



Third Session - Thirty-Seventh Legislature

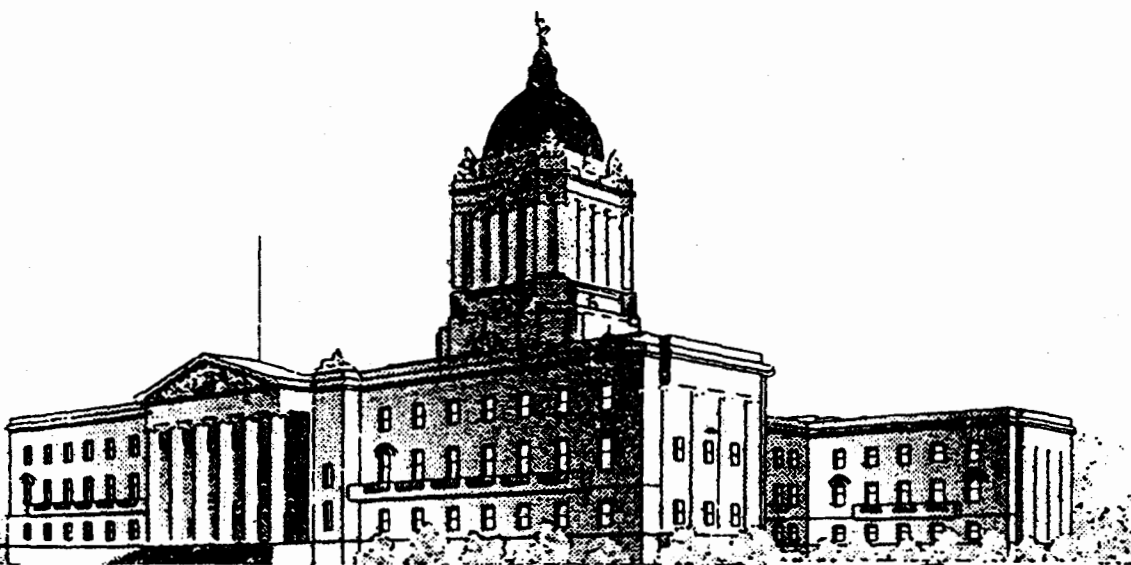
of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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The Honourable George Hickes  
Speaker*



Vol. LII No. 28 - 1:30 p.m., Wednesday, May 8, 2002

**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.
JENNISSON, 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.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim	Assiniboia	N.D.P.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

## LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, May 8, 2002

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

#### PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

##### Standing Committee on Law Amendments Second Report

**Mr. Doug Martindale (Chairperson):** Mr. Speaker, I beg to present the Second Report of the Committee on Law Amendments.

**Mr. Speaker:** Will the Clerk please read.

**Madam Clerk (Patricia Chaychuk):** Your Standing Committee on Law Amendments presents the following as its Second Report. Meetings: Your committee met on Tuesday, May 7, 2002.

**Some Honourable Members:** Dispense.

**Mr. Speaker:** Dispense.

##### Meetings:

Your committee met on Tuesday, May 7, 2002, at 10 a.m. in Room 255 of the Legislative Building.

##### Matters Under Consideration:

Bill 6—The Fortified Buildings Act/Loi sur les bâtiments fortifiés

Bill 8—The Limitation of Actions Amendment Act/Loi modifiant la Loi sur la prescription

##### Membership Resignations/Elections:

Substitutions received prior to commencement of meeting:

Mr. Dewar for Hon. Mr. Ashton  
Hon. Mr. Mackintosh for Hon. Mr. Doer  
Mr. Schellenberg for Hon. Ms. Mihychuk  
Mr. Jennissen for Mr. Rondeau

Mrs. Smith (Fort Garry) for Mr. Enns  
Mr. Schuler for Mr. Penner (Emerson)

##### Public Presentations:

Your committee heard five presentations on Bill 8—The Limitation of Actions Amendment Act/Loi modifiant la Loi sur la prescription, from the following individuals and/or organizations:

Elmer Courchene, President, Fort Alexander Residential School Survivors Association  
George Bergen, Private Citizen  
Betty Hopkins, LEAF Manitoba (Women's Legal Education and Action Fund)  
Roma Hart, Private Citizen  
Bill Percy, Manitoba Division of Canadian Residential School Plaintiffs' Council Association

##### Bills Considered but not Reported:

Bill 6—The Fortified Buildings Act/Loi sur les bâtiments fortifiés

Your committee commenced clause-by-clause consideration of this bill but agreed to defer completion of such clause-by-clause consideration to a future meeting of the committee.

##### Bills Considered and Reported:

Bill 8—The Limitation of Actions Amendment Act/Loi modifiant la Loi sur la prescription

Your committee agreed to report this bill with the following amendment:

*THAT section 2 of the Bill be amended*

*(a) in the proposed subsection 2.1(3), by striking out "Subsection (2) applies" and substituting "Subject to subsection (4), subsection (2) applies"; and*

*(b) by adding the following after the proposed subsection 2.1(3):*

***Limitation period in The Trustee Act applies***

*2.1(4) Subsection (2) is subject to subsection 53(2) of The Trustee Act.*

**Mr. Martindale:** Mr. Speaker, I move, seconded by the honourable Member for Interlake (Mr. Nevakshonoff), that the report of the committee be received.

***Motion agreed to.***

**MINISTERIAL STATEMENTS**

**Agriculture Framework Agreement**

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, I have a statement for the House.

Mr. Speaker, I want to take this opportunity to report to the Legislature the outcome of yesterday's Federal-Provincial-Territorial ministers' meeting in Ottawa. On May 6 and 7, Agriculture ministers met to discuss further progress on the agriculture framework agreement which the ministers agreed to in Whitehorse in June.

I am pleased to report that we are moving towards finalizing a new long-term policy framework that will encompass a number of components, including environment, food safety, renewal, science and innovation, and of course the very important area of business risk management or safety net programs. The new framework will build on Manitoba's and Canada's farmers' reputations worldwide as effective producers of high quality food.

However, Manitoba and Canadian producers cannot compete on the world stage when continually disadvantaged by increasing American agriculture subsidies. These subsidies pose a real threat to our producers. It will have a profound effect on the world efforts to reform agriculture trade and will negatively influence international markets. More importantly, these subsidies are the full responsibility of the U.S. federal government.

\* (13:35)

While in Ottawa, I had the opportunity to directly raise the proposed U.S. farm bill with

the federal Minister of Agriculture, the Honourable Lyle Vanclief. I was pleased that Mr. Vanclief had indicated the previous week that he has spoken to his colleagues about providing bridge financing for Canadian producers. I encourage the federal minister to continue in his efforts on this important matter and to pursue all avenues to either get the commitment to reduce subsidies or to increase the assistance provided to our producers. We all know Manitoba producers and provincial treasuries cannot compete with the U.S. federal Treasury.

I was also pleased to participate in a meeting with the Canadian Federation of Agriculture and ministers of agriculture on Thursday morning. The CFA is with us in pushing the federal government to take strong action on the international stage and to provide assistance to our farmers here at home.

Last night, Mr. Speaker, our Premier (Mr. Doer) met with his Saskatchewan counterpart, Premier Calvert, to discuss this issue. The premiers called on the Canadian government to challenge these new subsidies before the World Trade Organization and to provide funding to at least partially level the playing field for Canadian producers.

We will continue to raise this issue with the federal government and look forward to hearing positive news on their progress as they deal with this international issue which is extremely important to our producers.

**Mr. Jack Penner (Emerson):** I thank the honourable minister for this statement. We believe that, Mr. Speaker, the effects of the \$180-some-odd billion that will be the new U.S. farm bill now are going to have dramatic ramifications on the industry that we call agriculture and value-added processing. I do not think that can be overstated. I think the huge losses that we have seen in the farm labour pool in the last while and the losses in the farm numbers in this province are an indication of how we were affected by a bill that was roughly about \$100 billion. Now we are looking at a bill that is approaching \$200 billion.

I find it interesting that all this minister and this Premier are doing until this day is still

negotiating and consulting. We had an all-party committee that toured this province almost two years ago. Nothing has been done with that. Nothing has been done with those recommendations. We had the federal Committee on Agriculture tour western Canada. Nothing has come of that. We had another committee that is now touring. Now we have a four- or five-tiered federal committee that is touring western Canada and nothing is happening, except for the fact that the U.S. Treasury has now said to Canada what the real bill will be and what the real cost to Canada will be of implementing a new farm bill. I truly believe that if something does not happen soon between the feds and the provinces to deal with this matter, we will see chaos the likes of which we have not seen in western Canada from the time of the thirties.

### INTRODUCTION OF BILLS

#### Bill 19—The Mines and Minerals Amendment Act

**Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** I move, seconded by the Minister of Transportation and Government Services (Mr. Ashton), that leave be given to introduce Bill 19, The Mines and Minerals Amendment Act, and that the same now be received and read for the first time.

#### *Motion presented.*

**Ms. Mihychuk:** This bill will help to promote exploration and development mining activities in Manitoba and help enhance the stability of land tenure in Manitoba.

#### *Motion agreed to.*

\* (13:40)

#### 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 Lions Place 16 visitors under the direction of Mrs. Colleen Epp. These guests are located in the constituency of the honourable Minister of Intergovernmental Affairs (Ms. Friesen).

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

### ORAL QUESTION PERIOD

#### U.S. Agriculture Legislation Impact on Manitoba Producers

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, the U.S. farm bill will provide \$73.5 billion in new subsidies. That is a total of over \$180 billion U.S. over the next 10 years to American farmers. That is a whopping 70% increase.

The implications for our farmers are broad-ranging and severe. Manitoba is home to approximately 24 000 family farms, and thousands of other Manitobans tie their livelihoods directly to the farm economy. The federal government seems unable to grasp the seriousness of this situation and has turned down requests for assistance.

Mr. Speaker, can the Premier outline the cumulative financial implications of the U.S. trade bill on Manitoba farmers and related industries?

**Hon. Gary Doer (Premier):** Mr. Speaker, I would caution the Leader of the Opposition for surrendering support from Ottawa at this early point. A week after the farm bill has been passed in Congress, we have—

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

**Mr. Speaker:** Order.

**Mr. Doer:** We, as the Minister of Agriculture (Ms. Wowchuk) has indicated, are absolutely opposed to the U.S. farm bill. The Leader of the Opposition was with me when I discussed it with the Ambassador to the United States, Mr. Kergin, a few months ago. In Canada every Ag Minister is opposed to the massive subsidies. This is supposed to be a so-called free trade zone. We have been hit now with massive subsidies in softwood lumber by the so-called free traders in the United States, now massive subsidies by the so-called free traders in agriculture. We are absolutely opposed to these subsidies.

We believe they should be challenged at every level, and in the interim we believe that if the federal Canadian government cannot get rid of these unfair subsidies in agriculture through their international trade negotiators, if they cannot deal with these massive trade subsidies by the U.S. administration, then we must bridge with equal support to Canadian farmers equal to the American federal government by the Canadian federal government.

\* (13:45)

**Mr. Murray:** Well, Mr. Speaker, I hope he means what he says. I know the Premier is well aware that farmers' livelihoods are in jeopardy in the wake of these ongoing international subsidy awards. He agrees that our farmers cannot be allowed to go down in the wake of these trade disputes.

Can the Premier outline the Manitoba government's plans to protect the long-term health of this province's agriculture sector, in the face of mounting trade attacks from the United States and other nations?

**Mr. Doer:** Mr. Speaker, we have a number of measures in place in Manitoba for a long-term view of support of agriculture. One of these measures, to reiterate, is to deal with the federal responsibility of international trade, the federal responsibility of our trading partners increasing subsidies and bridging those subsidies until our federal government can achieve its responsibilities of dealing with international subsidies and their impact on the western Canadian producer.

Members opposite when they were in government raised the market values of farm taxation from 27 to 30 percent. We lowered it this year from 30 to 26 percent. We announced, contrary to the critic from the Opposition party who predicted gloom and doom on the Portage food centre, we announced new investments in the Portage food centre to again diversify in different crops. We announced support for a new nutraceutical centre at the University of Manitoba, again to get into the new healthy crops and healthy foods that may not be under the issue of subsidies from competing partners. We have been dealing with some of the larger

interests in processing. We have discussed the issues of origin and packaging with other people who are dealing in the international marketplace who feel that the origin from Canada is not necessarily a negative for Manitoba agricultural exports.

We are also dealing with a considerable number of other measures. Having said that, livestock has increased its production by 17 percent last year. There is a new Simplot potato plant going up at Portage la Prairie that will take Manitoba from third in potato production to second, and by next year we will be first in Canada.

Having said that, there are many long-term strategies that we are putting in place, but there is going to be short-term income pain on agricultural producers. That is why the federal government either has to defeat the Americans on the subsidies or match them, Mr. Speaker.

**Mr. Murray:** Mr. Speaker, we have heard the First Minister say time and time again that if elected he would have excellent relations with the federal government. Now is the time to put down the excuse machine and start getting out and dealing with the federal government. Show some leadership on this issue, pick up the issue, head down, do something positive about it. Month after month all we hear from this is travelling committees. We are going to do all sorts of talking. We are going to have all sorts of meetings. The problem is the farmers understand that nobody is listening.

I ask the First Minister: Will he please show some leadership? Will he please pick up the mantle and take a meaningful group of people to Ottawa to resolve this situation?

**Mr. Doer:** Mr. Speaker, the bill that we are dealing with that is going to have dramatic impact on the western Canadian farmers and the Canadian farmers right across this country because of the expansion into new crops that were not covered—

**An Honourable Member:** What are you doing about it?

**Mr. Doer:** I recall members opposite talking a big game. Last year they could not even decide

whether we should put \$50 million into agriculture, which we did, to be matched by \$60 million from the federal government. We still do not have a position from the scooter rider from Kirkfield Park.

Mr. Speaker—

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

**Mr. Speaker:** Order.

The honourable Opposition House Leader, on a point of order.

#### Point of Order

\* (13:50)

**Mr. Marcel Laurendeau (Official Opposition House Leader):** Mr. Speaker, I am not sure where I am going to go in *Beauchesne* on this one. We have a number of places, but I am going to start with *Beauchesne* 417: Answers to questions should be as brief as possible, deal with the matter and not provoke debate.

There is no reason for this minister, First Minister, the First Minister of this province, Mr. Speaker, that is the Premier, to start being personal when he does not have an answer. If he cannot deal with the answer, let the Minister of Agriculture (Ms. Wowchuk).

**Mr. Speaker:** The honourable First Minister, on the same point of order.

**Mr. Doer:** Mr. Speaker, I respect the point made by the Opposition House Leader, but I would suggest to members opposite, instead of taking cheap shots through their heckling, we have a very serious debate on this issue.

I withdraw the comment if they found it offensive.

**Mr. Speaker:** I thank the honourable First Minister for withdrawing the comment. That should deal with the matter.

\* \* \*

**Mr. Doer:** Thank you, Mr. Speaker. To continue on, and this is an important issue and we should not try to shout each other down.

The American, U.S. government, that is allegedly under a so-called NAFTA free trade agreement, has introduced massive distortions of the marketplace, massive subsidies for U.S. producers at the detriment of their trading partners called the Canadian farmer.

We, first of all, believe that the U.S. government and the European governments should withdraw all subsidies in agriculture. The Manitoba government is totally committed to the elimination of subsidies in the agricultural sector and allowing our farmers, which are the best in the world, to compete in an international marketplace in an effective way.

Secondly, Mr. Speaker, we believe the international responsibility is with the federal Canadian government. The Minister of Agriculture (Ms. Wowchuk) said yesterday to the federal Minister of Agriculture; the ministers of Saskatchewan, and Ontario, and many other provinces had the same message: Either you remove the subsidies in your role as international trader with the United States, or you have a situation where you bridge those subsidies and bridge that support with income support for the western Canadian farmers.

I discussed the same issue last evening with Premier Calvert here in Winnipeg. We are looking at a western Canadian meeting of premiers and leaders of opposition. We still have not firmed that up, Mr. Speaker, but we do believe that we should speak with a united voice of western Canada on behalf of our farmers to get Ottawa to move in fair support for income for our farmers.

#### Agriculture Framework Agreement Funding

**Mr. Jack Penner (Emerson):** Mr. Speaker, I find it very interesting that the Premier will actually couch his remarks in saying that there will be short-term pain. A 10-year process of subsidization by the Americans and the effects of that are only unimaginable. The economic well-being of the western part of our nation is at stake here and they cannot wait, Sir, 10 years. If you call that short term, sir, you should hear what the farmers are saying about it.

I want to ask the Minister of Agriculture: What process of remedy did you recommend to

Ottawa, other than them taking full responsibility for this, that we could use in debating the food security bill that is one of the pillars, the environmental effect of this? Who is going to pay for all this? Are the farmers going to be asked to carry that financial load as well in regard to this? Where are they going to get the money to fund it?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, I thought the member would ask a question about this U.S. farm bill that is so pressing for all of us right now, but since he has chosen to ask about the agriculture policy framework I can indicate to him very clearly that we are having all of those discussions and we are looking at how these costs can be borne.

I agree with the member that costs such as food safety are of benefit to all of society and farmers should not have that clear responsibility. Our agriculture industry is growing. It is recognized around the world as a very good food supply. We want to build on that reputation, and farmers are doing a good job right now, because many farmers are way ahead of the process when they are taking up and implementing plans so that there is indeed a safe food supply and that there is traceability in the industry.

\* (13:55)

#### **U.S. Agriculture Legislation Impact on Manitoba Producers**

**Mr. Jack Penner:** Mr. Speaker, I think all Canadians know, I think all North Americans know that our food has always been some of the safest in the world.

I want to ask the minister today: What message did she take to Ottawa as to how Ottawa should deal with the international trade war? How is this Province going to negotiate, or what kind of position, other than just dole money at it, are we going to bring to the table in negotiations with our western provinces and farm leaders? Is he prepared today? Is the Premier (Mr. Doer) prepared today to lead a delegation of farm leaders and provincial leaders to Ottawa to ensure that the severity of the situation is explained properly to Ottawa?

**Mr. Speaker:** Before recognizing the honourable Minister of Agriculture and Food, I

would like to ask the co-operation of all honourable members, when putting a question or answering a question, to please put it through the Chair.

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Again there were several questions there, so I will choose to answer one of them. It is quite interesting that the member is advocating a delegation to Ottawa now when on their side of the House they were just being critical about the amount of travel and the amount of consultation that has been going on.

The consultation has been very useful because we have heard from producers, but the report also indicates that Manitoba's hurt is over \$250 million annually because of U.S. subsidies, and with this additional subsidy that is proposed, particularly in the pulses, it is a very serious concern.

Mr. Speaker, that is the message I have taken to the federal government and that is what I have said to them. The federal government is responsible for trade. It is Washington that is putting this money in place and it is the responsibility of Ottawa to find a way to get money into our producers' hands so they do not suffer the serious consequences this bill will bring forward.

**Mr. Jack Penner:** Mr. Speaker, I wonder whether the minister could tell us what kind of value she would put on the value-added processing that has been established over the last decade and some years in this province, what value that brings to the province, how she might see that survive under the current U.S. farm bill and what effects that might have to the province of Manitoba.

**Ms. Wowchuk:** Mr. Speaker, this is a very important issue. I hope as we move forward on this issue and continue to raise the issue with Ottawa that we will have a united front from the Opposition.

That is not what has happened in the past. I remember when we were having a discussion on assistance for farmers and the member who has just spoken chose to do a big rant and not be supportive so we could have a united front.

We need a united front on this issue. It is very important to our province, as is value-added



that has increased tremendously and will continue to increase in this province because of the investments we have made to ensure there is a value-added growth in this province.

### **U.S. Agriculture Legislation Impact of Manitoba Producers**

**Mr. Larry Maguire (Arthur-Virden):** Mr. Speaker, the biggest agricultural atrocity, a farm bill that is equivalent to half of the Canadian debt, between Canada and our southern trading neighbours will occur when Mr. Bush signs the present U.S. farm bill that is before them.

Can the minister tell this House why she requested a \$1.3-billion one-time payment and how she arrived at that amount?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** I would imagine the member has been following what farm organizations have been saying, the studies that have been done by the federal government. In that study it was identified that \$1.3 billion was the trade injury that Canadian farmers were facing because of the existing U.S. farm bill. We know there is going to be additional hurt, particularly since the pulse crops are now going to be subsidized, an industry that has grown well on its own throughout the world, and that Manitoba has played a very important role in capturing some of this growth, is going to be hurt.

Mr. Speaker, that is the amount producers have identified for us and that is the amount producers have asked us to lobby for.

**Mr. Maguire:** Mr. Speaker, my supplementary question to the minister is: Can she determine, I mean these are numbers that were there in the past, and what has she used to determine what the impact will be from the new farm bill, which has multiple ramifications of what has already been agreed to in Ottawa, that there is a 25% shortfall in agricultural income from this new program?

\* (14:00)

**Ms. Wowchuk:** Mr. Speaker, the new farm bill has not been passed. It is being analyzed. But I can tell the member there are some very serious

concerns. When I asked the question yesterday about the impact on the grain producers who are moving into pulses, I found out, because the U.S. is using historical averages, a farmer could take his wheat land out of production, get payment for taking that wheat land out of production and then get an additional payment because they had moved into pulses.

This is going to have a dramatic effect on our producers. That is why we want this Opposition to support the actions we are taking to lobby the federal government and to ensure we have bridge financing to help our producers when this bill comes into place. We need short-term support and we need our federal government to take this to the world trade and be sure that subsidies are reduced, as producers want them.

### **National Strategy—Border Closings**

**Mr. Larry Maguire (Arthur-Virden):** Mr. Speaker, this is not just about dollar compensation. Can this minister, given that the next trade action could be to escalate border closures, can she tell this House having just returned from Ottawa what national strategy she urged the federal government to put in place to prohibit the closure of those border crossings to the products that we have on a daily basis?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, there are two different issues here. There is subsidy and there is trade. The U.S. market is very important to our producers, and I believe that we have to deal with the subsidy issue in one matter. I do not believe taking action on closing borders for our products will be of benefit to our producers or to U.S. producers.

We have to deal with this in a rational way and look at how we can get some bridge financing in place for our producers, as the federal Minister of Agriculture has indicated he has taken to his federal caucus.

### **U.S. Agriculture Legislation Impact on Manitoba Producers**

**Mr. Glen Cummings (Ste. Rose):** My question is to the Minister of Agriculture. This U.S. farm subsidy bill is probably some of the most devastating news that farmers in this country

have received since the drought of the thirties. There is no doubt about the serious impact it will have on this province, but the minister did not identify what she thought the amount of hurt might be in this province, because when we are talking global figures, Manitoba is very often left on the short end of the stick when we are lumped in with the other two provinces. What is the hurt in this province?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, as I indicated earlier, the hurt from the existing farm bill is over \$250 million annually here in Manitoba. That is a huge hurt. The amount of subsidy that is added to this bill will increase that hurt. It will increase that hurt particularly in the pulse sector where our farmers have done very well, because this subsidy is now going to drive the price of pulses down. It is also going to have an effect on our livestock industry.

To be able to save the day, what the total impact is, I could tell the member \$250 million now, \$1.3 billion across the country on the existing program. There is going to be a huge increase in the hurt. That is why it is so important that the federal government take a strong stand on this.

**Mr. Cummings:** Mr. Speaker, that is precisely the reason for my question. This did not happen yesterday, did not happen the day before. This bill has been in the works and known for a number of months. The minister must have access to figures, either that or somebody is not giving her enough information. She must have access to the figures, potential hurt to this province.

It does include the pulses, of which we are some of the largest producers. I am asking her if she cannot answer the question to say that she will bring that information to the Legislature.

**Ms. Wowchuk:** Mr. Speaker, as I have indicated to the member, we know what the existing hurt is. We know that there is going to be an increase. We know across the country, that under the existing bill, there is about \$1.3-billion hurt. Calculations are being made across the country, but I know that it is going to be much higher in Manitoba because our pulse industry is so important in this province. That is why we are taking a strong position. That is why I wrote to

Mr. Vanclief. That is why I wrote to Mr. Pettigrew. That is why I raised the issue and asked for a full analysis, because many times the devil is in the detail and all of those details have not been worked out yet.

We have to look very closely at them so that we do know the true impact that this is going to have on our producers, so that they can make some very serious decisions. We do have to have support, bridge financing in place as the federal Minister of Agriculture said he was committed to.

**Mr. Cummings:** Mr. Speaker, when the Premier (Mr. Doer) and the Minister of Agriculture (Ms. Wowchuk) ask for support from this side of the House, I would hope they would be able to produce a more quantifiable amount of hurt and damage. To say that 1.3 billion is enough and then not be able to substantiate it, I am asking this minister if she cannot quantify what effect this may have on pulses, can she quantify what effect country-of-origin legislation may have on this province?

**Ms. Wowchuk:** We have said this is going to have serious impact. I hope the member is not saying that if we cannot give him an exact number today that they are not prepared to support us on our position to lobby the federal government for support. It sounds like that is what they are saying.

We know the hurt in Manitoba is over \$250 million. The member should easily be able to figure out that hurt is going to increase dramatically. We know it is going to increase on the pulses and, Mr. Speaker, the injury to our meat industry is also going to be very serious. That is a voluntary program for two years and we will have to follow that very closely. We know we ship more than \$750 million of beef out of this province every year to the U.S. and if there is country of origin, going to be that kind of labelling, that is going to be a serious problem.

But, Mr. Speaker, there are people in the U.S. who are also very concerned about country of origin.

#### **Chiropractic Care Coverage Reduction—Responsibility**

**Mrs. Myrna Driedger (Charleswood):** A person upset with the Doer government's

decision to cut back on chiropractic coverage called the Premier's office and was told by a political staffperson that the decision to cut coverage was totally the Minister of Health's (Mr. Chomiak) decision, that the Premier had nothing to do with it.

Can the Premier tell us why he has washed his hands of any responsibility for this decision when he has previously stated that he makes all the financial decisions for this Government? Why is he hanging his Minister of Health out to dry on this one?

**Hon. Gary Doer (Premier):** I have answered the issue in the public arena on chiropractic services a number of times, Mr. Speaker, and obviously the Government presents a budget, the Government is responsible and I am responsible for the decisions with all the Government. In the chiropractic services, I made that statement as late as this morning publicly.

I think it is important that with the member opposite we know that she has misrepresented the Wade-Bell report and the cancer waiting lists and a number of other facts. I would ask her to clarify the fact that the Wade-Bell report talked about one administration in two locations for cardiac services here in Manitoba.

#### Premier's Comments

**Mrs. Myrna Driedger (Charleswood):** To clarify, page 29 on the Wade-Bell report says just the opposite of what the Premier just said. Page 29.

Mr. Speaker, I would like to ask the Premier if he can please explain what he meant about chiropractors this morning, when on CJOB he stated: If they want to have their fax machines and use their patients for political purposes, then they should take a look at where the coverage is coming from.

Was this a threat to cut off all chiropractic service in Manitoba or was the Premier insulting Manitobans by saying they cannot think for themselves?

**Hon. Gary Doer (Premier):** The only person I have heard insult Manitobans' intelligence is the

Health critic from the Opposition party. Day after day after day, Mr. Speaker: Prostate cancer waiting lists, the Wade-Bell report, the number of individuals that were fired by the former government, on and on.

Mr. Speaker, in her first question, she asked me to take responsibility, and in her second question she says I have taken too much—

**Mr. Speaker:** Order.

\* (14:10)

#### Point of Order

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

Mr. Speaker, this question was quite clear about the chiropractic association and the statements made by the First Minister this morning, but leaders' latitude does not give this leader permission to go out and start challenging or throwing personal remarks or comments across the way. We disagree with this and call him to task.

**Hon. Steve Ashton (Deputy Government House Leader):** One of the difficulties, Mr. Speaker, is that the member opposite had violated 409(1) and (2) and, in fact, had put in a preamble to which the Premier was responding. I would also like to indicate for the Opposition House Leader that it was the member herself that used the term "insulting the intelligence" and the comments of the Premier were responding directly to the comment that was made in the question by the member opposite.

**Mr. Speaker:** Order. On the point of order raised by the honourable Official Opposition House Leader, I would like to take this opportunity to remind all members that each and every member in this House is an honourable member, and I hope that each member will conduct themselves in that fashion.

Please pick your words carefully when answering or asking a question. Be respectful to each and every member. Thank you very much.

\* \* \*

**Mr. Doer:** To carry on in the question that was asked about intelligence. Members on this side recall a plea to pay nurses more and then a complaint that we paid them too much, so we go through this on a daily basis. Having said that, five provinces in Canada cover some parts of chiropractic co-payments. It is a service in the private sector in the sense that it is not covered under the Canada Health Act. We get no support at all from the federal government of the day nor did we under Mr. Mulroney's regime in the past.

This is one of those private services that members opposite are always championing in the health care system. We made some decisions to reduce some of the financial support. We value the services the chiropractors provide. Members opposite reduce the numbers of allowable and payable visits to chiropractors, we reduced the co-payment. There is a considerable amount of Crown corporation support for chiropractic services through MPI and Workers Compensation. The only threat that is being made about future action is being made by the Health critic from the members opposite, not by this Government.

**Mrs. Driedger:** I would like to ask the Premier if he can explain what he meant about chiropractors when on CJOB this morning he also said: I am a little concerned about political campaigns with patients to begin with. This coming from a Premier who fearmongers every time he talks about health care and who manipulated patients in the last campaign about hallway medicine.

**Mr. Doer:** Last week, we were refighting the 1969 election. Today, we are refighting the 1999 election. I think it is appropriate for people—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Thank you, Mr. Speaker. I think it is appropriate to have a debate in election campaigns between the political parties and in this Chamber. I think it is important that people note this is not a service that is covered under the Canada Health Act. This is not a service that receives support from the federal government. This is a service—[interjection] We make very difficult decisions in budget making. Members opposite will know that they reduced the number

of visits to the same group. Some of the same concerns they had in the past about this not being an insured service under the Canada Health Act was valid then, and it is valid now.

If chiropractic services are going to be covered under the Canada Health Act, then we suggest the lobbying efforts be made in Ottawa so that we do not have five provinces with partial co-payments, Manitoba being one of them, and five provinces have no coverage whatsoever. If this is a valued service by Ottawa and by the Canadian national government, then it should be under the Canada Health Act. That is one of the suggestions we were making to our friends.

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

**Mr. Speaker:** Order.

**Mr. Doer:** We know a lot of people rely on chiropractic services, and we know the services of chiropractors are valued in this province.

#### **Mental Health Care Service Integration**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, my question to the Minister of Health who, like me, has just come from the Heroes in Mental Health Luncheon, though I know the minister had to play a little bit of musical chairs or musical hotels to get there.

My question is this. Though I have had compliments for the minister about his announcement yesterday, I am quite concerned that in his initiatives, which are a bit sort of scattered here and there, he has failed to address the central concern which was raised in the major report of the Winnipeg Regional Health Authority's accreditation survey that, at present there exists in Winnipeg sort of a non-system for mental health, a failure of integration of hospital and community health services; and that what was really needed was an approach which would have given us this system, an integrated system, rather than just a hit and miss adding other programs.

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I am sorry that the Member for River Heights who attended the Heroes in

Mental Health Luncheon today, which recognized heroes in mental health, those people who have recovered, survived and are helping others; that the member failed to understand the entire point of consumer groups and people who are involved in mental health, of empowering those people to work with others, to work with groups to empower themselves to speed recovery and help others.

