



Fifth Session - Thirty-Sixth Legislature

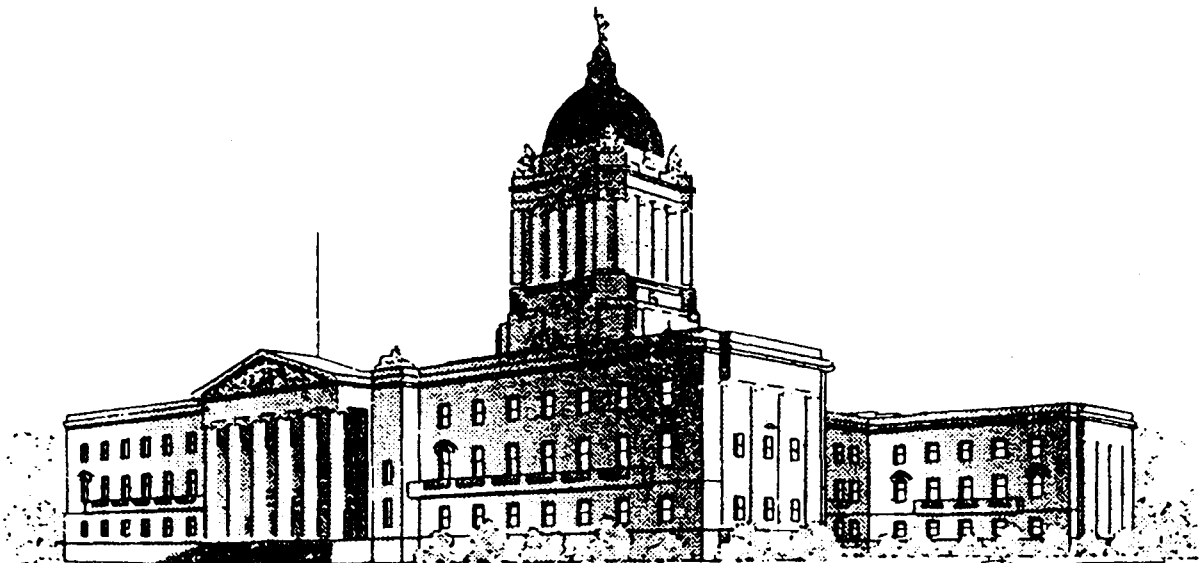
of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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authority of
The Honourable Louise M. Dacquay
Speaker*



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James	Arthur-Virden	P.C.
DRIEDGER, Albert	Steinbach	P.C.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FAURSCHOU, David	Portage la Prairie	P.C.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David, Hon.	Riel	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank, Hon.	Morris	P.C.
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REID, Daryl	Transcona	N.D.P.
REIMER, Jack, Hon.	Niakwa	P.C.
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ROCAN, Denis	Gladstone	P.C.
SALE, Tim	Crescentwood	N.D.P.
SANTOS, Conrad	Broadway	N.D.P.
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STRUTHERS, Stan	Dauphin	N.D.P.
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TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin, Hon.	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.
<i>Vacant</i>	St. Boniface	

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 17, 1999

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING REPORTS BY STANDING AND SPECIAL COMMITTEES

Committee Report

Mr. Marcel Laurendeau (Chairperson): Madam Speaker, the Committee of the Whole has considered Bill 22, The Statute Law Amendment (Taxation) Act, 1999; Loi de 1999 modifiant diverses dispositions législatives en matière de fiscalité, directs me to report progress and asks leave to sit again.

I move, seconded by the honourable member for Emerson (Mr. Penner), that the report of the committee be received.

Motion agreed to.

MINISTERIAL STATEMENTS

Flood Conditions

Hon. Glen Cummings (Minister of Natural Resources): I have a statement for the House, Madam Speaker.

The Souris River watershed received another drenching last Friday, on Friday evening and Saturday, with another 25 to 35 millimetres of rain over most of the area with the heaviest rainfall in the Melita and the Napinka areas. The rain has worsened flooding conditions throughout most of the watershed with the Souris River rising close to crests observed in mid-April. The river will again become a mile or so wide from the U.S. boundary to about Hartney.

Crests are expected in the Melita area this coming weekend with more downstream locations to crest around May 24. This is based on normal weather conditions from now on.

Environment Canada is forecasting drier weather for the coming week.

An additional concern is that heavy rain has caused extensive flooding of fields as soils are becoming waterlogged, and virtually all low areas have become small lakes. The flooding situation on agricultural lands away from the river is worse than it was in April. Significant rises are occurring and will exceed bank-full capacity in lower areas. Some smaller drains have crested. Larger tributaries such as the Antler River will crest at or above flood stage near the middle of this week. It will likely be early June before the Souris River will return to its banks, and it will be mid-June before low-lying lands in the Coulter area will become workable.

In other areas, rainfall is also heavy in the Assiniboine River watershed, particularly from St. Lazare to Brandon. Near bank-full conditions are expected in the region for the next week or so. Rainfall is significant over the Pembina River watershed and will result in higher levels and a longer duration of flooding in this area. So we can hope that the outlook for warmer, drier weather holds, or we are seeing a continuing bad situation for the farmers in this area.

* (1335)

Mr. Stan Struthers (Dauphin): Madam Speaker, I thank the minister for bringing forth this update on flood conditions, particularly in the southwest and western part of our province. I join, too, with him in offering our best hopes for the people living along the Souris, Assiniboine and the Pembina rivers watersheds in their efforts to fight the flood. I want to pay particular attention to farmers in those areas who are right now experiencing difficulty in planting their crops. We know how important agriculture is to this part of the province, so we hope that the conditions that they are experiencing now do not last for a long time and that Mother Nature changes her mind and provides a little bit of

sunshine and a little bit of a breeze to dry conditions in this area.

I also want to pay attention to the local flood fighters in these communities who are battling the forces of nature and trying to protect their farms and their homes and their communities. It is our hope as well, once the flood conditions subside, that the provincial government will work co-operatively with local rural municipalities and town councils in the flood fighting effort and also in compensation and reimbursement of equipment that will be used in the attempts to contain the floods.

So with that, Madam Speaker, from this side of the House we wish the people of these watersheds all the best and look forward to the time when the farmers can get out and do their seeding and contribute to the economy of that part of the area and sustain their own livelihoods.

Thank you, Madam Speaker.

TABLING OF REPORTS

Madam Speaker: I have two reports to table: firstly, the Statutory Report of the Chief Electoral Officer on the Charleswood By-election; and the Annual Report of the Chief Electoral Officer on The Election Finances Act, 1997.

Introduction of Guests

Madam Speaker: Prior to Oral Questions, I would like to draw attention to the public gallery where we have this afternoon Myrna Phillips, the former Speaker and the former member for Wolseley.

On behalf of all honourable members, I welcome you this afternoon.

ORAL QUESTION PERIOD

Crown Lands Purchase/Leasing Policy

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, a 1990 policy and procedure manual dealing with agricultural Crown lands has reasons for rejecting the sale of Crown lands

for agricultural purposes. One reason is wildlife management areas, and the second reason is a refuge area. I would like to ask the Premier (Mr. Filmon): has there been any change in the policy for rejecting the sale of that land?

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, there are these broad policies within the management guidelines for agricultural Crown lands which from time to time are challenged by persons who wish to purchase them. The honourable member for Swan River (Mrs. Wowchuk) just last week brought several of those examples to the House. I remind the honourable member for Concordia that the sale of Crown lands is administrated by my colleague the Minister of Natural Resources (Mr. Cummings).

* (1340)

Mr. Doer: I would remind the Minister of Agriculture that in a section dealing with Crown lands, it says it must be closely co-ordinated between the Ministry of Natural Resources and the Ministry of Agriculture. Having said that, the Premier did not answer the question. In 1965, Sleeve Lake game bird refuge was designated. Looking back through the years, in '86 it continued to be a game bird refuge, and in 1996, the Premier signed an Order-in-Council in November 1996, selling Sections 10, 22 and 27 of Township 24, which was a game bird refuge.

I would like to ask the Premier: why did they not follow their own guidelines and manual on rejecting these requested sales?

Hon. Gary Filmon (Premier): Without accepting any of the preamble as being accurate, Madam Speaker, I will take the question as notice and return with a response.

Mr. Doer: Madam Speaker, the Premier signed the Order-in-Council in November of 1996 converting a game bird refuge to agricultural land, contrary to the policy. This land was sold to Roland, Kris and Carl Barrett.

I would like to ask the Premier: did they change the policy from the policy in 1990, and if they have, can he table it in this House, please?

Mr. Filmon: Madam Speaker, I will take the question as notice and return with a response for the member.

Mr. Doer: I would like to ask the Premier, who is responsible for policy, my first question: did the government change the policy dealing on the sale of Crown land? Did they change the policy for reasons to reject those sales, or did somebody get a decision from this government that was favourable, against the policies of this government, Madam Speaker?

Hon. Glen Cummings (Minister of Natural Resources): Well, Madam Speaker, without accepting the preamble of the Leader of the Opposition, let me remind them that there are a number of situations where management of land swaps occur where better-quality refuge can be found where we, in fact, change the management plan. In fact, related to this very type of management decision, the Cattle Producers Association of Manitoba is currently concerned about whether or not some wildlife areas could in fact have a multiple use on them and improve the habitat, as opposed to otherwise when it is left in an unattended state. So, without accepting the preamble, I indicate to him that these management issues are consistently under review.

Mr. Doer: The minister, the Premier and the Minister of Agriculture (Mr. Enns) never answered the question. I asked whether the policy of the government for reasons to reject the sale of Crown land—has that policy changed, or did the Barretts get preferential treatment with the decision signed by the Premier in the Order-in-Council in November 1996? Did the policy change, or did the application of the policy change based on who was applying?

Mr. Cummings: Madam Speaker, we do not change policy depending on the applicant, and I will certainly review this issue.

Mr. Doer: Madam Speaker, the Sleeve Lake game bird refuge was clearly within the guidelines and policies of the government to be rejected by the government for conversion of a Crown land to agricultural land.

Can the Premier indicate what use would it be for the Barretts for the government to agree to

convert this land from a game refuge for the agricultural purposes?

* (1345)

Mr. Filmon: Madam Speaker, the member has rephrased his question six different ways. I told him in the beginning that I do not have that information at my fingertips. I am sure that the—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Mr. Filmon: Madam Speaker, I said that I would take the question as notice and bring back a response for the member.

Health Care System Advertising Campaign

Mr. Dave Chomiak (Kildonan): Madam Speaker, my question is to the Premier.

If the Premier does not call a provincial election tomorrow, despite the hoopla of last Wednesday, I suspect a large part of it will be because the province and the people in the province of Manitoba do not believe this government on health care, and it will also be because the government wasted \$500,000 of taxpayers' money that should have gone into patient care on an advertising campaign. Now I am offering the Premier an opportunity to definitively state today that the government will not spend another cent of taxpayers' dollars that is in this budget for health care for any government propaganda ads leading up to whenever a provincial election is called.

