plans for the reduction in the pension liability means that in the year 2034, I believe, about 33 years from now, there will be no pension liability for civil servants. That is an enormous, an enormous move that the former government never thought of doing, but that we are doing.

The Opposition talks about that we are tax-and-spend. All they can say in Question Period is: You should be spending more here; you should be spending more there. We are reducing taxes and we are spending smarter. We are spending within the balanced budget legislation. We are spending on the priorities that Manitobans have told us and, frankly, have told the Opposition that they want to have spending on.

This is in a very difficult context. The economy as a whole in North America, around the world, was slowing down. We knew that even when we were looking at planning for the Budget starting in the early fall last year that we were going to be dealing with a general downturn, a downturn that in the globalized economy means no one is isolated, no one, including the province of Alberta, who, by the way, raised their workers compensation rates 23 percent this year, 23 percent. Every jurisdiction in the world is faced with this.

\* (17:50)

We had also the federal accounting error that the former government never had to deal with. We still do not know what support the federal government is going to give us. We have had to deal with that uncertainty. We have had to deal with, as a direct result of the general downturn in the economy globally, a reduction of 60 percent in the corporate income taxes that were paid to the province, that is a \$230-million reduction in revenue, and lastly, but certainly not least, the terrible impact of September 11. All of these elements had to be dealt with by government, and had to be dealt with by the Minister of Finance (Mr. Selinger) on the revenue side, and balance that off with the expenditures on services for individuals and families and communities in the province of Manitoba.

When they say that there is no vision here, I think this is a totally inaccurate statement because there is a vision. There is a vision that we will be fiscally responsible, and we have shown that in three budgets even in difficult times, nothing like what three-quarters of a billion-dollar deficit in the early '90s that the former government brought forward; fiscally responsible while maintaining the services for the people of Manitoba that they have told us they want, and that we recognize is the role of government to provide. That is basic health care services, basic education services, basic community safety services, basic services and support for families, as well as a whole range of other issues that we are addressing, as well.

In education, we have retained our 10% tuition reduction against the former government's increase of doubling tuition over the term of their term in office.

**An Honourable Member:** 169% increase.

**Ms. Barrett:** Mr. Speaker, 169% increase in tuition over the 11 years of the former government. How can they say that we are a tax-and-spend government when we have reduced those fees? We have reduced personal income taxes, corporate income taxes. The first time in 35 years we reduced the small business tax. We are reducing taxes in a moderate, responsible way, and still maintaining the programs that governments are designed and should provide for their citizenry. We are increasing access to those services.

We are increasing access to health care services through some very innovative programs that the members opposite are choosing to ignore. Telemedicine. We recognize as a government through things like telemedicine and telehealth and working with the communities at large—we recognize that Manitoba is a big geographical area with a whole lot of geographical challenges; lots of very small communities, in many cases completely isolated, and we recognize that through the innovations that we are producing in health care, in education, in the rate equalization for hydro. So we are balancing the very critical things that we have to do and want to do and people want us to do with a responsible taxation system and a responsible revenue stream.

We have not introduced any health care premiums or user fees in our health care budget or our Budget. I do not know what happened in British Columbia today, but my understanding is that they were going to close hospitals outside the lower mainland—closing hospitals. They opened the contract for health care workers, and they have ratcheted that back. They have gone against a collective agreement, which is, from my perspective, a very, very bad thing to do. They reduced the personal income taxes by a third or something—

**An Honourable Member:** For higher upper income.

**Ms. Barrett:** For upper-income people in the light of, after they knew what the terrible things they were going to be faced with like softwood lumber, tourism reduced because of September

11, the general downturn. In the face of that they were not responsible. They were ideologues, and it is going to come back to haunt them. We have not done that.

Manitobans, the average Manitoban will see an 11.5% cut in personal income taxes by the year 2003. Now 11.5 percent, that is a big reduction. At the same time that we are increasing support to child day care, we are increasing support to health care. We are increasing support to public education all the way from kindergarten through to post-secondary universities, and we are revitalizing the largest engine in the economy, the city of Winnipeg.

The larvicidal program that has just been announced is going to have an enormous impact on the quality of life of the people in the Capital Region, not just the city of Winnipeg, but areas around it. That impact will be felt economically throughout the province because the healthier the city of Winnipeg is, the healthier the province as a whole is.

We have put in more money into water quality. The member was talking about throwing some resources at water quality. Well, I do not think any resource you put towards improving the water quality so that we do not have a North Battleford or a Walkerton in Manitoba is throwing money at. This is basic public health and about public security.

These are the things that people recognize governments have a responsibility to do. There are some things that the private sector just cannot do. We would suggest running a public telephone system as one of those things, running a public hydro corporation is another, but public health, public water safety is a basic situation. So for the member to say we are throwing money at water quality is just unbelievable.

We are dealing with drainage issues, a huge issue in rural Manitoba. Not only did they ignore

it, but the Member for Emerson (Mr. Jack Penner) acknowledged publicly that they had made a mistake, that they had cut the drainage programs to the detriment of rural Manitoba. Well, we listened to the people of rural Manitoba, and we are increasing, as we did last year, as we did the year before, the services to the rural Manitobans in water safety, in water quality and drainage issues, just to name a few.

Mr. Speaker, as I conclude my remarks—and there are a number of positive things that I could talk about in the Budget—I just would like to conclude my remarks by saying that this is a good Budget. This is a balanced Budget, not only in its bottom-line balancing, but it is balanced because it addresses the issues that are of concern to Manitobans. It speaks to those issues in a rational, reasonable and responsible manner, and the people of the province of Manitoba recognize that, acknowledge that and know that they have a government in its budgets and in its programs that cares about all of the people in the province of Manitoba, that is working in a balanced and responsible manner to address those basic concerns.

Mr. Speaker, that is what the people of Manitoba know now, and that is what the people of Manitoba will know for years and years and years to come. This is a good Budget. It is a balanced Budget. It is a responsible Budget, and it is a Budget that I know the Opposition will, to their detriment, vote against. Thank you.

**Mr. Speaker:** Order. When this matter is again before the House, the debate will remain open. Prior to adjourning the House, I would just like to remind all honourable members that, if you do not want to keep your copy of Hansard, we have two recycling bins on both sides, and if you could just drop them in there.

The hour being six o'clock, this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, April 23, 2002

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