That was the point of today's awards. That was the point of our entire community-based announcement that we made yesterday that would train people who were involved in mental health to help other people to deal with housing, to provide for a course for people to have housing, to help self-help groups better spread out their services and work with people in the mental health community, to help in the issue of people who have addictions and people who have mental health diagnosing across the entire system, linking the entire province on co-diagnosis. The member missed the entire point of the announcement and today's luncheon.

**Mr. Speaker:** Order. Before recognizing the honourable member for River Heights, I would like to once again ask the co-operation of all honourable members when putting a question or answering a question to please put it to the Chair.

#### **Early Treatment Program**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, as a number of people around the table where I was sitting commented there is need for a better gateway, a better holistic approach, rather than just the way you are approaching it at the moment.

I would ask the minister to commit, after hearing the wonderful testimony of Heidi Peters at the luncheon today: Will the minister commit to including in the improved treatment services, improved treatment services for those with first-episode psychosis, one of the critical problems which can be treatable when well treated early if there is a proper approach?

\* (14:20)

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I agree it was a very moving statement

by Heidi Peters about recovery, and I might add she also noted in her comments that she is on the committee to redevelop Selkirk mental institute. To redevelop it is something that has been long overdue and she has been involved in that.

There is also involved—and I will repeat it again because I mentioned this to the member yesterday—in terms of the gateway into the mental health system a program to train primary care providers, that is physicians, with assistance when they encounter people with mental health problems to guide them into working through the system. In addition, at the recommendation of the first-episode psychotic parents group who have a very valid point, a very difficult point to deal with, we are working with them to have a care map and a program in the system that will allow people to go seamlessly through the system. We are working on a pamphlet and a brochure to inform.

**Mr. Gerrard:** Mr. Speaker, my question, supplementary this time, to the Minister of Justice (Mr. Mackintosh). I would ask the Minister of Justice to admit that the delays in putting in place an effective preventive and early treatment program for mental illness is one of the things which is in fact contributing to crime in this province because, where mental illness is not well treated early and effectively, can lead to problems with delinquency and crime.

**Mr. Chomiak:** Mr. Speaker, both in my capacity as Acting Minister of Justice and Minister of Health, I am responding to the member's question. Two years ago there was not a PACT program to allow for people who were severely mentally disabled on the street. We put it in place. Two years ago there was not a training program to help people to get into proper housing. We put it in place. Two years ago there was not a program for primary care providers to allow them entry into the mental health system. We put it in place. Two years ago there was not a support provided that we are providing now to the mental health agencies. We put it in place. We have put more in place in terms of providing resources for prevention and early intervention and for co-ordination in the mental health community than at any time in the past five or six years.

### **U.S. Agriculture Legislation Impact on Manitoba Producers**

**Mr. Peter Dyck (Pembina):** Mr. Speaker, the U.S. farm bill increases subsidies to American farmers by a staggering amount, further impacting the ability of Manitoba farmers to compete in the international marketing of their products. Of specific concern to many of the producers in my constituency is the farm bill's inclusion of the pulse crops in the subsidy package. The question is: Can the Minister of Agriculture indicate to the House what she expects the financial implications of the U.S. farm bill to be on the Manitoba pulse crop producers and the industry?

**Hon. Rosann Wowchuk (Minister of Agriculture and Food):** Mr. Speaker, as I indicated previously, the pulse crop is a very important crop in Manitoba. Not all of the pulses are covered under the U.S. farm bill. Beans, which are a very important crop to Manitoba producers, are not covered. The chick peas and small peas are covered.

So, Mr. Speaker, it will be determined as this bill comes into place, but as soon as the announcement that these crops are covered, it is common knowledge, you know, that there is going to be a downward turn in these prices and it will have a serious impact on our producers. That is why I wrote immediately to the federal government and asked them to intervene and that is why we have asked Mr. Vanclief to live up to his word to ensure that there would be bridge financing in place to help our producers through this very serious situation.

**Mr. Speaker:** Time for oral questions has expired.

### **MEMBERS' STATEMENTS**

#### **Dr. Don Klassen and Dr. Murray Reimer**

**Mr. Peter Dyck (Pembina):** I am pleased to rise today to honour the accomplishments and contributions of Dr. Don Klassen and Dr. Murray Reimer, both of Winkler. Both doctors are recent recipients of rural service awards. The awards were presented at the 10th annual Rural and Remote Medicine Convention, April 25 to 28, in Kelowna, B.C. It was here that over 80 doctors from across Canada were

recognized for their long-time dedication to their communities and their professions. Doctor Klassen, raised in Winkler, began serving the people of the area as a doctor in 1978. Doctor Reimer, originally from Winnipeg, followed suit two years later.

Mr. Speaker, younger doctors just starting out in this profession tend to move from place to place. Having said this, I believe the dedication of Doctor Klassen and Doctor Reimer of decades of their careers to one rural area is truly an achievement, one that deserves recognition.

I am sure I speak for all those in the Winkler area when I say thank you to Doctor Klassen and Doctor Reimer for providing such high quality care for over 20 years. It is the commitment of individuals such as these who are helping the smaller cities and rural areas of Manitoba to become increasingly self-sufficient. I congratulate them for being honoured with rural service awards.

#### **Peguis Pride Conference**

**Mr. Tom Nevakshonoff (Interlake):** It is my pleasure to rise in the House today to tell you of the Second Annual Peguis Pride Conference, which began this morning here in Winnipeg. The focus of the conference is to promote awareness of drug and alcohol abuse in the hope that the youth in our society can be steered in the right direction at an early age and thereby lead the most productive lives possible to them.

The conference was made possible in part by a grant of \$12,000 from the Healthy Child Manitoba program initiated by this provincial government. Special thanks are due to the leadership of the Peguis First Nation, especially Edwin McCorrister, the principal of Peguis Central School, who is the driving force behind this initiative, along with others such as Carl Bird, Jr., Dave McPherson, and Brian Bear, who also spoke at the opening ceremonies this morning.

Mr. Speaker, speaking at the opening ceremonies was very special to me because it gave me the opportunity to highlight to the youth assembled there my personal message: That all people can make mistakes in their lives but that rehabilitation is possible if a person recognizes he or she has a problem and then strives to

correct it. The old adage that today is the first day of the rest of your life certainly applies in this sense. Of course if a young person can be steered in the right direction from the very beginning and can be successfully guided around the pitfalls of life such as drug and alcohol abuse, then his or her potential to live a good life and contribute to society is maximized.

Mr. Speaker, my hat is off to the leaders of Peguis for undertaking this initiative and to those who made it possible by making financial contributions or volunteering their time towards this worthy venture.

#### **Mr. Frank Froese**

**Mr. Jim Penner (Steinbach):** It is my pleasure to rise today in the House to pay tribute to another remarkable resident from my constituency. For over 40 years Mr. Frank Froese of Steinbach has been involved in helping grow and develop the Mennonite Heritage Village Museum in Steinbach. Whether collecting items for fundraising auction sales, collecting admission at the museum gates or serving on the board of directors, as he has for the past 13 years, Mr. Froese has been an important part of the museum's success.

Perhaps most notably, Mr. Froese began, in 1993, a quarterly newsletter, Mr. Speaker, entitled *Preserving our Heritage* which has served to keep the many members and volunteers of the museum informed of activities and events. This 12-page colour newsletter has been an important part of communicating the heritage of the Mennonite people as preserved at the museum. It also served as an important communication tool during the drive to pay off the debt of the museum in the late '90s and to rebuild the well-known windmill after it was destroyed by fire. These contributions and others have earned Mr. Froese recognition as a Prix Manitoba award winner this year for Culture, Heritage and Tourism for the province of Manitoba.

\* (14:30)

While I do not always agree with the Member for La Verendrye, the Minister of Culture, Heritage and Tourism (Mr. Lemieux), I

will say on this occasion that the selection of Mr. Froese as a recipient this year is an admirable one. He and his department staff are to be congratulated on their choice.

Like so many of the volunteers in the region I represent, Mr. Froese has dedicated the majority of his life towards helping our local organization. His efforts are representative of the thousands of volunteers within the region.

On behalf of all members in the House, and on behalf of the residents of the Steinbach constituency, I extend congratulations to Mr. Froese on receiving this award, as well as our thanks for his continued dedication to our province.

#### **Mental Health Awareness Week**

**Mr. Gerard Jennissen (Flin Flon):** Mr. Speaker, this is the 51st anniversary of Mental Health Awareness Week.

Approximately one in five Canadians will be affected by a mental illness at some time in their lives; 2.5 million Canadian adults or over 10 percent of the population 18 and older will have a depressive disorder. Of the 10 leading causes of disability worldwide, five are mental disorders. By 2020, it is estimated that depressive illnesses will become the second leading cause of disease burden worldwide and the leading cause in developed countries like Canada.

Mr. Speaker, it is tragic that more than 90 percent of people who take their lives have a diagnosable mental disorder. Therefore, I applaud the Minister of Health's (Mr. Chorniak) new \$782,000 mental health support initiative. We are broadening the mandate of mental health services. Support is being added in five areas needing more direct intervention. For example, in the area of early identification intervention, \$80,000 will be used for a mental disorders in primary care training package. This program will train approximately 120 Manitoba physicians on the types of mental disorders that are often handled in physicians' offices.

As well, Klinik Community Health Centre, in partnership with the Winnipeg Regional Health Authority, has expanded drop-in and short-term counselling to encompass five sites throughout Winnipeg.

Earlier this year, with a \$50,000 contribution from Manitoba Health, a new mental health education resource centre was opened that is serving as an information clearing house for individuals and agencies that need and depend on accurate information about mental illness. As a society, we have learned a great deal about mental health, yet fear, uncertainty and misunderstanding still surround mental health issues.

Providing accurate, timely knowledge about mental illness and raising awareness about mental wellness are core activities required in mental health promotion, mental illness prevention and stigma reduction.

**Mr. Speaker:** Order. The honourable member's time has expired.

#### **Heroes in Mental Health Awards**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I rise to pay tribute to the heroes of mental health who were honoured at the luncheon today, individuals, the families, friends, the mental health professionals, the volunteers and the organizations or businesses who have made a contribution in the area of mental health.

Adequate attention to mental health and its prevention and effective treatment must be a cornerstone of a strong health care system. One example of the importance of this is the need to have a really effective and comprehensive approach to those who present with an episode of psychosis. Effective treatment and help in a comprehensive way leads to a very high chance of recovery and a relatively normal life. Poorly or ineffectively treated, there is a high potential for the individual to go on and be involved in drug use, suicide, delinquent behaviour, criminal activity, major problems and indeed repeat episode psychosis, which can lead to permanent brain damage.

It is clearly important that we stress and push for better treatment for those with mental health, better prevention and comprehensive integrated services which can be very effective.

## **ORDERS OF THE DAY GOVERNMENT BUSINESS**

### **House Business**

\* (14:30)

**Hon. Steve Ashton (Deputy Government House Leader):** Mr. Speaker, could you please call the second reading of Bill 14, followed by the second reading of Bill 5, followed by debate on second readings. If there is time following debate on this matter, our intention would be to call the Estimates, the Supply motion.

**Mr. Speaker:** Second reading, Bill 14, The Public Schools Modernization Act (Public Schools Act Amended)—

**Mr. Speaker:** The honourable Member for Minnedosa, are you up on a point of order?

**Mr. Harold Gilleshammer (Minnedosa):** No, I am going to move.

**Mr. Speaker:** The honourable Member for Minnedosa, if I heard you correctly that you are up to move a motion. It is not on the Order Paper, so you would have to seek leave first.

**Mr. Gilleshammer:** Leave.

**Mr. Speaker:** Does the honourable member have leave to move a motion?

**Some Honourable Members:** Yes.

**Some Honourable Members:** No.

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

## **SECOND READINGS**

### **Bill 14—The Public Schools Modernization Act (Public Schools Act Amended)**

**Hon. Drew Caldwell (Minister of Education, Training and Youth):** I move, seconded by the honourable Minister of Culture, Heritage and Tourism (Mr. Lemieux), that Bill 14, The Public Schools Modernization Act (Public Schools Act Amended), now be read a second time and be referred to a committee of this House.



***Motion presented.***

**Mr. Caldwell:** Mr. Speaker, I am truly honoured to have this opportunity to address the House on Bill 14, The Public Schools Modernization Act (Public Schools Act Amended). In a very real sense, The Public Schools Modernization Act (Public Schools Act Amended) is an historic bill, building upon over a century of public schools governance in the province of Manitoba. It is also a bill supporting the good work and leadership of parents, teachers and school trustees throughout Manitoba, in Steinbach and Emerson, in Beausejour and Lac du Bonnet, in Birtle and Roblin, in Carman and Souris, in northern Manitoba and the city of Winnipeg. The Public Schools Modernization Act seeks to strengthen public schools in communities throughout the province of Manitoba.

Mr. Speaker, I would like to take a few moments to outline the goals and objectives of this very important initiative. First and foremost, The Public Schools Modernization Act is about enhancing educational opportunities for students. Students will benefit as we are able to make more efficient and effective use of the resources available to support our public school system. Students will benefit as we enhance the administrative efficiency of our school divisions and districts, so that essential administrative functions can be carried out at a lower cost and to greater effect.

Students will benefit as we enhance educational equity by ensuring the school divisions have a strong assessment base to support program excellence in the schools that serve their communities. Students will benefit as we respond to the demographic changes that have occurred over the last half century, changes which have reduced the enrolments in many schools, limiting their capacity to provide students with a full range of educational programs and services. Students will benefit as we create new divisional structures that are large enough to take advantage of the many potential uses of technology to expand educational opportunities. Students will benefit as we move to ensure that all divisions, rural, urban and northern, are able to provide a full range of educational services.

The purpose of this bill is not unlike earlier consolidation or amalgamation exercises

undertaken by Manitoba governments at the turn of the last century and in this Legislature during the late 1950s, changes which sought to modernize public schools governance and to bring better opportunities to all Manitoba students. Most importantly, the changes being introduced in this bill represent an important step towards ensuring the best possible education for all Manitoba students in all of our public schools in the province. These changes will help to ensure the long-term health, vitality and viability of school divisions in Manitoba.

\* (14:40)

Government and public officials have a continuing responsibility to make efficient and effective use of the resources available to support our public school system. Reducing the number of school divisions and districts will allow for a more efficient use of the administrative resources required to operate our education system. A more modern configuration of school divisions will allow for resources to be directed where they are needed most, to the classrooms of the province for the benefit of current and future students.

Mr. Speaker, we believe our students should have the best opportunity to learn in efficiently administered, creative and dynamic schools. By creating new divisional entities, we are enhancing educational equity for students across the province. This will ensure that all school divisions, rural, urban and northern, are able to provide a full range of services to support the diverse needs of our student population. Students will benefit from school divisions having a strong enrolment base and a strong assessment base to support program excellence in the schools serving their communities.

These changes give school divisions an opportunity to expand and explore new educational possibilities, to develop new professional relationships within an expanded team of teachers, administrators and support staff, to foster mutually supportive relationships among communities throughout our province and to increase the degree to which best practices that contribute to educational excellence are shared freely on a daily basis within a dynamic educational community.

This restructuring of educational governance and administration is worth the considerable effort involved for one compelling and overarching reason, the same paramount reason in forming the action of Manitoba governments in the past. It will better serve the interests of students now and into the years ahead. A more modern configuration of school divisions will allow for resources to be directed to where they are most needed, to the classrooms of the province for the benefit of current and future students. Bill 14 will make that modernization possible.

To put this into context, I would like to briefly outline the history of educational governance in province. The last major transformation in the boundaries of Manitoba school divisions was initiated in 1959. I was born in 1960. In 1959, there were in excess of a thousand districts in operation throughout the province of Manitoba. When the process initiated in 1959 was completed, the map defining the boundaries of Manitoba school divisions and districts changed. It changed to represent the configuration in the main of what we are operating under in the province today. That is, it changed very little for the remainder of the century.

In the 1990s, while other Canadian provinces dramatically reduced the number of school divisions, the Manitoba government hesitated. The 1994 Norrie report was undertaken and shelved only to be dusted off with the change of government in 1999. I should add here, Mr. Speaker, as it is appropriate to acknowledge the work of Mr. Bill Norrie and his commission's work which has informed my own thinking on this matter, in the 1990s, only two amalgamations took place in Manitoba. In 1998, in southwestern Manitoba, the part of the province that I hail from, the Tiger Hills School Division and Pembina Valley School Division mutually agreed to join together to create the very successful Prairie Spirit School Division.

In the city of Winnipeg, my colleague and legislative assistant, the MLA for St. Vital (Ms. Allan), was then a trustee, helping to guide the Norwood School Division in its merger with the St. Boniface School Division. From these experiences and the leadership of the trustees

involved we have learned some valuable lessons. These experiences clearly demonstrate that a wider range of high quality educational opportunities can be made available to more students in these expanded and rejuvenated educational communities.

I have spoken briefly about the history of education governance in Manitoba, but it is also worth taking note of the experience in Canada's other provinces. Manitoba is only one of two provinces in Canada in the contemporary era that has not yet moved to significantly reduce the number of school divisions governing education. Every other province in Canada has already dealt with the need to modernize the system of education governance by reducing the number of school divisions. During the last decade, the other eight provinces addressed this issue and reduced the number of school divisions virtually in half, from some 658 divisions to approximately 333 today.

Shortly after coming into office in 1999, every Manitoba school board was asked by myself to assess their circumstances and consider the options available to them regarding amalgamation. What followed was a prolonged period of dialogue and consultation amongst school boards as they considered the implications of amalgamating with their neighboring school divisions and districts. As a result of these discussions, eight more school divisions and districts recognized the wisdom of this approach and agreed to voluntarily amalgamate. I would like to recognize these divisions here: Rhineland, Boundary, Red River, Morris-Macdonald, Churchill, Frontier, Prairie Spirit and Mountain school divisions.

Last November, I announced a responsible, balanced and moderate plan to modernize the way in which we structure and govern education in Manitoba in the best interests of our students. This plan reduces the number of school divisions and districts in Manitoba by about one third. Since my announcement, I am pleased to say that one other school division reassessed its situation and decided that they, too, wanted to be included in the amalgamation process. The board of trustees of the Intermountain School Division unanimously voted to voluntarily join with their neighbours, the Dauphin and Duck Mountain

school divisions, that had already begun the process of amalgamation in the Parkland Region. These amalgamations which are now underway involve 28 school divisions and districts across the province. At the conclusion of this process, the number of jurisdictions governing education in Manitoba will be reduced from 54 to 38.

I would like to now briefly outline the content of this bill. The Public Schools Modernization Act amends The Public Schools Act to make all of the changes that were indicated when the amalgamation was announced in November 2001. It provides for the establishment of interim boards, prohibits school closures for a three-year period following amalgamation, requires that a school board have between five and nine trustees, requires school boards to hold annual consultations regarding their budgets, enables limits to be placed on the administrative costs of school divisions and revises the mandate of the board of reference. The Public Schools Modernization Act also establishes a process for resolving issues about the transfer of assets, liabilities and employees from former divisions to the new ones.

Bill 14 helps ensure that the amalgamations underway are smoothly implemented, giving support to the considerable leadership being exercised by Manitoba trustees. An important provision in The Public Schools Modernization Act states that the number of trustees elected to serve on any school board can be no fewer than five and no more than nine.

This will affect several school boards who currently have more members elected to their board. The exceptions for this requirement applied to the Frontier School Division, which serves vast and remote areas of Manitoba, with a 10-person board, and the Division scolaire franco-manitobaine, which fulfills its province-wide mandate with an 11-member board. The total effect of reducing the number of school divisions and limiting the number of trustees per board will be a reduction in the number of school trustees to be elected in October 2002 by about 134.

Mr. Speaker, we are very confident that changing from 54 school boards with 445 trustees to 38 school boards with 311 trustees is in the best interests of students, communities and

the taxpayers of the province of Manitoba. I anticipate that the cost of governing and administering public schools will be lower when these services are provided more efficiently by fewer boards. The money saved will be redirected to the classrooms of Manitoba to benefit Manitoba students.

\* (14:50)

We also want to ensure, Mr. Speaker, that a shift in resources from the boardroom to the classroom takes place, not only in school divisions involved in the amalgamation process, but in every school division in Manitoba. The Public Schools Modernization Act limits the amount of money spent by a school division each year on administrative costs. It will ensure that the resources in every Manitoba school division are used in ways that best serve their intended purpose of supporting effective learning in the classrooms of our province.

Mr. Speaker, the changes that are being introduced through Bill 14 demonstrate the firm commitment of the Government to sustaining and strengthening the system of public schools governance in our province.

While we believe that efficient board governance warrants a reduction in the number of school divisions and districts, our Government remains fully committed to retaining our tradition of locally elected boards of trustees who will continue to provide excellent local educational leadership. We want to ensure that school boards continue to play an important part in our province's future as they have in the past.

Mr. Speaker, I will suggest this one more time. We want to ensure that school boards play as important a part in our province's future as they have in the past, and it is worth repeating. That excellence in local educational leadership is something that is valued by this Government as it has been valued by our predecessors in this House.

As I stated earlier, there are 28 school divisions and districts around the province now fully engaged in working to make the transition to these new units over the next few months. All

of the school boards involved in this process have been working very hard for over six months to make all of the necessary preparations to ensure that a successful transition occurs. One of the many important tasks that they have addressed is the choice of a name by which their new division will be known. It gives me great pleasure to quickly review for members of this House the names that have been chosen by the amalgamating divisions throughout Manitoba.

First, I would like to highlight the amalgamations that are taking place in the city of Winnipeg. Our capital city is unique in Canada in that it is served by nine different school divisions in addition to the Division scolaire franco-manitobaine. This is a very different model than cities like Calgary, Edmonton, Regina and Saskatoon, to mention but four.

These cities are each governed by a single public school board and a single Catholic school board. We have chosen not to go with one single school division for the city of Winnipeg, as such a large division in itself would have well over 100 000 students, more than half of the province's total enrolment in the public school system. Instead, we have chosen a balanced approach which would provide the opportunities available to larger divisions while retaining the distinct identities in keeping with the expectations of the people and the communities they serve in the city of Winnipeg.

With the changes announced, the number of school divisions serving Winnipeg will be reduced from nine to six. This is being done by joining together three pairs of school divisions that serve adjacent regions of the city of Winnipeg.

In the northeast part of Winnipeg we are creating a strong, new urban division, the River East-Transcona school division, which will have the second-largest student population in the province of Manitoba.

In southwest Winnipeg the Assiniboine South and Fort Garry school divisions are joined together under the historic name of Pembina Trails school division.

In southeast Winnipeg, the St. Boniface School Division is building upon its successful merger with Norwood in joining with the St. Vital School Division to create the Louis Riel School Division.

In northern Manitoba the Frontier School Division has a proven track record of its success in serving over 7000 students in 41 schools in our province's most remote and isolated areas. Frontier will now welcome six new communities as they are joined by the school districts of Churchill, Lynn Lake, Snow Lake, Leaf Rapids, and the communities of Camperville and Rorketon, which had been previously administered by the Duck Mountain School Division.

In northwest Manitoba, the Intermountain School Division will join the Dauphin-Ochre school area and the remainder of the Duck Mountain School Division. The participating school boards have agreed that their new jurisdiction will be named the Mountain View School Division.

Pelly Trail and Birdtail River school divisions are joined together and have chosen the name of Park West School Division.

The school divisions of Antler River and Souris Valley are working closely together and they have selected their new name, the Southwest Horizon School Division.

The Prairie Spirit School Division formed through an amalgamation in 1998 has decided to amalgamate voluntarily a second time, this time to join with their neighbours in the Mountain School Division. They have agreed to maintain the name Prairie Spirit School Division.

The Midland and Whitehorse Plain school divisions are joining together and have chosen the name of Prairie Rose for their new entity.

The Morris-Macdonald School Division is voluntarily amalgamating with most of the Red River School Division to create the new Red River Valley School Division. These divisions have been sharing administrative services for some time already. This process dates from the time of the previous administration.

In southeastern Manitoba, the Rhineland and Boundary school divisions voluntarily agreed to join with the southern portion of the Red River School Division. The school district of Sprague also joins this group. Their new school boards have agreed that this new entity will be known as the Borderland School Division.

In eastern Manitoba there will be a strong, new rural school division with the second-highest enrolment in rural Manitoba. Agassiz joins with Springfield under the new name of the Sunrise School Division. The school districts of Whiteshell and Pine Falls will join with the Sunrise School Division as soon as possible.

In creating these new divisions we have made a significant commitment of resources to support implementation. Divisions will receive \$50 per student to support them during this transition and we have also made available the resources of the department to support school divisions and trustees through these challenging and often unfamiliar processes.

I mentioned before that one of the lessons learned in Manitoba's earlier consolidation and amalgamation exercises is that this is a process that requires a great deal of effort by the participating boards and their senior administrative teams. At this time I would like to extend my sincere thanks for the outstanding work being done by school board members, by trustees, and by senior administrators throughout the province to ensure that all of the necessary local preparations have been made to ensure that this transition goes smoothly.

The hard work of these school board members and their local leadership teams has already started to pay off. There is a positive spirit in each of these new partnerships as they learn to work together and begin to visualize the benefits that they can extend to their students as a result of these changes. Ultimately, that is what this process is all about, Mr. Speaker, to ensure that every student has the greatest opportunity possible to reach their full potential in a public school system that is designed to meet their needs in the years ahead.

In closing, Mr. Speaker, I must stress to members of the Legislature the importance of this bill to ensure that good educational

governance is sustained in all of our school divisions during this time of transition.

The 30 divisions involved are now 6 months into the transition process. Every one of these boards is eager for success. Trustees have been demonstrating leadership from the American border to the border with the Northwest Territories, from Saskatchewan to Ontario, in every sector of this province, Nunavut. They are all working hard and are determined to act as efficiently as possible to ensure an orderly, well-planned process that serves the best interests of current and future students.

This legislation will serve our students well by modernizing the configuration of Manitoba's school divisions, laying a solid foundation for the educational success of our students today and those who will enter our schools in the years to come.

I am pleased, therefore, to recommend Bill 14, The Public Schools Modernization Act, to this Assembly for its timely consideration, and, in closing, would once again like to convey my sincere thanks and best wishes to the trustees across the province who are working for success in this endeavour.

**Ms. Nancy Allan (St. Vital):** It is an honour today to stand up and put a few comments on the record in regard to the bill that is being introduced. As a government, you do not always get to pick the issues you want to advance, but this is one I would like to give credit to the Minister of Education for in regards to showing leadership.

This is the first major amalgamation since the 1960s. Mr. Speaker, the previous government commissioned the Norrie report, and, after spending over \$700,000 of taxpayers' money on that report, they took it and put it on a shelf, and it collected dust. They did nothing.

\* (15:00)

Our Government has shown leadership on this issue. Amalgamation will modernize Manitoba's education system and yield long-term benefits for our children. This will cost money in the short term. Our Government is participating by providing a \$50-per-student grant to

amalgamating school divisions. This is a long-term investment that will bring benefits for our children in classrooms for many years to come.

Mr. Speaker, you cannot reduce school divisions by one-third, from 54 to 38, and not see a long-term savings and investment, particularly with the administrative caps, limiting 4 percent in urban school divisions, 4.5 percent in rural school divisions, and 5 percent in northern school divisions. We have also capped the number of school trustees to a maximum of nine trustees per division, reducing the total number of the trustees in the province by one hundred.

We have also provided stability in our education communities by imposing a three-year moratorium school closures. This ensures parents in amalgamating school divisions have a comfort level that they will not lose their local school. It is important to speak to this issue, because I have been through an amalgamation as a parent and as a school trustee when I went through the Norwood and St. Boniface merger that merged on the 1st of July 1998. This amalgamation—

**An Honourable Member:** How much did it cost, Nancy?

**Ms. Allan:** Oh, the speaker across the House is asking me how much it cost. It cost \$880,000. One half of that went into classrooms and the other half of it went into infrastructure. The Minister of Education (Mr. Caldwell) has made it very clear that this money that is being reinvested is to be reinvested into the classrooms and for the benefit of students all across this province.

Norwood was a small division, and my children were very fortunate to benefit from the music and technology programs that were implemented once we merged those school divisions. It also provided staff with the opportunity to move to new schools or to move into principalships or resource positions. It was a real opportunity for our school division. Every amalgamation across this province is unique.

I would like to take this opportunity to thank the individuals all across this province that have walked this path with us and supported the

amalgamation process. From as far north as Churchill to the south in Sprague, from the Saskatchewan border to the Ontario border, communities all across this province, Mr. Speaker, have been working on behalf of students and excellence in the public education system, and they should be congratulated. I would like to thank trustees, senior management, parents, educators and the broad education community for their hard work and commitment to amalgamation.

Our amalgamation plan is balanced and moderate, and as a result shall not create large upheaval within the public school system. We have taken a moderate approach with the reduction of one third of divisions. Our Government is respectful of local history and communities, while at the same time creating new efficiencies with larger divisions. Our approach has been, with few exceptions, to merge existing divisions rather than create new divisional boundary lines throughout the province. Amalgamation will eliminate redundancies and waste in administration and allocate more resources to our children. By creating larger school divisions, we help equalize resources and lessen inequities between divisions and larger divisions generally have more resources for programs and services.

Most divisional boundaries were created in the sixties when transportation and communications were much more difficult. Amalgamations are being done for educational reasons, to achieve greater equity in programming, and to redirect resources to teaching and learning. The ultimate goal of amalgamation is simple, more resources for more students, and by reducing administrative costs we will provide greater resources to our province's students. We will have more support generally available to schools for more diverse programming, more technology support, more support available for counselling services and clinicians, more flexibility in dividing students and resources between elementary, middle and high schools, more diverse job and advancement opportunities for teachers and principals, therefore, a stronger recruitment and retention appeal.

Larger divisions offer students a wider range of programs. Children will receive a higher—*[interjection]* Oh, I am going to talk about

property taxes in a minute—quality education as a result of the increased number of programs available. Examples include vocational studies, music and the arts, computer and technological support, and more counselling and supports for special needs children. Amalgamation is being done to benefit children. The amalgamation of Manitoba school divisions has been initiated to ensure we can provide the best education possible for our children. The process of amalgamation will create greater equity in programming and provide more resources to teaching and learning.

Our Government believes in the efficient use of school funding. Many neighbouring divisions are very similar in terms of assessment levels, mill rates and taxes, and, therefore, pose no major challenge to amalgamation. Our plan respects local autonomy and the distances travelled by students. We are committed to implementing school division amalgamations with a minimum of disruption to the system. Amalgamations ensure the long-term financial viability of divisions. Amalgamations ensure that divisions have an enrolment base that is capable of providing good quality programming and educational and clinical resources. With limits on administrative costs, more resources are available for educational programming. School boards will also have the opportunity to review their operations and look for efficiencies that will benefit students.

Our Government will continue to work with divisions to ensure that maximum resources are devoted to educational purposes. Administrative costs will be minimized and remain as low as possible. Additional costs will be phased in over a number of years.

I am pleased to say that the Department of Education will continue to work with school divisions to ensure administrative costs are low and classroom resources are the priority. I would like to put this into the broader context, Mr. Speaker, in regard to the fact of what we have done for education in the province of Manitoba.

The former government took \$135 million out of the education system and jacked up property taxes in every school division all across this province. In the election campaign in 1999, we made a commitment to fund education to the

rate of economic growth, and we have exceeded that promise every year since we have made our funding announcement to the education communities all across this province.

I would also like to put on the record, Mr. Speaker, that we implemented the property tax credit for the last two years, and we have increased that tax credit \$150, bringing the credit back to \$400, which was taken away by the previous government when they were in government. We made a commitment in the election campaign to reduce the education support levy, and in our recent Budget, we made that commitment and we follow through on that promise.