Hon. Gary Filmon (Premier): Madam Speaker, I sense the desperation in the member's—

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please.

Mr. Filmon: Madam Speaker, I sense their desperation, having had the anticipation of an election and committing their own hundreds of thousands of dollars to those Tory-blue billboards that are going to turn orange over the

summer as they reflect the true colours and the true principles of the members opposite. Given that the members opposite supported our budget and our commitments to spending, I am sure that they will approve of all the decisions that we make during the coming year.

Mr. Chomiak: Madam Speaker, will the Premier, who has raised some grave concerns in this House insofar as he is not committing to saying no more public money at the public Tory propaganda ads that were paid for in last year's appropriation, definitely say it is no longer government policy to use money that can go to home care, personal care homes and waiting lists on Tory propaganda ads? Will he make that statement today?

Madam Speaker: Order, please. The question has been put.

Mr. Filmon: Madam Speaker, this government and the people of Manitoba today are spending \$1.5 million a day of interest on the debt that they accumulated when they were in office when they advertised more than any previous government and any current government in history. They spent close to a million dollars just simply advertising Limestone, a public investment that was done years ahead of its time just so that they could improve their opportunities. That is what they did on advertising.

Madam Speaker: Order, please.

* (1350)

Point of Order

Mr. Steve Ashton (Opposition House Leader): Madam Speaker, Beauschesne's Citation 417 is quite clear. In fact, the Premier in this case was not even close to answering the question. We realize the Premier may be a little bit frustrated, but I would suggest that this kind of rant that we heard from the Premier might be more suitable for an election campaign. We are prepared for that anytime, but it certainly is not appropriate for Question Period.

Madam Speaker: The honourable government House leader, on the same point of order.

Hon. Darren Praznik (Government House Leader): Madam Speaker, on the same point of order. It is obvious that the Premier has touched a very soft spot with members opposite and that he continues to point out their hypocrisy, one day voting for the budget, next day opposing it, one day opposing advertising, the next supporting it—tactics rather than policy over and over again. Their point is out of order.

Madam Speaker: The honourable member for Thompson did not have a point of order.

* * *

Mr. Filmon: Madam Speaker, I know that the members opposite are getting a little flummoxed over all these issues, but I will conclude by saying this group, when they were in government under the Pawley-Doer administration, the members opposite spent more money on advertising than any government in the history of this province, and they should be ashamed at their hypocrisy in even raising the issue.

Mr. Chomiak: Madam Speaker, how does the Premier explain to the people of Manitoba—many of whom are waiting in hallways for services, who cannot get into personal care home beds, where there are the longest waiting lists in the country, who have suffered 11 years of dismal, awful management of the health care system—that the Premier is justified spending their money not on those health services but on ads designed to try to re-elect a government that has mismanaged the health care system for 11 years? Yes or no, are you going to cancel any more ads like that?

Mr. Filmon: Madam Speaker, as I speak with Manitobans throughout the province and including many in our health care system, they tell us that they want proper information on the plans for the future, and Manitobans deserve information on the plans for the future of the health care system in our province. We will ensure that is provided.

Education System Advertising in Schools

Ms. Jean Friesen (Wolseley): Madam Speaker, my question is for the Minister of Education.

This minister has already confirmed that he is prepared to send Manitoba students' schools to watch commercial advertising, but I wonder why the minister is prepared to allow one corporation and not another to advertise to our children. Why is he advocating, for example, Nike over Adidas, Pepsi over Coke, or Corn Pops over Raisin Bran? Could he tell us what his purpose is in allowing this kind of exclusive advertising in schools?

Hon. James McCrae (Minister of Education and Training): Madam Speaker, the honourable member is totally wrong in what she has said. I have endorsed or authorized nothing in this matter. I have made it very clear that unlike the NDP, I would not usurp the powers and the responsibilities of individual school divisions. New Democrats, day after day, remind us they will take over the responsibilities of school divisions. We will not.

Ms. Friesen: Madam Speaker, would the minister then tell us what his response has been to the Miles Macdonell parents in River East School Division who have written to him telling him that, in their view, this is an unconscionable move and that their children's minds are not for sale?

Mr. McCrae: Madam Speaker, we on this side of the House take considerable pride in the support that we have offered to parent organizations in the province of Manitoba to do exactly as the honourable member suggests, advocate for what they think to be best in their particular school, whether it be Miles Macdonell or River East or Interlake, which takes another view. Every division should be listening, I suggest, to their parent councils and consulting those parent councils, and if a certain decision comes out a certain way in one division, it does not have to happen that way in the other. The divisions are there to reflect what the people in those divisions want to have.

Madam Speaker, this is a good discussion for divisions to be having with teachers and parents, and the honourable member again has made it very clear New Democrats tend to rule from their ivory towers on Broadway avenue. It is an arrogant approach that I do not accept.

*(1355)

Ms. Friesen: Would the minister, who in fact with the Norrie commission wanted to eliminate half the school divisions without their consent—let us talk about ivory tower—

Madam Speaker: Order, please. Would the honourable member for Wolseley please pose her question now.

Ms. Friesen: Thank you, Madam Speaker. Would the minister confirm that the real reason that school divisions and trustees are looking at the offers of the Youth News Network is because this government has cut educational funding, made serious cuts after the last election and, in fact, is now devoting less money to public school education than it was 10 years ago? Sorry, seven.

Mr. McCrae: Madam Speaker, the honourable member is wrong on both counts. With respect to the Norrie report, the province has not opted to force amalgamations of school divisions. Mr. Roy Schellenberg, former president of the Manitoba Association of School Trustees, is out there attempting to work with divisions to find out where synergies and efficiencies exist, and where that happens, to try to broker arrangements between divisions. It may or may not result in amalgamations, but it should result in better efficiency of the taxpayers' dollars.

On the other part of the question, the honourable member just brings everything back to the issue of reductions. You know, school divisions are looking at the specific Athena proposal in whatever way they see fit. The honourable member cannot on the one hand support the budget that was brought forward by the honourable member for Minnedosa (Mr. Gilleshammer), the Minister of Finance, and daily in this House or in Estimates, joined by all her colleagues, cut the legs out from under their Leader who says he now supports balanced budgets.

Health Care System Emergency Units—Waiting Times

Mr. Kevin Lamoureux (Inkster): Madam Speaker, the Liberal Party town hall on health

care, which engaged more than 1,500 Manitobans, revealed the shocking situation that more than 71 percent of those who took part in the survey believed that one or more people in Manitoba will die in the next year after being turned away from a full-up emergency ward at a Manitoba hospital.

Can the Minister of Health provide detailed information on what waiting times at hospital emergency rooms in Manitoba are?

Hon. Eric Stefanson (Minister of Health): I look forward to the member for Inkster sharing his information with me from that survey that I gather their party undertook.

Again, we have talked about issues like access to our health care system. More Manitobans are using our health care system in terms of our surgeries, our surgical procedures than ever before. The numbers going through our hospitals continue to be at just as high levels, although some of them are now doing it on an outpatient basis where they do not need to go and spend a day or two in the hospital—are going in and getting their procedure done in the same day. If you look at our waiting lists for diagnostic tests, they are all coming down, you look at CT scans, ultrasounds, bone density testing, and so on. So, again, in large part, because of the additional resources, we have been able to address, and our plan for the future of health care services continues to be improved right across the board.

Physician Resources General Practitioners

Mr. Kevin Lamoureux (Inkster): Madam Speaker, I would encourage the Minister of Health—

Madam Speaker: Order, please. Would the honourable member please pose his question.

Mr. Lamoureux: Madam Speaker, my question for the Minister of Health is to ask the minister if he is prepared to provide detailed information on where there are now shortages of general practitioners and specialists in Manitoba.

For the information that he wants from the Liberal Party, he can look up the website; and all

1,500 results of that survey are in fact available, so he could have his staff click in today if he so wanted.

Hon. Eric Stefanson (Minister of Health): Well, again, Madam Speaker, we are certainly prepared to continue to provide more and more information. This seems to be in contrast to the question from the member for Kildonan (Mr. Chomiak). We have the one member here from Inkster asking for more and more information to Manitobans on issues like reductions in waiting lists, on issues like access to family practitioners and other services within our health care system. I happen to agree with him. I think there is a responsibility on government to continue to provide information so that individual citizens, Manitobans are well informed of the changes taking place in their health care system and their access to very important services like diagnostic testing, surgical procedures, access to a family practitioner and so on.

* (1400)

Health Care System Rural/Urban Differences

Mr. Kevin Lamoureux (Inkster): Madam Speaker, I ask for the Minister of Health to acknowledge the differences in opinions in terms of accessibility to health care and ask the minister: can the minister provide a measure of what the existing gaps between health care in Winnipeg and elsewhere in the province are?

Hon. Eric Stefanson (Minister of Health): Well, again, Madam Speaker, the whole objective is to continue to provide care to individual Manitobans where they need it when they need it. That is why there have been a number of changes across Manitoba. That is why communities like Morden, Winkler, Dauphin, Thompson are getting equipment like CT scans and so on. That is why we have done a number of changes to facilities like the Thompson General Hospital and so on, for that very fundamental objective, to provide the services where and when the citizens all across Manitoba need them.

Having said that, our two major tertiary hospitals are here in the city of Winnipeg, Health

Sciences Centre and St. Boniface General Hospital, and they certainly serve a number of citizens from right across our province.

Farm Aid Program Available Funds

Ms. Rosann Wowchuk (Swan River): Madam Speaker, farmers are facing real challenges, not only with the weather but also because of the financial situation they are in. The funds from AIDA that were supposed to be coming will not be here till fall. Last week the Minister of Agriculture talked about the emergency recovery program and the number of farmers who had applied and the fact that the program might have to be extended beyond the \$25 million. Can I ask the Minister of Agriculture whether the program has been extended or whether there are still funds available in the program for farmers to apply for?

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, my understanding is that there are still some funds available for farmers to apply.

Ms. Wowchuk: Can the minister indicate then why MACC staff at many of the offices have been told not to take further applications because they will not be processed? Does he understand that there is a real crisis here? We need more money. Are you going to extend that program so that those people who need the funds will get it?

Mr. Enns: Madam Speaker, if and when that program will be further expanded beyond the original \$25 million as was announced, that will be a matter of policy decision that I will be pleased to make my farmers fully aware of.

Ms. Wowchuk: Can the minister indicate then why staff at MACC are being told not to take further applications, indicating to farmers that there are not funds available for them at this time? Are there still funds available? Will the minister look into the situation and ensure that those farmers who need money will get money?

Mr. Enns: Madam Speaker, I believe I have answered that question. I was very pleased with the support of my government to announce a

program of recovery under emergency situations. Farmers of Manitoba have availed themselves of that. There is a request in to extend that program. When that decision is made, I will make further announcements.

Emergency Medical Services Group Report Status Report

Mr. Stan Struthers (Dauphin): Madam Speaker, a week before last the Health minister missed an opportunity in this House to assure rural Manitobans that their ambulance services would not be eliminated or downgraded. The Association of Manitoba Municipalities has indicated that changes to emergency services should only be undertaken after extensive consultation occurs with communities and a province-wide model is finalized. Rural Manitobans want assurance from this minister.

Has he received an interim report from the Emergency Medical Services working group, as he said he was asked for a week ago?

Hon. Eric Stefanson (Minister of Health): No, I have not, Madam Speaker. I certainly expect to receive that very shortly. As the member for Dauphin, I believe, is well aware, there is a working group that includes representation from the regional health authorities, along with the Association of Manitoba Municipalities.

Rural Ambulance Services Reduction/Elimination

Mr. Stan Struthers (Dauphin): Well, Madam Speaker, then in the meantime, will the minister undertake to freeze decisions to eliminate or reduce rural ambulance services until this working group submits an interim or a final recommendation?

Hon. Eric Stefanson (Minister of Health): Madam Speaker, I have had the opportunity to meet with many of our regional health authorities, in fact all of our regional health authorities. They certainly recognize the importance of emergency medical services, and they are taking steps in all of the regions to ensure that they are maintained. We also have an outstanding volunteer base in terms of providing emergency medical services across

our province, and again that is something that is extremely important to our government to maintain on a go-forward basis.

Mr. Struthers: Everyone seems to understand the importance of rural ambulance services except this minister.

Madam Speaker: Order, please. Would the honourable member for Dauphin please pose his question now.

Mr. Struthers: Why is this minister leaving rural Manitobans out to dry? Why will he not indicate to RHAs his disapproval of plans to change rural ambulance services until the working group reports to the minister?

Mr. Stefanson: Madam Speaker, that whole question is a mystery. It is silly because, again, we are very supportive of our emergency medical services right across Manitoba. I hear from many of my colleagues in our caucus on that issue on a regular basis about the urgency of the report that is coming from the regional health authorities, along with the municipal organizations, about the importance of maintaining the strong volunteer base within all of our communities, about the importance of that service and being sure that it is there for the people when they need it, where they need it. We are very committed to a quality emergency medical service right across Manitoba, and I am anxiously awaiting the report from that review committee.

Manitoba Housing Authority Vacancy Rate

Ms. Marianne Cerilli (Radisson): Madam Speaker, I have with me today a letter from the Minister of Housing asking me to direct all my inquiries to his department to his office and not ask his staff for information. I have been waiting for the minister and his department to release to me information I had received from his department in 1997 specifically about vacancy rates, arrears to the Manitoba Housing Authority, schedules for budget maintenance and their budgets.

I want to ask the Minister of Housing if he will provide this information to me prior to the

Estimates and if he can tell the House today specifically what are the current vacancy rates and numbers of vacant units in Manitoba Housing Authority.

Hon. Jack Reimer (Minister of Housing): Madam Speaker, as to the exact numbers, I believe they fluctuate almost on a weekly basis, but 10 percent of our stock right now is approximately our vacancy rate at the present time.

Possibly, while I am up, I could answer a question the member asked me last week in regard to 101 Marion Street in which she was asking me about the social crisis there. I got a letter this morning actually from the residents there, and maybe I will just quote from it—that was written to me by the members at 101 Marion: however, what political—

Madam Speaker: Order, please.

* (1410)

Point of Order

Ms. Cerilli: I think that the minister has answered the question. If he wants to table that letter, I believe that he can do that. If he wants to provide me with other information, he can do that.

Madam Speaker: The honourable Minister of Urban Affairs and Housing, on the same point of order.

Mr. Reimer: On the same point of order, I had mentioned on one of the questions that was asked of me last week that I would get back to the member with the information. I have the information, and I was going to relay it to the member.

Madam Speaker: The honourable member for Thompson, on the same point of order.

Mr. Steve Ashton (Opposition House Leader): Madam Speaker, it is quite common practice for the minister to take items as notice, but the appropriate thing would be to do it in a separate answer from what was in this case the first question raised by the member. In fact, if the minister wishes to table it now, that is not any

difficulty, but I would suggest the answer would more appropriately come after the member has asked her questions and her supplementaries, and the minister can seek recognition at that point in time.

Madam Speaker: The honourable government House leader, on the same point of order.

Hon. Darren Praznik (Government House Leader): Madam Speaker, to restrict a member, when he is on his feet, from providing an answer taken as notice, particularly when that answer may be very germane and appropriate to the series of questions being asked, is not appropriate. That is what the member was doing. He should have the right to continue, and that should not interfere with the right of the member to continue with her series of supplemental questions.

Madam Speaker: On the point of order raised by the honourable member for Radisson, the honourable minister had only consumed 30 seconds of his time, and I thought he was being expeditious in providing you with additional information. But the honourable minister could stand later on to nearer the end of Question Period to put the response to the question taken as notice.

Seniors Housing Bachelor Unit Conversions

Ms. Marianne Cerilli (Radisson): I want to quote from a report for Manitoba Housing—

Madam Speaker: Order, please. The honourable member for Radisson was recognized for a supplementary question to which there should be no preamble. Would the honourable member please pose her question now.

Ms. Cerilli: Madam Speaker, my question pertains to a Manitoba Housing Authority report which had a number of recommendations for seniors housing. On this report on page 23 it recommends—

Madam Speaker: Order, please.

Point of Order

Hon. Darren Praznik (Government House Leader): Madam Speaker, clearly the member

is not using her opportunity to put her question. She is providing a preamble, which is against the rules. She has been warned. Members opposite have asked for strict adherence to the rules.

Madam Speaker: The honourable government House leader indeed does have a point of order.

* * *

Madam Speaker: The honourable member for Radisson, please pose her question now.

Ms. Cerilli: Madam Speaker, I want to ask the minister, in reference to this report which recommends a plan for conversion of Manitoba Housing elderly persons bachelor units—it is from 1990—can the minister tell us how many bachelor units have been converted by this government, and are they developing a plan?

Hon. Jack Reimer (Minister of Urban Affairs): As I was about to say earlier, I had a reply back from the tenants where they have mentioned to me: What political motivation did Ms. Cerilli have to suggest that there is a social crisis at 101 Marion? I can tell you, as a tenant of 101 Marion, I did not appreciate hearing and reading a transcript of Question Period where Ms. Cerilli misleads the Legislature by indicating she met with the tenants of the association when in fact she only met with one tenant. It is my view, had our newly elected executive been in place, a motion would certainly have been brought forth demanding apology from the NDP for this outrageous behaviour and the tarnishing of the ability of the tenants to handle their own affairs without political interference.

Madam Speaker: Order, please. The honourable Minister of Housing wishes to table that document.

Some Honourable Members: Oh, oh.

Madam Speaker: Order, please. The honourable member for Radisson, to pose a final supplementary question.

Ms. Cerilli: Madam Speaker, I want to ask the minister: has he followed the recommendations in his own department's report on elderly persons

housing which recommends they develop a plan for conversion of the vacant units to convalescent suites, to seniors, victims of abuse housing, to hostels or to student housing? Where is your plan—

Madam Speaker: Order, please. The question has been put.

Mr. Reimer: Madam Speaker, what we have been doing is looking at some of our buildings and our complexes where there is abundance of bachelor suites because we do realize that there is a fair amount of vacancies in that particular aspect of our housing. So what we are looking at is, where it is feasible and there is a possibility of converting bachelor suites into one-bedroom units, we are looking at that and we have commenced that in quite a few units. One of the things that has to be taken into consideration is the fact that we are dealing with bearing walls, we are dealing with buildings that possibly the architectural structure will not allow to do that, but those are some of the things that we are looking at.

I would also like to table a petition I received from the tenants of 101 Marion Street which they have sent me just this morning: We, the undersigned tenants of 101 Marion, would like to convey to you—me—our appreciation and approval of the care and maintenance being provided through our caretakers, Mavis and Lorne Remple, and support the work by the seniors resource worker, Lisa Sennicks.

Highway Maintenance Federal Gas Tax

Mr. Gerard Jennissen (Flin Flon): Madam Speaker, my questions are for the Minister of Highways and Transportation. For four years not one cent of federal gas taxes has been returned to this province for maintaining highways. Did the minister get a commitment from the federal Minister of Transportation last week to finally return some of the \$140 million annually paid by Manitoba motorists in federal gas taxes?

Hon. Darren Praznik (Minister of Highways and Transportation): Yes, Madam Speaker, I would like to thank the member for Flin Flon for

this particular question because he has flagged what we believe on this side to be the No. 1 issue facing the sustainability of our highway and transportation infrastructure. The fact, as he correctly outlines, is last year \$147 million of gasoline taxes collected by the national government in the province of Manitoba and not one penny, not one penny, returned to maintain our road infrastructure.

I can tell him that provincial ministers continue to press the federal government for a national highways program in the short term, and certainly this minister continues to push for the long term sustainability. We are hoping we will have some success, but support of members opposite and questions like this today certainly work toward making the public aware of the importance of this issue.

* (1420)

Funding—Tolls

Mr. Gerard Jennissen (Flin Flon): Does the minister support the federal proposal to pay for maintaining highways by bringing in toll highways to this province?

Hon. Darren Praznik (Minister of Highways and Transportation): Madam Speaker, the member for Flin Flon has, I think correctly, hit upon an issue that we suspect from comments that have come from some in federal circles that this might be an option that provinces might want to pursue. Some have. But I can tell the member here that it is not the position of the Province of Manitoba to be charging tolls for Manitobans, and when Manitobans think about the fact that \$147 million of their money paid through gas tax goes into federal coffers without a penny coming back, it is almost insulting to them to even have that kind of proposal made or floated by federal officials.

National Highways Program Status

Mr. Gerard Jennissen (Flin Flon): Did the federal minister propose any kind of timetable for dealing with the \$17 billion needed to upgrade the national highway system?

Hon. Darren Praznik (Minister of Highways and Transportation): Madam Speaker, again, I thank the member for, I think, a very timely and important series of questions.

The federal government today continues to talk with us and work toward some form of national highways program in next year's budget. Obviously, that kind of assistance is welcomed. But, as he has correctly outlined, unless we get to long-term sustainable financial support for maintaining our highway system, a one-time contribution towards a national highways program, although welcome, is not going to maintain and support our highway system in the long run. We continue to push for it, and support of the member and members opposite is certainly most welcome. We hope that members of the Liberal Party take that message back to their federal cousins as well.

Crown Lands Purchase/Leasing Policy

Mr. Steve Ashton (Thompson): Madam Speaker, earlier in Question Period we raised yet another Cubby Barrett question. It seems that wherever you turn with this government, Mr. Barrett seems to pop up and including—I would like to table this. It is a picture from June of 1996 showing Mr. Cubby Barrett receiving his honorary life membership from the Premier, because sometimes you would almost think the Premier does not know Cubby Barrett.

I would like to ask the Premier: given the fact we have yet another serious question about, in this case, a land deal involving Cubby Barrett and his family directly, when will the Premier do what we have been asking for days in this House and call the audit that we need to get to the bottom of, once again, serious questions about unethical dealings between Mr. Barrett and this government headed by this Premier?