We, on this side of the House, understand that a strong education strategy is a strong economic strategy, and that we are the education government. We will continue to work and invest in our public education system for the benefit of all Manitobans.

**Mr. Harold Gilleshammer (Minnedosa):** Mr. Speaker, I would move, seconded by the Member for St. Norbert (Mr. Laurendeau), that debate be adjourned.

*Motion agreed to.*

#### **Bill 5—The Workers Compensation Amendment Act**

**Hon. Becky Barrett (Minister of Labour and Immigration):** Mr. Speaker, I move, seconded by the Minister of Transportation and Government Services (Mr. Ashton), that Bill 5, The Workers Compensation Amendment Act; Loi modifiant la Loi sur les accidents du travail, be now read a second time and be referred to a committee of this House.

*Motion presented.*

\* (15:10)

**Ms. Barrett:** Mr. Speaker, it is my pleasure to commence the second reading debate on this important piece of legislation. The Government, through Bill 5, has announced its intentions to amend The Workers Compensation Act to include a rebuttable presumption of compensation for full-time urban firefighters

who are regularly exposed to fire scene hazards and later contract certain cancers. A rebuttable firefighter presumption means that certain injuries are presumed to be caused by the occupation of firefighting unless the contrary is proven.

From 1966 to 1988 there was a firefighter regulation under The Workers Compensation Act. In 1988, the Manitoba Court of Appeal struck down the firefighter regulation on the basis that regulation created rights not contemplated in the act. This government, while in opposition, tried unsuccessfully on numerous occasions after this regulation was struck down to reintroduce a presumption for firefighters unsuccessfully for 11 years. This bill now corrects that injustice.

The events of September 11 have brought home to everyone the important service firefighters provide in our communities and the dangers and hazards they face with courage and compassion every day. Firefighters put their lives at risk in their dedication to preserving and protecting the lives and property of Manitobans. In the line of duty they encounter obvious perils, the flames and debris that can cause traumatic injuries like broken bones, sprains and burns, but they also encounter more insidious enemies, the smoke, gases and fumes of various burning chemicals, plastics and other synthetic materials. There is no such thing as a standard fire.

With the overwhelming use of synthetic materials today and the countless number of new chemicals being created, a firefighter cannot know what he or she will encounter at a fire scene. Exposures may occur through inhalation, ingestion, or through contact with the skin. Many chemicals and toxins present in a fire will not be recognized until after the fire is extinguished and the exposure has already occurred. Burning materials generate many combustion products, things that may cause cancers that can go undetected perhaps for years. Firefighters face these perils every day. They are the people who run into buildings when everyone else is running out.

This Government recognizes the hazards faced by full-time urban firefighters and the increased risks these hazards produce, and we want to ensure that firefighters who contract

occupational cancers receive the benefits to which they are fairly entitled. Full-time urban firefighters have received a great deal of intensive investigation from scientists over the last two decades. This research has been prompted by the knowledge that full-time urban firefighters are exposed through their work to a variety of known cancer causing substances and toxic agents contained in fire, smoke, gases and building debris and they are exposed on a regular, recurring basis.

The medical and scientific evidence has come a long way since the time of the 1977 firefighter regulation. There is now substantial medical and scientific literature on full-time urban firefighters and occupational illness. That is why we are bringing in this amendment to The Workers Compensation Act. I would like to repeat that, Mr. Speaker. There is now substantial medical and scientific literature on full-time urban firefighters and occupational illnesses.

The Workers Compensation Board retained an internationally known epidemiologist, Dr. T. Guidotti, to review the literature published to date. Between 1984 and 1998, Doctor Guidotti served as professor of occupational and environmental medicine and director of the occupational health program in the Department of Public Health Sciences at the University of Alberta in Edmonton. Since 1999, he has been professor of occupational and environmental medicine at the George Washington University Medical Centre in Washington, D.C., and was seconded to work on epidemiology issues after September 11.

This bill, Bill 5, is based on the most recent scientific and medical evidence. It recognizes the link between certain diseases and the occupation of full-time urban firefighting. Full-time urban firefighters are exposed to carcinogenic and other substances not encountered by forest firefighters and for durations not experienced by part-time or volunteer firefighters. The bill recognizes the link between full-time, urban firefighting and primary-site brain, bladder and kidney cancer, non-Hodgkin's lymphoma and leukemia.

Mortality from these diseases has an equivalent risk estimate approaching or exceeding twice that of the general male



population. That is to say, full-time, urban firefighters are at least twice as likely to die from these diseases as their non-firefighting counterparts.

After consulting many interested parties, including firefighter groups and representatives of the City of Winnipeg, Manitoba's largest employer of firefighters, we intend to amend through Bill 5 The Workers Compensation Act to include a rebuttable presumption for full-time urban firefighters covering primary-site brain, bladder or kidney cancer, non-Hodgkin's lymphoma and leukemia. What this means is that if a person has been a full-time firefighter in an urban setting for a certain period and then contracts one of these cancers, the Workers Compensation Board will presume that firefighting is the dominant cause of the disease unless the contrary is proven.

Under Bill 5 a Cabinet regulation will set out the minimum employment duration for each disease. The minimum periods of employment will range from five years for leukemia, ten years for brain cancer, fifteen years for bladder cancer and twenty years for non-Hodgkin's lymphoma and kidney cancer. It is time to recognize that these cancers are so clearly related to the occupation of full-time, urban firefighting that a presumption for them is warranted. Manitoba firefighters deserve no less. This is fair.

This bill will correct an injustice and restore the presumption of benefits for the professional firefighters who put their lives at risk every day to protect public lives and properties. And I ask all members of this House for their support on this important piece of legislation.

**Mr. Marcel Laurendeau (St. Norbert):** Mr. Speaker, I wonder if the minister might take a question.

**Mr. Speaker:** Is the minister willing to take a question by leave? Does the minister wish to take a question? Yes? No?

**Mr. Laurendeau:** Mr. Speaker, I move, seconded by the honourable Member for Morris (Mr. Pitura), that debate be adjourned.

*Motion agreed to.*

## DEBATE ON SECOND READINGS

### Bill 2—The Security Management (Various Acts Amended) Act

**Mr. Speaker:** Resume debate on second readings on the proposed motion of the honourable Attorney General (Mr. Mackintosh), Bill 2, The Security Management (Various Acts Amended) Act, standing in the name of the honourable Member for Fort Garry (Mrs. Smith). Is there leave for the bill to remain standing in the honourable Member for Fort Garry's name? [*Agreed*]

**Hon. Steve Ashton (Deputy Government House Leader):** Mr. Speaker, could you please call the Estimates.

I move, seconded by the First Minister (Mr. Doer), that the House resolve into Committee of Supply.

*Motion agreed to.*

## COMMITTEE OF SUPPLY (Concurrent Sections) CONSERVATION

\* (15:20)

**Mr. Chairperson:** Good afternoon. Will the Committee of Supply please come to order. This afternoon this section of the Committee of Supply, meeting in Room 254, will resume consideration of the Estimates of the Department of Conservation. When the committee last sat they had been considering item 3. Regional Operations (c) Northeast Region (2) Other Expenditures \$969,300 on page 45 of the Main Estimates book—pass.

We will continue with the next one, 3.(d)(1) Interlake Region, Salaries and Employee Benefits \$3,370,800. Shall the line pass?

**Mr. Harry Enns (Lakeside):** I am certainly prepared to make some progress and pass these items. I do want to note that my colleague the MLA from Gimli (Mr. Helwer) had some specific questions he wished to raise with respect to his constituency on drainage matters. We just want to serve notice to the minister and staff that either at the end or the conclusion of these

subtotals we may come back to it and will ask for a bit of latitude, latitude that, even though we passed, say, at the Interlake Region or something like that, my colleague can ask some of these questions. I am also aware that in the final analysis, failing that, some of these questions may well be brought up on the minister's salary, but I acknowledge that the staff is not always present under those circumstances. So, with that little caveat, I will move along here.

**Hon. Oscar Lathlin (Minister of Conservation):** Not a problem.

**Mr. Chairperson:** There is agreement then to do this. I thank the Member for Lakeside. We will continue again.

3.(d)(1) Interlake Region Salaries and Employee Benefits, \$3,370,800—pass; (2) Other Expenditures \$1,392,100—pass.

3.(e)(1) Eastern Region Salaries and Employee Benefits, \$3,425,100—pass; (2) Other Expenditures \$938,200—pass

**Mr. Enns:** I want to come back to a major undertaking on the part of this minister and government with respect to the development of an acceptable co-management regime, if I can call it that, the minister alluded to it, we have spent some time on it yesterday. Inasmuch as it will be very much left to the front line troops in the regions throughout the province to help in the administration of this regime, I think it is not out of order to have a brief discussion and ask the minister to flesh out some of his thinking to date, and I appreciate that this whole matter is subject to ongoing negotiations with the different interest groups, but I would like to ask him a few specific questions.

I am aware the result of media coverage and what the minister has, himself, indicated here at this committee, that the current level of discussion with respect to co-management with First Nations people, Métis people and other stakeholders has principally centred in the Western Region, the western tribal group, bodies of water and surrounding rivers and streams in the western part of the province, the Swan River area, Dauphin Lake area. Would it be, I cannot assume anything else, the minister's intention

that if successful models are established in the western part of the province, his intention to expand that to all parts of the province with respect to where specifically there are First Nations interests and where the same set of circumstances prevail?

\* (15:30)

**Mr. Lathlin:** I can indicate to the member that when we first started these discussions, as he very correctly pointed out to me yesterday, that there are other co-management agreements already in existence. Those co-management agreements that he was referring to are very specific to, like for example, Northern Flood Agreement, caribou management and so on and so forth.

The discussions that we initiated would be more comprehensive than those co-management agreements that have been negotiated to date. For example, and the reason that we went with one First Nation, a group of First Nations, and with the Métis Federation, those are two different groups, this is, well, I mean, everybody started referring to these groups as the prototype co-management agreements. So, in other words, I will start with OCN first, because I believe OCN has, well, I was still chief there when we negotiated moose management agreement with the government, so they have really come a long way and, I believe, more experienced than others in these kinds of undertakings. So, where OCN wants to go is: once these agreements are in place there will be an agreement that sets out responsibilities for OCN. They will have passed as a government on their own, mind you, you know, whatever by-laws that they propose will have to be submitted to the Department of Indian Affairs, and they get approved that way. They will be developing environmental protection by-laws. They will develop their own systems with respect to assessments and so on. But even right now they are tied in with the federal assessment process. That is more or less how it is going to be fashioned. They will work with the federal assessment process along with the provincial if we have to go into an environmental assessment situation.

So they will have environment protection by-laws. They will also have conservation by-

laws having to do with harvesting, when, where, how much, by whom. They will probably end up looking more or less like the provincial regulations that we have. For example, in waterfowl hunting, they know that the fall time is the best time to harvest water fowl, but because of the treaty rights—and I was saying yesterday we had won a hunting case when I was chief there, having to do with a person who went out in the spring and harvested some geese. That is one thing they will address, whether they will allow that to continue and, if so, by how much and for how long a period of time.

The same with the other wildlife, fisheries and so on. They have even asked us to help them or to coach them in drafting these by-laws because they want to fashion them after federal and provincial. There is no point in drafting a by-law if you are going to be out of the loop and you are not going to fit anywhere. They will not develop by-laws that will go against federal and provincial legislation, but instead they will fashion them, I guess, to either go alongside or augment or in concert with other pieces of legislation.

They have asked us to help draft those pieces. Now, we have not come to that stage yet. They will work alongside our NROs. It could be that the NROs will work with the OCN Resources people right in their offices and vice-versa, especially at the start when training is going to be required. They will enforce those by-laws in their territory and also in their traditional territory along with the help of our people, much like the arrangements they have now with the RCMP. There is a band constable program, and they work in conjunction with the local RCMP. There are certain things that they do, and there are certain things they can do without the presence of the RCMP.

So that is more or less what is, I guess, envisioned to happen. I think also, if I can add one more thing, Mr. Chairperson, they will be taking on, depending on the geographic location, some of the responsibilities that our people have right now. So I see down the road that our people may end up working for OCN resort people and vice-versa. I see also, as time goes on, our job as NROs or Conservation Department will probably diminish somewhat

because some parts of the work will be done by the OCN agency.

The other thing that we are doing is we are talking to the federal government. I have talked to the Minister of Environment federally, Fisheries, Natural Resources, in the hopes of getting their co-operation and assistance as we go further negotiating these agreements and implementing them once they are completed.

**Mr. Enns:** The minister, I think, frequently alluded to it yesterday. He envisages that, under this co-management agreement, the organizations such as OCN, or western tribal group of First Nations would in fact be issuing licences and setting quotas according to the by-laws. Is that being contemplated by the minister?

**Mr. Lathlin:** Mr. Chairperson, yes, I indicated that yesterday, but I believe I qualified that statement by saying that, for example, OCN would not go out helter-skelter without having scientific data about the fish populations, for example, or moose population. That is a good example. Let us pick moose population. The natural resources people in The Pas came to us, whenever it was and said, look, you guys, the population of the moose is going down; we have to do something. So meetings were held, and people went up in an aircraft, and they counted moose jointly. It was determined jointly that in fact the number of moose was going down in that one particular area.

\* (15:40)

**Mr. Chairperson:** The Member for Lakeside.

**Mr. Lathlin:** Mr. Chairperson, I was not finished. I was just waiting for the member to finish his conversation with the Member for Ste. Rose (Mr. Cummings).

So meetings were held. There was inventory taken, and then it was decided that area 8 would not be hunted anymore. Incidentally, some of our band members told chief and council, no, you cannot do that because it is our treaty right. So we ironed that out with our band members, and they finally accepted and recognized that, if we did not protect the moose population, there would not be any moose there in the end to say,

you know, it is our right or to fight over. So that was ironed out, and there was a moose management agreement signed off. Would you not know, about three or four years later, the moose population in that area, some people told me that it had tripled. You know, I think they said 400 moose when it was its lowest, and then, three or four years later, they said there were 1200 moose there.

In these agreements that we are talking about or are contemplating, that responsibility would be done by the agency that they set up. I, as a member of OCN, would go to this office and get my permit or whatever because we would need to do that in order to keep track of inventory and so forth.

In fact, when we were talking about fisheries in The Pas, when I was still there, we were at a point of Fisheries told us, as a chief and council, look, you give out the permits, and you let us know how many you give out so we can keep track. I think we had started doing that, but I do not know what happened to it after I left. Anyway, that kind of activity is what we are thinking of.

**Mr. Enns:** Well, Mr. Chairman, through you to the minister, I want to have the minister fully understand that I am very sincere, and I genuinely support what the minister is attempting to do. It is a major shift and change in the way our natural resources, particularly our wild game resources—but I know it is not restricted to that. It could be forestry and other resources in the future as well, but I am dealing more with the issue of the fisheries, the wildlife resources.

I do want to put on the record, and this is something that the minister will have to constantly be aware of. I have said so publicly, and I believe it very strongly, having had the privilege of being in the minister's chair on three separate occasions, spanning a period of four decades. It sounds terrible when you say it that way, but I was resource minister in '69 and again in '79 and '81 and again in '90 and '92. I have always had a tremendous respect for the resource management not just of this province but indeed of this continent. The fact that we have, by and large, despite what all of mankind does to

resources from time to time, overfish, overhunt, we enjoy, in the main, a very healthy balance in terms of our wildlife resources throughout this province, throughout this country and throughout North America, throughout this continent. When you look at how resources have been managed in other parts of the planet, Europe, for instance, oh, yes, Europe has their hunting lodges, with very limited access by the general public. In that great land mass of Asia where virtually no more wildlife exists, I appreciate there is a great deal more human population pressure in some of these countries.

What I am saying is that the system that has been in place, I am not saying about whether everybody has had a hand in formulating it or indeed in running it, but I am simply saying that the net result has been that, you know, today, here in the year 2002, despite severe commercial depredations of our wildlife resources in the first 200 years of our existence by fur companies like the Hudson's Bay and other such organizations, we have managed through the dedicated, professional people that have helped formulate and guide wildlife policies, brought us to this day.

You, sir, are embarking on a pretty fundamental change that will first of all blur the accountability. It is placing a great deal of responsibility on persons that to date, in the order of things, have not had that specific responsibility and been held specifically accountable.

If our fishing stocks are generally going downhill in the province, we point very quickly to your director of fisheries and right after that to the minister responsible for that director of fisheries and to the government currently in place. If our deer or moose or migratory game birds flocks are diminishing, we put pressure immediately and we know where to put it on, the responsible director, responsible department, responsible governments.

Migratory game birds have fluctuated seriously over the past 30 or 40 years as their habitat has been infringed upon. Modern agriculture has dried up more of their favourite potholes and slough country on the Prairies particularly. In that case it was a tremendous

amount of co-operation that really started outside of government in the late 1930s with the North American migratory international game bird conventions that were entered into between Mexico, United States, and Canada.

But the net result has been that I on a personal level can have my morning cup of coffee and watch 40 pair of greater Canada geese chewing up the fresh green grass that is coming up on my lawn before I head out to the Legislature here or that I can count, as I did just last week, 14 deer in and amongst my cattle on our pastures. The general well-being and health of our wildlife cannot hardly be disputed.

You may feel and I do not challenge you, Mr. Minister, particularly under the specific constitutional agreements arrived at with First Nations peoples, that they have been denied a role in the management of these situations. That is fair game and you are changing it. I wish you luck, Mr. Minister.

What I am putting on the record is that you are changing a system, in my opinion, that from someone's perspective may not be as open or accessible or as fair, particularly where constitutional rights are concerned, but you are changing a system, by and large, Mr. Minister, that ain't broke. By and large, the wildlife managers of the past, not just in Manitoba, but throughout this country, have done, in my opinion, an admirable job in ensuring that our fish stocks are not fished out, that our other wildlife species are in an abundant supply and that when from time to time, as it happens with every species, a hard winter followed by another couple of serious, hard winters, all of a sudden sees that relatively healthy deer population of ours dwindle down to where serious action has to be taken, up until now, the director of Wildlife could pass those regulations relatively quickly. He had the central authority and that applied right across the province of Manitoba, whether or not three, four, five years from now when those decisions will have to be simultaneously arrived at by 20 different organizations is the point that I am drawing to your attention.

\* (15:50)

I am not arguing with the minister that First Nations bands and councils cannot come to the same conclusion that your wildlife resource people come to, who say, look it, this year we are just going to have to cut down on our fishing limits, or this year we are going to have to cut down on the amount of moose, as we did some years ago for a period of years to allow those populations to come back to play. I am just pointing out that under the regime that the minister is intending to reduce, you are, in my humble judgment, placing a great deal of responsibility on a large number of other organizations, and I wish the minister well.

I accept the fact that with the constitutional arrangement that we have with our First Nations brothers and sisters, it is a matter that governments have to deal with. I would like the minister to acknowledge, and he has in some of his statements. He just made specific statements a few moments ago about the relatively successful moose co-management agreement that he himself was involved with when he was back at OCN, the chief, and the success of that program, a common agreement among individuals who were fiercely aware that they had the treaty rights to hunt at any time, who voluntarily for the sake of conservation agreed with the band council at that time, the leadership the council showed, the chief showed at the time, to enter into a co-management agreement that restrained their hunting. The net result in the three or four years, as the minister just indicated, was a very healthy rebounding of that particular herd of moose in that area.

Indeed, if I could modestly suggest, I was the minister. We were in the midst of discussions about the band issuing the fishing licences in that area. I can only perhaps suggest that, you know, just about that time my government got defeated and the New Democratic Party government took office for another five or six years and perhaps maybe it kind of got stalled then, Mr. Minister, but I am not going to lean on that point too hard.

In any event, you are undertaking this. I do not need to repeat the obvious. It is a major undertaking, and I wish the minister well.

**Mr. Lathlin:** Mr. Chairperson, I appreciate the member's comments and his caution that he has given in his message, but let me talk a little bit about the OCN initiative. I am most familiar with that, but I also want to talk about that because they are much more advanced than other groups right now, because they have been at it for quite awhile.

Since that agreement, they are now signatories to an interprovincial co-management agreement. Not that long ago, they signed a similar agreement with the Saskatchewan government because they are close to the border.

It is a new thing, I acknowledge that, it is new in Manitoba, I guess. But then the member was quick to point out to me yesterday that, well, you know, what is he talking about? We have been doing this all along. There were co-management agreements before he ever came along.

That is true. I mentioned some of those co-management agreements that he talks about that were very specific to either caribou or moose or fish or so on and so forth.

In the fall of 1999, the Member for Rupertsland (Mr. Robinson) and I traveled to Wisconsin, and we visited, I forget the proper name now, the Great Lakes fish management group. They are Ojibway people for the most part, and they are just light years away in terms of this kind of activity. We visited the tribal council that is there. We have samples of what they do, brochures and so on. So actually we learned quite a bit from that visit.

We came back and because I knew that West Region were wanting to go that way, OCN was already well on its way, we suggested to those First Nations that they also go to Wisconsin and have a look around, and they have done that. They also went to British Columbia to have a look around because there are some pretty ambitious undertakings there that are done through agreements again. Also, in the Northwest Territories, they have similar agreements.

Now, I do not want to be negative here, but I want the member to know that as I listen to him

talk I am reminded of the time that OCN, under the leadership of the late Gordon Lathlin, wanted to build a shopping mall on the reserve, because all those years that he was a young person and getting to be an adult and being chief for many years, he heard other people saying, you know, you people living on the reserve, you should become educated; you should become businesspeople; you should do something for yourselves. You should become productive citizens of this province. You should contribute. So get off welfare and do something like what we do.

Well, the late Chief Gordon, I guess he took that advice to heart and he proceeded to develop a 200 000 square-foot shopping mall, only to find out that that was not what these other people were really talking about when they said get off welfare, develop yourselves, go to school, be like us, you know, productive and industrious and so on, because now the attitude had changed. Now they told the late chief, no, no, no, that is not what we were talking about. We did not mean that you should be building a 200 000 square-foot shopping mall. That is the kind of stuff that we do ourselves. You just do the little stuff.

I remember that because the late Gordon, that is how he phrased it one day when I was listening to him talking to the media.

\* (16:00)

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

Well, the other people even went so far as to go to the courts to try to get an injunction against the development. So I wonder, you know, if the late Gordon had listened to that advice where OCN would have been today. We would have probably become educated just like everybody else, and I think eventually we would have been able to get into business development and economic development just like everybody else, but, at that time, the feelings were that the band should not go there because not only were they not ready, but that is the kind of development that they should not go into because, well, maybe they did not have the expertise.

So I would like to say to the member I appreciate his concerns, but I think we ought to

move on. You know, times change. When he was minister, I know that he saw a lot of changes take place, government policy, so on and so forth. I am sure he will agree with me that, say, 30 years ago the state of development amongst the Indian community when you compare it to today, there is just no comparison. In spite of the obstacles, whatever has been there, in spite of lack of education and lack of opportunities and the geographic locations of many of the reserves, I think in spite of all that Aboriginal people have come a long way. I think they are ready to take on some of those responsibilities that we are talking about here.

I think it is only right, because, don't fix it, it ain't broke. Well, it ain't broke for whom?

**Mr. Enns:** I am talking on behalf of the fish, the elk.

**Mr. Lathlin:** That is what I am saying. Do not fix it, you know, the resource management regime, it is good the way it is. We have a balance. It is not broken, so do not fix it.

My comeback to the member is, it ain't broke for who? So I would really, sincerely ask the member to maybe give it a little bit of time and see where this thing goes. I am sure that with co-management the resource will probably be better managed. Right now we scream like hell when First Nations go out and exercise their treaty rights. Those treaty rights will always be there. What we are trying to do here is without prejudice to those treaty rights we are entering into agreements. Those agreements will spell out as to how best we can manage the environment and also the resources, the bottom line being we want to manage them in a sustainable way. First Nations people are always interested in that. I remember when we started out in OCN the elders were quite vocal that this is the way the chief and council should go, and that is where we went.

**Mr. Cummings:** I think the minister chose not to hear what my colleague was saying when he asked the question rhetorically: Who is it being managed in benefit of? My colleague was saying that the resources themselves today are in pretty decent shape in most places. That is what he is referring to, not to the benefit of one segment of

society or the other, but to the benefit of the resource and whether or not the resource will continue. Rightly so the minister referenced the recovery of moose in area 8 when there was some co-operation.

*Mr. Chairperson in the Chair*

But, unless my memory has failed me, area 8 is now closed down again and there are no moose or very few. This is where I raise the question: Who has been responsible for enforcement in area 8? Obviously, I was for part of the time when I had the responsibility of being in Natural Resources, but how did we happen to let that population collapse again? Is it a natural event, and that is entirely possible, or was it because there was excessive hunting? Who goofed? Other than pointing at me, I wonder if the minister can shed some light on the status of area 8 right now?

**Mr. Lathlin:** I am not going to point to the member. I am just going to advise him that from what I know the reason that area is having some problems today is because other communities who are not signatory to the agreement, I mean, that is the main contributing factor. OCN has said that all along, Moose Lake has said that all along. That is what they are trying to address right now. People from Cross Lake, Norway House, will come there and, indeed, sometimes they will come to Swan River, sometimes they will go across to Hudson Bay because they always say, well, you know, flooding has decimated all our wildlife, and there is no moose there anymore, so we come here. The people around that area, they say, well, this is a co-management area, guys; you are not supposed to hunt here. So that is being addressed right now by the OCN and, I know, the resources people in The Pas. They are trying to work out an agreement amongst themselves as to how they can control other groups from other communities coming in to this area that is supposed to be protected.

I will close off by saying, Mr. Chairperson, that is one of the reasons why we are also looking at a grouping of First Nations, to see how it would work if, say, eight or ten First Nations in the region are set up in such a co-management arrangement.

**Mr. Glen Cummings (Ste. Rose):** Well, I thank the minister for that answer, because I think this is where his philosophical approach and my philosophical approach really do not diverge that badly. If in fact our goal is to make sure that there is an adequate resource supply, then the question is: How do we protect that resource, as my colleague from the Interlake was saying?

The argument is not about who has responsibility so much as it is can we assure ourselves that somebody will take responsibility and will exercise some responsibility on behalf of the resource. That, I would suggest, is the weakness of where we currently sit. I am not interested at pointing fingers so much, and certainly the minister and I can have disagreements. This is one area where our disagreements, if not dealt with, can only make the situation worse rather than better. When he talks about groupings, recognize that that is one solution. If there is one group that is outside of that grouping, then I guess we can still have the same problem. It is his problem as well as mine when we sit in these elected offices and are responsible for the wildlife. I am not inviting him to give me a half-hour reply, but I am inviting him to give me some insight into how he sees being able to eventually deal with that issue.

\* (16:10)

I will accept, without question, the statement that many bands have said, that they are more concerned about nature, environment and wildlife than I could ever be, because they live there, and they have to live off it in some cases. When we see situations such as occurred at area 8, then the understanding of mutual caring about supply of resources starts to break down. Therefore, I ask the question not to be mischievous but to ask: Does the minister see, as he goes down this trail, that he is going to be able to bring some closure to those questions, as my colleague has said, on behalf of the wildlife?

Look, the population from southern Manitoba that goes to The Pas to hunt anymore has gradually dropped and might be dropping steadily as this decade unfolds. There will be outside hunters, European hunters who will want to come in and not so much on moose perhaps but all sorts of hunting experiences. There will be profits to be made from that. There is mutual opportunity for all the society to benefit from

making sure that there is a sustainable wildlife population in all parts of the areas of this province where, in fact, recreational or sustenance hunting may occur. I just wonder if the minister would be able to give me some idea of how he sees being able to resolve this situation. I really cannot put a better word to it.

**Mr. Lathlin:** Mr. Chairperson, yes, I will respond to the member's question, his concern. I believe the Member for Lakeside earlier was asking, perhaps before the member arrived: What are you going to do about the other First Nations communities across the province? I responded to him by saying we are starting with these three different types—an individual First Nation and then a grouping of First Nations in a regional setting, and then with the Manitoba Métis Federation, which will be province-wide. Now the Métis Federation of course is a little different. They are not signatories to treaty, but that discussion is ongoing right now. Hopefully, we will have three prototype agreements in the very near future.

Other First Nations are aware of what OCN and the West Region Tribal Council and the MMF are doing. They know that we have signed MOUs and so forth. In fact, what I am doing right now is having to tell other First Nations and other groups of First Nations, because they want to go the same way. So what I am saying is: Hold on, hold on. Let us do this first and from there determine what would be the most effective model to follow.

They know that. In fact I think next week I am meeting with another First Nation that is interested in going that way. They want to give us ideas of what they see.

Eventually, the way I see it, the whole province will be covered by several agreements, tribal council agreements, tribal council areas. I do not know. We will just have to wait how it goes, but the bottom line is all First Nations are interested. I would sooner have First Nations come on board on their own free will in the name of environmental protection and conservation of resources, because the law is very clear. It is better this way. They become part of the process. They become part of the decision making.



I think after we get going they will probably be really enthusiastic and committed to enforcing these protection measures. I know, just from talking to the West Region Tribal Council, as they go around to their First Nations communities elders are very much interested. Elders come out and they listen to the presentations. They are very much in support of what the tribal council is doing in the Dauphin area.

Insofar as other examples of where there has been devolution of responsibilities, again, we have done that in many areas. We have devolved our responsibilities to many organizations, local governments, industry associations, user groups. In fact, we have turned over responsibility for hunter safety training to, I believe, the Manitoba Wildlife Association. We have turned over the environmental management of waste oil to the oil industry. The sky has not fallen yet. We have turned over the control of the ozone-depleting substances to industry.

All of these, of course, are backstopped by the ultimate ability of the Province to exercise these jurisdictions. This is what we are saying here for the co-management initiatives; co-management has some similarities to these examples that I am citing here. At the end of the day, the Province has the responsibility, ultimately.

These co-management agreements, if you will, maybe the way I can describe them is they will be agents, if I can use that word, the co-management signatories. Maybe it could be looked at as delegating some of the responsibilities to them, but we are not giving up the ultimate authority to anybody. We are simply entering into, you know, I think "co-management" is the operative word here.

**Mr. Cummings:** The minister has used some legitimate examples, but that actually is what my next question was going to be, and that is: Who will exercise the authority? As I understand what he has said up to now, it is that there may be no way that any authority can be exercised until everybody has signed on to an agreement. In terms of harvesting, as he said, the Province is unwilling or should never be willing to give up authority because it can delegate it perhaps, but,

ultimately, that authority has to be backed up by their authority.

The dilemma that I have, and I guess the best way you can describe where you arrive at a position is sometimes based on your experience as well as your thoughtful appraisal of an issue. Certainly, in enforcing closures under the Conservation regulations, the answer has always been that the bands individually do what they can to comply. They have always said, well, there are some individuals who will not take direction from us. Certainly in the rest of society, there are people who will not take direction. I mean, that is no different than any other type of law enforcement, but, ultimately, somebody generally has the authority to effect enforcement.

Other than in the case of a Conservation regulation which is a special situation, what does the minister envisage? Does he envisage the authority of the co-management signatories to be a delegation of provincial authority or an extension of band authority or a combination of that or any other model?

\* (16:20)

I guess what I am seeking is, as he goes down this path, what he sees as being the authority that can ultimately be exercised to protect the resource. This is not a band versus Province issue so much as I see it as a very difficult management issue. I just wonder what the minister believes he can effect as he goes along the road of co-management, because both of us here have been part of co-management and wanted to make it work very badly, but it does require a concentrated effort of all the parties that are at the table, and the minister maybe has some insights that I have not yet experienced.