Hon. Gary Filmon (Premier): Madam Speaker, the members opposite are getting so bad now they even have to recycle their questions within a Question Period. They not only have been recycling from several years ago and several months ago, but now they recycle from within the same Question Period with their answer.

I will, as I said earlier, take the matter as notice and bring back information to the House.

Madam Speaker: Time for Oral Questions has expired.

MEMBERS' STATEMENTS

1999 Budget

Mr. Peter Dyck (Pembina): Madam Speaker, "intellectually inconsistent." This comment made by the Leader of the official opposition last week in reference to his party's support during the budget vote says it all.

Our government's 1999 budget continues our plan for strengthening Manitoba's economic foundation in a sustainable manner, a strong foundation that ensures that the next century can be Manitoba's century. Through strategic tax cuts, increased spending on health care and education and balancing the budget for five consecutive years, our government has shown something sorely lacking in the members opposite, and that is ideas.

Yet now, as the NDP prepare for an election some time this year, they vote for our budget. Such action is almost unheard of. I would argue that their voting against the last 10 budgets while voting for this budget is intellectually inconsistent, that their raising of 16 taxes and creation of five new taxes during the 1980s while last week voting for tax cuts is intellectually inconsistent, that their voting against balanced budget legislation and taxpayer protection while the member for Brandon East (Mr. L. Evans) said during his recent budget address, "Nobody wants to be burdened by debt" is intellectually inconsistent.

West Lynn Heights School Peacekeepers

Mr. Gerard Jennissen (Flin Flon): I rise today to congratulate the staff, students and principal of West Lynn Heights elementary school in Lynn Lake. Three years ago, 16 older students formed the peacekeepers patrol to stop violence among students. Now some two dozen students monitor the schoolyard during recesses and watch for disputes. Principal Jim Clark notes that fights and serious disputes have greatly

dropped in numbers over the past three years, thanks to the peacekeepers.

The example of the volunteer work by the students themselves proves once again that, by working together, communities can do much to improve safety. This story is a good-news story that deserves wider knowledge. Lynn Lake is a community with a long history of community work. The peacekeeper patrol is just one more example of how the community pulls together at Lynn Lake. I am sure that other communities and schools will soon adopt, if they have not already, the proactive, common-sense measures put in place in West Lynn Heights School. Thank you, Madam Speaker.

Occupational Safety and Health Week

Mr. David Faurichou (Portage la Prairie): Madam Speaker, I would like to take this opportunity to rise in the House and inform all honourable members that this week, May 17-23, has been proclaimed as North American Occupational Safety and Health Week.

The theme of the week is Occupational Safety and Health: Partners Together in Safety. The week is a co-operative effort between Canada, the United States and Mexico. The objectives of the North American Occupational Safety and Health Week are threefold: (1) to increase employees, employers and public awareness of the benefits of investing in occupational safety and health; (2) to raise awareness of the role and contribution of safety and health professionals; (3) to reduce workplace injuries and illness by encouraging new safety- and health-related activities.

Canada will be focusing its campaign on young workers ages 15 through 29. The Province of Manitoba, through the Department of Labour under the auspices of the Honourable Mike Radcliffe, is committed to and looks forward to working as a partner in reducing the number of workplace accidents and illnesses. Everyone has a role to play in achieving these objectives. The effectiveness of the safety and health activities is dependent upon the collective strength of the partners working to establish and maintain the workplace environment.

The theme of the North American Occupational Safety and Health Week underscores the importance of partnerships in today's workplace. By working together, we can achieve healthy working conditions, encouraging healthy employee activities and reduce financial costs of unsafe, unhealthy working environments.

Transcona Collegiate Drama Production

Mr. Daryl Reid (Transcona): Last year my family and I had the opportunity to attend the Transcona Collegiate drama production of *Anne of Green Gables*. We came away from that play extremely impressed with the high skill level of our young student actors, the professionalism of the entire production cast and crew and their ability to push and pull audiences' emotions.

On April 23 of this year, my family and I attended the Transcona Collegiate production of *Grease* and were thrilled at the way these young people immersed themselves in a 1950s era's music. It was very obvious by the choreography that they thoroughly enjoyed acting as much as the audience enjoyed watching. The play even included a vintage 1940 Plymouth convertible restored by a community parent. Some of these students were even rehearsing for another play starting just two weeks later.

This past Friday, my family and I had the opportunity to attend the successful Transcona Collegiate drama production of *Dracula*. This exceptional performance was eight months in the making and involved many students, parents and teachers. The production made very effective use of actors with impeccable timing and skill, great makeup, costumes and sets, subdued lighting, a thick fog blanket and eerie music that would send shivers up your spine.

Madam Speaker, I have always been very proud of our young Transcona people and their enthusiasm for their school and their community, and what these three drama productions have clearly demonstrated is the very obvious respect and admiration these young performers have for their teachers and for each other.

It is clear that the performing arts are an integral part of the Transcona Collegiate, their

curriculum, and allows each student the opportunity to learn more about themselves and their abilities through interaction with each other. Considering the high quality of the play, the acting and the stage production, the cost of the tickets is an unbeatable bargain. My congratulations to the producer/teacher, Gary Matwichuk, and to all of the actors, crew and families, who for eight months poured their hearts into making this production one to be remembered. I recommend this performance to everyone.

Prix Heritage Awards

Mr. Marcel Laurendeau (St. Norbert): On Tuesday night, my colleague the honourable Minister of Culture, Heritage and Citizenship (Mrs. Vodrey) presented the 1999 Prix Heritage Awards to recognize outstanding contributions to Manitoba heritage.

I am proud to stand in the House today and name this year's recipients so their names will be entered in the permanent record.

The award for Distinguished Services Volunteer Award for Individuals was presented to Bill and Shirley Loewen, St. Norbert constituents, for their generosity and commitment to the preservation of our French and Metis history. Thanks to their effort, the St. Norbert Orphanage seminary building and the Trappist Monastery guest house have beautifully been rehabilitated, and a Riel and Ritchot mural now graces the constituency as the gateway to Winnipeg.

The Distinguished Service Volunteer Award for Organizations was awarded to the Western Canada Aviation Museum volunteers for their dedicated work in developing this fine museum. These volunteers have contributed the equivalent of 240 years of full-time work.

Sharon Reilly of the Manitoba Museum of Man and Nature was awarded the Distinguished Service Vocational Award for her work as curator of history and technology. Ms. Reilly has contributed to the cultural traditions of Manitobans of all social classes and backgrounds.

* (1430)

Le Centre du patrimoine, a project of La Societe historique de Saint-Boniface, received the Project Award for building an archival facility in which to store important Francophone and Metis historical information.

Finally, the Education and Communication Award was presented to Jean Oscar Guiboche for his promotion and preservation of the heritage of the aboriginal peoples, the voyageurs and Manitoba explorers.

I commend the 1999 Prix Award winners for their dedication to our province's history. Through their efforts, a lasting legacy has been created which will enrich Manitoba for years to come.

Thank you, Madam Speaker.

ORDERS OF THE DAY

House Business

Hon. Darren Praznik (Government House Leader): Madam Speaker, if you could please call for second reading Bill 19, The Agricultural Credit Corporation Act, and following that, I will be putting the motion to go into Committee of the Whole to consider its work with respect to the Statue Law Amendment Tax bill.

SECOND READINGS

Bill 19—The Agricultural Credit Corporation Act

Hon. Harry Enns (Minister of Agriculture): Madam Speaker, I move, seconded by the Minister of Rural Development (Mr. Derkach), that Bill 19, The Agricultural Credit Corporation Act (Loi sur la Société du crédit agricole), be now read a second time and be referred to a committee of this House.

Motion presented.

Mr. Enns: Madam Speaker, The Agricultural Credit Act incorporating MACC was passed first on November 7, 1958. At that time, MACC's mandate was to provide financial assistance to

Manitoba farmers to establish, develop and operate their farms. The emphasis was on young, beginning farmers. The Agricultural Credit and Development Act replaced the original act on May 25, 1968. At that point the focus was on loan guarantees, and direct loans were no longer available from MACC.

The agricultural act underwent a further change in 1969 and returned to direct lending. Today MACC remains focused on providing support for young beginning, lower equity and expanding farmers. It also facilitates farmers' access to credit under reasonable terms and conditions through its guarantee programs. MACC is ready at all times to administer provincial emergency and special programs as well. Although MACC's mandate has remained essentially unchanged for 40 years, its programs and services have changed dramatically. MACC has experienced more program growth in the past five years than the previous 35 years. I take a small measure of satisfaction out of that fact, having been the minister responsible for MACC during these last five years.

These are but some of the programs that MACC is involved in: introducing the direct financing of nontraditional livestock, i.e., bison and soon to be elk; direct loans available to financing unbred heifers; increased level of financing available to smaller-scale, entry-level hog operators; increased direct loan limits that have been increased to \$325,000 from their existing \$250,000 for individuals and sole proprietorships and to \$650,000 from the previous \$500,000 for corporations, partnerships and co-operatives; increased net worth limitation for new borrowers to \$500,000 from \$400,000; increased financing limit for farm housing to \$100,000 from the previous limit of \$80,000; increased off-farm income limit to \$70,000 from \$60,000. I say that this is important, although I say it with some regret because too many of our farmers require off-farm income to maintain their presence on their farm operations.

We have introduced stocker loans to finance unbred heifers, nonlactating cows, feeder bison, equine growers; increased financing cap for bison breeding stock; introduced financing for the purchase of equity shares in agriculturally based new generation co-operatives as a further

means of encouraging diversification and value-added initiatives. We have enhanced in 1999—they reduced the interest rate for the first five years of a loan to 6.5 percent from a previous level of 9 percent. An additional \$5 million loan fund was made available for this purpose.

Our Diversification Loan Guarantee Program which was announced in the 1995 election is a level of support that this government directed specifically at the post-Crow-era expansion of value-added initiatives across Manitoba. Ten million dollars in guarantees has leveraged over \$40 million in direct private sector financing in Manitoba and of course significantly greater investments and resulting in multiplier benefits, introduced four eligibility requirements enhancements in 1998, and provided an additional \$20 million available in guarantees to generate an additional \$80 million in private sector lending. This is where the corporation guarantees a certain portion, 25 percent of what is otherwise a private loan arranged by the proponents through their credit unions or through their banks.

We will continue to review different programs as they arrive, such as the potential of a bison feeder association with our growing number of bison farmers in the province. Other regulations will have to be amended from time to time as agriculture continues its changing. One of the things that I am proud about is that MACC has made its expertise available to other nonfarm programs when so directed by government. Flood proofing, a loan assistance program, for instance, which was deemed to be necessary to provide some loan assistance to the residents of the Red River Valley during the disastrous '97 flood, has meant that the MACC corporation has extended over \$20 million in loans to these persons within the Red River Valley, greatly helping and adding to the support that was there and provided by my colleague the Minister of Government Services (Mr. Pitura), as well as the federal government in restoring the Red River Valley to its previous position.

The Manitoba Producers Recovery Program was introduced as an assist to producers during this current farm income crisis that farmers are experiencing, and I am pleased to report that the full \$25 million that was announced back in

January when I introduced that program has been subscribed to. As questioned earlier today during Question Period, I will be seeking greater expansion of that loans authority so that we can continue in assisting Manitoba farmers in need in this particular area. MACC has been operating under an act that has been essentially unchanged since the inception of the co-operation in 1958. The present regulations were established in 1988.

The face of agriculture in Manitoba and of rural Manitoba itself has changed dramatically, and in the last 20 years there have been significant changes that affect agricultural financing needs. Agricultural production units will continue to increase in size to take advantage of economies of scale and size. Between 1976 and 1996, average capital investment per farm increased by some 350 percent to an average of \$418,000. In the last 20 years, the number of acres per farm increased by some 130 percent. I want to make it very plain, this is not as a result of government policy or direction of this particular minister. It demonstrates the fact that farming today continues to be high risk, capital intensive, and also, and I say this with some regret, that new entries into farming are finding other choices all too often more acceptable and more lucrative. That is what is driving the increasing size of our farms and, ergo, increasing needs for capital to manage those farms.

In order to assist agriculture in rural Manitoba as a whole, MACC needs to be able to respond quickly and proactively to changing needs and conditions. Agriculture continues to be, as I already indicated, a high-risk industry. Complicating factors include adverse climate, commodity price fluctuations, environmental issues and global economic conditions. Processing agricultural products at a local level has become a necessity for a viable agricultural industry and for rural Manitoba. A number of agricultural processing initiatives have begun or are being proposed throughout rural Manitoba. MACC can be said to play the role of an economic tool impacting on the entire provincial economy. There are significant economic spin-offs in terms of job creation and support of local businesses associated with projects established

under the Diversification Loan Guarantee Program.

* (1440)

MACC has played a significant role in provincial programs such as the Flood Proofing Loan Assistance program. These programs assist Manitobans in recovering from special emergency situations. MACC's Guaranteed Loan Program makes agriculture financing an attractive option for private lenders. This encourages financial institutions to maintain branches throughout rural Manitoba. A comprehensive rewrite is needed to streamline The Agricultural Credit Corporation Act and tidy up the results of amendments made on a piecemeal basis. That is what I am presenting to this House: in effect, a newly rewritten Agricultural Credit Corporation Act. Modernized wording is needed to dispense with outmoded definitions and concepts and recognize present-day realities. MACC's operations have a heavy regulatory base.

Currently, MACC experiences obstacles and inefficiencies in program developments due to demand of the regulatory process. A reworking of the act is needed for MACC to respond quickly to programming demands. Amendments to the act are needed to enhance MACC's ability to provide or facilitate credit for a broader base of value-added diversification activity and emerging business structures. Agricultural enterprises has been added to the Definitions section. This flexible definition relates to farming and value-added activities with regulatory power to designate additional kinds of agricultural enterprise. It reflects the reality of what is happening in rural Manitoba. The involvement of primary producers with value-added perhaps nonprimary producers is occurring out there, and the act to date, as it has been written in the past, has not been able to accommodate that.

The Objects section is broadened to cover direct and indirect benefits to farmers and agricultural enterprises. MACC will have the capacity to consider a broader base of value-added diversification initiatives.

The proposed section referring to regulations refines the existing regulation-making power. This section covers all matters for which regulations may be made. As regulation power is more permissive than the obligatory, MACC will have greater flexibility as it develops its regulations.

As a lender and a guarantor, MACC must be responsive to the changing needs for financing in agriculture and agricultural production and processing as Manitoba moves into the 21st Century. Although MACC's mandate has remained relatively unchanged over the years, its programs and services have changed significantly. MACC has experienced more program development in the last five years than in its entire previous history. Implementing the necessary program changes has been the challenge, due to the outmoded condition of the governing legislation. Manitoba's provincial framework emphasizes development of a dynamic economy, an improved quality of life and fiscal management.

The driving forces for MACC are this framework and its client-focused mandate. In order to successfully achieve its goals, MACC must be able to change and change quickly. A comprehensive rewrite of the existing Agricultural Credit Corporation Act will streamline the legislation and enable MACC to respond quickly to changing needs in the agricultural finances.

Madam Speaker, I recommend the bill before the Chamber to all members and for scrutiny at committee and, hopefully, for its speedy passage. Thank you.

Mr. Steve Ashton (Thompson): I move, seconded by the member for Swan River (Ms. Wowchuk), that debate be adjourned.

Motion agreed to.

Hon. Darren Praznik (Government House Leader): Madam Speaker, I would move, seconded by the honourable Minister of Finance (Mr. Gilleshammer), that this House now resolve itself into a Committee of the Whole for the consideration of Bill 22, The Statute Law Amendment (Taxation) Act, 1999 (Loi de 1999

modifiant diverses dispositions législatives en matière de fiscalité).

Motion agreed to.

COMMITTEE OF THE WHOLE

Bill 22—The Statute Law Amendment (Taxation) Act, 1999

Mr. Chairperson (Marcel Laurendeau): The committee will come to order, and the staff can enter the Chamber at this time.

The Committee of the Whole will come to order, please. The committee has before it for its consideration Bill 22, The Statute Law Amendment (Taxation) Act, 1999. We will be dealing with clause-by-clause consideration of the bill.

When the Committee of the Whole last met, it was considering Clause 5 of Bill 22.

Clause 5—pass; Clause 6(1)—pass; Clause 6(2)—pass; Clause 7—pass; Clause 8—pass. Shall Clause 9 through to 13 be passed?

Some Honourable Members: No.

Mr. Chairperson: No?

An Honourable Member: We have an amendment on 10.

Mr. Chairperson: Okay, Clause 9(1) and 9(2)—pass. Clause 10.

Hon. Harold Gilleshammer (Minister of Finance): We have an amendment, as I had indicated in my speaking notes,

THAT the proposed subsection 11.6(1) of The Income Tax Act as set out in section 10 of the bill be amended

- (a) in clause (h) of the definition "eligible share", by striking out "and before that time"; and
- (b) in clause (i)1 of the definition "eligible share", by striking out "\$10,000,000." and substituting "\$5,000,000."

Motion presented.

* (1450)

Mr. Gilleshammer: I would like to explain this. The purpose of clause (h) is to ensure the total number of eligible shares issued in a given year does not exceed \$20 million, limiting the tax cost associated with credit. Clause (h) limits eligible corporations to issuers that applied first to the minister for approval until the \$20 million in issued share limit is reached. The removal of the phrase "and before that time" clarifies that the \$20-million limit applies to each year of the program and not cumulatively.

Secondly, Clause 1 of the definition of "eligible share," which limits the maximum annual amount of eligible shares issued and outstanding by eligible corporation at any time, is reduced from \$10 million to \$5 million. This change is made in accordance with representations by industry stakeholders who were concerned that the higher cap would limit the benefits of the credit to too few businesses.

Mr. Chairperson: Shall the amendment pass?

Mr. Tim Sale (Crescentwood): Just a question or two, Mr. Chairperson. Would the minister be able to tell the committee roughly the number of Manitoba-based companies that would be potentially eligible? I realize that there are steps that companies would have to go through to actually become eligible, but what is the pool of eligibility, and what is the estimated cost of this tax credit on an annual basis to the Treasury?

Mr. Gilleshammer: It is estimated that there may be a couple of thousand companies that would be part of that pool and the cost to the Treasury, over three years, between \$7.5 million to \$9 million.

Mr. Sale: The majority of those companies would not now be listed with the Winnipeg Stock Exchange. Is that correct?

Mr. Gilleshammer: That is correct.

Mr. Sale: Of the currently listed companies, what would be the pool that would be eligible? The reason I asked that question is that the process of going to an IPO and going through all the securities regulations to register has to be

worth the company's while in terms of the public market. I understand the purpose of this tax credit basically is to encourage that. Nevertheless, it is not a trivial matter to take a company public and to list on a small exchange like WSE. So of those currently on the exchange, what number of companies might be eligible for this tax credit?

Mr. Gilleshammer: We do not have a number with us, but I can get that information for the member.

Mr. Sale: I thank the minister for that. Perhaps during his department's Estimates, we will be able to explore that.

I want to say that we are in support of this proposal. The reason, of course, is that we have met with various venture capital organizations. In particular, the Crocus Fund management and staff brought this suggestion to our attention. It fills a niche, a gap that currently is difficult for many companies. I think the credit is appropriately scaled. It basically is something that we have already agreed would be a good idea. I know it is part of our platform. So it is a useful proposal that the government is bringing forward.

Mr. Chairperson: Shall the amendment—

Mr. Leonard Evans (Brandon East): We are still on clauses that affect Part 2 of The Income Tax Act. In the budget document the minister shows the small business rate reduction corporate income tax costing the Treasury \$24 million in a full year and also the Manufacturing Investment Tax Credit extension costing about \$13 million.

I wonder if the minister can tell us whether there have been any estimates made of the impact these rate reductions will have or tax credit extensions will have on the activity in these sectors. There is a reference, of course, in the budget to the Film and Video Production Tax Credit extension, which is going to cost \$5 million in a full year. I think many of us, through the media, are aware of the very positive impact assisting the film production industry, video production industry, has in this province which we welcome and support.

My question is—we do not hear much about the impact of these types of rate reductions. We talked on both sides of assisting small business development through the tax system and hear some specific proposals, so my question is, and I am just repeating: To what extent do these particular credits or rate reductions stimulate the small business or the manufacturing sectors?

Mr. Chairperson: Okay. Before the minister answers that question, what were you referring to on that question? Did you say that was within this amendment?

Mr. L. Evans: Well, we are under Part 2, as I understand it.

Mr. Chairperson: We are under Clause 10 at this time.

Mr. L. Evans: But that is still under Part 2. Part 2 includes several clauses from Clause 4 right through to whatever it is.

Mr. Chairperson: That is a clause in Part 2.

Mr. L. Evans: It is a clause in Part 2. I do not know specifically which clause it is.

Mr. Chairperson: Which clause are you referring to in 2? You are talking about 6.(1), which has already passed.

Mr. L. Evans: It is difficult to read this.

Mr. Chairperson: The video tax credit, you referred to in your question.

Mr. L. Evans: I was making reference to the small business rate reduction which is included in the budget as a cost of \$24 million. That is the small business rate reduction.

Mr. Chairperson: Which are Clauses 6 and 7, are they not? Okay. In that case, could we just pass the amendment at this time, and then I will see if there is leave to go back to Clause 6.

Mr. L. Evans: Is it in Clause 6?

Mr. Chairperson: I believe it is in Clause 6.

Mr. L. Evans: I thought we were dealing with the whole of Part 2.

Mr. Chairperson: Amendment—pass. Is there leave for the honourable member to ask a number of questions not relating to the clause we are in at this time and referring back? [agreed] The honourable minister, to respond.