**Mr. Lathlin:** The member is raising some good points, points that I have thought about a great deal, and we have discussed them with OCN and the West Region Tribal Council. But I would respond by saying that, I think the Member for Lakeside (Mr. Enns) said it earlier. This is a fundamental change that you are making, he said to me, with the provincial government having the ultimate authority, and I think I said earlier that the First Nations would still have to adhere to federal regulations because they are under

federal control, but they would also have to be regulated by provincial legislation.

It is like the municipalities. In fact, the Indian Act has characteristics that you would find in any municipal government. They still provide public works and capital projects, so on and so forth, policing. They are not unlike any municipality. So, when they develop by-laws, they have to go to a senior level of government. That is what the current situation is under the Indian Act system. Municipal governments, when they develop by-laws, they do not do it on their own. They go to a senior level of government.

So as we go into this initiative, I think those safeguards are there. I would also add that I hope the member is not expecting these organizations to be perfect right from the time that they—

#### Point of Order

**Mr. Chairperson:** A point of order. The Member for Ste. Rose. *[interjection]*

**Mr. Cummings:** I have to learn when not to take advice from my colleagues, Mr. Chairman.

I just want to make it clear to the minister that, in fact, what he is saying makes a considerable amount of sense. You never know, maybe he and I agree on more than we are prepared to talk about.

**Mr. Lathlin:** Mr. Chairperson, I was going to conclude—

**Mr. Chairperson:** I will rule on this point of order. There is no point of order, and it is a dispute of facts.

#### Point of Order

**Mr. Enns:** Yes, I have a complaint to register against my colleague. We strategize when we come. I was supposed to be the good cop, and he was supposed to be the bad cop. We are just both ending up good cops here, and Oscar is getting away free. I think that is a legitimate point of order here.

**Mr. Chairperson:** I would rule that you do not have a point of order. It is a dispute of the facts.

\* \* \*

**Mr. Lathlin:** I am just going to conclude, Mr. Chairperson, by saying that any new initiative, just like in any other place in any other society when you start off a new project, of course, it cannot be expected to be super perfect right from day one because that is not how it works in the larger society. I mean, I know that. So for us to expect a co-management agreement to work 100 percent perfect right from day one, I do not think is reasonable.

I believe any initiative will evolve. Just as I have been trying to explain here the development of Aboriginal people, you know, they did not just get up one morning, and they saw all this development there. It really evolved. The development of Aboriginal people has evolved over the years. I believe this initiative, I believe that is what would happen. We would start off with an entity with certain objectives and so on and so forth, but 10, 15 years later it evolved to, you know, it has advanced. It grows and develops, and we hope that is what would be happening here.

**Mr. Chairperson:** Line 3. Regional Operations (e) Eastern Region (2) Other Expenditures \$938,200—pass.

3.(f) Western Region (1) Salaries and Employee Benefits \$5,339,100—pass; (2) Other Expenditures \$1,763,900—pass.

3.(g) Red River Region (1) Salaries and Employee Benefits \$4,821,100. Shall the line pass?

**Mr. Enns:** Just a few questions. Mr. Chairman, over the years, our Red River has become one of the better sports angling fishing opportunities for many anglers, its accessibility to people who cannot get out to some of our more distant lakes, and certainly on a fine Sunday afternoon you see them enjoying their fisheries down the stream from Lockport and throughout the city. I simply want to ask the question if they can, I know that the Fisheries director is not here: Is the fisheries on the Red River still maintaining its well-deserved reputation as a reasonably good opportunity for sports angling?

**Mr. Lathlin:** Mr. Chairperson, yes, I can indicate to the member that the fishing in the Red River is still very good. Last fall, there had been a lot of good reports coming in.

\* (16:30)

**Mr. Enns:** I have one further question. Mr. Chairman, those of us who live in rural Manitoba, and the minister may also be aware of it as a result of his responsibilities and his interest and visit to the various parts of agricultural southern Manitoba where drainage is a big issue, we are beset by a vigorous and ever-expanding group of federal bureaucrats under the federal Department of Fisheries and Oceans that virtually prevent me from digging a little channel to get a bit of water off my wife's garden patch without a federal permit.

This Government is planning a major half a billion dollar restructuring and horsing around on the Red River, I retract that, Mr. Chairman, but an expansion of the Winnipeg Floodway with all kinds of concurrent works there. I am just wondering whether or not the minister can assure his Premier, who likes to make all kinds of statements about how we want to get on with the business of further floodproofing the city, further expansion of the Winnipeg Floodway, have your people anticipated the potential interference of the federal Department of Fisheries and Oceans? The fact that could delay indefinitely while studies are taken as to whether a catfish, or heaven forbid, a crab may be disturbed in this half-billion dollar—*[interjection]* Oh, yes, we have crabs there. The minister catches the drift.

I am just saying that the presence of the federal Department of Fisheries and Oceans is, we feel, being exercised in an overzealous manner in many instances. What is the situation with respect to the changes that are anticipated with respect to the Red River, the item that we are on and the Red River Floodway?

**Mr. Lathlin:** Mr. Chair, the member is absolutely right. The Department of Fisheries and Oceans increased their budget in Manitoba and, as a result, there are some 40 additional people in total that arrived in Manitoba. I believe 20 of them are located in Dauphin and 29 are here in Winnipeg. By the way, they came here to enforce regulations that were there before except that they never enforced them because they never had the resources here. The regulations were there all this time except they were never enforced.

Since then they have created some problems not only for people like the Member for Lakeside, with his wife's garden patch, but actually they have been very disruptive so we have been trying to negotiate an agreement with them that would not get in the way of Manitoba's legislative responsibility. A protocol agreement has been negotiated and just a week ago, two weeks ago, because I too am getting impatient, people tell me the agreement is on the verge of being concluded. In the meantime, I am getting all kinds of representations from people like the Member for Lakeside.

I found out that the regional director general for the western region was here in Winnipeg, so he was good enough to come and meet with me and we told him what the problems are. The person's name is Ray Price, the regional director general that I met. I told him exactly what our issues were, and I also told him that I would follow up with a letter to his minister, relating to his minister the concerns I gave to this regional director general. The regional director general, when I met with him, told me that at the end of this month the agreement should be done.

**Mr. Enns:** Mr. Chairman, I really shake my head at this and on behalf of the Canadian taxpayer. Here we are, we have established, my colleagues have established that you, sir, and your staff are having to operate in some instances with 7, 8, 10, 12% vacancy rates in your regional services. I recall, I was there actually, 1934, when the Resource Transfer Act was passed. We are responsible provincially for the fish, as a result of that transfer of resources. Yet, if I heard you right, they have hired an additional 40 inspectors to manage a resource that they are not responsible for.

Mr. Minister, I call on you. You have some skills. You have in your current life and your past life dealt with the federals. Why do you not just tell them to bugger off?

**Mr. Chairperson:** I would like to caution members here to use parliamentary language at all times.

**Mr. Enns:** On the same point of order, Mr. Chairman, I would have to ask you to point out the specific rule that says that is not

parliamentary language. I thought I was being reasonably polite.

**Mr. Chairperson:** Well, that is a matter of opinion.

I thank the Member for Lakeside (Mr. Enns). We will continue on with our discussion here.

**An Honourable Member:** The OCN—

**Mr. Lathlin:** The OCN· Blizzard lost to Chilliwack. The score was 8-7 for Chilliwack.

I want to answer the Member for Lakeside. Yes, he is absolutely right, we own the resource, but the federal government has the regulatory power over fish habitat. I know the Member for Lakeside will not like this, but unfortunately the federal Fisheries Act also provides for criminal prosecutions if you do not comply with the law.

**Mr. Cummings:** Can the minister then inform us if the federal Environment Department has signed off on the rebuilding of the dikes on the Assiniboine River?

**Mr. Lathlin:** If the member is referring to the dikes along the Assiniboine River, I understand that work, most of it has been completed. We do not anticipate further delays from these DFO people that we are talking about.

**Mr. Cummings:** Then I am assuming there are no works that are being held up because the environmental assessment has not been approved, or the federal write-off has not been approved, or sign-off has not been approved for the construction repairs, going back to 1997, really. Even if it was last year, that is still four years for the federal authorities to sign off on development of dikes which were basically replacing and stabilizing riverbanks that, in one case, Mr. Chairman, for the record, it occurred prior to the minister coming into office, but if the dike was not fixed west of Winnipeg here the water was just going to take off cross-country, and it would have ended up down at La Salle on its own.

\* (16:40)

I guess I am seeking, along with my colleagues, some assurance that the feds have

finally got caught up on that, but this bringing in of all this staff is a hostile act, in my view.

Can the minister, from his staff who have a lot of history on this topic: Is there any semblance of the delegation or the protocol that was being developed 10 years ago to share a protocol on implementation of environmental regulation and shared responsibility? Is there any essence of that left in the current delegation or agreement that the minister is trying to achieve? I am concerned that basically after 10 years of discussion we are probably still only at step 1 out of 10.

**Mr. Lathlin:** I would like to start off with the first question the member asked, that is: Are there any other outstanding items that need federal sign-off? My information is that there is really only one site left to do and that will be done this summer.

Now with respect to his question as to whether, in comparing the former protocol agreement, are we working together? I think the best way that I can respond to him is that it works fairly well on the environmental assessment. We now have a joint federal process.

**Mr. Cummings:** One real brief question, I do not want to make this too detailed, but joint process on licensing and hearings or on licensing approvals?

**Mr. Lathlin:** Both licensing and approvals.

**Mr. Jack Penner (Emerson):** Just a few questions that I have. I understand that you are dealing currently with the Regional Operations which includes flood control and drought proof. Does that also include the diking program?

**Mr. Lathlin:** No. That particular activity is not at the regional level. The member was referring to diking. That activity is under the Water Branch at headquarters.

**Mr. Jack Penner:** When is that going to come up? Mr. Chairman, when will that issue be brought before the committee?

**Mr. Lathlin:** Probably tomorrow.

**Mr. Jack Penner:** I am wondering whether the minister might have some staff here who would

answer or would give him advice on the questions I am going to ask currently. Would the minister be amenable to asking those questions now?

**Mr. Lathlin:** Not a problem.

**Mr. Chairperson:** Is there leave to skip ahead and ask some questions, go ahead and do this now? *[Agreed]*

**Mr. Jack Penner:** I have two problems in the constituency of Emerson. One is at Letellier where we have a young family that lives right next to a bridge on 201 adjacent to the river. That family has been wanting either the department of highways or the floodproofing people to make up their minds on what to do with their property.

Only this last week the person that does the acquisition for Highways came along and indicated to the family they were offering this person a value for their home. He told me what the value was and he asked me whether I thought it was within the ballpark in the area of a home of a similar nature. To me that question was not even relevant. To me it is the family's home, and either the Province will approve the diking and the connections that need to be made with the dike to No. 201 highway as it is currently located and face the problem whereby this family might be asked to move a year or two down the road when Highways finally makes up their mind when they are going to replace the bridge on 201 highway at Letellier.

I believe that the Houles at Letellier deserve an answer and not the kind of an answer that the acquisition person came down and gave them. He said: You have no alternative; you either accept what has been offered—this is the advice I have been given from Mr. Houle—you accept what I am offering you and the diking program lapses in July and you will be without a dike. Again, this person has no knowledge of whether he gets approval to connect to 201, to give him the protection of his home. I found that very interesting. So I suggested to him that I would raise this with the minister at the earliest opportunity, and I had this discussion with Mr. Houle yesterday.

Could the minister tell me whether we are now using those kind of tactics to settle either

flood claims or land acquisition initiatives? Is that the process that this Government has now adopted?

**Mr. Lathlin:** I know I indicated to the member that there would be no problem in delving into that part of the Estimates. Perhaps I was too hasty. I would like to say to him, though, that we will have our people check that, and then I will endeavour to come back with the answer here very shortly, perhaps maybe even tomorrow.

**Mr. Jack Penner:** I would truly appreciate that because it concerned me that he was implying that he had not been given any other alternative but to settle for what they were offering. If I cannot get the answers here, I will go when the highways Estimates come up and find out from there what the process is over there. But because there is both a diking initiative that is here as well as a highway acquisition that is going on here, I think maybe the two departments want to get together and have some discussion about that. If that takes till tomorrow or the day after, I have no difficulty with that.

**Mr. Lathlin:** Perhaps I can ask the member if he would like to give us the name of that person.

**Mr. Jack Penner:** The name of the family is the Houle family at Letellier. They live just on the north side of the bridge on the river.

The other question I have is the town of Emerson, West Lynne has been looking for a dike for many, many years. I think through all of our term in government they have been trying to negotiate with the Province of Manitoba to build a dike in the West Lynne area. I think there was at one time almost an agreement. When I was the minister, I actually did a deal. I suppose maybe I should not have, but I did. I do not mind doing a deal on a handshake with the landowner that the dike would have been built on. We actually, I thought, the department, acquired a piece of land at a very reasonable price. However, there seemed to have been some problems with the acquisition. It almost appeared that some things got lost in the mix. In the meantime, Mr. Resch, who is the owner of the Emerson Duty Free, acquired the property, and he now claims ownership to it.

I am wondering whether the minister can give this committee an overview as to what the

status is of that land purchase and what the status of the dike construction might be at Emerson.

\* (16:50)

**Mr. Lathlin:** The diking that the member is referring to for the town of Emerson is, of course, under the Canada-Manitoba agreement. My information tells me that the right of way acquisition that he is referring to has been expropriated. The final design and construction drawings are completed. Further, the dike is to be tendered this month, I guess, construction to follow.

**Mr. Jack Penner:** So you are telling me that within the next month or so the tenders should be out for the construction of that dike.

**Mr. Lathlin:** That is correct.

**Mr. Jack Penner:** I wonder if the minister would give us a bit of an oversight as to where the dike will be built and how it will be connected to the current dike.

**Mr. Lathlin:** Mr. Chairperson, I have to once again apologize to the member. I am going to have to talk to our director of the Water Branch to give us that detail, but I will get him to maybe draw him a map or something, and I will bring it back here tomorrow.

**Mr. Jack Penner:** I am sure that the people in the town of Emerson, especially those that reside in West Lynne, will be very pleased to hear that the Government is acting on building that dike and finally has resolved the land acquisition issue. Whether that had to be done by expropriation or not, is immaterial to me. Just make sure that that dike will be built because it has been a long time coming. It will certainly warm my heart when the people of Emerson receive the kind of protection that they have been asking for, for a long, long time. I am sure the mayor will be very pleased if and when he hears. You have probably notified him of this, by now, Mr. Minister.

**Mr. Lathlin:** We will make sure.

**Mr. Chairperson:** Line 3.(g) Red River Region (1) Salaries and Employee Benefits, on page 46,

\$4,821,100—pass; (2) Other Expenditures \$1,300,000—pass.

3.(h) Fire Program (1) Salaries and Employee Benefits \$4,617,500.

**Mr. Enns:** It has been a standing tradition of the department to set aside X number of dollars for the anticipated fire season. What I am looking for is: Has that been done in this set of Estimates?

**Mr. Lathlin:** I have to seek clarification from the member. I wonder if he is referring to the base. If he is referring to the base, it is there already.

**Mr. Enns:** And base is?

**Mr. Lathlin:** \$12 billion.

**Mr. Enns:** Mr. Chairman, I understand that weather conditions are such in the North that augur well for a reasonable slow fire start this year. I hope that is the case. If the Colorado low snow comes to us in southern Manitoba, you will not be having any fires here either.

**Mr. Lathlin:** I wonder if I can also make a comment. With this late spring that we are having, there has been some snow, but overall, in the North especially, it is really going to be dry. I believe the same condition will be the same in southern Manitoba, but in the North, overall it is dry. In fact, there have been some fires already, I am told a total of 111 fires. You would not think that there would be 111 fires by now, mainly grass fires.

**Mr. Enns:** We have always had for a number of years, among our most proficient firefighters in the North, a fairly significant contingent of First Nations people engaged in that activity. I am assuming that is still the case, and if anything, expanding.

**Mr. Lathlin:** Yes, that is still the same way, and First Nations communities are forever—

**Mr. Chairperson:** Order, please. The hour being 5 p.m., committee rise.

## FINANCE

\* (15:30)

**The Acting Chairperson (Mr. Jim Rondeau):** Will the Committee of Supply please come to

order. This section of the Committee of Supply meeting in Room 255 will now resume consideration of the Estimates for the Department of Finance. Consideration of these Estimates left off on page 84 of the main Estimates book, Resolution 7.2. Treasury. The floor is now open for questions.

**Mr. Jim Penner (Steinbach):** Maybe you want to change chairs there, musical chairs. Should I sing?

*Ms. Bonnie Korzeniowski, Madam Chairperson, in the Chair*

Madam Chairperson, I would like to ask some more questions where we left off yesterday in regard to the teachers' pensions and the COLA clause and so on. I know this could be reflected on the Minister of Education, but I know too that Treasury Board, Cabinet and the Finance Minister have to end up dealing with all of these issues. So something that I was wondering is: How is the teachers' pension COLA clause calculated?

**Hon. Greg Selinger (Minister of Finance):** I honestly cannot answer that because it is not my portfolio. I would have to get the information for you, but I think we have to be a little careful that I do not start answering questions for ministers that are responsible. I am responsible for the Superannuation Fund and the Minister of Education is responsible for TRAF.

I can try and get you the information but I—

**An Honourable Member:** I was just wondering.

**Mr. Selinger:** I do not actually have the precise information. It is some calculation about what the increase in the cost of living is, and then they give an adjustment reflecting that. As I understood it, the money available for that could only be sourced other than from the entire earnings of the fund, and that caused a problem. They were looking at some legislative changes to allow the entire earnings of the fund to be in part available for this COLA adjustment.

I honestly should not say too much because I do not have a briefing note in front of me. I have not looked into it lately. That was the problem

about a year ago and there were legislative adjustments being made to make better use of the resources to continue this benefit. It is a benefit that the members of the Civil Service Superannuation Fund do not have. They do not get a full COLA adjustment. They get two thirds of COLA if the resources are available, whereas the teachers have developed an expectation they will get—or the retired teachers, they value that COLA on an ongoing basis. The members of the fund that I look after or I am responsible for hope to get two thirds of the cost of living, but they do not have an expectation that it is guaranteed unless the resources are there to support it.

So I think we are dealing with some expectation issues on the teachers side and then the structure of the legislation to facilitate that.

**Mr. Jim Penner:** Thanks for that answer. I was concerned or interested largely, because I had heard there were different ways of applying COLA and now you have already explained that there is a full COLA for TRAF and two thirds for civil servants.

I have never dealt with COLA as such. I have always dealt with inflation rates. The rate of inflation was one of the adjustments that we would annually put on our wages and the other adjustment would be productivity, so we would deal with wages twice a year in our company and once with the cost of living and once with the productivity. If, in fact, it was normal for wages to be 11 percent of my sales and I was only paying 10.5, then I would make it up to my staff either in bonuses or scheduled increases. Is COLA made up of the changes and costs of a list of items?

**Mr. Selinger:** We understand that the COLA for the Superannuation Fund is really referenced to the CPI, the consumer price index, which is a basket of goods and services. I believe the consumer price index has been adjusted in the last year or so. I think they have changed the weighting of some of the factors in it, but it is an index really. I think it is an index that is developed and published by Statistics Canada. It is a federal index.

**Mr. Jim Penner:** It is federally published, but is it adjusted provincially?

**Mr. Selinger:** There is a CPI, I think, which takes into account some regional differences, but we would have to check. We are not exactly certain as to which one they use for the pension calculation of what the cost of living should be. We would have to check that.

**Mr. Jim Penner:** I have been under the illusion or impression, rightly or wrongly, that the CPI and COLA is a basket of goods, pricing changes, including vehicles, gasoline, cars, groceries, et cetera, and houses. Madam Chairperson, your cost of living would only increase by that CPI index if in fact you bought all of those things last year and all of those things this year. So, when you apply the CPI as a COLA, it seems to me that that would be promoting unnecessary inflationary trends, because it is not an actual cost. It is probably, at most, half of that. I do not fully understand it.

I am wondering if the minister could get me that from his department, the method of establishing CPI and COLA. It amounts to a lot of money per year in a budget like ours. You have a multibillion-dollar budget and so much of it is wages, and it has to be such a big item that I think it is worth my studying and learning. I was wondering if you could get me the information.

**Mr. Selinger:** We will endeavour to get it. Technically, this is the Finance Department Estimates. That would be a Superannuation Fund thing. We will get it because I, quite frankly, would not mind knowing myself some of the details you are interested in.

I should just say though, we do not really have any COLA clauses in our collective agreements that apply to wages, so we are not driven by COLA or CPI with respect to any of the departmental cost drivers. That would be in the Superannuation Fund, and for the Superannuation Fund it is two-thirds of COLA and then there is the TRAF fund. Now that reflects back on our overall Estimates in terms of the growth of our pension liability, so it comes back on us that way, and that could be the relevant consideration when we get the information for you. But we do not, in our collective agreements, say for civil servants,

have any COLA clauses. We have gone with specific amounts of increases on an annual basis.

**Mr. Jim Penner:** The COLA clause or CPI index, is that used in relation to changes in the salaries of MLAs?

**Mr. Selinger:** Once again, that is not specifically my purview. That is under the Legislative Assembly Management Commission, which is chaired by the Minister of Justice (Mr. Mackintosh). But we get an adjustment. You and I both get it, I think it is based on the wage. I think it is the average industrial wage increase for the province every year that we get. So they take a look at the trends in wages across the industrial sectors of Manitoba, and we get the average increase factored out across all the industrial sectors in Manitoba, the average wage increase.

**Mr. Jim Penner:** In looking at last year's notes, I notice that one of your replies was: There was money available in other parts of the TRAF fund that could be moved over to address that, being the COLA, and the minister is bringing legislation forward to allow that to happen this session.

It strikes me as odd that it would take legislation to do it this year, and it was done last year without legislation. Are we talking about two different things?

**Mr. Selinger:** No, I am talking about the same thing. As I understood it, they were looking at legislative changes to allow money to be moved to address the COLA issue. I would have to check whether that legislation was passed last session or is still pending, other issues that are being resolved with respect to pensions on the TRAF side.

Once again, I am not the minister responsible for that, so I am not right there on the detail of that right now.

**Mr. Jim Penner:** So we do not know, at this point, whether there has been legislation brought forward to legitimize the use of other funds for COLA.

**Mr. Selinger:** No, I am not certain of that at this stage.



**Mr. Jim Penner:** Can I expect to receive that information?

**Mr. Selinger:** Once again, we will endeavour to get that for you, but I have to point out that that is properly asked of the minister responsible for that fund.

**Mr. Jim Penner:** That is probably the Minister of Education (Mr. Caldwell), and I am concerned about his attitude toward rules and laws, so that is why I brought it up here. When he is in Estimates, we will bring it there as well.

**Madam Chairperson:** Mr. Minister?

**Mr. Selinger:** No, that is fine.

**Mr. Jim Penner:** I also noticed that the honourable minister made a statement last year that there would be pretty serious repercussions if that payment had not been made. Can I have some explanation so I can understand what that is all about?

**Mr. Selinger:** Once again, we are treading into territory that is not properly under my purview, but, as I understood it, the retirees were very concerned that they would not get a COLA adjustment. That was a source of great concern to the teacher retirees. That is why there was pressure to address it legislatively, to allow more flexibility in the use of their resources.

**Mr. Jim Penner:** Is the legislation that needs to be in place to legitimize this COLA payment and to eliminate that technical barrier, is that legislation something that goes before the House?

**Mr. Selinger:** Yes, it would be. It would be legislation brought before the Legislature and brought forward and tabled by the Minister of Education (Mr. Caldwell).

**Mr. Jim Penner:** Madam Chair, I have been here for two-and-a-half years, and I do not recall seeing something like that, so I suppose it still is in process?

**Mr. Selinger:** Sorry, could you repeat that? I was just checking on—

**Mr. Jim Penner:** I am thinking that this must still be in process because the two-and-a-half years that I have been here I have not seen anything addressing that issue. I have talked to TRAF. Their people have been in and we have discussed it with them and we have been sharing their concerns. I am not opposing something that happened. I am trying to understand.

**Mr. Selinger:** I will check and see the status of the legislation, see if we can get a clearer idea of where it is at.

**Mr. Jim Penner:** I think we discussed, Madam Chairperson, yesterday about the increase in debt in the pension fund. I have some notes from last year in regard to funding COLA, and apparently there was \$15 million put aside to fund COLA for TRAF?

**Mr. Selinger:** Once again, I would have to check my facts on that. I have not been managing that file or taking responsibility for that file, so I would have to come up to speed on that. But that sounds like the right approximate number.

**Mr. Jim Penner:** A quote from the honourable minister is: My Comptroller informs me that as of March 31, 2001, the present value of the increased liability is \$15 million for funding the COLA.

\* (15:40)

**Mr. Selinger:** My Comptroller seems to be standing behind that statement that I provided you last year. He is moving forward. Are there any adjustments? *[interjection]* The number is correct.

**Mr. Jim Penner:** I had a question here that probably I may be able to figure this out on my own, but is the COLA fund for pensions a long-term taxpayer subsidy?

**Mr. Selinger:** I would have to say no. The commitment on the part of the employers and the employees is one that is, well, the employer always has a responsibility to pay a portion of an employee's pension plan, so I would not call it a subsidy. I would call it common practice between employers and employees.

The problem we have had in this province is that in 1961 the government of the day decided not to make cash contributions on behalf of themselves as the employer to these funds. It was the early stages of the baby boom. There were not many people retiring. They saw no immediate pressure to draw on these funds like we have now with boomers retiring.

I do not know what the other priority was at the time, but I am aware historically that they made a significant commitment to building the floodway during the '60s, and I suspect that the floodway was considered a more urgent priority in terms of where they put their cash and capital contributions. They thought that they would have adequate time to deal with the pension liability before the boomer generation hit retirement age. This was not unique to Manitoba. I am not trying to be judgmental here. It was happening in other provinces as well. In retrospect, it has posed a big problem for the governments of today.

Now, for the first time ever, last year we started addressing that. In our first Budget, we came up with a plan to address that. I think it is prudent and wise that we move on that quickly, and I am glad that we have made progress in that area. No, I would not call it a subsidy. I would call it part of a normal employer-employee relationship, that there is a contribution from the employer to the pension of the employee, and the employee also makes a contribution.

**Mr. Jim Penner:** In defence of the accumulation of this debt, which I think all the members in the House would like to see go away, it was the floodway, first of all, was the reason or excuse and the next one was '94-95 when the feds took \$600 million off the table to balance their own budget. That was a big hit and at a time when we really were getting into difficulty with health problems, and we needed to address that, in defense of what our people did. Still, there will be a price to pay, but back to how the COLA is funded, somebody from the Teachers' Society indicated to me some time ago that the fund earned enough money to cover the COLA, the investments of the teachers' society, whatever, said they earned enough money from their investments to cover the COLA. Now I am

starting to think that it is the employer who pays it, not the earnings from the fund.

**Mr. Selinger:** Again, I just have to emphasize that we are wandering well beyond the mandate of Finance Estimates here. I am commenting on matters properly addressed by the minister responsible, the Minister of Education.

I think the fundamental issue is that the employees' contributions in these pension funds have done quite well through the nineties. They have earned good rates of return, probably higher than expected on actuarial assumptions, but the employer still had not been making their contributions, so there may have been surplus monies above what was expected in the original projections. As we came through the end of the nineties, there were some very healthy returns in all of these funds. That may have allowed adequate resources to pay for the COLA, but for the legislative barriers and the technical barriers for that to happen on the teachers' side. Nonetheless, there is still a liability on the part of the employer which is reflected in our Budget every year for the actual cost of paying for these retirees. As those retirees' ranks grow, that has been growing every year in our Budget. I think it has been about 10 percent a year increase in the total pension costs, the actual payouts on an annual basis. It is a double-digit number of about 10 percent. That was a big cost driver in our Budget which was projected to continue to escalate unless we brought a plan in place to fund the employer's portion of that.

With the plan that we have presented this year, which is an improvement on the plan that we brought in place in the first Budget, we now expect that the cost will start to decline after the year 2013. That is the projection. That will start taking pressure off our operating budgets then, which is a positive thing for those of us who do not like built-in cost drivers in budgets.

So the plan allows for some relief of pressure on the operating budget and dedicated funding for the employer's portion of the pension plan as we go forward. Now it will take till 2029 to fully fund it, but in the year 2013, the operating cost escalation starts to decline and we get some relief there if we continue with our

discipline of putting this money forward on an annual basis.

**Madam Chairperson:** I would just like to suggest that we did agree on considerable flexibility, but as long as it is within the realm of Finance. Perhaps some of your questions could be addressed later. The Education, Training and Youth committee will be in this room and would be better served asking there.

**Mr. Jim Penner:** I appreciate that, Madam Chairperson. On the other hand, I respect the value of the brains in this room. I understand that there is much more chance of getting an answer here than there, so what I was concerned with—I am almost through with this, trying to get an understanding. It is taxpayers' dollars. We could do this under 7.4, because we are using taxpayers' dollars. We could also do this under a different section, probably, but I would like to know at least one more number if I can and that is the—what the COLA or CPI is for the year beginning March 1, or does it go by the calendar year?

**Madam Chairperson:** Could I ask the member if this is the last question pertaining to another portfolio?

\* (15:50)

**Mr. Selinger:** We do record the CPI, the Consumer Price Index, on A24 and A25 in the Budget papers as we look at the economics statistics. It goes to the year 2001. So for the year 2001 it shows a CPI of 2.6 and on A20, we are saying for the Manitoba Outlook at a Glance, if you look at page A20, in the bottom table, it is four pages back there, Manitoba Outlook at a Glance, we are projecting a CPI for the year 2002. It is the bottom of the third column there, of 1.4, and then there is a projection for 2003 of 1.6.

The Member for Steinbach (Mr. Jim Penner) will know that these are projections. They are not hard. I mean, who knows what is going to happen with gas and oil prices, and it is a best guess. We always have to remember when it comes to economists, it is the dismal science. They are usually wrong on just about everything they predict, but they continue to do it, with all

due respect to my ADM of Federal-Provincial Relations, who is an economist. He does not seem to be impacted by my statement at all.

**Mr. Jim Penner:** The honourable minister answered questions in regard to COLA and pension plans last year. I have about three or four pages from Hansard, so you did enter into this field last year.

**Mr. Selinger:** I may have to stop this practice, though. This is the second year in a row I am dealing with Minister of Education stuff and maybe we should agree this is the last year I do this.

**Mr. Jim Penner:** Okay, and then again, the \$15 million that we talked about was an actual cost, a cash cost for the taxpayer in any one year of what, \$850,000?

**Mr. Selinger:** I am not clear on the question.

**Mr. Jim Penner:** The \$15 million is shown on page B20 as part of the future pension liability that would be incurred as that COLA is carried forward under the actuarial assumptions of a life span of the members of the retirement fund, but the actual cost last year was \$850,000 and I was wondering what the cost was this year.

**Mr. Selinger:** Does my Comptroller know? Is he even around? I will have to take that as notice and get back to you. My Comptroller is not in the room. He is off checking on that legislation.

**Mr. Jim Penner:** Before we leave 7.2, I have some colleagues here, and I would ask them if they would like to check in on that.

**Mr. Jack Reimer (Southdale):** I was just going through your Supplementary Information and actually my question was—and I do not know whether we are in that category or not—in regard to the payroll tax. Are we in that book yet?

**Mr. Selinger:** Technically it is under Taxation, but we are trying to be flexible. If you have a question, we will—

**Mr. Reimer:** I was actually going through the book trying to find out how much was collected.

**Mr. Selinger:** In payroll tax?

**Mr. Reimer:** Madam Chair, I was looking in your supplementary book.

**Mr. Selinger:** If you look on page B7 in the Budget book—I do not know if you have it there.

**Mr. Reimer:** No, I do not. I was using the Supplementary Information book.

**Mr. Selinger:** We call it the Levy for Health and Education, Taxes, Levies and Collections. The projection for 2002 and 2003 is \$243.3 million and then the detailed Estimates is on page—this larger one. I do not know if you have that, on page 5. We will give it to you; we will get this over to you. That would be on page 5; it shows up there as well. I think I just lost my copy because you are getting it. It is (e) under Finance, Levy for Health and Education.

**An Honourable Member:** Nobody has the floor.

**Madam Chairperson:** Could I just take a moment, please, to remind all members that questions must be addressed through the Chair, and although this banter makes for a much more amiable atmosphere, it makes it pretty difficult for the Chair to keep up. You need to be recognized before you answer.

**Mr. Reimer:** Thank you, Madam Chairperson, I certainly will direct my questions through the Chair. I was wanting to ask, in regard to the payroll tax, if the minister could clarify for me, what percentage is that based on right now. The payroll tax.

**Mr. Selinger:** The Member for Southdale (Mr. Reimer), is that it, from the esteemed community of Southdale—

**Madam Chairperson:** Did I recognize you?

**Mr. Selinger:** Oh, sorry, Madam Chairperson, for the Member for Southdale, the community of the bulging school, a new school, by the way, it is 2.15 percent on a payroll over \$2 million. Then there is a notch provision between \$1 million and \$2 million, 4.3 the rate between \$1 million and \$2 million, and below that zero. For reference, that is on D12 in the Budget papers. I do not know if you have that, but in the Budget papers, it is D12.

**Mr. Reimer:** Madam Chairperson, one of the frustrations, I guess, is of the various books and detail that is into where everything is. I wanted

to ask the minister: Has there been any discussion or any indication that the payroll tax will be looked at in a sense of decreasing the percentages or using different levels when they will kick in, in the various percentages, of lowering it, in a sense?

**Mr. Selinger:** Not this year.

**Mr. Reimer:** There was a notification sent out in regard to the Budget 2002 in regard to payroll tax. There is reference made that was sent out to various businesses in regard to the payroll tax. I will just maybe read the area that I am going to ask a question in. It is in regard to bonding of non-resident contractors in regard to the payroll tax. To ensure a level playing field for Manitoba contractors regarding the payroll tax, effective July 1, 2002, non-resident contractors will be required to obtain a bond or provide a deposit to cover the estimated payroll tax liability resulting from their contract in Manitoba.

Was the department having a problem in collecting money from this sector?

**Mr. Selinger:** The Member for Southdale raises an interesting point. We did have a phenomenon where some contractors from other provinces, particularly Ontario, were entering our marketplace on a seasonal basis and were being able to outbid some of our local people because they were not remitting the payroll tax. That provision is already in place for the retail sales tax. So to put everybody on a level playing field, we are extending that requirement to the payroll tax as well. We think that will allow our people to stay competitive and not let people just come in on a casual basis, grab a big contract, not pay the payroll tax, and repair back to their home head office in another province. So it is a technical measure that we think will make sure everybody is competing on a level playing field.

**Mr. Reimer:** I thank the minister for that answer. Is there any indication or an estimate of how much money was possibly not remitted or what estimate of dollars we are talking about in regard to the non-resident contractors that were coming in under that?

\* (16:00)

**Mr. Selinger:** Madam Chairperson, we do not think the amounts were significant, but Taxation

officials are always looking to improve the fairness and equity in the way we apply taxes. It was prorated last year. It does not necessarily create a hardship for an outside bidder because we may recover it, not necessarily through a bond mechanism, but through the holdback on the contract that we finalize what their obligations are for this tax before the holdback is released. So it is simply a mechanism to make sure that Manitobans are not at a disadvantage vis-à-vis outsiders when it comes to an open tendering process for contracts in Manitoba.

**Mr. Reimer:** The bulletin goes on and mentions that non-resident contractors, as was referred to in the first part where I was talking about it, may request a tax-clearance letter from the Taxation Division, Auditor's branch prior to receiving their contract holdback, instead of providing a bond or a deposit.

In what type of incidence would that pertain to?

**Mr. Selinger:** That is exactly the point I was just making, that they will get a letter that clears them of their obligations having been fulfilled before the holdback is released. That is the procedure that would be followed.

So a contractor would come in. They want to get that last 10 percent of their contract. They have completed their work. They get a clearance letter from our officials saying that they have paid their obligations and then they get their holdback.

So it just gives us a mechanism to ensure that their tax obligations are fulfilled equal to every other business in Manitoba before they take that money and abscond back to their home jurisdiction.

**Mr. Reimer:** I know the minister has mentioned that. I believe he was saying that the amount was not that much. But are we talking about an ongoing problem that has just been noticed, or is this a problem that has been in the market for quite awhile and it is finally being addressed?

**Mr. Selinger:** Again, it was not a significant problem. It started to emerge last year with the proration of the exemption. But as the member

will know, throughout the nineties we have not only had free trade north-south but we have had an internal agreement on trade on a national level east-west. So for most goods and services of contracts of any significant amount, the ability to bid on them is national if not international in some cases. So this ensures that our own people, our own businesses are not at a disadvantage vis-à-vis outside bidders and the way that they are treated for taxation purposes.

I would characterize this as our people getting ahead of the curve and making sure that the rules are fair for everybody. There had not been a significant problem that had been detected up till then, but they decided to plug the loophole based on last year's modest experience in this regard.

**Mr. Reimer:** It would appear that, as indicated in the bulletin, it is for contractors only. Is there any other type of industry that possibly was or could be affected by the payroll tax as indicated in this bulletin and the liability that is associated with it? Is it just strictly for contractors that are doing business in Manitoba?

**Mr. Selinger:** My officials believe that given the exemption levels we have, that is the main industry that would be affected by this. Most of the other businesses have a smaller magnitude. It comes under the threshold of a million dollars for payroll tax requirements.

**Mr. Jim Rondeau (Assiniboia):** Just a couple of questions, if I may. Could the honourable minister say what are the benefits between paying down the pension liability versus paying down the debt and what the long-term implications are and the benefits for the Treasury?

**Mr. Selinger:** Well, it is discussed in the Budget papers, but the original plan we brought in would have paid off the pension liability in 2036. The new plan, including employer obligations to pay the employer costs of new employees starting October 1 we project will reduce the pension liability by 2029.

Then, if we make in any year a cash contribution out of the \$96 million over \$21 million, we will get additional benefits, but that

will be decided on a year-by-year basis. So there is a seven-year gain in the ability to wipe off that liability, and we may be able to get further improvements in the future depending on the decisions of the debt allocation committee, chaired by the Deputy Minister of Finance.

**Madam Chairperson:** It has been Manitoba practice for the Opposition critic to hold the floor in Supply until they have concluded their line of questioning. Agreed? [*Agreed*]

**Mr. Rondeau:** Just what is the difference between paying down the liability and debt in terms of percentages? There are percentage benefits for investing in the pension versus paying down the liability on the money?

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

**Mr. Selinger:** We are working on an assumption that the actuarial assumptions are for paying down the pension liability, that there is a benefit of about 7.5 percent versus the long-term assumptions on paying down the debt of somewhere between 6.3 and 6.5 percent. So you are getting that percent extra earning power for the dollars you are investing in that side of the equation.

**Mr. Rondeau:** Are there any actual benefits to the pensioners other than having the money in the fund?

**Mr. Selinger:** There is the advantage of giving them a greater sense of security that the money is there, because it is there in cash terms. It is not just an obligation that is paid out of the operating budget every year. Then anything over and above actuarial assumptions is extra money potentially available to the members of the fund.

I am okay with being flexible, but I do recognize that we have some reasonably well-paid talent in the room. I am wondering if we have any more questions on Treasury. They have been here for three days. I would not mind releasing them if you do not have any more questions. I do not mind going to Taxation or anything else, but I hate to see these guys wasting their time here. I would rather they were managing the debt of the province. So I do not know if you have any more questions on that. I

just want to see if I can focus and move some people out of the room and bring some of the other ones forward.

**Mr. Jim Penner:** I have two or three questions on 7.2. Go ahead with those, and then I think we would be prepared to go into Taxation.

**Mr. Selinger:** Let us finish off the Treasury ones if we could.

**Mr. Jim Penner:** In results expected in the orange book on page 42, the branch will continue to partner with specific project areas of government as they become involved in electronic commerce to enable individuals and companies to interact and conduct business with various governments departments using new technology. We touched on that yesterday. My question is, the first one is: As the finance industry continues to be challenged by service providers exiting. What is meant by service providers exiting? Are we using outside services?

**Mr. Selinger:** My officials inform me that the banks are getting out of businesses or lines of business that they traditionally have provided such as handling remittances, handling coins, that type of activity, which has a certain element of labour intensity to it and a cost structure attached to that. As they exit from those lines we are having to get services from new suppliers, sometimes smaller companies, Winnipeg companies. Even they, when they realize that we may not have many alternatives, they are starting to crank up or increase the rates for the services.

So there are pressures there as the banks withdraw from these lines that provide them with lower profitability. We do not have a competitive market of suppliers. If there are a limited number of suppliers, then they can start putting pressure on you on costs. We are seeing that trend in some of the activities that have been traditionally done by the banks. So that is what that obscure sentence means.

\* (16:10)

**Mr. Jim Penner:** My sentiments exactly. The upshot of the Expected Results is increased efficiency using new technology. By the way,

you could always go to the credit unions, but then they are not taxed on the same basis as the banks, so you would not benefit from their earnings as well.

I have asked this once before. The initiatives such as these will contribute to government efficiency, so losing providers, increasing technology creates government efficiency, and I do not see those efficiencies in the book.

**Mr. Selinger:** As I explained yesterday, the SAP system has provided enormous system-wide efficiencies on being able to process transactions. I illustrated the example that I had recently received from my Comptroller where a human resource module which has been added to SAP has reduced transaction time for processing payroll from 45 minutes to 20 seconds per individual. We are getting some big efficiencies there.

Traditionally, we have sourced certain types of activities from outside, from the banks. As they pull out and there is a restricted set of alternative suppliers, and if they see the opportunity to crank up the prices on us, at some point, we have to make a decision whether it is cheaper to do it inside, make or buy. We are not at that stage yet. We are still sourcing from outside, but if they continue to have 50% increases on an annual basis, we will have to ask ourselves whether there is a solution including technology that will allow us to do it cheaper inside. That is an ongoing annual assessment that is done by our officials as to the most cost-effective method of doing that. That is why we have not locked in to any long-term contracts with these providers, because we want to be able to capture those efficiencies when they are available.

**Mr. Jim Penner:** On something that I am curious about, the Other Expenditures have office space rental at \$31,800. That is not very much rent. Do we have a small office someplace?

**Mr. Selinger:** I would invite the member to visit the offices of the Treasury which are in the basement of the Legislature. They have a strategic advantage, but they are not necessarily class A office space.

They do bang the pipes in the winter. They crank open the windows to keep the heat at a

certain level, but it is very handy for the deputy minister and myself to access them when we need information. But they have for many years been *[interjection]* They have windows which are higher than they are and not necessarily wise to be opened in the summertime, given the vermin running around outside. The \$31,000 is an imputed rent that our accommodations division in Government Services allocates for that space in this Legislative Building. I think they have been there since the building has been opened.

There is actually an old vault there, and I do not think it is used for anything other than records now. There is certainly no coin in there that I am aware of, or cash. It is just part of the history of this Legislature that the Treasury has always been just below the Minister of Finance's office, and we do not have any signals about stomping on the floor or anything, but there has always been a close proximity. This is the imputed rent for the use of that space.

**Mr. Jim Penner:** So there is no rent actually paid?

**Mr. Selinger:** It is actually paid to Government Services. It is a transfer within government from Finance Treasury Division to Government Services for the use of that space. In exchange, we expect them to maintain that space and keep it upgraded. There is a small ventilation project going on in the building right now which eventually benefits everybody that operates in this building.

**Mr. Jim Penner:** Along that line, do any other departments pay rent?

**Mr. Selinger:** Yes, they all do. They all have a rent allocated to them that is charged to them by Government Services, and then Government Services has the obligation to either maintain that space in cases where they own and service it, or ensure that the contractor is providing that space as per the provisions of the contract. It is part of that notion of allocating costs to the departments for the benefits they get. It allows for greater financial accountability and transparency about who is benefiting from which expenditures of government. So all departments pay an imputed rent back to Government

Services for the space and services they get attached to, ensuring that space is in a condition that allows for people to do their jobs.

**Mr. David Faurshou (Portage la Prairie):** In the list of finance, I want to first off compliment the last-quarter accounting as in proportion of domestic versus foreign debt, in the percentages, effectively seeing an increase by proportion held by Canadians versus foreigners. I appreciate that distinction.

In regards to actually when we are shopping for the best deal for our debt and the financing thereof, how do we go about it as a province? Do we have a department that actually scours the field as to what provides for the least cost?

**Mr. Selinger:** You are on the right section. It is the Treasury Division of the Department of Finance that spends all their time managing our debt, the stock of debt in Manitoba, managing it in terms of the best possible rates for financing that debt and the flows of that debt, the ins and outs, the relationships with all the suppliers and all the investors as well as all the brokers or the agents that sell our bonds throughout the North American marketplace primarily, but also in other markets as well.

It is a small shop, but these people manage all of that on our behalf. This year they have had some very good success in bringing down our debt servicing costs by repatriating that American debt that you have noticed. It has helped us enormously through this period of economic slowdown. It has really taken some pressure off other areas of the Budget. I would rather save a dollar on interest costs than lay off an employee. So I have been very keen on how we can maximize our advantages here. These folks have done a good job of delivering on that.

**Mr. Faurshou:** I do appreciate the minister's comments. It goes down to the very grassroots as a former school board chair of Portage la Prairie managing the interest costs to put four more teachers in the classrooms for the ultimate benefit of our children.

I just wanted to ask this particular branch of government if there is any discussion at all with another hometown entity that does exactly the same on a 24-hour basis on Main Street, that

being the Canadian Wheat Board, who effectively manage billions and billions of dollars. In fact, there is more money changing hands on the seventh floor of the Canadian Wheat Board building than any other place other than the federal government. They are able to garner very significantly attractive rates to the benefit of us as agricultural producers in western Canada, but whether professional protocols prevent that type of dialogue or not, I just would like to ask the question.

**Mr. Selinger:** In terms of the formal responsibility, we could not co-mingle those activities. The Province has to stand on its own and have its own clear methodology and practice in this area, similarly with the Wheat Board, because it is a federal agency. We are provincial.

However, the people that are professionally active in this field do have associations. I have spoken to those associations on the Budget and what we do. They do talk to each other and they do exchange past practices and sometimes try to steal each others personnel. But the fact of the matter is that there is a professional community out there that relates to each other on how they do their jobs effectively, and I think there is a lot of informal learning among them.

I know some of our people have actually taught courses related to these types of activities to CMAs, I think, on the part of some of our people. I have met some of the students that have benefited from some of our people teaching the courses. So I know that we do have a strong professional reputation and we do interact with those people and get the benefit of their experience and they get the benefit of our experience.

\* (16:20)

**Mr. Faurshou:** Once again, I thank the minister for his comments and his awareness of those activities. In regard to analysis on where we owe the dollars, whether domestically or foreign, do we analyze the cost benefits of that debt being held by Manitobans versus someone in another province versus someone in another country so that we can effectively try and place the debt in the most advantageous place?

**Mr. Selinger:** Our Treasury officials always try to get the best price for placing our debt in the



global marketplace, literally. They will do issues in Japan, they will do issues in Europe, they will do issues in the United States. Then they have developed the capacity in the last 10 years to swap or bring that back into Canadian dollars to reduce foreign exchange exposure and the movements of the dollar impacting our costs. We always go, in the first instance, for the best price to keep the cost down for the citizens of Manitoba. Then I have emphasized stability, and that is why we have moved out of foreign exchange. The trend was there before that, but, I mean, it was about 38 percent I think 15 years ago. We have brought it down to 6 percent.

The advice I got when I came into office was to get it into single digits as quickly as possible, and I think it was good advice. I received it from a person who specializes in this field, who works in the private sector for one of the banks now, but had been a deputy minister in another province as finance. You take advice where you can get it, and you talk to your people and then you figure out a plan to get there. These folks have executed extremely well.

We do, as you know, have the Manitoba Builder Bonds and the Hydro Bonds. We do think there is a value to having a certain portion of our debt available for purchase by Manitobans because it is a safe instrument. It gives them a secure investment. It allows us to open a door for Manitobans to participate in the benefits of how we pay for our debt. That is a program that ranges from \$200 million to \$300 million a year on an annual program of about \$2.2 billion. We do not try to place all of our debt here, especially if it would take a premium to do that. It would also concentrate our risk into one area; it is not necessarily a good thing. The economic assumption is that if somebody is not buying our debt instrument, they are going to be buying some other instrument.

In any case, they will be paying taxes on the interest they earn off it. We do have a program. Many other provinces do not, but we do have a program of Builder Bonds and Hydro Bonds because we think it adds value to the community and allows people to get benefits from that. We do it on a market basis; we do not try and subsidize it. So we make market decisions about the interest we should pay on that. What we give

people on that market interest rate is a very stable investment that allows them to say they are not only getting that stable investment but doing something for the province of Manitoba as well.

**Mr. Faurichou:** Thank you, Mr. Minister, for recognizing a program that I believe is a good one and came into play for Manitobans. You touched on the top of it. I would like you to elaborate a little bit further. It is the actual benefit of Manitobans holding those bonds and, effectively, Manitoba debt, and paying taxes on the interest. Yet it is, perhaps, at market rate, as you have alluded to, but there would be benefits back to the Treasury for persons holding that debt and paying the interest or taxation on the interest. Again, I want to bring that into a competitive type of analysis.

**Mr. Selinger:** I think the member and I would agree. I am a supporter of this program as well. I like what it does in terms of being able—my personal view is that it is better for us to own our own debt and not to have it held by somebody external to the country that could have any potential leverage on us.

After Manitobans hold our debt, then my second preference is for it to be in Canadian dollars, so we have no risk vis-à-vis other currencies, and we have done that I think quite effectively. By the end of this fiscal year, we are hoping to have it down to about 4.5% exposure which will be the lowest probably since the Second World War, when I think about it, but at least in the last 30 years it would be the lowest foreign exposure that we have.

So I agree with you and you are right. We do get a tax benefit from people who get interest off our bonds in Manitoba, but we probably do not get an incremental benefit because those same investors would probably hold some other form of paper for which they would also have to pay taxes on.

But I agree with you. I think it is good from a citizenship point of view to have a certain portion of our debt made available to Manitobans at market rates, and they are a little better than Canada Savings Bonds because there is a spread there for investing in a province versus the federal government.

I know the senior citizens people whom I talked to really appreciate having that option. It is something that they have a high degree of confidence in. I think it works for a lot of people in Manitoba to have that option available to them.

**Mr. Faurshou:** I believe it is a sense of pride, not only a sense of investment, that one is able to attribute to the Builder Bonds and the Hydro Bonds.

Is this the section where I can ask questions about the Manitoba student loans?

**Mr. Selinger:** Technically, no. It is an Education item. But if we could pass Treasury, I would be willing to consider that.

**Mr. Jim Penner:** I just had one more question. I do not understand the allowance for staff turnover, on page 47 in the orange book, of 6.4. Is that the attrition or replacement with lower priced or what is it?

**Mr. Selinger:** Essentially we have a certain amount of movement every year in the staff and in the civil service. We were not necessarily the day somebody leaves replacing them with somebody new. There is a bit of a gap there.

So there are two instruments we have used, and sometimes the replacement staff earn less than the staff that they replaced. Usually a more junior person, not always but usually a more junior person comes into a job filled by somebody with more seniority. So it is simply an across-the-board estimate of savings that can be accrued in the budget process due to the normal turnover of staffing in the broader civil service.

Each department has an allocation made to them based on that, those assumptions about turnover. They are expected to save that money in the management of their staffing decisions in that branch or department, and they do. They pretty well achieve that.

**Mr. Jim Penner:** Thank you for that answer. The salaries in the minister's office and deputy minister's office have been passed, I believe, but it is interesting to note that they have gone up. One is up from \$107,000 to \$129,000. What determines that kind of an increase?

*Madam Chairperson in the Chair*

**Mr. Selinger:** Two things: The general salary increase that all civil servants get in their collective agreement which is passed on to people outside of the agreement, to the senior civil servants, and then increments.

I believe you are referring to the deputy's salary there. That would be a senior deputy at the top end of his scale, a person with over 33, 34 years of experience.

**Mr. Jim Penner:** I like to pay people well and I expect lots, too. I just wondered what the guidelines were, and so I guess when you have reached the top of the scale, that is the top of the scale probably.

**Mr. Selinger:** That is the top of the scale unless other decisions are made about re-scaling or other collective agreements come into effect in the future.

\* (16:30)

**Mr. Faurshou:** In regard to the actual money management between departments and Crown corporations and Treasury is concerned, like the Public Schools Finance Board, for instance, with a debenture that capitalizes a new school over a number of years, I have to say that it is beyond my understanding when we get into management of accounts where it is on the books for 13.5 percent because it was amortized back 15 years ago when things were up. Yet, that money flows through Public Schools Finance Board through to the Portage la Prairie School Division, back to the Government.

Is there an opportunity to streamline and make it, I would say, clear to understanding of this? There must be a lot of effort behind these particular transfers. I guess, to simply my question, Treasury is responsible for management of debt acquired by Crown corporations and other agencies of government that finance long-term capital debt.

**Mr. Selinger:** The short answer is yes, but there are two issues: There is the management of it, and that is done by people who have the expertise and work at it everyday; and then there is the reflection of it in the Public Accounts. That is why it goes back through those steps. It goes back to the beneficiary. So you get an accounting treatment which shows where the

real beneficiary is and you get a management function which has central expertise attached to it.

Sometimes that is a bit confusing, but the latest theory of accounting is you should attribute cost to the centres that are generating those costs. We have been trying to do that. Every year, we have been trying to improve that accountability so that you do not get departments asking for resources that do not show on their books. In other words, they can offload the cost somewhere else, say for a new school, because they do not have to show it in their books; they ask school board. If they do not have to pay it, well, let us all ask for new schools, right, because it is no real additional cost to us. So the theory is you try to get the accounting to be in the same place where the responsibility is for generating the demand.

**Madam Chairperson:** The Member for Southdale (Mr. Reimer) had his hand up first. Would you like to continue first?

**Mr. Faurshou:** Well, Madam Chair, when talking with the comptroller or finance individual in Portage la Prairie School Division, the listing of debentures which we as a school division were responsible for through support of the Public Schools Finance Board, having listings on there of 13%, 15% interest rate, I am certain that somewhere down the line the Government has refinanced to a lesser interest rate, somewhere along the line. Yet this long-term debenture that is responsible at the school board level still reflects very high interest rates. Is it being played out through the Public Schools Finance Board at that higher level where the Government perhaps is—

**An Honourable Member:** Getting a benefit.

**Mr. Faurshou:** Correct, thank you.

**Mr. Selinger:** Usually at the time when the debenture is issued, it has a certain interest rate that the market generates, and they usually borrow to match that. So if it is a school, 20 years, let us say, or 40 years on a public building, they will work out a borrowing that matches that.

Now, when that comes due, they will refinance at the best rates they can get at the

time, but that 13 percent that you have illustrated would be a real cost that was financed at the time that transaction occurred and has not yet been off the books.

From time to time, there are opportunities to refinance, but usually these debentures have penalties attached to them, so it is not easily redone because there is a cost to somebody else if you refinance quickly. So the borrowing matches the market conditions at the time and stays on the books until that is relieved, the amortization schedule is gouged down to zero, or it comes due and you can roll it over and get a better deal.

**Mr. Faurshou:** So there is a wary eye on all of these debentures and making certain that every advantage is taken to the lower interest rates we are experiencing at the present time.

**Mr. Selinger:** Where there are opportunities to refinance at better rates, we will do it. Where there are opportunities, for example, on the foreign currency exchange to swap it back and lock in a more stable rate, they have done it.

**Mr. Reimer:** Madam Chairperson, just one quick question. The minister referred to the department that manages the debt of all the various other departments in regard to outstanding obligations and that. Is there a charge levied by the Department of Finance for the administration or for the handling of those investments, similar to large corporations charge for the management of funds and that? Does the Department of Finance receive, just as the Government Services charges you for their facilities, does the Department of Finance charge for their administration fees? What would be approximately the amount of money that they would realize for this type of management?

**Mr. Selinger:** The short answer is yes. There is what they call issue costs that are built into the borrowing done by Treasury on behalf of Crowns and the Public Schools Finance Board and any entity in the wider government sector that they handle borrowing for. They build in their administrative costs. They give a deal that the Crown or the agency could not get anywhere else. They get the best rate because it is a government rate, but they do build in their cost to that and of their administration and the

employees that we have that handle all that business.

**Mr. Reimer:** Madam Chair, is that cost on a floating scale or is it individualized, or is there a standard rate that is applied to all management?

**Mr. Selinger:** There is a standard rate that is levied for the cost of issuing the debt and managing it, and it varies depending on the term over which the borrowing is done. So, for example, on a five-year rate, it is a shorter-term rate, they would have 45 basis points built into the cost of that borrowing to that agency, which would be .45 of 1 percent. On say a 20-year issue, they would have say .34 or 34-and-a-half basis points built in and that still allows that agency to get a very good rate below anything else they could get in the marketplace but covers the cost of doing the service.

**Mr. Reimer:** Is that amount reflected in any one particular area in the Estimates book under a particular category where there is a total amount that is shown that is realized because of the administration of these debts?

\* (16:40)

**Mr. Selinger:** That does not include staff costs which we pay for through our general appropriation. It is the cost of doing the transaction, hiring the outside brokers, doing the advertising, effecting the acquisition of the money. All those relationships and transaction costs are built into the cost of doing that. So it is just the incremental cost of doing that issue for which this rate is factored into the base rate offered to that agency. The recovery of that goes to keeping down the costs of the public debt appropriation.

**Mr. Reimer:** So, just as it was referred to earlier in regard to the charge that is put by Government Services towards the Finance Department, there is no line in the Estimates of the Finance showing the return that the Finance Department gets for the administration of the debt. It is built into each one of them. In essence, you cannot find what the total cost that the Finance Department is realizing by the management.

**Mr. Selinger:** It is shown as a net recovery. I do not know if you have the orange book. If you

would go to page 105, you will see there the public debt cost of 368, but there is the gross cost there in section A, \$1.296 billion, less all the recoveries from the organizations for which they do the borrowing, to give a net public debt cost of \$368 million.

So they recover it through the charges to those organizations for doing all the work, and all the processing costs, transaction costs, et cetera, are factored into the rate they give to those organizations. The remainder or the net amount is the general purpose debt that we show in the Budget every year, that we are paying down, on the accumulated general purpose debt. So that is how it shows in the costs recovered from those organizations. It is built into the base cost.

**Mr. Reimer:** What you have to do, then, is you would have to calculate the differences, is that right, to find out whether there is a—

**Mr. Selinger:** It is a factor that is built right in when they do the actual transaction. It would be very difficult to pull it out, but they just build in a certain number of basis points to cover the cost of the entire transaction. The cost of going out and, say, you have a group of banks that buy your bond and take responsibility for selling it in the marketplace, they get a commission for doing that. You have advertising costs. You have all the related administrative costs to put the prospectus together to file these things to make sure that all the information is accurate. All of that is built into this basis point factor which is added into the cost of the borrowing.

**Mr. Reimer:** Then the department would put their costs on top of that. Is that right?

**Mr. Selinger:** No. The department builds all those transaction costs in, and then the cost of paying for these people is shown in the Budget as FTEs and money allocated to that. There is no extra charge. That is just in the base budget. The Treasury Division, this 7.2, as shown on page 37, is the actual cost of the Treasury Division running. That is the raw cost of the personnel doing the job and the administration costs and transportation, minor capital, office space, et cetera. That is all on page 37.

**Mr. Reimer:** My question was only along the line of whether there is the availability for the

Finance Department because of the management of all the debt and the process of getting the best deal for whether it is Manitoba Hydro or MHRC, that they would charge that particular department a certain amount of money for their time and their effort and their involvement, just like you charge through Government Services, as was alluded earlier, the office space with windows downstairs.

**Mr. Selinger:** This is a tradition. It is built into the cost of the borrowing that is handled on behalf of that agency in the basis points. The advantage of that is reflected in our—so that when you go to that page 105, because it is built into the cost of that borrowing, it reduces the net amount of general purpose debt that we are obligated to repay. Right?

I guess if you wanted to be mercenary about it, you could crank it up double, charge them more and then reduce our general purpose debt. But we do it on what we think is a reasonable rate for the type of issue that is being transacted at that time. It is strictly cost recovery for the service provided. There is no profit built in there or surplus or bonus. If you are asking me to consider it for the future, I will take it under advisement.

**Mr. Reimer:** The departments will interchange against each other, and I just wondered whether the Finance Department was doing that.

**Mr. Selinger:** They are not now, but it may be considered in the future.

**Mr. Jim Penner:** I think there was a suggestion that we might want to go on to 7(4), so do you want to pass 7(2)?

**Madam Chairperson:** Shall we consider line 7.(2)(a) Administration?

**Mr. Faurschou:** We would rather leave the section open at this time. There are other individuals that have expressed interest. However, we would recognize the minister's request that advance notice be given for a specific session recall on Treasury.

**Mr. Selinger:** You do not want to pass it now? Okay, so that the agreement is that we are finished with this section now and you will give us notice if you want these people back so we do not have to keep them all in the room. That is fine.

I have another comment to make. On the matter not under my jurisdiction for which we are providing information, the TRAF fund. Legislation was passed last year that allowed for the one-time transfer of the \$15 million to fund the COLA and the ongoing ability to do that is still under consideration. It was a one-time fix so the ongoing ability to manage that COLA account and how it will be done in the future is still under discussion and consideration.

**Mr. Jim Penner:** So the Minister of Education (Mr. Caldwell) will probably understand that as well and—

**Mr. Selinger:** He would know the status of the legislation, what stage it is at on the longer-term fix.

**Mr. Jim Penner:** I have in my possession today some documents in regard to the new tax, PST, on the wages involving electrical and plumbing. I wanted to get into this today, because I think I would like to table a document that outlines the suggestion of the author of some recommendations regarding this new legislation or these changes to taxes.

The contractor who recommends this, and I thought it was such a good recommendation, I thought it should come forward because the reason for putting the 7% tax on wages as well as materials for mechanical and electrical contractors was for simplification. Was that what I understood?

\* (16:50)

**Mr. Selinger:** Yes, it was. I think it is important to just give a little historical context. The department was approached by contractors in the field and their associations asking for a leveler playing field on how these taxes were levied. There was an inconsistency going on out there and a confusion as to how to apply the existing tax regime. Some were applying it one way, some were applying it another and it created an unlevel playing field when it came to bidding on contracts. They approached, asking for a consistent simplification of the approach where the tax would be levied on the materials as well as the labour applied to these types of services being provided, and that was the origin of this Budget proposal.