Mr. Gilleshammer: If I understand the question, the member for Brandon East (Mr. L. Evans) wants to know what impact lowering the small business rate is going to have. This is the income earned by smaller companies who have \$200,000 or less active income, and we see this as encouraging new investment by these companies and creating some jobs in small businesses. It will improve the tax competitiveness of these firms. I am told that this will relate to approximately 8,600 firms that operate now in Manitoba. I am not sure that we have exact projections here on exactly how this lowering of this rate and making them more competitive is going to be transferred into a specific number of jobs or a specific number of expansions, but we note that members opposite have spoken in favour of this and we will have to see the results.

* (1500)

Similarly, with the Film and Video Tax Credit, we knew that it was going to stimulate movie production and create jobs here in Manitoba, but to see the dramatic change from about \$1 million to \$50 million, I think, was beyond everybody's expectation.

So these tax credits do stimulate job creation, and we believe in this particular sector with these 8,000 or 9,000 firms we are going to see additional jobs created, additional activity. It reduces revenue to government of just over \$5 million in 1999-2000, and as the member indicated, upwards of \$24 million when it is fully implemented.

Mr. L. Evans: I wonder if the minister could indicate, has he received representation from any specific group requesting this type of rate reduction, for instance, the Manitoba Chamber of Commerce or some such organization?

Mr. Gilleshammer: This was something that came up during the budget consultations that were supported by the Manitoba and the Winnipeg Chambers. I spoke with them after

the budget, and they felt that this was a very positive move. Certainly, the Canadian Federation of Independent Business made representation on this matter as well as individuals during the budget consultation process.

Mr. L. Evans: With respect to the Manufacturing Investment Tax Credit extension, it is an extension, and yet the budget document shows no expenditure of that in this year 1999-2000, whereas it is estimated to be \$13 million for a full year. That would be the following year, I presume. I do not quite understand why there would be no estimate of expenditures for '99-2000. Is that because it does not take effect until the following year?

Mr. Gilleshammer: The current program runs until the end of fiscal year 2000. The extension takes place beyond that.

Mr. L. Evans: I would just make the comment that obviously business welcomes these credits and rate reductions, but I would suggest that it is very difficult to estimate with some precision what the impact is going to be. It may be taking you in a direction that you want to go, I agree with that, hopefully, for an expansion and so on. But, with regard to the Manufacturing Investment, you have figures in your own budget document showing a reduction of manufacturing investment—this is on page 15 of your economy section of the budget, where '98 has fallen from the '97 level. Then, again, there is a projection of '99 being quite a bit lower than '98.

So I suppose you could make an argument: Well, it is time to have this sort of a tax credit extension to sort of help boost the level of investment spending, but I would submit that probably what affects the level of manufacturing investment in this province, or any jurisdiction, is the demand for the output of that sector. If there is an increasing demand for the goods provided by manufacturers in Manitoba, then there is the inclination to want to expand your plant, your capacity, so that you can meet the increased demand. I submit that is probably one of the most critical factors in determining the level of investment, much more so than tax credits, as welcome as they may be as incentives

and so on, and there may be marginal cases where this has an impact.

I would submit that we can provide these dollars of assistance, \$13 million, but I do not know to what extent it will impact on the level of investment spending in the province to any significant extent at any rate. I just wanted to make that position that the most critical factor determining level of manufacturing investment spending is the demand for the output of that sector.

Mr. Chairperson: Clause 10 as amended—pass; Clause 11—13—pass; Clauses 13, 14—pass.

Mr. L. Evans: Mr. Chairman, I wanted to ask a question about The Mining Tax Act, which are 12 and 13.

Mr. Chairperson: Oh, I am sorry.

Mr. L. Evans: Mr. Chairman, again this tax rate reduction looks to be rather minor. At least its impact on the budget is minor. It is no dollars for this year, but \$1 million for the subsequent years, so I again ask the minister: what does he expect to happen as an outcome of this particular rate reduction?

Hon. David Newman (Minister of Energy and Mines): Mr. Chairman, certainly the prices in the mining sector have fallen over the last number of years. I think it is important to indicate our support for both the development and exploration in this area. As the member knows, this tends to be somewhat cyclical and that the prices will come back. We, I think, send a signal to the mining community that they are a valued part of our economy and that they will continue to invest and employ people in this industry in Manitoba.

Mr. L. Evans: Again, I think the minister would likely agree with me, as welcome as this is, it is a very minor reduction. No dollars this year, a million dollars next year would be welcomed by the industry but, again, the fate of that industry is in the hands of world markets, assuming of course that we have the raw material here. It is in the hands of the international market for nickel or copper or zinc or whatever the mineral may be. Indeed I agree

with the minister, it is subject to a lot of fluctuations, as commodity prices tend to be. They tend to be very volatile. We have our ups and downs. Our mining industry is certainly not sheltered from this volatility. It impacts very directly on us. We see it, for instance, in the level of employment in Thompson, just to use one example.

So, at any rate, we do not oppose this, Mr. Chairman, we are just commenting on it, that it looks rather modest, but so be it. I assume the Mining Association is happy with it.

Mr. Chairperson: Clauses 13 and 14—pass. Clause 15(1)

Mr. L. Evans: You are slipping past very quickly here. I just wanted to ask the question, under this section, The Motive Fuel Tax Act, reference to exemption for fuels sold to international ocean-going ships. I wonder if the minister could elaborate that. Again there is no money shown for this, so I gather, I just do not know why is it here if we do not expect any financial implications.

*(1510)

Mr. Newman: Currently international vessels do their fuelling in other areas where they do get an exemption, so this is not a question of lost revenue for us, but it is an opportunity for those in this business in Churchill to work towards expanding their business and providing fuel on a level playing field with other jurisdictions. I think all governments over the years have tried to find ways to make the Port of Churchill more modern and more viable. This is just another step in hopefully allowing entrepreneurs in Churchill to go after some new business and to be on the same level playing field as Montreal or wherever these ocean-going vessels are refuelling.

Mr. L. Evans: I am certainly not opposing this whatsoever. I gather then it tends to be perhaps more symbolic than anything else at this point.

Mr. Gilleshammer: Well, it is symbolic for sure. I know it met with the enthusiastic approval of mayor of Churchill. You know, I think anything that we can do to make Churchill

more viable—we have seen positive signs in recent years, and this can just be another piece of the puzzle.

Mr. L. Evans: Just by way of a commentary, a bit of history, I would agree that governments for some years, at least since I have been here, of all persuasions have done whatever they could to stimulate opportunities for Churchill. I recall we were successful in getting the Hudson Bay resupply through Churchill using a tug and barge operation in the early '70s. Prior to that time, the supply to the outports on the Hudson Bay was from the Port of Montreal, and we were successful in persuading the federal government to transfer that activity, as it did, to Churchill. Of course, it had a benefit on Winnipeg as well.

Then, of course, there have been other things that governments have tried to do, including encouraging the use of the port for other commodities beside grains. I think at one point, we had our Liquor Commission bring in a load of Scotch whiskey from Scotland through the Port of Churchill. This was way back, as I recall. I do not know how much whiskey is going through there now, but there were attempts made—

An Honourable Member: They were symbolic too.

Mr. L. Evans: Yes, mostly, apart from one shipment.

Also, another commodity that was looked at was sulphur. I recall visiting there, once again in the '70s, there was this huge mountain of yellow material, and it was sulphur that was to be shipped out. This was from a by-product of our oil industry in Alberta and Saskatchewan; it was to be shipped through the port for Saskatchewan.

I might comment, Mr. Chairman, when we are on the subject of other provinces and the Port of Churchill, the other provinces—and I hope this is still true—of Saskatchewan and Alberta were very supportive of helping to enhance the Port of Churchill in Manitoba. I know for various reasons, we recall getting support from Premier Lougheed to Premier Blakeney in years gone by.

I hope that support still is there, supporting Manitoba in its continued efforts to develop Churchill. It is just a historical commentary.

Mr. Chairperson: Clause 15(1)–pass; Clause 15(2)–pass; Clause 15(3)–pass; Clause 16–pass. Clause 17.

Mr. L. Evans: Mr. Chairman, did we pass by the section in which we are talking about children's clothing exemption increase?

An Honourable Member: The children's clothing is 18.

Mr. Chairperson: Clause 17–pass. Clause 18.

Mr. L. Evans: Again, I wonder if the minister could elaborate on the impact of this particular exemption increase. Was this an outcome of the budget consultations specifically? I know many, many items are covered by retail sales taxes and I am just wondering why this particular item. Again, we are certainly not opposing it; we would support it, but I am just wondering why this particular item of all the hundreds and thousands of items covered by retail sales taxes.

Mr. Gilleshammer: Yes, this was brought forward in discussions that were held in some of the communities, and the member and I are past that stage where we are raising children of this age and buying children's clothing, but–

An Honourable Member: Grandkids.

Mr. Gilleshammer: There are grandchildren, too, right, but this is to give some relief to parents and grandparents, I suppose, who are making these expenditures.

Mr. Chairperson: Clause 18(1)–pass; Clause 18(2)–pass; Clause 19(1)–pass; Clause 19(2)–pass; Clause 19(3)–pass; Clause 20(1)–pass; Clause 20(2)–pass; Clause 21(1)–pass; Clause 21(2)–pass; Clause 21(3)–pass; Clause 21(4)–pass; Clause 21(5)–pass; Clause 21(6)–pass; Clause 21(7)–pass; Clause 21(8)–pass; preamble–pass; table of contents–pass; title–pass. Bill as amended be reported.

Committee rise. Call in the Speaker.

IN SESSION

Committee Report

Mr. Marcel Laurendeau (Chairperson): Madam Speaker, the Committee of the Whole has considered Bill 22, The Statute Law Amendment (Taxation) Act, 1999 (Loi de 1999 modifiant diverses dispositions législatives en matière de fiscalité), and reports the same, with amendments. I move, seconded by the honourable member for La Verendrye (Mr. Sveinson), that the report of the committee be received.

Motion agreed to.

REPORT STAGE

BILL 22–The Statute Law Amendment (Taxation) Act, 1999

Hon. Harold Gilleshammer (Minister of Finance): Madam Speaker, I move (by leave), seconded by the Minister of Family Services (Mrs. Mitchelson), that Bill 22, The Statute Law Amendment (Taxation) Act, 1999 (Loi de 1999 modifiant diverses dispositions législatives en matière de fiscalité), as amended and reported from the Committee of the Whole, be concurred in.

Motion agreed to.

Hon. Darren Praznik (Government House Leader): Madam Speaker, I would ask that you could call for third reading of Bill 22, The Statute Law Amendment (Taxation) Act, 1999.

* (1520)

THIRD READINGS

Bill 22–The Statute Law Amendment (Taxation) Act, 1999

Hon. Darren Praznik (Government House Leader): Madam Speaker, I would move (by leave), seconded by the honourable Minister of Agriculture (Mr. Enns), that Bill 22, The Statute Law Amendment (Taxation) Act, 1999; Loi de 1999 modifiant diverses dispositions législatives en matière de fiscalité, be now read a third time and passed.