**Mr. Jim Penner:** The Manitoba Home Builders' Association has expressed concern because there

was, in their opinion, no consultation on this change, and they expressed concern because the implementation date was July 1, and that, they feel, is somewhat unrealistic because of pre-sold homes. They feel it will add \$400 to \$700 to the cost of a home, and in fact the heaviest impact of this tax is on the renovations sector. It is believed that that will fuel the underground economy. We know that people will want to do work for cash and not write out a bill, so there will be no tax collectible in those cases. There is also fear there will be further applications of the PST to other labour components of new home and renovation construction, and they feel that it is a growing administration burden and not a lessening or simplification.

So what was suggested that I put forward today is that the PST system for subcontractors needs to be simplified but not simply in a way to increase revenue. There is a suggestion that the Province determine what portion of a normal contract is material and charge PST on a portion of that contract price, but in fact there is already a precedent for this. If a subcontractor is not covered by workers compensation, we as the general contractors are required to submit the Workers Compensation Board fee directly based on a percentage of the overall contract value.

So what I have handed out today is the Workers Compensation Board policy and procedures manual section, that they are required to adhere to, that shows the breakdown of PST on materials versus the cost of wages, and I think there are four pages there. The trades feel that, since the provincial government has an arrangement for dividing the materials from the wages for Workers Compensation Board purposes, this would be a very practical way to address what you are trying to achieve, the simplification and the fact that there is a clear-cut guideline as to what is wages and what is material. This has already been determined by the Province, and why would we not use this instead of 7 percent on the total contract price?

**Mr. Selinger:** In the first instance, I think we have to understand what the current situation is. If a contractor installed a boiler in an apartment block he would have to pay tax on just the materials. But if that same contractor installed the boiler in a manufacturing facility, right now

he would have to pay the tax on the materials plus the labour. So this was causing some problems. Depending on where these installations were occurring, there were two sets of rules.

The industry and the associations involved and the contractors—it was the contractors that were the ones involved in the consultation process with my officials. It was believed that the homebuilders were part of the contractors association, not as a homebuilders group itself, but many homebuilders are general contractors and they are also a member of that association. So it was the direct contractors involved in doing this work that were the ones at the table with my officials trying to sort out a solution.

What they felt was that every project was different in terms of the mix of materials and labour and that a general rule of thumb was not helpful, given the current regime where it was totally applied in non-residential situations on the entire labour and materials costs. The simplest solution seemed to be to have the same rule apply across all sectors, that the tax would be applied on labour and materials regardless of the installation site.

When my officials approached me with the fact that this dialogue had started to occur at their level and suggested to me that this was something we could address in this Budget to get this level playing field in place, one of the ideas was maybe we could make it revenue neutral by having a lower rate of retail sales tax on this type of work. It would have been something in the order of 6.83 percent, but it seemed unwieldy to have different rates of sales tax depending on different kinds of projects. You are going to have one rate of sales tax period and you are going to apply it on a consistent basis for materials and labour across the board. That was the solution that brought the greatest simplicity and the greatest ability for contractors to know what their obligations are for levying the tax, regardless of the sector in which they were doing the work. So that is why we resolved it the way we did.

The points you have raised in the letter from the homebuilders, I have responded to them in a letter. I am going to get a copy of that letter for you because there is some misinformation in that

letter. The other thing I can tell you, as soon as I saw that letter not only did I respond in a timely fashion with my own correspondence, which I will table here as soon as we can get it—it may be coming, it looks like something is coming—but I asked my officials to meet with the homebuilders last week. I think it was last Thursday. They met with the Winnipeg Construction Association last week. The Winnipeg Home Builders were at the table to discuss this tax measure and how it can be best implemented in a way that is reasonable for everybody.

So they are in discussions with the Winnipeg Construction Association. The Home Builders are at the table and they are looking at how they best affect the implementation of this measure.

I just want to read into the record what I put into the letter to the president of the Home Builders' Association.

**An Honourable Member:** What was the date?

**Mr. Selinger:** It was May 1. I will give you a copy. I will provide a copy to you. I have 30 seconds apparently.

The working group involved the Winnipeg Construction Association, the Construction Association of Rural Manitoba, the Mechanical Contractors Association of Manitoba and the Manitoba Electrical League. So we thought all the key players that did this kind of work were at the table. It was them that initiated the request for this sales tax review. Now are you going to hit the gavel any minute now?

**Madam Chairperson:** Yes.

**Mr. Selinger:** Okay. Go ahead. I am ready to stop.

**Madam Chairperson:** The hour being 5 p.m., it is time for Private Members' Business.

Committee rise.

## EXECUTIVE COUNCIL

\* (15:20)

**Mr. Chairperson (Conrad Santos):** We are on page 21 of the Estimates book. It has been

agreed to proceed on a global rather than on a line-by-line basis.

**Mr. Leonard Derkach (Russell):** Mr. Chair, when we ended the session last evening or yesterday afternoon, we ended on a note where the Premier (Mr. Doer) of this province somewhat erroneously put on the record many issues which, again, ironically and erroneously glorified the work of his administration, and in his remarks, he damned what was done under the previous Filmon administration.

I guess the Premier needs a little bit of a history lesson, Mr. Chair, because he has a very short memory. I take him back to the time when he was elected in 1986 under the Pawley administration, when he was in government and at that time, I believe, the Minister of Urban Affairs. We saw the kind of forward thinking that that government I guess displayed to the people of Manitoba which took Manitoba to the largest debt in six short years that this province has ever seen.

It took the Filmon administration and a Progressive Conservative government, Mr. Chair, to bring this province back from the brink of bankruptcy, and it was a brink of bankruptcy that this province was on. We were the second highest taxed province in Canada, and we brought it back through some very hard work, some very diligent effort and some very tough years for Manitobans to a point where Manitoba was then rid of a deficit, which we had been operating under during all of the Pawley years, and we actually began to run a surplus.

We put in place legislation, Mr. Chair, that would prevent any future administration from running a deficit in the way that it operated the books of this province. We did that because we knew the attitude of the NDP. Under Eugene Kostyra as Minister of Finance, we saw taxes rise in an unprecedented way in this province. It became a cliché where people began to recognize that there was not a tax that the NDP did not like and did not hike.

So, Mr. Chair, we went from years of uncontrolled spending to controlled spending, to bringing this province into a realm of respect, into a situation where people across the land recognized this province as one that was an attractive place to invest in, a good place to raise

a family and a province that was safe for families. I compare that to what we have today, just two short years, two and a half short years after this administration has taken office under the leadership of this Premier.

I remind the Premier (Mr. Doer) that it was our administration that brought diversification into the province of Manitoba, agricultural diversification like we have not seen in 20 years. After the Crow rate was taken away, this province, under the leadership of Gary Filmon and the Conservative government, brought agricultural diversification like we have not seen and we do not see in the province that we are competing with in the Premier's era, and that is Saskatchewan.

Mr. Chair, the Premier likes to take pride in announcing the Simplot expansion of potato production and potato processing in the province. I remind him that it was under the Conservative administration that potato processing took a giant leap forward. I remind him about the McCain's expansion. I remind him about the thousands of acres of production in this province that went from grain to potatoes, and I remind him of the fact that under our administration we aggressively pursued agricultural diversification by reaching out beyond the borders of this province to processors that would be welcome in this province. I also remind him that as soon as he took office, it was a meat processor that left this province because of what this government's attitude was, and that is the truth.

We further attempted diversification. The Premier (Mr. Doer) mentions the ethanol plant in my community, a project that has been worked on for a number of years. Saskatchewan has just recently announced a major initiative in ethanol. Now this Premier says me too, me too, and I will make some announcements, but mine are going to be kind of vague. We do not know what they are because he does not either. He has not shared them with Manitobans. So we do not need to take any lessons from this Premier or his administration, and we also understand that under our administration we were bold enough to implement an option in terms of marketing hogs. Because of that, we were able to attract a major hog processor into the province of

Manitoba, something they criticized, something the Premier criticized.

\* (15:30)

Today we have a meat processor in the province of Manitoba processing hogs. We also implemented the toughest guidelines in Canada and in North America with respect to hog production and with respect to how regulations and guidelines would be implemented with respect to producing hogs in the province of Manitoba.

This group that is in government today was the one that criticized us for putting in a dual marketing system for hogs and for bringing in what they called factory farms. The now-Minister of Agriculture (Ms. Wowchuk) was the chief critic and the leader on the criticism of factory farms. *[interjection]* She calls from her seat that it is not true, but it is, because she used to run around to meetings as a critic for Agriculture and used to fearmonger about what our government was doing with dual marketing and with factory farms, and that is the truth.

Now we have a new administration under this Premier, and this Premier says we are doing such a wonderful job. Yeah, they are doing a wonderful job driving this province back into debt, just like the Pawley administration did. They are driving this province back into high taxes. I have a chart here that shows that Manitoba today can boast about being the highest-taxed province in Canada, outside of Québec. That is the legacy of this Premier to Manitobans now, and he says he is not finished yet. I know he is not. I know he is not. That is what scares Manitobans, is that he is not finished yet. Manitobans are afraid about what he is about to do.

He criticized us for selling Manitoba Telephone System, and he was going to buy it back. He was going to buy it back. Now, he said a lot of things. He said he was going to end hallway medicine in six months. Did it happen? No. He was going to buy Manitoba Telephone back. Did it happen? No, and today Manitoba Telephone System pays taxes to the Province of Manitoba. We do not have to assume the debt of Manitoba Telephone anymore. This Premier had the honour of presenting the executive of



Manitoba Telephone System an award for being the best-run company in Manitoba. Now, is that bad? But yet, he is the one who talks about: Oh, you sold off Manitoba Telephone. I compare that, Mr. Chair, where today Manitobans are not saddled with the debt of Manitoba Telephone System to what this Premier has done to Manitoba Hydro.

Manitoba Hydro has a debt of over \$6 billion. In a little Cabinet decision their debt has been increased because this Premier could not balance his books. He needed to go back to Manitoba Hydro to rob them, where they had to go and actually borrow money to be able to have the Premier balance his books.

Now, Mr. Chair, if the Premier cannot balance his books, the law states very clearly that each of his ministers would have to take a 20% reduction in their salaries. So he found a very creative way in trying to get around that. He went to Manitoba Hydro and—well, of course he went to the Minister who was responsible for Finance and said: How do we do this? The Minister of Finance (Mr. Selinger) went to the Minister responsible for Hydro, who was himself, and decided he would take \$280 million, not just to balance future books or this year's books, but indeed to balance the books from last year. That is the kind of creative accounting, that is the kind of accountability we have from this Government to the people of Manitoba.

Mr. Chair, I would not have gone this route, but it was the Premier who motivated me to go this route when I asked him some questions, and you know I have a lot more here. I have a lot more and indeed if that is the route the Premier wants to go in, I can spend days and days and days here, reading back to him the litany of his mistakes and the litany of his faux pas as he becomes the Premier of our province.

But, Mr. Chair, that is not what we are here for. We are here to examine the books and to make sure that there is some accountability on behalf of the First Minister to the people of Manitoba, with respect to his Estimates and with respect to the policies and with respect to the actions that are taken by this Premier. That is what we are here for. So, although I somewhat

strayed from that responsibility, I only do so because in my questions to the Premier I tried to be as concise as I could, but it was the Premier who kind of motivated me to go in this direction.

So, Mr. Chair, I want to go back to some personnel questions of the Premier. I want to ask him about some individuals that work in various departments and sections of government. Some of these individuals that are working for the Premier, I know are probably doing a very good job, but nevertheless, I want to just ask him a couple of questions.

The first one has to do with somebody who works in his policy development or I guess, it is the policy role of the Premier. I want to ask him whether or not the MLA from Roblin-Dauphin's spouse is employed by his office in policy management.

**Hon. Gary Doer (Premier):** The member opposite, with the greatest respect, is not, you know, the critic of the Premier's Estimates. I am actually shocked that, having gone through as Opposition Leader with former Premier Filmon, I always felt, as a courtesy in the role of Opposition Leader, that it was my responsibility to be in the House asking the questions on the Estimates.

#### Point of Order

**Mr. Derkach:** Mr. Chair, I raise the point of order with the greatest of respect to the Premier. I know the Premier may be sensitive to my questions and what I have to say, but I am simply asking for answers. I told him why I spelled out some of the history to him and it is because he motivated me to do that, but secondly the leader will be here. The leader had an appointment that he could not avoid, so therefore he will be here momentarily, I am sure.

In the interim, I do not believe there is anything in the rules of the Legislature that prevent an MLA from asking the Premier questions, especially when we have responsibility for areas which touch closely on the Premier's area. Secondly, it is almost rude as a practice of this House to be referencing a member who is not in the House.

I know there are times when the Premier is away from the House on business. We do not

make an issue of it. There are ministers who are away on business. We do not make an issue of it in Question Period or in Estimates. Those are unavoidable times.

I recall last year I was in Estimates when a deputy minister could not be before Estimates when we had questions of the minister who could not answer because the deputy was not there. We did not make an issue of it.

So, if the Premier indeed has a problem with my asking some questions in Estimates then I guess he can put that on the record, but he should not make reference to someone not being present in the Chamber.

**Mr. Chairperson:** On the same point of order, the honourable First Minister.

**Mr. Doer:** I have had the responsibility of asking questions in the Executive Council area in the past. I always felt there was a convention, a courtesy and a responsibility of Her Majesty's Official Opposition to deal with the Premier's Estimates. If this is a new convention from members opposite that is one thing. I always found the priority to be no matter what was in front of me the responsibility of changing my schedule accordingly, including now as Premier where I have cancelled many meetings and important items to be here. Secondly, the only time I can recall there being a problem with that was when former Premier Filmon hurt his ankle in Whistler, and that is fair enough.

The member opposite made a number of allegations yesterday. One was that we were hiring at a different level than they were hiring for positions. He asked specifically about Mr. Dewar. Mr. Dewar started at the first step of a senior officer 8 on October 6—

\* (15:40)

**An Honourable Member:** We are still on the point of order.

**Mr. Doer:** I am sorry. On the point of order, the member does not have a point of order.

**Mr. Chairperson:** With due respect, I have to rule on the point of order.

**Mr. Doer:** To conclude on the point of order, there is no point of order.

**Mr. Chairperson:** There is a point of order, because the rule says, regardless of how we feel, there can be no reference to absences of members. That is the rule. A point of order is a departure from the rule.

\* \* \*

**Mr. Doer:** On a new point of order.

**Mr. Chairperson:** A new point of order being raised.

### Point of Order

**Mr. Doer:** I would ask you to read Hansard, and I will read it as well to ensure the statement was made about not doing the Estimates as opposed to being absent from the House. I would truly consider the notion of a comment about being absent from the House to be contrary to our rules. If I said it in that way, I will certainly acknowledge the fact that it is contrary to the rules. If it was stated in a way of not performing the Opposition's responsibilities on the issue of—this is redundant because the Opposition Leader is here now.

Having said that, I think the person that mentioned the Opposition Leader was away at an important interview at the time was actually the Member for Russell (Mr. Derkach). I think you will find in the record it is actually the Member for Russell who broke the rules, not the Premier, but I will read Hansard, as I would suggest you do. I think you will find the Member for Russell should be severely, severely sanctioned and censured by this House, and I apologize to the Leader of the Opposition for his untimely reference to his absence from this Chamber.

**Mr. Chairperson:** On the new point of order being raised, I will review Hansard if necessary and report to the committee.

**Mr. Derkach:** Information on the point of order, Mr. Chair.

**Mr. Chairperson:** New information?

**Mr. Derkach:** Yes, absolutely new information. On the point of order raised by the Premier, I

mean this is getting somewhat silly. Mr. Chair, the Premier did make reference to the member not being here in a complaining way. He asked from his seat where the leader was and I explained to him that he would be here momentarily. I thought that was courtesy enough to the Premier, but he wanted to push the issue and made reference in his remarks on the record that indicated that the Leader of the Opposition was not here to ask him questions.

He was offended by the questions I am asking. He is somewhat uncomfortable about the questions and the comments that I am making, and he is uncomfortable about the question that I asked with respect to an MLA's wife. That is the truth, and he wants to divert from that. I am going to press for the answer.

**Mr. Chairperson:** Our rules also say that points of order are not occasions for debate. Now I have already ruled that I will review Hansard, if necessary, and report on the point of order being raised.

\* \* \*

**Mr. Doer:** There were a few assertions made yesterday about individuals that were hired in the government service. Mr. Dewar was hired at the first step, Mr. McFadyen was hired at the sixth step, so the argument that we are hiring at one level, I do not think, is accurate. A question was asked about Mr. Pratik Modha. Mr. Pratik Modha was hired at the first step. A question was asked about Mr. Vogt, whether he was receiving extra pay. The answer is no, he is not.

There was a further question about seconding. I have not had a chance, because I was in Cabinet this morning, upon seconding, but there are. For example, Mr. MacAulay and Ms. Phyllis Fraser are both individuals that were seconded under Premier Filmon from the Culture Department and Education Department. They remain seconded in their roles. I will provide a list to the member, but as I said before, they are comparable with the issues raised.

The issue of departures and changes, the Leader of the Opposition asked a question about positions that had changed, Mr. Chairperson. The positions: administrative secretary AYD, Ms. DeVries has been replaced by Ms. Hayward; another policy analyst PM2, Mr. Labun, has

been replaced by Mr. Hildebrand; the Premier's writer, Janna Sanderson, has been replaced by Morgan Boyd; Director of Policy Management Michelle Scott has been replaced by Shauna Martin; and administrative assistant CL4, Ms. Skrepnek, has been replaced on an acting basis by Ms. Meilleur. Some individuals are working in other areas of the public service in administrative capacities, and some have retired and happily, I hear.

The question on the committees, CEDC is not a committee under Order-in-Council, but I certainly have no difficulty in revealing the names. The Premier (Mr. Doer) is on that committee; the Minister of Industry, Trade and Mines (Ms. Mihychuk); the Minister of Tourism (Mr. Lemieux); the Minister of Inter-governmental Affairs (Ms. Friesen); the Minister of Agriculture (Ms. Wowchuk); and the Minister of Northern and Native Affairs (Mr. Robinson).

There was a further question on the issue of flooding from Mr. Laurendeau, and I will provide a direct answer to him in writing.

The issue of the "lucrative" salaries, I have answered that question, the general question from the Member for Russell.

In terms of people starting in my office under these salary lines at the basic level, as I say, Mr. Modha was hired at the first step. Mr. Stewart was hired at the fourth step. Mr. Keith Stewart was hired at the fourth step. As I answered yesterday, we are following The Civil Service Act on hirings.

**Mr. Derkach:** Mr. Chair, I asked the Premier about Michelle Scott.

**Mr. Doer:** The individual who is working there is Ms. Martin. Ms. Scott is on maternity leave.

**Mr. Derkach:** But my question was whether Ms. Scott worked for the Policy Management area and is she on maternity leave from Policy Management.

**Mr. Doer:** She is on maternity leave, and the issue of spouses, I am advised, particularly with hirings, has both civil service implications and human rights implications. I am trying to get a legal interpretation of some of the areas under The Human Rights Act about discrimination on the basis of marital status that is being raised.

**Mr. Derkach:** Mr. Chair, I told the Premier yesterday, and I think if he has forgotten he should read Hansard, that this was not in any way to reflect on the people who work there. More importantly, this was to ascertain his attitude and his position on these hirings. My question to him was in fact whether he endorsed the hiring of these individuals and whether he approved the hiring of these individuals. That is my question with respect to Ms. Scott.

**Mr. Doer:** I am responsible for the hirings and I follow The Civil Service Act.

**Mr. Derkach:** So, Mr. Chair, he did approve the hiring of that individual in Policy Management, because that is an O/C position.

\* (15:50)

**Mr. Doer:** I follow The Civil Service Act. The Civil Service Act covers O/C appointments as well.

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Chair, I assume that the First Minister was concerned that I was not here, and I would like to assure him that it was for no other reason than that I had other business to attend to. I believe that these times, sometimes you have to be in other places. I hope he would not take it as a specific, sort of, lack of respect for him being in the House and me not being here. I have not heard but somebody mentioned to me and I will not make a comment until I perhaps read Hansard, but I also hope that the First Minister has not been necessarily vindictive of the fact that I was not here for the first couple of minutes. I hope that his comments were not directed at me personally, but, as I say, I will wait to make further comment on that until I see Hansard.

Mr. Chair, It is my understanding that Mr. Lloyd Girman is currently the Co-ordinator of the Premier's Secretariat. I wonder if the Premier could outline his responsibilities and whether Mr. Girman is a member of the Premier's senior staff.

**Mr. Doer:** Mr. Lloyd Girman does not work—

**Mr. Murray:** Mr. Girman does not work for you?

**Mr. Doer:** Mr. Girman does not work for us. No.

**Mr. Murray:** Could you indicate as to when his contract was ended or terminated?

**Mr. Doer:** I believe, if I am not mistaken, his contract was terminated in 1990, 1989 perhaps, by the former government. I will take it as notice. I know he did not survive 10 years of the members opposite. Anyway, continue on with your question.

**Mr. Murray:** Looking across to the Cabinet Communications office, where Mr. Donne Flanagan is the director, I wonder if the Premier could indicate the extent of Mr. Flanagan's responsibilities within the Executive Council and throughout government?

**Mr. Doer:** He has comparable responsibilities that Ms. Staples had in the past and Ms. Biggar had before.

**Mr. Murray:** I wonder if the Premier could elaborate on some of the specific duties that Mr. Flanagan has in his capacity as director of Cabinet Communications?

**Mr. Doer:** He had comparable responsibilities to Ms. Staples and Ms. Biggar.

**Mr. Murray:** Is there a job description or something that the First Minister could provide? I am just looking for a little bit more detail than a reference as to what somebody else did. I would love to be able to answer a question at some point, what is the role of the current Premier, and I would be delighted to be able to say that he was doing the same job as the former Premier. Unfortunately, that is not the case. So I am looking a little bit more for some detail as to what it is that Mr. Donne Flanagan is doing.

**Mr. Doer:** His job is to ensure that the communications in government in terms of the public good are communicated to the public generally. That entails making sure ultimately the media have access to various elected representatives, that the elected representatives fulfil our media responsibilities and that we communicate in the fullest sense of the word in the year 2002.

**Mr. Murray:** Could the Premier indicate whether Mr. Flanagan receives any additional benefits as being a member of the Premier's senior staff?

**Mr. Doer:** No. He does not have an arrangement like Mr. Sokolyk had.

**Mr. Murray:** Could the Premier indicate the salary of the outgoing director of communications in relation to that of Mr. Flanagan upon his assuming his duties?

**Mr. Doer:** I will take the question as notice, but I believe that it was comparable at the time. I will double-check that, but I think the member opposite asked me that question last year. I think I had the same answer. I think it was comparable.

**Mr. Murray:** On Monday, I believe, during the discussion of Estimates I asked the Premier if he could indicate how many committees of Cabinet currently are in place and whether a list of these committees could be tabled. I believe the First Minister said he would make best efforts and thought he could table them perhaps the following day if not after that. I just wondered. I have not received those. I wondered if he could indicate when he could table that list, please.

**Mr. Doer:** The statutory committee of Cabinet is in the Order-in-Council. I will produce it for him. That is the Treasury Board. The CEDC is not a statutory committee of Cabinet but I volunteered that information just a moment ago.

**Mr. Murray:** Just for clarification, you will be tabling that?

**Mr. Doer:** I promised to table the statutory committees of Cabinet. I will table the statutory committees of Cabinet. We have, for example, a number of the task groups that work on various tasks, so they come and go.

**Mr. Murray:** I would appreciate the Premier's desire to do that and thank him for that. I just wonder, again, if he could just give me a date when that would be tabled.

**Mr. Doer:** Well, there is just only one statutory committee: Cabinet's Treasury Board. I believe

the Treasury Board members are: the Minister of Finance (Mr. Selinger), the Minister of Intergovernmental Affairs (Ms. Friesen), the Minister of Consumer and Corporate Affairs (Mr. Smith), the Minister of Cultural Affairs and Tourism (Mr. Lemieux), and the Minister of Agriculture (Ms. Wowchuk). I will double-check to see if there is a difference there, but I believe that is the statutory Treasury Board. I provided the CEDC committee.

**Mr. Murray:** Can I ask the First Minister if he would put down in a document in writing, as my question is to table it in terms of the way that he tabled the salaries of Executive Council. I wonder if I could ask the First Minister if he would table that document that we have been discussing.

**Mr. Doer:** I will table the statutory committees of Cabinet.

**Mr. Murray:** I just wonder, again, if the First Minister would just give a date, a day, when he would table that, please.

**Mr. Doer:** There is only one statutory committee of Cabinet and it is Treasury Board. I think I just gave the member opposite the names, but I will check the new O/C. I had the old O/C. Okay, tomorrow.

**Mr. Murray:** That will be tabled tomorrow. Mr. Chairman, I wondered if I could ask the First Minister who, I understand, is the correct name for current co-ordinator of the Premier's Secretariat. I believe that is Lea Girman. I just wonder if the Premier could outline the responsibilities and whether Mr. Girman is a member of the Premier's senior staff?

\* (16:00)

**Mr. Doer:** The individual, the position of Co-ordinator of the Premier's Secretariat is a position that co-ordinates the administrative functions in the Premier's Office, co-ordinates the issues of communication, i.e., writing, telephone calls, that type of material. Obviously it is a person who is in contact with the Premier.

**Mr. Murray:** Mr. Girman qualifies as a member of the Premier's senior staff?

**Mr. Doer:** While the individual has a co-ordinating function and from time to time they have that role, that position has contact with the Premier and access to the Premier. There are different senior staff for different functions. Certainly for the co-ordination of the schedule and appropriate other communications, that individual is in contact with the Premier.

**Mr. Murray:** Does Mr. Girman receive any additional benefits in addition to his salary?

**Mr. Doer:** Mr. Girman does not work for the Government.

**Mr. Murray:** So, I am just asking if Mr. Girman receives any additional benefits in addition to his salary?

**Mr. Doer:** I am not sure whether SNC-Lavalin pays Mr. Girman any extra money or not. I believe he is a vice-president of SNC-Lavalin.

**Mr. Murray:** Lea Girman?

**Mr. Doer:** Ms. Girman does not receive additional money. First of all, there are two types of pension plans, the Civil Service Superannuation Plan or the ability to have a registered retirement saving plan. We cancelled the 12% employer portion pension plan that was available to Mr. Sokolyk and Mr. Leach and Mr. Benson, in the past. So there are no individuals that get a super employer portion pension plan under our office.

So I am not sure whether they have the ability. Some individuals in the Premier's office who come and go with the will of the Government have, not all of them, a lot of people, in fact, everybody at this table here, long-term meritorious employees, but a lot of people in the Premier's office are non-partisan, and others are partisan and come and go with the Government. I am not sure of the status of the pension here, but there is nobody that is receiving beyond the pension any "additional benefits," or any payments, rather; it is a benefit to work with the Government.

**Mr. Murray:** The Manitoba Hydro Act, section 43(3), talks about "funds of government and corporation not to be mixed," and I will read what it says. I will not read the whole thing. I

will read the items that I think pertain to my question, but it specifically says: "The funds of the corporation shall not be employed for the purposes of government or any agency of the government." I just wondered if the First Minister would mean that act, as you read it, means that the government of the day does not have access to the revenues of that particular corporation.

**Mr. Doer:** Well, the member opposite will know that the members have placed government measures in the past. The capital tax was applied to Hydro under previous Conservative governments. The water power rental rates, I recall, Mr. Craig introduced that in previous budgets. There are other treatments of Hydro. Centra Gas had a secret tax deal from the members opposite that we cancelled in government, which is an ongoing revenue item to treat Centra Gas like a private company for tax purposes, a secret memorandum of agreement, signed at the Cabinet table.

So obviously members opposite can look at the history and interpret the act the way they would wish, but the Budget had a good recommendation to the business council. We knew we were having extra revenue in the year 2001-02, and we were acting appropriately. We will amend legislation appropriately.

**Mr. Murray:** Is the First Minister saying that it requires an amendment of the legislation to proceed on the basis of what you are proposing to do to take profits out of Manitoba Hydro, that you would not be able to take monies out of Manitoba Hydro specifically as it refers to in 43(3) without amending the legislation?

**Mr. Doer:** Well, I think that is the most up-front way to do it. There could be other ways and means. If you ask me a question, I know that, for example, there are other measures available in government that do not require legislation like water power rental rates and budgets. Budgets themselves implement changes in financial statuses of different organizations. God knows, Mr. Manness brought in a Budget that took away a surplus in the previous year and changed the whole accounts to create a Fiscal Stabilization Fund, which was an act of the Legislature.

So we think this is the more up-front way to do it. That is what the Minister of Finance is

proposing, but I know they are asking him questions in his own Estimates on these issues, as well.

**Mr. Murray:** But as the Premier of the province, you are indicating that you are taking the profits out of Manitoba Hydro before you have actually amended the legislation.

**Mr. Doer:** Mr. Chairperson, there has been legislation to go back nine months retroactively in this House brought in by former Finance Minister Manness, so it is not a precedent in this Chamber. The Budget stands on its own strengths and weaknesses, and so be it.

**Mr. Murray:** I understand the First Minister's desire to always refer back to other things that were done. He seems to make a habit of that.

My question, very simply is, you are proposing to take the money out of Manitoba Hydro, the profits out of Manitoba Hydro, despite what it says in section 43(3), so, in essence, you are taking the money out of Manitoba Hydro before you have amended the legislation.

**Mr. Doer:** Well, Mr. Chairperson, the issues of the Budget require a number of legal sanctions. The whole budget is not technically passed until the Budget is passed, which it has been, the Estimates are passed, the concurrence motion is passed and various other statutory and other legislative measures are dealt with. This is not abnormal for a budget that requires a lot of legal votes of this Legislature, and this Budget is no exception to that.

**Mr. Murray:** Mr. Chair, I would like to just go back to a comment that the First Minister made about—I believe he referenced the Business Council, and I think these are his words, stating that they agree that to take an ad hoc amount of money out of Manitoba Hydro is something they support.

It certainly is not consistent with the comments that I read in the newspaper once the Budget was down, Mr. Chair. I know that the First Minister likes to use that group as a reference to sort of placate and make what he does sort of okay, but my sense is from the

comments that I have heard, is that they are absolutely against an ad hoc movement of taking 72 percent of the profits.

\* (16:10)

So I would certainly caution the First Minister on going out and making comments that as far as I read in the newspaper, have a different tone to what he is alleging is taking place.

I would ask him simply again, that the appearance, and if there is to be transparency in the process, that really what he has indicated to Manitobans is that he has had a deficit of \$150 million from last year, and in order to balance the books from last year, you have had to go into Manitoba Hydro's profits and on an ad hoc basis take 72 percent, what amounts to 72 percent out of Manitoba Hydro's profits, so that the books from last year can be balanced. That, in essence, Mr. Chair, gives every indication to Manitobans who would be following this that the cheque has been written and that that has already transpired.

So my question to the First Minister: Is the \$150 million, has that been moved to close out, to pay off last year's books?

**Mr. Doer:** Well, Mr. Chair, the dividend will not be 72 percent over the three years, but I am glad the Leader of the Opposition recognizes that it is a portion of the profits, not an amount of money drawn above profits, because last year's results were quite a bit, significantly above their earlier projections in the Legislature, in this committee. Because their results were quite a bit above it, we thought that with the uncertainty we should do this.

Now the books are balanced. First of all, this money allows us to continue to pay down debt as well as balance the books. The debt payment and the amount of money we are putting into the Fiscal Stabilization Fund might even be close to the \$150 million to begin with. So we still have not closed down the total books for this last year. We are certainly within the range of not taking any money out of the rainy day fund.

I would caution the member opposite to recall that contrary to the so-called 50-50 plan

with those curious tax tables that we saw from the computer run, which did not build in the \$185 million from the rainy day fund, we have not taken any money from the rainy day fund. That has allowed us to make a debt payment and put \$25 million back into the rainy day fund, because the surplus is predicted to be \$25 million. If it is up another \$29 million before the year-end because the books have not been dealt with, it would mean virtually that we are very close to balancing with the debt payment and not taking any money out of the rainy day fund with this money.

Some provinces have raised health care premiums. Some provinces have closed hospitals. Some provinces have not paid down debt. Some provinces, maybe even Conservative provinces, will be running big deficits. We will wait and see. All the budgets are not in yet.

In a perfect world we would not have had an economic slowdown. The member opposite talks about retroactivity or the going back in the books. I do not know, the member has sort of dismissed this in the past, said this is no big deal. It is just an excuse not to bring a budget in. We are still dealing with \$403 million back to 1993. So, when you talk about books being open and closed, I can assure you that we are dealing with books that were allegedly closed and signed off by auditors in Ottawa and Winnipeg back to 1993, '94, '95, '96, '97, '98, '99, and we were informed in January 2002.

Secondly, I will show the member opposite an Order-in-Council that I received when I was in the middle of transition. It was a huge amount of money out of the rainy day fund. I should get a copy of it. It was after the government was defeated and before the new government came in, so I am more than willing to debate this issue anytime and place. In a perfect world, and the question of the Business Council, yes, they do want an ongoing dividend policy.

I assume the member opposite is opposed to that because the Tories always—in fact, the Tories called Limestone a millstone. Thankfully, their predictions were wrong. The Liberals called it lemonstone. We will see in the next couple of months how much of a lemonstone it

is and how much of a millstone it is with other announcements we will make in the future.

**Mr. Chairperson:** The honourable Leader of the Opposition.

**Mr. Murray:** Thank you, Mr. Chair. The—

**Mr. Chairperson:** The honourable First Minister.

**Mr. Doer:** I want to get John Loewen to the table as agreed to because he asked me to table all these secret deals or all these corporate agreements last year. *[interjection]* Okay. Oh, I have the Hansard. Sorry, I am off topic.

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

**Mr. Chairperson:** The Leader of the Opposition next. Order, please. The Leader of the Opposition has the floor.

**Mr. Murray:** Well, Mr. Chair, it is always interesting when the First Minister goes on about other issues rather than the point in question. I think it certainly would be very, very clear—I think he mentioned that some provinces, and he makes reference to Conservative governments, that they may be running deficits. Well, I think that anybody would certainly acknowledge that, if he is making any reference at all to Ontario, we know full well and the records are clear that it was the New Democratic Party that took that province and put it on its knees.

I know that he likes to just talk about today when it is convenient versus what the history is, but, of course, when it is convenient, then we always go back to what historical preference was because that seems to make his argument, apparently, at least in his own mind, hold water.

I think the issue, Mr. Chairman, is that he talks about a slowdown, talks about the fact that if I understand correctly—and I would like to ask him if he would clarify, is he suggesting that even though they are using \$150 million that they have raided from Manitoba Hydro to close or pay off the deficit from last year, is he suggesting that those books are still open?

**Mr. Doer:** The issue of the books and the timing of it, it is all based on legal precedents and



advice from comptrollers. It is not a political decision.

**Mr. Murray:** I was not making reference to any political decision. It was simply a straight-forward question. Are the books still open, yes or no?

**Mr. Doer:** Well, I just answered that the books going back to 1993 with the federal error have been opened by the federal government. I mean, I do not know which part of this is unclear. We are getting corrections right back to 1993. That, in essence, opens the books.

**Mr. Murray:** So it is possible then that the \$150-million deficit that the Doer government ran for last year, it is possible that that deficit could be higher.

**Mr. Doer:** Mr. Chairperson, I just finished saying that we are paying down \$96 million in debt. We are not taking any draw from the Fiscal Stabilization Fund. We have \$25 million that we are putting in the Fiscal Stabilization Fund. We may be putting more money into the Fiscal Stabilization Fund than \$25 million. If paying down \$96 million in debt repayment is—we are one of the only jurisdictions in Canada paying down debt, let alone balancing.

**Mr. Murray:** Mr. Chair, I am interested to know that there is a possibility that the Premier does not rule out the fact that he may have to go into Manitoba Hydro or find some other way to pay down even what will potentially be a higher deficit than what we are facing now.

I think that the Minister of Finance (Mr. Selinger) in the House made a comment about, you know, it is an uncertain world out there. Well, Mr. Chair, I think the uncertainty clearly rests on the other side.

I just find it very interesting that we are now faced with a \$150-million deficit, the books are open, Manitoba Hydro has been raided to cover off that deficit, and I find it interesting that there is a possibility that we may have to look for other ways to increase what might be a growing deficit for last year, let alone moving forward for this year.

\* (16:20)

**Mr. Doer:** I think I just finished saying that it may be going in the opposite direction. The member can invent any words he wants, but we are confident about most of the factors in our Budget. We do not have a resolution of the '93-99 error.

I would point out, under the Leader of the Opposition's scenario, the fact that they took money from Telephone System, over \$400 million, and put it into the rainy day fund, that would mean, under your definition, that the legacy of former Premier Filmon and former Finance Minister Stefanson is very much in doubt, because they pride themselves in balancing the budget through Telephone System sales.

The issue of balancing and paying down debt is not the issue. The issue is how much money are we going to take out of the rainy day fund. Members opposite took over \$400 million out of the rainy day fund in '98, '99, '97-98 Budget, '98-99 Budget and '99-2000 Budget. The last two budgets, they budgeted \$185 million in each budget year for rainy day fund draw. We have not yet taken a nickel out of the rainy day fund. So if you ask questions about funds, what the real tradeoff here was, and there was a tradeoff, we decided, as a matter of prudence, to take a revenue source which we know was over budgeted for extra revenue and deal with a revenue source which was under budget, i.e., corporate revenues, and take it to make sure that we did not have to rely on the rainy day fund this year.

I think members opposite should be pleased. You never know what is going to happen in the future. We did not just drain the rainy day fund to deal with the situation. We found an alternative way to deal with it, and this allows Manitoba more flexibility into the future. Every independent financial rating agency has actually thought that this was a very prudent move. The Bank of Montreal just came out today and said it is a very smart move. Members opposite are talking one way, but the people in the financial markets think that this is a prudent move because they know other jurisdictions are going through more difficult times. *[interjection]*

We have lots of resources. We have money in the physical stabilization fund. We did not

touch it. We have not touched it yet. *[interjection]* I hope we do not touch it at all.

**Mr. Chairperson:** Order, please. Unless you have the floor, please do not interrupt. Who has the floor now? The honourable Leader of the Opposition.

**Mr. Murray:** Thank you very much, Mr. Chair. Well done. The First Minister goes on about the fact that they have not had to touch the rainy day fund and makes that that is sort of a big issue. It might be a big issue in his mind, but I think, in Manitobans' minds, what was fascinating is that why would you have to touch the rainy day fund when you can go in and raid a Crown corporation for revenues. We saw, and again I will applaud the First Minister, when he attempted to raid \$30 million out of MPI to use it for means that were not appropriate. He realized he had made a mistake, and so he reversed his decision. We applaud him for that. We realize that there is a history of the NDP wanting to go in and raid Crown corporations. We understand that. In this particular instance, they got a strong message back that \$30 million out of MPI was not their money. It was the money of the ratepayers. So they did what we believe was the right thing to do.

Now we have a situation where they find themselves again in a position where they have overextended themselves on the expense side because they do not have the revenue to back it up, and as typically happens in these situations, rather than looking for opportunities to live within the Government's means, the Government, under the Premier, has decided that we are \$150 million short. We are looking at running a deficit. There is obviously some tremendous sensitivity, knowing that in the climate that we see economically that, if you cannot live within your means, clearly there is this problem with spending. As the Minister of Finance said, they have to go in and raid the rainy day fund. That was what the Minister of Finance floated out to Manitobans through a newspaper article, realized that that is not what is prudent in terms of where government should be, particularly with the economic climate that this Government inherited. To do the political thing then would have to be to find revenues. Then you go in and raid a Crown Corporation.

So they took an ad hoc measure, despite what the legislation says in The Manitoba Hydro Act, laying out very clearly in 43(3) that funds of government and corporation are not to be mixed. They have gone ahead and taken a stab at raiding that Crown corporation for \$288 million just to pay down the books for last year.

I find that, yes, the fact they did not have to go into the rainy day fund is something that the Premier will talk. He mentions it every time that this question comes up, whether it is in Question Period or as we talk about it in Estimates. We understand he did not have to go into the rainy day fund. What he did instead was he is going and doing something in changing the legislation that will allow him to go in to raid a Crown corporation. Clearly some 40 years ago there was legislation put in place that prohibited him doing exactly what he is doing.

The question to the First Minister is: Once you have now opened the door to continue to raid a Crown corporation, and knowing the history that the New Democratic Party has with raiding Crown corporations, as we have seen what they have done with MPI, what assurance does he give Manitobans that he is not going to continue to drain Manitoba Hydro profits?

**Mr. Doer:** I am just getting some more financial independent reviews here that are positive. I thank my staff for sending those in. There are so many of them I do not know where to start. When Limestone was built, and the member opposite may want to go back, members opposite may want to go back to when Limestone was built. It was never anticipated that any or a very little amount of that electricity was budgeted right to the year 2005 for export sales. Limestone was built on the premise, if you read the history of it, it was not built as in the past to meet just domestic consumption. It was built to go beyond the narrow vision of domestic consumption to have export sales and have export sales generate a surplus of money, partially to be used to keep hydro rates down, partially to be used to pay down the Limestone debt-equity portion of the dam, although the debt-equity is a false number, because Limestone itself is worth way more than the book asset on it.

Thirdly, to generate revenues that would be used for the benefit of all Manitobans in an

Energy Act was passed in this Chamber in 1987. Members opposite, and I recall the debate, said you will not get more than 3 cents a kilowatt-hour and blah, blah, blah, and, you know, they were wrong. They amended the act sometime in the 1990s.

\* (16:30)

The whole purpose of Limestone was to achieve three objectives: one, to keep the rates down; two, to have a certain percentage being returned to the debt-equity of the corporation, of Hydro; and three, to have a situation where revenues would be generated in surplus for the benefit of all the people of Manitoba. That act was pessimistically repealed by members opposite. We are taking advantage of the surplus revenue that was obtained through the vision in the past. The only drag on debt-equity right now in Manitoba Hydro, in my view, is Centra Gas, a deal made by members opposite that in fact lost money last year. It is kind of unfortunate, but members opposite nationalized a gas distribution system.

We tried it at one-third the price in the 1980s. Some of us in the 1980s, by the way, thought buying pipes was not that useful, that buying a long-term commodity like gas would be more useful than the pipes. But that was a different debate at a different time. *[interjection]* That was before my time.

**An Honourable Member:** I just got my answer. It was before my time. Thank you very much.

**Mr. Doer:** I got us out of Saudi Arabia.

**Mr. Chairperson:** Hansard will have difficulty recording all these interruptions.

**Mr. Doer:** Having said that, it never worked for me, I will tell you. I wore Saudi Arabia in every debate I was in, but got us out of Saudi Arabia.

The bottom line is Limestone was built. There were two views in this Legislature. The pessimistic view was the Liberals and the Conservatives. The Liberals called it lemonstone. The Tories called it a millstone. We called it Limestone. The optimistic view, history will show, has prevailed.

I would not see this on an ongoing basis, this Hydro issue. I think it is a unique set of circumstances. I think we have to keep working at the debt-equity ratio of Hydro. This obviously has an impact on that. But I think all things being equal that it was a good decision to be made, a good recommendation from the business council. The only "sneaky" deal that I have seen in Crown corporations, by the way, is the secret deal on taxing Centra Gas that was made by members opposite in government, not by the Leader of the Opposition, but by his colleagues in the front row.

You may agree with this proposal, you may disagree with this proposal. That is what democracy is all about. But it is going to be done up front in the Budget. There will not be any kind of Silent Sam deals like the Centra Gas tax deal. We could tax a Crown corporation like a private corporation. That is available for any government. The members opposite introduced a capital tax to Crowns. They introduced a water tax. *[interjection]* Not on the tax deal.

**Mr. Chairperson:** Order, please. If the Member for Russell wants to speak he can have the floor, but it will be at the discretion of the Leader of the Opposition, of course.

**Mr. Murray:** As he is going to his seat, Mr. Chair, I would like to continue if I could, as nimble as he is. I am delighted that the First Minister has emphatically defined the correct response to questions. That happened before my time. I thank him very much for that ability for me to use his words when questions come up about things that happened before my time.

On the question I asked the First Minister about the history of the New Democratic Party, when they get into the ability to put themselves in a position to raid Crown corporations, my concern is that now that the lid is off, so to speak, and they are going to change the legislation which was put in place to prohibit what they are doing, now that they are going to make this a free-for-all, what assurance, if any assurance, can the First Minister give that this is not going to be part of the sort of spending spree that we have seen since the First Minister has become the Premier of Manitoba?

**Mr. Doer:** Well, first of all, the definition "before my time" for the Leader of the

Opposition goes back to the time that he was in the Filmon team election campaign, and we would argue his time also includes the introduction of the GST under Brian Mulroney. So "before my time" covers a lot of sins and the David Clayton-Thomas days might even include that, might even include the David Clayton-Thomas times, but we will—

**An Honourable Member:** I did not want to do it. He is forcing me to. I do not want to do it, Mr. Chair.

**Mr. Doer:** She just wrote me a nice letter about polar bear legislation.

**Mr. Chairperson:** The honourable First Minister still has the floor.

*Mr. Tom Nevakshonoff, Acting Chairperson, in the Chair*

**Mr. Doer:** So I want to thank you. Last week I celebrated another occasion with Mr. Dan Johnson again. So "before my time." So the member can try to use it and we will try to use it in an opposite way.

Mr. Acting Chair, I want to deal with the issue of expenditures. I want to just deal with the issue of expenditures. The 2001-02 Budget at this point, and it might probably be better as we proceed, is within the Emergency Measures expenditures of being within budget. In other words, on the expenditure side, this is the best expenditure result from 1992-93 on for expenditures on budgets and results. The biggest overexpenditure was doctors' billings. Members opposite will know about that contract, and that we are dealing with it.

The second point is the expenditure levels in our first three budgets is half as much as the expenditure levels in the last three Conservative budgets. The numbers, by the way, are irrefutable, and the member opposite knows that because how did they balance—and, by the way, the revenue items include the Hydro portion, but the expenditure levels were a billion dollars in the last three years. Maybe that is where they found the billion dollars and put it on that back of the napkin, complete with those computerized tax tables that were in the press conference at the International Inn, which, of course, is interesting. Having said that, Mr. Acting Chair—

very interesting—I cannot even remember who was presenting those computerized tax tables and where they came from. Cannot remember who did that. Having said that, the member opposite was involved in three times or twice the expenditure levels in the '97-98, '98-99, '99-2000 budgets. Expenditure levels were twice as much as our first three years in office. It has been my experience that, in this business, facts count, and sooner or later the rhetoric is going to catch up to the Leader of the Opposition on the expenditure side, because there are people in the media who are actually capable of reading budgets and analyzing them on their own.

When that happens, the Leader of the Opposition is going to be in a lot of trouble, because it will show that they spent twice as much in their last three years in office, and I know they do not like this. This is where they lost their Tory compass. They became soft, and they became muddily in the middle, mushy Tories, but they lost their will to choose. When the member opposite, the member from Russell, talks about the rainy day fund, we are trying to reduce as much as possible our utilization of that fund. *[interjection]* Well, the member opposite grabbed, his two years in Cabinet, he took \$370 million out of the rainy day fund. They did not factor it into the so-called 50-50 plan, and we have not touched a nickel so far in government. *[interjection]* \$400 million from the Telephone System.

\* (16:40)

**Mr. Murray:** I hope last night, Mr. Chair, when the Premier was meeting with his counterpart from Saskatchewan, Premier Calvert, I hope that Premier Calvert had sort of ingratiated himself to our Premier and bought our Premier supper, because clearly, when you look at the 1999 annual personal constant tax, a family of four earning \$60,000, at that time, that family of four in Manitoba paid \$253 less than the same family in Saskatchewan. In 2002, according to the NDP Budget, that same family of four earning \$60,000 in Manitoba is now paying \$886 more than that family in Saskatchewan. So I would hope that the Premier of Saskatchewan would have gone out and laid a very lavish meal on our Premier, because we are certainly being taken to the cleaners in terms of the incredibly high tax rate.

What is it that this Premier feels allows him to go in and do things such as raiding a Crown corporation to put monies into general revenues because they have, in essence, overcommitted themselves, and yet we see a family of four in Manitoba paying an additional \$886 more than that family in Saskatchewan? How is it that the Premier can possibly give Manitobans any indication that, as we fall further and further behind in a competitive nature, he has already gone in to raid money out of Manitoba Hydro? We are falling further and further behind Saskatchewan, which, as I say, Mr. Chair, I am from Saskatchewan, so I understand when people hear this First Minister say that we are competing with Saskatchewan. I understand why that makes the hair on the backs of people's necks stand up, because it should not be Saskatchewan that we are competing with. We should be much, much better than that, but the tables, according to the NDP Budget, show that we fall some \$886 behind a family of four in Saskatchewan.

So we see the First Minister raiding Manitoba Hydro, and in his own mind and in his own way, he is justifying the way that he has done that. I think the concern that Manitobans have is: What guarantee, in light of the fact that his own First Minister of Finance says, well, it is an uncertain world out there, what guarantee, what sense of hope does he give hardworking Manitobans that are already being penalized paying \$886 more than the family in Saskatchewan? The Manitoba Society of Seniors, who feel that by what the First Minister has done in their press release, have said that this concerns them because they may in fact be looking at, and I think the words that they used is taking profits out of Manitoba Hydro. This is came from the Manitoba Society of Seniors.

Taking profits out of Manitoba Hydro and putting them into government coffers is a regressive tax measure, and a quote from Gerri Hewitt says: "We are concerned that these payments to the Province could result in rate increases in Manitoba Hydro ratepayers."

So Manitobans are looking for some sense of commitment from the First Minister (Mr. Doer) that, as troubling as it is that they had to raid a Crown corporation, that it will stop, and it will not just be next year and the year after, and

the year after that. What commitment can you give to Manitobans that this will stop?

**Mr. Doer:** Well, there are a whole number of points the member opposite made or statements he made. The bottom line is it is interesting because, when we came into office, the most interesting factor to me was how high the taxes actually were when we washed out the flat tax and the surtax.

You know, members opposite never even reduced the corporate income tax once, not once, in 11 years. We have reduced income taxes by 11.5 percent, and that is much more than what the Tories did in 11 years. We have done more in 3 years than members opposite did in 11 years, and the public knows that.

**Mr. Murray:** I think I will direct my question again to the First Minister on the basis of what sort of commitment can he give to Manitobans that he will not, on an ongoing basis, continue to raid Manitoba Hydro profits.

He has gone in and taken \$288 million out. We know that he needs 150 of that to balance the deficit from last year, but what commitment will he give to Manitobans who, according to his own facts and figures that they produced, show that a single-earner family of four, \$60,000, is penalized some \$886 by residing in Manitoba versus Saskatchewan?

What commitment does he give to those and other Manitobans that he will not continually use Manitoba Hydro as a way to continue to balance his books because they are spending too much money?

**Mr. Doer:** Well, what commitment is a Tory going to give in not selling the Crown corporation?

**Mr. Murray:** Well, maybe I will try to put it into clearer terms. He is the Premier of the province. He has gone into Manitoba Hydro to raid \$288 million out of their profits. That is 72 percent of their profits. He has gone in and raided that on the basis that they have overextended themselves by \$150 million from last year.

He is posing a question rather than just coming forward and being transparent with

Manitobans about what he, as the Premier of the province of Manitoba, is going to do. The question simply is: What commitment will he give Manitobans that, on an ongoing basis, he will not continually raid the profits of Manitoba Hydro to simply cover and offset the fact that he is overspending his general revenues?

**Mr. Doer:** Again, the spending levels in our first three years in office are half as much as the last three years the former government was in office. *[interjection]* Well, that is why the draw from the Fiscal Stabilization Fund. Look through your budgets: \$185 million in your last year not calculated in your so-called 50-50 plan; \$185 million the year before that; \$100 million before that. You know, you were dining out of the Fiscal Stabilization Fund in relatively good economic years. That is why the public saw through this 50-50 plan. We are very close. We are only the emergency expenses away, the supplementary spending on emergency measures away, from being balanced on the expenditure levels of government for the first time since '93-94. You were not closer. You were not as close as we were this year on the expenditure side in '94-95, '95-96, '97-98, '99-2000, so just a little bit wide. The recession was '92. Actually that was the one year, '91-92, when you were actually closer. Your deficit of \$862 million in '92-93. On the expenditure side, you were actually close in the '92-93 year; in fact, you were inside on the expenditure level side. Dare I say, I know members opposite do not like the truth, but the truth is there for you in the Public Accounts.

Our objective is to keep hydro rates low, and we will continue to do that. The profit, the member opposite uses the one year of 72 percent. If he will look at the way it flows, I would suggest it will be less than 50 percent of the profits by the time the three years are calculated. We think this is a more prudent way to go than to take it out of the rainy day fund right now. That is the issue. We are paying down debt, balancing the budget, and not taking money out of the rainy day fund. That is the good side. The negative side is we are taking part of the profits. All of the profits are from export sales, and part of the profits we are taking for deferring our reliance on a rainy day fund. I think that members opposite may be hearing

something differently out there, but I think the public thinks that is a prudent, sensible move.

\* (16:50)

**Mr. Murray:** Mr. Chair, I think the Premier made allusion to "the public saw through." What the public saw through was when his Government went in and raided MPI for \$30 million. They saw through that all right, because they knew it was the wrong thing to do. Again, I come back, we applauded the First Minister for doing the right thing. He realized he had made a mistake, and he changed his mind. He gave that money back to the ratepayers of Manitoba.

Now we have a situation where the First Minister is raiding a Crown corporation, and after the fact, once the money has been allocated, now they are going to go and change the legislation. He will go on all about precedents and all about the former governments and all of those wonderful things that he says, but the key question, and I think what is ultimately important, is the transparency of how this process should take place. So we have asked the Doer government and we asked the First Minister, and I will ask him today, why he would not consider taking this issue and putting it in front of the experts, putting it in front of those people that can ask the questions to ensure that the right thing is being dealt with. That is the Public Utilities Board, which is an arm's-length board that serves purpose for all Manitobans. That is the issue that I think that most Manitobans would be delighted to hear from.

So we ask this First Minister to take this process and make it transparent, put this raiding of Manitoba Hydro, put that in front of the Public Utilities Board, and get a sense of how the Public Utilities Board feels. Rather than taking the profits and paying down the debt of Manitoba Hydro or rather than reducing the rates for the ratepayers of Manitoba Hydro, find out how the Public Utilities Board feels about this action.

**Mr. Doer:** The so-called experts, Mr. Mauro and also the Crown Council. Mr. Mauro knows that a company like Investors pays dividends to Power Corp. He has talked about a dividend

from Hydro in the past. The Business Council has talked about it in their budget proposals.

You know, it is actually interesting because the biggest problem we had in this last year's budget and this year's current Budget has been with the profitability of many companies and the calculation of corporate taxes over a longer period of time in being able to take losses over a few years. The biggest vulnerability in the Budget has not been on the consumer side, the other side, but in every province it has been on the corporate income tax side. Obviously, some of the people in the Business Council were aware of that.

I actually was at a social event with a member of the Business Council—the member from St. Norbert was there as well—and he said: Why do you not tell the Opposition and the public that this was our idea? I said I had been doing it in the House. It does not necessarily get covered.

I know members opposite were disappointed in the Budget. They were disappointed that we were not going to raise income tax as they had predicted. They were disappointed we were not going to raise gas tax as they predicted. They were disappointed we did not raise diesel tax as they predicted. They were disappointed we did not have a user fee on home care as they predicted. They were disappointed on all kinds of fronts.

The only thing they were probably right on was cigarette taxes, but every western province already had brought them in earlier. It was pretty obvious that that was going to take place with every province in Canada raising them. So every prediction the member opposite made did not come true.

So I know they are disappointed with the Budget. I know it has got more good news and sensible proposals than members opposite wanted. I looked at their faces. They were down-crest when they heard that we had not touched the rainy day fund for two years so far. They were heartbroken. They were hoping, wishing and hoping and planning and dreaming that we would take money out of the rainy day fund, that we would not have nothing left in these tough financial times.

You know, the economic predictions are predicting Manitoba's growth rate. We have had two predictions since the Budget; both have been higher than what so far is in the Budget. We will wait and see if we get seven of them. This is all very good news.

I know the Leader of the Opposition was disappointed about the Budget. No budget is perfect. This Budget is not perfect, but most people say it is a sensible budget in tough times. It is a good way to go, taking some of that U.S. consumer money from hydro-electric sales and making sure that we have a bridge through these troubled waters of uncertain time over to a shore of optimism. The optimism is growing and growing. It is a sensible way to go.

You were draining out the rainy day fund like drunken sailors, as they say, but we have not taken a nickel from that. No disrespect to sailors. I better retract that because I have a few friends that are—

**An Honourable Member:** These are our armed forces.

**Mr. Doer:** No, I am not talking about armed forces.

**An Honourable Member:** Well, sailors are armed forces.

**Mr. Doer:** Well, as a windsurfer, I should be very careful of my statement about our colleagues with sails. Sailors can include windsurfers, and I should be very careful. I digress. I am sorry.

**Mr. Murray:** Again, for the Premier to be able to say that they have not had to raid the rainy day fund is fascinating because we know that they have had a very difficult time balancing their books, and we know that they have a spending problem. They have exceeded last year's books by \$150 million, and, sure, they did not have to raid the rainy day fund. Why? Because they raided one of the Crown corporations.

I mean, it would be like saying let us, everybody, gather around the dinner table because, guess what, the good news is we paid the mortgage. The bad news is we have used our credit card to do it. But let us celebrate because,

by gosh, we paid the mortgage off. Everybody should absolutely dance around the table celebrating as we celebrate—

#### Point of Order

**Mr. Doer:** On a point of order, Mr. Chair, the member opposite is trying to provoke debate because he is factually wrong when he states that the amount of money was \$150 million out. That included in last year's Budget a draw of \$90 million from the rainy day fund. So he is wrong when he uses the term \$150 million.

The fact that we are putting \$25 million in the rainy day fund means, Mr. Chair, the fact that we are not taking anything out of it. I think members opposite should check their facts. That is why the member opposite is provoking debate, and I am shocked and surprised he would do that.

**Mr. Chairperson:** Disputes as to matters of fact are not points of order.

\* \* \*

**Mr. Chairperson:** The hour being 5 p.m., private members' hour. Committee rise. Call in the Speaker, please.

#### PRIVATE MEMBERS' BUSINESS

\* (17:00)

**Mr. Speaker:** The time being 5 p.m., time for Private Members' Business.

#### PROPOSED RESOLUTIONS

**Mr. Speaker:** Proposed Resolution No. 3, The Importance of Transitional Support to the Work Force.

#### Point of Order

**Mr. Speaker:** The honourable Member for Portage la Prairie, on a point of order.

**Mr. David Faurshou (Portage la Prairie):** Mr. Speaker, the last day that we were having opportunity to debate Resolution No. 2 from the

honourable Member for Arthur-Virden (Mr. Maguire), Long-Term Water Use Strategy for Manitoba, I wonder if you would canvass the House to ask for leave to revert to Resolution No. 2 because I believe that there are a fair number of individuals who want to add their voice in support of this resolution, because of this very vital resource of our province and the extreme importance of a long-term water strategy for our nation and province.

**Mr. Speaker:** Order. I would just like to clarify for all members rule 28.(2): "Where a resolution of a Private Member other than a resolution for an Order for Return or an Address for Papers is reached for the first time on the Order Paper during private members' hour, and it is not disposed of within that hour, the resolution shall be placed on the Order Paper at the bottom of the list of resolutions of that type."

In order to waive it, we would have to have unanimous consent of the House.

Is there unanimous consent of the House to revert to Resolution No. 2? No? Unanimous consent has been denied.

#### Res. 3—The Importance of Transitional Support to the Work Force

**Mr. Speaker:** Now we will go to Resolution No. 3, The Importance of Transitional Support to the Work Force. The honourable Member for Ste. Rose.

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, I move, seconded by the Member for Lac du Bonnet (Mr. Hawranik),

WHEREAS *The Employment and Income Assistance Amendment Act* is an important piece of legislation that will assist Manitobans to reach their full potential and to become active participants in Manitoba's labour force; and

WHEREAS Manitoba's social assistance system must be reformed to help people make the transition from welfare to work at a time when Manitoba is experiencing a skilled labour shortage; and

WHEREAS social assistance was never intended to be a permanent income replacement program for able-bodied individuals; and



WHEREAS social assistance is intended to be a temporary arrangement for people who are faced with exceptional circumstances and require assistance; and

WHEREAS the honourable Member for Fort Rouge has stated he "has yet to meet an able-bodied or a capable social-assistance recipient who doesn't want to work;" and

WHEREAS under the Pawley NDP government welfare caseloads rose by 170 percent; and

WHEREAS since 1996, under the Progressive Conservative administration, the number of people receiving social assistance was reduced by 21 000; and

WHEREAS encouraging able-bodied people to spend their lives on social assistance denies them the opportunity to achieve their full potential.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the provincial government to consider enacting *The Employment and Income Assistance Amendment Act* which was passed during the fifth sitting of the 36th Legislature; and

BE IT FURTHER RESOLVED that the Legislative Assembly of Manitoba urge the provincial government to build upon the work of the previous Progressive Conservative administration and consider continuing to offer recipients of social assistance opportunities to enter Manitoba's workforce.

**Mr. Speaker:** Order. I would ask the unanimous consent of the House to change one word.

"WHEREAS under the Pawley NDP government welfare caseloads," in the text it "went up by 170 percent," the honourable member said "rose up by 170 percent." Is there unanimous consent to change the word? *[Agreed]*

It has been moved by the honourable Member for St. Rose (Mr. Cummings), seconded by the honourable Member for Lac du Bonnet (Mr. Praznik).

WHEREAS--

**An Honourable Member:** Dispense.

**Mr. Speaker:** Dispense? Dispense.

**Mr. Cummings:** This resolution has been languishing on the Order Paper for quite some time, so I am very pleased to have the opportunity to put some flesh on the bones that are the basic structure of this resolution, which is to indicate to the Government and to the public who review issues that we debate from time to time in this Legislature the fact that, even though today we are in an economy that has a rather low unemployment rate in the province of Manitoba and one that there are dark clouds on the horizon in terms of, No. 1, how long we can maintain that low unemployment rate and, No. 2, whether or not we really are on track to be able to provide trained and capable, workforce-ready individuals to meet the demand of the workforce in Manitoba.

Mr. Speaker, far too often there are people who are very critical and very disturbed by the thought of requiring individuals who are receiving social assistance to take certain actions. I know that, under law as it stands today, they are required to indicate whether they are able-bodied recipients and capable of workplace activity, that they are indeed expected to be searching for employment, but very often that employment will allude them if they do not have some of the necessary skills.

Far too often I run into people, and I am sure other members of the Legislature run into individuals, who may well be interested in working, but they need certain skills. Those skills vary to the extent that it might even depend on where you live in the province as to whether or not certain skill sets will make you capable of employment.