Motion presented.

Mr. Leonard Evans (Brandon East): Madam Speaker, I would like to just add a few words to the record on this debate of this important bill that puts into effect or legalizes the tax changes referred to in the budget brought in recently by the Minister of Finance (Mr. Gilleshammer).

As is on record, we have supported the budget, the official opposition, for various reasons, but this does not mean, of course, Madam Speaker, that we agree with everything, every last line, every last figure in the budget—far from it. There are a lot of things that we are very concerned about in the budget; in fact, probably, mostly, because of what was left out of the budget rather than some of the changes in it. [interjection]

Well, as I said, Madam Speaker, there are many things we agreed with, but that does not mean we agree with every last paragraph, every last number. The one problem we have with the budget is the lack of action on property taxes. We believe that the people of this province are suffering unduly because of very heavy property taxes. The reason they are suffering from heavy property taxes is because of the inability of this government or the lack of action of this government to take on more responsibility for the cost of education in this province.

This is well documented as to the amount of additional dollars that are being collected by school divisions because of the lack of support by the government. The amount of school division tax collected in 1988, for example, in Manitoba was \$208 million, and by the year 1998, this had risen to \$377 million.

Well, Madam Speaker, that is an enormous increase in the amount of taxes having to be levied at the local level because of the cuts that have been put into place by this government. Our estimate is that this government has cut over \$482 per pupil in purchasing power from our public schools. Since '93, '94, however, provincial revenues have increased by over \$1 billion.

This impact can be seen, Madam Speaker, in looking at the individual cities and towns in this province of ours. The average home in the city of Winnipeg has seen an increase of over 55

percent in school division taxes since 1990. In Brandon, the Brandon School Division taxes jumped by 14 percent in 1998 and then again 9 percent this year. In Neepawa, the Beautiful Plains School Division, the people of Neepawa saw an 8 percent increase this year on top of 11 percent in 1998. Another example is Thompson, where the residents saw their bill increase 10 percent in 1998, followed by a 4 percent hike in 1999.

So, Madam Speaker, we believe that this is one area that this government has failed to address and should be addressing in a way that is going to provide positive support for our public school system. What we have seen because of the lack of adequate support by the government is a deterioration in terms of increasing class sizes. We have seen it in terms of lack of basic supplies. I spoke to one teacher who said we simply do not have enough money to buy the textbooks that we are required to purchase for whatever course. So we have some money; we can buy some textbooks one year; we have to wait for another year to buy the remaining supply of those textbooks.

There is a long list of examples that one could provide showing the deterioration of the public school system because of the schools being insufficiently supported by this government over the years that it has been in office.

You can see also the impact of heavy property taxes in urban sprawl in the city of Winnipeg. One of the reasons why we have urban sprawl could be because of the heavy property tax burden as it is levied throughout the city and other communities. The Winnipeg Free Press has written on this subject. There is other material on it showing this phenomenon, which really costs all of us as a society.

There is no question, Madam Speaker, as well, that the lowering of property taxes is far more equitable than attempting to lower income taxes. Income tax is built on a progressive system, but when you reduce it by a certain number of points it is the wealthier people who obviously get more benefit from that than the people on the lower end of the scale, whereas, if you reduce property taxes, we suggest one way

of doing it is by reinstating the property tax credit that was eliminated by this government back in 1993. You would have the reverse effect. You would have a very equitable effect. You would be helping people basically on the lower end of the income scale. Of course, it depends on how you implement it, but it could be implemented in a way that the lower end of the income scale would be assisted more than the higher end of the income scale.

I might note again in passing that the reduction of the property tax credit from \$325 to \$250 in 1993, that is, that \$75 elimination, was equivalent to two and a half points of income tax. In effect, by doing that in 1993, this government raised income tax by two and a half points. It was amounting to \$53 million at that time. Of course, we know other things were done at that time such as broadening the sales tax, which was equivalent to increasing income tax by two points. Other measures were taken, such as the elimination or reduction of the Pensioners' School Tax Assistance Program for certain seniors.

However, what I am suggesting is that we would like to see obviously the property tax credits reinstated, thus our amendment and, as our Leader has explained, the advantages to the people of Manitoba of doing so.

I just want to make this point before closing. That is, not only is a property tax credit more equitable than an income tax cut, but it also has a greater economic impact. It is well demonstrated in economic principles that if you provide additional funds to people on the lower end of the income scale compared with those at the higher end of the income scale, you will have a greater impact on spending because, to use a technical term, the marginal propensity to consume is much, much higher with lower income groups than with higher income groups. For every additional dollar you put in the hands of someone at the low end of the income scale, you would be assured that they will spend if not all of it, most of it, whereas if you give that additional dollar to those people at the higher end of the scale, a greater percentage of it is likely to be saved.

So there are all kinds of good reasons why property tax credits should have been reinstated,

the impact on property taxpayers across the province, bringing about a more equitable tax situation and certainly affecting urban sprawl in the city of Winnipeg and perhaps the city of Brandon. Certainly it has an economic impact as well.

*(1530)

I just point out in closing that the people in this province do feel burdened by taxes by this government. The fact is that, and I mentioned this the other day in debate, I can understand that, because the people of this province collectively are paying much more in income tax now than they did a few years ago. That can be explained in large measure by bracket creep. So, even though the rates have not changed, the bracket creep phenomenon has been at work. We can read off these figures—I will not bother—but I could tell you it is millions of dollars.

At any rate, Madam Speaker, with those few words, we will sit down and let others speak and participate in this debate.

Mr. Gary Doer (Leader of the Opposition): Thank you, Madam Speaker, and I thank the member for Brandon East. We, of course, passed and voted for the tax bill last session of the Legislature. We are disappointed that the government has rejected our proposal, our alternative, for property tax credits. They could argue with the rules prohibiting such a proposed amendment from an opposition member, a nonminister. But, on one score, certainly the fact that it was revenue neutral to the government's own proposal would have allowed the consistency of the budget in terms of revenue declines and the substance of property tax credits. If they were so inclined to look at the merit of our argument, they could have moved the amendment themselves. They had moved other amendments themselves in this tax bill, and they could have moved the amendment themselves as a minister which would not affect the overall revenues, expenditure items in the budget. Our amendment was very consistent with the revenue items in the budget. If their concerns were, if they would argue that the minister should be the only one to move the amendment, then I challenge the minister to move that amendment. If they do not want to

choose to go with that amendment, then they are saying they are doing so on the basis of merit.

We believe, for example that for seniors—let us look at the issue of seniors. Many seniors are living on fixed incomes, living on pensions. They have also struggled for years to own a home. When the government in the highest deficit year decided to raise taxes through a reduction in property tax credits, they did so in two ways, or three ways really, but I will not technical on the progressivity issue. They also lowered the property tax credit for seniors by \$75 and for everybody else by another \$75. Now, seniors on a low income will not get the same benefit as a property tax reinstatement of a straight \$75 for a homeowner that we have proposed. So, how do you have balance between the income tax reductions and property taxes? Well, our way of suggesting the amendment that the government could themselves move and would therefore be in order, would have achieved that. It also does something for people on lower incomes in the inner city of Brandon, the inner city of Thompson, or the inner city of Winnipeg.

So let not this government say no to this. They can move it today right now in committee. This minister can move it, and we will accept it. I challenge the minister to move it. It will not affect the revenue decrease in the income tax cut for January, the year 2000. I dare say for many MLAs across the way that have a lot of seniors, like the member for Rossmere (Mr. Toews), this would have a balance in the constituency of Rossmere, in the community of Rossmere between income tax cuts and a break for seniors.

Madam Speaker, I have made these points before at second reading. I know the member for Brandon East (Mr. L. Evans) has also made these points. I just wanted to reiterate that the minister himself could move this. We have supported the idea of the small business tax reduction. It was in our alternative budget last year. We have suggested, like the Canadian Federation of Independent Business, that there be an offset on some of the corporate grants, some of the Shamray grants. I would have liked the government to follow through on the recommendations of the Canadian Federation of Independent Business.

If the government is committed really to listening to the public on the fair tax commission or Lower Tax Commission, I would challenge them, I would challenge this government to look at the issue of an income tax decline for the year 2000 and a property tax credit decline as part of that tax commission. What a fairer way to go. Let us let the people also be involved in this issue because every time you make a reduction, you also lose revenue, and losing revenue obviously has an impact on future budgetary decisions.

Madam Speaker, we agree with the overall thrust of the tax reductions. We agree with the thrust of the revenue sustainability, but we would have made a different decision on the second one and a half, a decision that we regret the government has not accepted on its merit. If it believes in the substance of it, it could move it itself. It has moved other amendments. If it does not, so be it. It has the option today.

But we are committed to the alternatives we put forward within the revenue declines in this bill. We will be voting for this bill, but we would have a different way of balancing the tax reductions than the members opposite. Thank you.

Madam Speaker: The honourable Minister of Finance, to close debate.

Hon. Harold Gillehammer (Minister of Finance): I appreciate the support of the House for this tax bill. We truly did consult with Manitobans in bringing forth the budget, and, certainly, in the consultations that took place, Manitobans indicated very clearly what their spending priorities were and also where they felt we could be more competitive on the taxation side.

I am pleased that we were able to incorporate the ideas we heard through that consultation process into this budget and that the budget has received near unanimous support in the House. I am pleased to hear the Leader of the Opposition (Mr. Doer) say that they will also support Bill 22.

Thank you very much.

Madam Speaker: Is the House ready for the question? The question before the House is third

reading, Bill 22, The Statute Law Amendment (Taxation) Act, 1999. Is it the will of the House to adopt the motion?

Some Honourable Members: Agreed.

Madam Speaker: Agreed? Agreed and so ordered.

Hon. David Newman (Deputy Government House Leader): Madam Speaker, may we now have leave that the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty, moving and seconded by the honourable Minister of Finance (Mr. Gilleshammer).

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

EDUCATION AND TRAINING

Mr. Chairperson (Gerry McAlpine): Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 254 will resume the consideration of the Estimates of the Department of Education and Training.

When we last sat it had been considering item 16.1 Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits, on page 46 of the main Estimates book. Shall the item pass?

Mr. Stan Struthers (Dauphin): Mr. Chairperson, the first thing that jumps out at a person when they look at the numbers underneath the section on the Manitoba School for the Deaf is some increases which on the surface seems like a pretty decent thing for this minister to be doing. I do not mind giving the minister credit when there is something good. So maybe he can explain to me the increases I see in the two lines under Managerial and Professional/Technical. I would be interested knowing especially on the Technical side what those increases translate into, what positions may have been created, or is that just due to the normal increases found within the Department of Education?

An Honourable Member: What page did you say you were on?

Mr. Struthers: I am on page 47, School Programs. Maybe I better make sure I am on the right page and line. Nowhere near?

An Honourable Member: Yes, you are in the right area.