What I believe needs to be done to encourage people who find themselves on the horns of a dilemma and having to seek welfare, in the main, a lot of them will do everything they can to make themselves job ready, but there are always a few. Unfortunately, sometimes there are people who are caught in this cycle who do not know where to go to get the next piece of advice they need to use or to even acquire the training that is necessary.

I have a good friend who spent a number of years working in a voluntary and then subsequently on a paid basis to provide skills

training in one of the communities in the area that I represent. There is a wide discrepancy between communities even on the skill levels that are available and the skill sets that in fact are needed in order to be hired.

\* (17:10)

One of the interesting things that this person pointed out to me was that there are indeed people who outwardly appear to be anxious to get back into the workforce and they are able-bodied, but somehow in their life they probably never had the discipline imposed upon them or they never imposed the discipline upon themselves to, No. 1, be on time for work. That seems almost rudimentary and perhaps even ludicrous that somebody would suggest that is a weakness that some people who find themselves without a job can have, but it is true. I questioned this worker. I said, come on, that cannot be the case, and he said, no, I find the biggest part of my first hour and a half or two hours of the day is actually going to the doors of the people who are supposed to be here in my program, knocking on the door and saying, hey, we need you down here at the training area so that you can participate.

Now, that is an extreme case, Mr. Speaker, and I would not want to leave the impression that that is widespread. But I use that as an example to hold up against the other type of person who perhaps finds themselves looking for work and having to resort to welfare, the other type of person who has some skill sets but they are just not the ones that make jobs available to them in the community that they are living in, but there may well be employment opportunities.

These people have one common factor with the situation they find themselves in, not that they are on welfare being the common factor but the fact that they need some opportunity in their community or in the area where they are living or in their life. They need some opportunity, and I will use the word "opportunity," but others will use the word perhaps "coercion."

Coercion has a negative connotation, so I prefer to not deal with it in terms of coercion but how is it that you make these individuals into productive and contributing members of society.

Very many times it requires a lot less than what people would anticipate, and that is this is not so much a cudgel as it is a little bit of friendly discipline, that there are some things that you need to do while you are receiving support from the community.

One of those things should be that you be willing, if there is a program available, to become part of it or that there are some job experience things that you should be willing to participate in so you can point not to a full range of a resume but so you can point to experience, you can point to the fact that you have some rudimentary skill sets, so that perhaps an employer who desperately needs somebody but you do not have the necessary skill sets will be willing to step up to the plate and say, well, if you are timely, if you are willing and if you are interested, I can do on-the-job training because I need that employee.

Too often, I would suggest, that because of no fault of their own—and this is where I suggest that philosophically the Government and members on this side would disagree—through no fault of their own, people believe that they have an inherent right to receive welfare and have an inherent right not to accept some responsibility while they are receiving that support within the community. That is what it is. It is not a lifestyle. It is meant to be a transitional opportunity for them.

So, when I talk about transitional support back into the workforce, I am talking about giving people an opportunity to participate in learning some skill sets, and those skill sets can be the most rudimentary of skill sets. But, nevertheless, there is an onus for them to keep some kind of a time schedule, to participate in programs that would be useful to them, and if available and if possible that can mean job training, so that people have some semblance of job readiness.

You know, Mr. Speaker, there is nothing in society or in our communities that gives an individual more of a sense of pride than being able to take some self-responsibility for what they are doing, and very often accepting that self-responsibility is just as simple as saying, yes, I am prepared to go to partake in some

training. I am willing to keep a schedule to go and acquire some skills, whether that is a special program or whether it is in actually accepting some part-time support. This can even be expanded to include the type of programs that are out there today, where governments will, in part, subsidize a salary and make that salary so it is much less costly to the employer, and at the same time the employee is able to use some of his time while he is receiving welfare to also support himself and acquire those skills so, at the end of two months, three months, whatever the time may be, they can then, with some pride, take themselves out into the workforce and contribute.

Mr. Speaker, I think that is one of the most important aspects of any kind of discussion of this nature. It is not whether you call it a transitional support to the workforce or whether you criticize it for having mandatory components to it, what it would do is allow people to develop the skills to give themselves some self-pride, a better self-image. You never know, once they have experienced some success in the workforce, they would then perhaps be prepared to achieve some greater skills.

Too often, Mr. Speaker, we have people in communities, however, such as some of the ones that I represent, where they probably will end up leaving their community in order to achieve workplace satisfaction, in other words, get a job. That, too, is an important part of how we deal with this. We do not want to be in a position of where we are force-marching people out of their community, but on the other hand, we have to put in their hands skills that they can market. If they have to market them somewhere else, then eventually they will, but, nevertheless, they will become forceful contributors to the community and very likely lead themselves into a life of where they can have a responsible and satisfied outlook, knowing that they can support themselves and their loved ones if they in fact are part of a family.

So, Mr. Speaker, I encourage the Legislature to vote in support of this, not so much to put the hammer on the Government but to, in fact, support some of the things that the Government has said about never in fact met anybody who would not want to work if they were able-

bodied. If that is the case and that side of the House supports that, then I think they should feel very comfortable in embracing some of the principles that we are talking about here.

Unfortunately, the Minister of Family Services (Mr. Sale) misspoke himself a little bit and talked about using a stick to beat on people. The fact is that this is not a matter of coercion or a stick or a carrot; it is a matter of what can government best do to make all of members of society so that they are capable of contributing. Some of us had the good fortune to acquire skills or be taught skills when we were young in life.

Others do not have those same opportunities, and when they fall through the training, through the universities and colleges, if they in fact ever get that far, where they fall through the normal support networks in the community that would allow them to have skills, and they fall onto the welfare net—that is what it is; it is a safety net—they should not feel that they have fallen on a net that will not support them. It is going to be there, but they should feel that they have fallen on a net that will support them while they make their way into more useful opportunities within their life, whether that is working within the community, Mr. Speaker.

One of the things that I have not mentioned that is quite important and frustration that I had when I was on the Government side, the fact is that we depend on a huge section of society, on a voluntary basis, to deal with what, in many cases, is the very core of some of our communities, perhaps more so in our smaller communities. But even undertaking those kinds of activities can provide the very type of change in thinking and change in the standards around welfare that can be useful.

\* (17:20)

Frankly, I have the highest level of respect for those who volunteer their time within the community. If, in fact, someone falls on hard times and needs to be on welfare, then what is wrong with them learning a few skills through volunteer efforts in the community? We have all sorts of programs in the community that can teach the responsible aspect of contributing to society to include timeliness, a willingness to

participate, and an effort to improve themselves to the point where they can support and manage their life from there forward.

So I commend this resolution to the Legislature, and on the grounds of what I just put forward, I think it should be acceptable to both sides.

**Hon. Becky Barrett (Minister of Labour and Immigration):** Mr. Speaker, I am pleased to speak on this resolution today. It is kind of an interesting situation because this is based on an announced piece of legislation. I believe it was in July of 1999, by the then Minister of Family Services, the Member for River East (Mrs. Mitchelson). I think we discussed it in the Legislature or some of the concepts in the Legislature, but something happened to derail that particular piece of legislation. I believe it was an election. So there is an historical context to this resolution.

I have a couple of main points, the first one of which is, I really think it is the height ofchutzpah, if I can use that phrase, for the Member for Ste. Rose (Mr. Cummings) to suggest that the legislation that was tabled by his Government is better than anything that the Government in power today could do, or would do, or has done. I think if you look at historical patterns of legislation and attitudes towards people who have a vast array of challenges facing them in their individual lives and in their family lives and in their historical context, you would find that the former government represented a value system that I do not think quite understood or reflected some of the needs and the desires and the challenges facing many of the people that that legislation was designed, theoretically, to help. So I do not think that the former government should talk to the current Government about how to help people off social assistance, how to enable people to be all that they can be, to paraphrase the Canadian Forces advertising campaign.

There are some other specifics that I would like to raise today. The former government was from 1988 to 1999, 11 years and some months; under that government, the average annual caseload for able-bodied, employable people, able-bodied employable people we are talking about, was at 9884 in 1988. *[interjection]*

Mr. Speaker, if the Member for Lakeside (Mr. Enns) wants to join in the debate, he can wait his turn.

Under the former government, the average annual caseload for able-bodied employable people was at 9884 in the year they were elected, 1988, and it peaked in 1993, at 22 227. Now, one of the reasons for that peak, that enormous increase, was that we were in a recession. I will recognize that. That is only legitimate to recognize. But then, in 1998 and '99, after we had come out of the recession—and to hear the former government speak, the world was rosy and everything was smelling like raspberry jam—there were still 12 168 single employable people on the welfare rolls, which was 2284 more than when they came into government in 1988.

So, overall, not since 1996, as was reflected in the member's resolution but if you look at the whole time that they were in government, it started at a level, went up and came down at a higher level than it was at the beginning.

I would like to compare, Mr. Speaker, that record which is the statistical record—and statistics, as we all know, are just numbers but they do provide a context within which individuals live their lives. Since September of 1999, the caseload of employable participants has fallen from 10 138 in September of 1999 to 6158 in March of this year. This is a drop of almost 4000 cases or almost 40 percent. In our two and a half years in government, we have had a 40% drop in the caseloads of single, employable, able-bodied persons. This, I am saying, is the statistical backing for what we have actually done to help people get off assistance, and I would like to speak about a couple of them.

One in particular, I remember sometime in the middle 1990s, I think, the former government changed the rules or the regulations so that for a job search you had child care provisions that had been eight weeks, which is two months, so that a person on social assistance could have child care for two months while they looked for a job. When you have been out of or never in the workforce, when you have challenges facing you, when you most often are a single parent and most often a single woman

parent, single mother, you have enormous challenges, and government had recognized that you needed some time to be able to make those connections to find a job.

Do you know what the former government did, Mr. Speaker, in the mid-'90s? They took that eight weeks of child care and they ratcheted it down to two weeks. Now, you tell me, you tell me how many times you are going to be able to find a job when you have had little or no connection to the workforce, you are a single parent, you are coming, likely, from a non-skilled environment. How are you going to find a job in two weeks? That was one of the most mean-spirited things that this former government did, and that is saying a lot because they did a lot of mean-spirited things in their 11 years.

Well, Mr. Speaker, one simple thing that we have done, we have reinstated that eight-week child care provision for job searches. That means that people can take the time they need and have the time they need and know that their children are taken care of efficiently and effectively while they are looking for a job.

The member is talking about how they get skills. In April of 2000, within six months of our coming into government, the Minister of Family Services (Mr. Sale) announced an initiative called Building Independence. This was a wide-ranging, very eclectic, very broadly based initiative that recognized that individuals and families need a large range of supports to enable them to get to the point where they can be hired and maintain their employment and get off social assistance and join the workforce and be able to increase their quality of life.

Some of the things that Building Independence has done and will continue to do is bring down some of those barriers to employment such as the child care provisions to eight weeks for job searches, but also voice-mail services. Many people on social assistance do not have access to a phone. So they need access to that messaging.

#### Point of Order

\* (17:30)

**Mr. David Faurichou (Portage la Prairie):** While occupying the Chair, I believe the House

rules are enforced within the Chamber, that being food and drink. There are rules to consumption here within the Chamber. I believe the Member for Assiniboia (Mr. Rondeau) is enjoying his afternoon lunch. I believe that that is contrary to our rules of the Chamber.

**Mr. Speaker:** On the point of order raised, the honourable member does have a point of order. We have rules in place for bringing food into the Chamber. We allow coffee and drinks and water in the Chamber, but not food. So if any member has any food, please eat it outside of the Chamber.

\* \* \*

**Ms. Barrett:** I would just like to say to the Member for Portage la Prairie (Mr. Faurichou) that what is sauce for the goose is sauce for the gander, and I think he probably has some ganders over on his side that are going to be a little upset.

Mr. Speaker, if I may continue, what we are doing with the Building Independence group as well is to work with other government departments to maximize the effectiveness of programs aimed at employment income recipients. As an example, projects funded through Education and Training will be implemented in consultation with the Building Independence program in order to offer a better future for low-income families and their children. Resources for Women will offer 12 weeks of classroom training and 12 weeks of work experience to low-income mothers.

Now this exactly addresses the issue that the Member for Ste. Rose (Mr. Cummings) was talking about, that ability for individuals to get the basic training that they need, not only classroom experience, in some instances, but also work experience. Work experience is very important because, unless you have a history of relationship with the workforce, you are likely not to know or have an understanding of some of the basic rules that govern all workplaces. Having a program that recognizes that you need not only classroom assistance but also work experience is very critical.

This program is focussed on low-income mothers, who make up the vast majority of the non-disabled part of the welfare community.

The classroom training will consist of writing and obtaining a GED, a General Education Development diploma. This is a very basic document in today's workplace. If people have access to it to train for the GED and get the GED, they are that much better able to participate in the workforce.

A holistic approach to personal development, I do not know if members opposite are involved in the concept of a holistic approach. I kind of tend to think they have not been, given the very punitive attitude that they held all through their years in government. What the holistic approach says is that you are an individual, you are not just an income-assistance recipient, you are not just a drain on the public treasury, but you are an individual with hopes and dreams and aspirations and rights and responsibilities. You are a citizen of the province of Manitoba and the community you live in. As a citizen, you have the right to expect certain assistance when you need it. You have the responsibility, on the other hand, of taking advantage of that assistance when it is offered to you.

A holistic approach has to also recognize that people are individuals. They cannot just be all expected to do XYZ or ABC in that order. People come into this situation from a variety of backgrounds for a variety of reasons. In order to assist people to become successful, you need to start from where they are. You cannot start from where you think they should be or where you think they are, but you have to acknowledge their own personal history, their own personal strengths, their own personal weaknesses and accept that they know who they are, and you go from there with them.

You have to do career planning. What is it that you would like to do with the rest of your life? What are your interests? What are you good at? What are you not good at? What do you think you would like to do? Not just say we will plug you into here, and you will be working here at this job just to get work experience. If it is possible, let us put you in something where you are going to succeed, and where you succeed is when you are doing something that appeals to you, that you like doing, that you can see a future for yourself.

Basic computer familiarization, I stand here, Mr. Speaker, before you as an individual who, in 1988, had no idea about how to operate or participate in the computer generation. I was not part of the computer generation. I am Gestetner generation. *[interjection]* The Member for Lakeside (Mr. Enns) admits that he still does not know. Well, I can now do e-mail, but I also recognize that you cannot function, in most cases, in this world without a basic understanding of how computers work, and you certainly cannot successfully participate at the entry level, in many cases, if you do not understand those things. That is critical to our being able to participate fully in today's economy and society. We recognize that, and this program has facilities for people to familiarize themselves with basic computer skills.

What the Minister of Family Services (Mr. Sale) also said in this announcement, and I am quoting here: Shifting our focus towards opportunities and away from a coercive approach will create a greater trust within the community. It is our aim to give families and individuals choices so that they ultimately decide the path they wish to follow in the future. In short, it is plain common sense to work in partnership with employment assistance participants, not coercion, partnership, a big distinctive element that separates, I would suggest, the former government from their plans and their proposed legislation from ours.

**Mr. Speaker:** Order. The honourable member's time has expired.

**Mr. Gerald Hawranik (Lac du Bonnet):** I have seconded the motion, and I certainly support the resolution proposed by my colleague. I encourage and hope that we get the support of the members opposite here today for this resolution, in fact unanimous support, because I think it is worthy of support.

Transitional support for those people who are on social assistance is important, I believe, to break the cycle of social assistance. Being on social assistance frequently breaks the spirit of people. Being on social assistance is demeaning and reduces self-worth and self-esteem, and I think it is essential that people increase their self-esteem and the value of their self-worth in

order that they become productive members of society and in order, also, that they achieve their full potential as individuals.

Without government support, frequently those who are on social assistance do not have the opportunity to enter the workforce. Either opportunities are not available to them or they lack the necessary workplace skills in order to obtain productive jobs or they do not have the knowledge. They do not even have the knowledge about how to go applying for jobs, and they do not have the necessary experience as to how to apply for and obtain jobs.

Government assistance is required, I believe, so that able-bodied individuals are given the necessary skills to return to the workforce, and this comes at a time when I believe that private enterprise is experiencing a skilled labour shortage.

\* (17:40)

I pass by every day on the way to this Legislature a sign at Provincial Trunk Highway 15 and No. 12; as well, a sign at Provincial Trunk Highway No. 12 on Provincial Trunk Highway No. 44. The sign says the same thing, and it is set up by Loewen Windows in Steinbach. It indicates that they are looking for people to work at their facility. They have trouble attracting employees. These are reasonable jobs with reasonable pay, and they have a shortage of skilled and unskilled workers. These jobs are available, yet we have able-bodied people on social assistance who either do not have the skills nor the knowledge and experience as to how to apply for and obtain these jobs.

We are experiencing a labour shortage in many parts of this province, and we have a number of able-bodied people who are on social assistance who could fill these jobs but who need the opportunity and the skills to fill them.

I need to agree with the honourable Member for Fort Rouge who states in the resolution that was presented today, and he is quoted as saying in the resolution that he has yet to meet an able-bodied or capable social assistance recipient who does not want to work. I wholeheartedly agree

with that statement, because I have seen it in the Beausejour and area food bank.

I established that food bank in 1991, and I can tell you that I donated literally 10 to 20 hours every week of my time to that food bank since 1991, and still I do that today. A common complaint by those using that food bank, and I am sure the common complaint that many other food banks across the country from those who take food from the food banks is that they wished they had a job. When talking to them, it seems to me that their wish for a job is really a dream. It is something that they hope for, but it seems they cannot possibly get it. It does not just come from those people who are able-bodied. It comes also from those people who are disabled.

I think a common thread is the wish for a job and a wish for a purpose. There is a feeling of hopelessness and despair in their comments and in their voices, and you can easily tell that their self-esteem and their feeling of self-worth is so low that they only dream of finding a job, and they will likely never succeed at finding one. I believe that government should not stand by and do nothing for these people. It is incumbent upon any government, no matter what their views are, to take charge and deal with the social problem before it becomes worse and to break the cycle of dependency on social assistance.

One of the clients of the food bank had a particularly pertinent remark to me just last year. She was really discouraged. She was particularly discouraged, and she was a single mother with children. She wished, like so many others, that she had a job, that she was not on social assistance and that she did not need to use the food bank. She wanted help and assistance to break the cycle of dependency on social assistance. Her mother was, in fact, on social assistance, and she feared for her children. She was crying out for help, and it really is Government's responsibility to help her. There are some really important things going on in Lac du Bonnet constituency that help break the cycle of dependency on social assistance.

I take great pride in advising the House about the activities of Mrs. Lucci's in Lac du Bonnet. It is a non-profit charitable organization that is run by many dedicated volunteers in Lac

du Bonnet. The most notable, of course, is the organizer of that facility being Karen Frost. Mrs. Lucci's received many awards over the years, but the most notable was the recent award that they received from the Agassiz School Division, that being a \$10,000 award for innovation in education. The program provides low-cost clothing to families who need it in the area. As part of the program, as well, single mothers with small children who are on social assistance are employed in that program. They are employed in their clothing program, whether it be washing the clothing that comes in, repairing the clothing that is taken in and put on the racks, whether it be restocking shelves and operating cash registers and providing customer service to customers who come to that facility. They are taught to run and operate a business. They are taught skills that are important when they are applying for jobs in clothing stores and other businesses.

The program also provides nutritional advice, to teach young mothers to look after their children. The success of this program has been truly outstanding. Many of the trainees of this program, because of the successful training that they received, they find jobs in their community. If they stay on, they are off social assistance. They are taken off social assistance and become independent. They become a contributor to the life of their community. They become a useful contributor to their community, and their community appreciates their input.

This is only one example of a successful program in the Lac du Bonnet constituency. There are many others, but I believe they are worthy of our support. These kinds of programs and this kind of assistance ought to be encouraged and promoted, Mr. Speaker. I would encourage government members, not only on this side of the House, as I said before, but also for members on the opposite side of the House to support the enactment of The Employment and Income Assistance Amendment Act. I think you owe it to the people on social assistance. Whether able-bodied or not, it does not matter. There are people on social assistance, whether they are able-bodied or whether they are not. They still want the job, and they want their self-esteem. You owe it to your constituents, and you owe it to your province. I encourage you to offer

recipients of social assistance opportunities, opportunities to enter Manitoba's workforce. Offer them the opportunity to regain their self-respect, their self-esteem and their source of self-worth.

The Doer government, I believe, has an obligation to its citizens to help them find employment and to lead healthy and productive lives. For that reason, I request your support. Thank you.

**Mr. Doug Martindale (Burrows):** Mr. Speaker, I am pleased to take part in this debate for several reasons, partly because I was the Family Services critic in opposition, partly because I worked with the poor people for 10 years before I was elected to this Legislature and partly because I represent a great number of poor people and people on employment and income assistance in Burrows constituency. I remember the debate about The Employment and Income Assistance Amendment Act of the previous government. As the critic, I introduced a number of amendments. In fact, I think I introduced an amendment to almost every section of that amendment act. All of my amendments were defeated by the government of the day.

I think this debate is really about whether the Government has to coerce people into the workforce or whether we believe that people, given some assistance in overcoming some barriers, will find work because they are motivated and want to work.

Notwithstanding that, one policy that our Government has not changed is that there is still a work expectation. If you go to apply for employment income assistance, you can be and will be denied assistance if you are not actively seeking work. That policy is still in effect and it is still frequently used. I get phone calls from people saying that they have been denied assistance.

\* (17:50)

I note that the Member for Lac du Bonnet was talking about the food bank that he established. I visited it a number of years ago, probably in the mid-'90s. I had a tour. I cannot remember whether it was the Member for Lac du



Bonnet that gave me a tour or somebody else from the board, but I have been there. It is really unfortunate that we have food banks in our society, but where they do exist, I think they should be combined with advocacy and assistance with the many problems that individuals have and the barriers that they have to getting employment and also referrals so that they are sent to places that can give them assistance.

I have been involved in trying to do this over the years. For example, I went to our church. I got permission to talk to people that were getting free food at our church, from our food pantry. The first day that I was there I talked to four individuals, asked them if there was anything that I could help them with as their member of the Legislature. The first three people said that they were not getting their GST rebate. The reason for that was that they had not filed their income tax returns. So I tried to help them file their income tax returns so they could get the GST rebate. It would be my observation that you could buy a lot more groceries with the GST rebate than they were getting from our church.

Another example would be the North End Community Ministry, where I worked in the North End, well, a couple of examples. One is that individuals there were going to corner stores and getting credit and of course paying very high interest on the credit that they were getting. When their employment income assistance cheque came, they are having to pay their debt at the corner store plus the interest and they had cash to spend for a little while. When that ran out they would get credit again to get groceries.

Our home visitor at that time, Dorothy Settee, got a group of women together. She encouraged them to shop at a place where the prices were cheaper and to pay cash. I believe she aided them with transportation to Safeway. Within a month they all got out of debt and did not go back to the corner stores where they were paying probably usurious interest rates.

Another example is that instead of having an emphasis on charity, for example, the food cupboard at North End Community Ministry, the food was brought from Winnipeg Harvest Food

Bank, and a used clothing store, both of which were helpful to individuals in certain ways.

They began an employment training program. It is now the Urban Circle Training program, currently located on McPhillips Street, but moving to Selkirk Avenue. They are training Aboriginal people as health care aides and two or three other different occupations. They are specifically targeted at unemployed people and Aboriginal people, many of whom live in the North End. Their graduates are now employed all over the North End. I recently heard that Reverend Stan McKay, wants to get them together as a kind of a network in the community to assist their own people and presumably to do things like encourage more Aboriginal people to take their courses. I frequently refer people to Urban Circle for upgrading and training. When people do have the education that they need they are able to get into the work force.

I think members of the Opposition have correctly pointed out that there is a skills shortage. I think many of the people that we are talking about who are recipients of employment income assistance do not have the education and skills that are needed to get into the work force. So our emphasis has been in helping people to overcome some of the barriers. Certainly, one of the main ones is accessibility and affordability of child care.

As has been pointed out by the Member for Inkster (Ms. Barrett), one of the changes in the 1990s, I believe it was in the 1993 Budget, that the job search period for people looking for work who were subsidized with child care was reduced from eight weeks to two. Our Government has reversed that and brought it back up to eight weeks again.

If you look at statistics, for example, single parents who are on social assistance, and you look at, I should say, single parents, if you look at the workforce participation rate, it is much lower for single parents with children zero to six, because they are at home with their children. If you look at single parents with children six and over, they have a much higher attachment to the workforce, because their children are in school, and it is much easier for them to get a job.

So what is crucial with single parents with children under six? Day care. If they have

affordable, accessible child care they are much more likely to be in the paid workforce, which is where many of them want to be. Some choose to stay home. That is fine. I guess people have a problem with that if they are on social assistance, but not everybody does.

I know that some have taken extraordinary lengths to upgrade themselves. For example, there was an adult literacy program at William Whyte School that I went to visit a number of years ago. One of the single parents there lived in East Kildonan. She was taking three buses. She was taking a bus to the North End to McPhillips Child Care Centre and two more buses to this school close to Selkirk Avenue. So she was spending about an hour every morning and every afternoon taking her child or her children to child care and going to school to an adult literacy program all day.

I could have predicted that she could not keep that up indefinitely, and she did not. She dropped out. But she was trying to better herself, and I think most people are. In fact, I am quite pleasantly surprised by the remarks of the Member for Lac du Bonnet (Mr. Hawranik), because if I was listening correctly, I think he agreed with our Minister of Family Services (Mr. Sale), who said that he had never met, I believe the quote is here: The Member for Fort Rouge said he has yet to meet an able-bodied or capable social assistance recipient who does not want to work. I think I heard the Member for Lac du Bonnet say that he agreed with him.

It is rather ironic, because the Official Opposition has been using this quote for a couple of years now and ridiculing the Member for Fort Rouge and suggesting that that is not true. So I am glad to see that somebody from the Official Opposition actually agrees with that.

Many of the things that our Government is doing to assist people on employment income assistance is actually happening in the North End. I am very pleased that many of these programs and services are either in the constituency of Point Douglas or the constituency of Burrows. Since the Member for Point Douglas (Mr. Hickes) is unable to take part in debate because he is the Speaker, I am quite happy to put on the record some very successful

programs that are taking place in his constituency.

One of them is the Path Centre, which was on Main Street. It has been relocated to Selkirk Avenue. Apparently many, many more people are coming to Selkirk Avenue. The Path Centre consists of 18 North End community agencies to assist long-term income recipients to achieve job readiness.

They are doing many, many things with these individuals. For example, there are computers there. They help people to write a resume or to revise their resume. They are referring them to training and employment programs. I understand they have been very successful. I look forward to in the future seeing reports from the Minister of Family Services (Mr. Sale) about this program.

We also have some very interesting statistics about the numbers and how the numbers of people on social assistance have been declining. There has been a great decline in able-bodied employable people. In fact, since taking office, our Government has seen case loads of employable participants fall from 10 138 in September 1999 to 6158 in March 2002. This is a drop of 3980 cases or approximately 39 percent, and this reduction is evidence of our supportive approach.

Further, our Government also recognizes that people with disabilities on income assistance want to participate in the work force and not be termed as unemployable and, therefore, we have begun to take supportive measures to facilitate people with disabilities who are on income assistance to find and keep employment. I was part of a task force on disabilities and we had public hearings throughout Manitoba, including hearings in Brandon and Steinbach, and people told us that even though they were categorized as disabled they still wanted to work, and in the past there has always been no work expectation and no support for people with disabilities who want to get into paid employment.

As I was mentioning before, child care is a very important component in helping people to get into paid employment, and we are very committed to supporting early childhood development. Since April 2000, Manitoba has

increased investments in early childhood development by almost \$40 million in partnership with the federal government, and this is quite a contrast to the previous government who took \$10 million out of the child care budget. And they put \$5 million back in, but initially they took out \$5 million. They took out another \$5 million and made all kinds of cuts to child care, and this led to some pretty serious problems which we were trying to rectify.

Since April 2000, funding for Manitoba's child care program has increased by 32 percent or \$16 million. The total budget for the Child Day Care Program is now about \$70 million, and the increased funding has gone to improve the salaries of early childhood educators, providing additional subsidies for children, increasing the number of licensed child care spaces and to integrating more children with disabilities into the child care system. I think I will see if the Member for Assiniboia (Mr. Rondeau) wants to get up and put some remarks on the record. Thank you, Mr. Speaker.

**Mr. Speaker:** The honourable Member for Assiniboia is the only one standing. The honourable Member for Assiniboia.

**Mr. Jim Rondeau (Assiniboia):** Good day, Mr. Speaker. I am pleased to put a few words on the record about the transitional support to the work force. I think it is a great program as far as developing people and giving them the supports so that you give them a hand up, not a hand out, but a hand up. I think it is important to do that and I think our Government is doing so.

In the 1990s, when I was with Frontier School Division, I was developing a lot of transitional programs. I am pleased to see that some of the difficulties we were having at that period of time in getting people educated so that they could go to school, get training so that they could maintain a long-term permanent job—those programs were hard to find. They were hard to negotiate. They were hard to put in place. Now it is there.

I know we had difficulty trying to get day-care support. Our Government, through its efforts, has allowed people to get day-care support while they are going to school. They have got day-care support while people are trying to find jobs. They have day-care support while people become employed, and that becomes important.

We also helped out by allowing people to have supports in the case of learning how to work, learning how to do resumes, job search, et cetera. So, what you are doing is you are making people employable. You are giving them the appropriate skills. You are giving them the appropriate support to be successful.

**Mr. Speaker:** Order. When this matter is again before the House, the honourable member will have 13 minutes remaining.

The hour being 6 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, May 8, 2002

## CONTENTS

<b>ROUTINE PROCEEDINGS</b>			
<b>Presenting Reports by Standing and Special Committees</b>		<b>Peguis Pride Conference</b>	
Standing Committee on Law		Nevakshonoff	1200
Amendments		Mr. Frank Froese	
Second Report		Jim Penner	1201
Martindale	1189	Mental Health Awareness Week	
		Jennissen	1201
<b>Ministerial Statements</b>		Heroes in Mental Health Awards	
Agriculture Framework Agreement		Gerrard	1202
Wowchuk	1190		
Penner	1190		
<b>Introduction of Bills</b>			
Bill 19—The Mines and Minerals Amendment Act			
Mihychuk	1191		
<b>Oral Questions</b>			
U.S. Agriculture Legislation			
Murray; Doer	1191		
Jack Penner; Wowchuk	1194		
Maguire; Wowchuk	1195		
Cummings; Wowchuk	1195		
Dyck; Wowchuk	1200		
Agriculture Framework Agreement			
Jack Penner; Wowchuk	1193		
Chiropractic Care			
Driedger; Doer	1196		
Mental Health Care			
Gerrard; Chomiak	1198		
<b>Members' Statements</b>			
Dr. Don Klassen and Dr. Murray Reimer			
Dyck	1200		

<b>ORDERS OF THE DAY</b>			
<b>GOVERNMENT BUSINESS</b>			
		<b>Second Readings</b>	
		Bill 14-The Public Schools Modernization Act (Public Schools Act Amended)	
		Caldwell	1203
		Allan	1207
		Bill 5-The Workers Compensation Amendment Act	
		Barrett	1209
		<b>Committee of Supply (Concurrent Sections)</b>	
		Conservation	1211
		Finance	1224
		Executive Council	1241

<b>PRIVATE MEMBERS' BUSINESS</b>			
		<b>Proposed Resolutions</b>	
		Res. 3 - The Importance of Transitional Support to the Work Force	
		Cummings	1258
		Barrett	1262
		Hawranik	1264
		Martindale	1266
		Rondeau	1269