* (1600)

Hon. James McCrae (Minister of Education and Training): Mr. Chairman, for today I am not uncomfortable if the honourable member wants to start us off wherever, if we are able to deal with it. If we are not, then we can take notice and give the answer at a later time. But I think we are able to discuss this matter with the honourable member right now.

Mr. Chairperson: I think we have gone ahead, so we would need leave. Is there leave for the committee to proceed ahead and revert when the time comes? [agreed]

Mr. McCrae: Mr. Chairman, I would grant leave if the honourable member would. If I do not have the appropriate material or staff present, I will tell the honourable member and we will make note of that question.

But the one that he has asked is about the School for the Deaf. There is an additional sum here for Professional/Technical staff, and that is to hire interpreters and medical services for deaf and hard-of-hearing students. There is an increase of \$42,000 for nursing services to one of our students, to a technology dependent student. There are going to be two new students at the Manitoba School for the Deaf in 1999-2000, and they require exceptional support. The budget, which the honourable member was pleased to support, supports those students.

Mr. Struthers: I thank the minister for jumping ahead of the line that we were to be on, but I was very interested to hear about the increases at the School for the Deaf. The other increase that is there is on the managerial side. Is that just a normal increase one year to the next, or have there been managers added, more administration?

Mr. McCrae: The difference in that appropriation from \$124,000 to \$130,500 is accounted

for by the result of collective bargaining which gave back the so-called Filmon Fridays and a 2 percent increase—this is for wages. So that is strictly—I would call it routine because it is happening in a lot of places throughout government.

Mr. Struthers: Could I assume then that the next two lines, and this would answer some questions very quickly, the same answer would apply to Administrative Support and Employee Benefits, the normal costs of increases one year to the next through collective bargaining?

Mr. McCrae: Yes.

Ms. Jean Friesen (Wolseley): Mr. Chairman, if we could go back to the line we were on, a very broad line dealing with Executive Support, 16.1(b), which I do not think is passed yet.

Mr. Chairperson: Okay.

Ms. Friesen: Thank you, Mr. Chairman. I wanted to clarify with the minister a couple of points that had arisen earlier. I wondered if the minister had actually tabled the list of presenters because I did check with other people who had received the special needs review and apparently the appendix that the minister assumed was there of the list of presenters was not there, so it is not, as we were assuming at the last session, a part of the original public document. So I wonder if the minister could table the whole thing.

Mr. McCrae: Yes, I can, Mr. Chairperson. We had undertaken to table the appendices from the Special Education Review, and that is what I am doing now.

Ms. Friesen: Just while I am looking at that, I wonder if the minister could clarify something else that arose in an earlier discussion and which did not seem to be the understanding of some of the people in the field that I talked to. I raised the issue of ADAPs and the letter from the deputy minister, I think it was in April, '98, indicating that school divisions need no longer send their ADAP reports in to the department. We went back and forth a little on this, and the minister said that indeed school divisions are expected to send their ADAPs in to the department. I wondered if there had been

anything from the department which rescinded that April '98 letter, and what is the actual situation? What is it that schools are expected to do now, or divisions, I should say?

Mr. McCrae: The letter that I provided to the honourable member written by the deputy minister ought to be reviewed by both of us, probably. If there is any misunderstanding, it is regrettable, but I think the letter says what the letter says. The ADAPs are expected to exist. The intent of the administration change was that they would be phased out when divisions will have completed their first program review. So I think you just maybe need to review the letter again and that might give you the—actually, is it a letter written by myself, or by the deputy?

* (1610)

Ms. Friesen: The minister needs to clarify which letter we are talking about. Just to summarize, what I was saying was that in April '98, and I think it is on the website, a long directive from the Minister of Education, I believe signed by the deputy minister, indicates that ADAPs are no longer required to be submitted by school divisions. This came as some surprise to school divisions because it was in advance of the report of the special needs review, and that was why I was asking the question. In response, the minister said, no, they must report them. Now, I do not remember the minister tabling any letter that indicated that, as you are just talking about now, so I think we need to clarify which letter, what dates and what is the present position, and has that April '98 directive been rescinded?

Mr. McCrae: The present position is that the ADAPs do not have to be filed with the department. It is expected that they would exist, and that if there are changes to those ADAPs, then the department is supposed to be notified of those changes. Does that clear it up?

Ms. Friesen: Yes, it does. The issue is changes to the ADAPs that must be submitted to the department. Could the minister tell me what form those changes must be submitted in, and what does the minister define as a change? For example, would it be the number of students with special needs? Would it be a change in the

composition of the committee of the division which has been put together in fact to deal with the ADAPs? What level of changes? Is it policy? Is it numbers? Is it money? Is it process? Many levels at which changes can take place, and what is the department's expectations on that?

Mr. McCrae: Department personnel are very much in touch with special education personnel in the various school divisions on an ongoing basis. It is not a question that there is any confusion really. I think maybe I am confused, and maybe the honourable member is asking a lot of questions because the previous answers perhaps were not quite as clear as they could have been. But when we are talking about changes to these ADAPs, I think that it is right for the department to have some kind of record of a change in programs or services in a given division, not numbers of students. Those things fluctuate, and everybody knows that.

But, if there is a change in direction or policy or in the types of structures, things like advisory committees or community organizations that divisions work with, the department wants to know about that and have some kind of record of it. But the point is maybe, as I sit at this table away from the field, there may be a little more lack of clarity than there is out there in the field because these people are practitioners and the department is engaged in an ongoing process and dialogue with them. So I think that, in terms of any filings or information sharing, it is in areas like programs, services, policy, or types of structures and not so much the one thing the member referred to, that being the number of students.

I am advised that all ADAPs include the information respecting the planning process, a division's statement of policy and philosophies, a needs survey. I suppose, subject to correction—I mean if there is a major change in the demographic make-up of a community, then perhaps it would be good for the department to be made aware of that. But ADAPs include information about the comprehensive service delivery system, outlines of divisional programs, community agencies and services collaborating with the school division and professional development activities.

The ADAP is a public document and provides meaningful information. The process of reviewing and updating encourages divisions to utilize best practices for the benefit of all students. As I said, Mr. Chairman, staff communicates regularly with student services administrators during the year as well as around the funding review process. Staff meet one on one and also with the executive of the student services administrators group. It sounds to me, from what I am learning about the operation of special education in Manitoba, that there is a very open and very inclusive process in place year in and year out. I think it needs to be like that because, as I have learned or just begun to learn, I suppose, the dynamics of special education are certainly something that require an ongoing attention to the changes in the challenges facing special educators and the department in this province. I hope that is helpful.

Ms. Friesen: Mr. Chairman, yes, I think that will be helpful to at least some of the people who have spoken to me about their difficulties with the directive of last year. I think there was some uncertainty as to what its implications were.

We are moving through the special needs review in this area, and I wonder if the minister could discuss some of his responses to the section dealing with gifted education which is another aspect of special education. Its is one, I am sure, that there have been representations to the department on over the years. There are some specific recommendations in the report for specific allocations for gifted education and it is not one, even though there is the opportunity for it, in my experience which forms a great part of the ADAP reports.

So I wondered what information the minister has, what kind of information is collected across the system and what, based on that information, he is planning to do with the recommendation from the special needs review.

Mr. McCrae: We do not have evidence, as the honourable member suggested, of uncertainty respecting the ADAPs. You know, I guess if the honourable member would like to check with the people she has been talking to, if they would like

to contact us directly, we would be pleased to discuss any uncertainties there might have been. But we do not know of any, so that is why I am troubled by the language used by the honourable member. We would be happy to follow that up, though, because we are not at every single place at every single moment. So if somebody has been uncertain about something, I would not mind knowing about that.

I am advised that under the programs that exist, exceptional students include gifted students. So I know from my consultations that this may be one area of uncertainty in the minds of some people, because it was raised with myself that maybe special education does not take enough account of gifted children. So I am advised that gifted children are included in any definition of exceptional children, and ADAPs should and can contain programs, structures and plans for gifted children. To the extent that those ADAPs do not have that, then perhaps the Special Education Review will assist us in ensuring that that is covered across the province. Currently, gifted education is supported through Level I funding, and school divisions, of course, determine how Level I funding is used.

* (1620)

Ms. Friesen: Could the minister perhaps put on the record then a summary or some examples—well, preferably a summary—of the kinds of gifted education programs that do exist across Manitoba and perhaps some indication of where he sees the best practices and the kind of indication which might enable the public to have some indication of how the government was planning to respond to the recommendation of the special needs review which recommends a specific allocation for gifted programming?

Mr. McCrae: I am going to obtain profiles for the honourable member, and it will also be of benefit to myself. I will get that probably by tomorrow or next time we sit.

Ms. Friesen: In terms of the funding for gifted education, the minister has indicated that currently it is provided through Level I. Clearly the review is making a different recommendation, a specific allocation be made to ensure the delivery of gifted programming.

Has the minister given some thought to that response, and can he perhaps give us some sense of what direction the department will be taking?

Mr. McCrae: Mr. Chairman, I have indeed given this some thought through my own personal consultations. The department has been working on the recommendations in the report. Indeed, it does suggest that a separate category be established for gifted education. We will be looking at this issue along with all the other ones, including the information respecting best practices literature and experience. So I think that is the direction we are heading in all right.

Ms. Friesen: In Section D of the responses, which is the area that I am looking at at the moment, which is where the gifted recommendation came, there is also a recommendation that Manitoba Education and Training redefine criteria for categories, I would think particularly Levels II and III, although it does say Levels I, II and III, based on student needs rather than on labels, which assume that all children with certain name disabilities require exactly the same level and type of support.

I think the minister is probably aware of the concerns of the Learning Disabilities Association and the questions that have arisen about the issue of whether one names a disability or whether one does not name a disability. Does the government have a particular policy in that area, and how does it apply it to special needs funding and special needs issues?

Mr. McCrae: I know that there is some frustration with some people respecting the inability to define by name a child's problems or difficulties at school. Just how precisely that is being addressed, I think I could either await now the department's response or we could discuss that further at the next sitting. I am not sure what staff would prefer.

Yes, the department currently uses a process that includes presenting behaviours—again, the honourable member identifies issues that I have been identifying too. The department looks at that recommendation or that comment and wants very much to find a way not to be too rigid in terms of compartmentalizing children who have special needs. In order to attach funding to the

various issues that children have that are not easily compartmentalized is a difficult process. I have no doubt about that.

* (1630)

We need to find some kind of balance between no definition of need, even though a need of some kind certainly exists, and just labelling children, so that if you fall within a certain category you get X number of dollars or services. That does not work. That is one of the reasons we need this review and the work that flows from this review. So the department is grappling with this, along with the people with whom we work.

So the department is grappling with this, along with the people with whom we work, and finding that balance is something that—I do not know if my answer here will do justice to what has actually been happening, but I certainly understand the problem that has been raised with the honourable member.

Neither solution seems perfect. I suppose no solution will ever be perfect, but we cannot simply compartmentalize kids or categorize them, and then if they do not fall into the category, they do not get any help, because that is not good for them, and it is not good for the whole class or the whole school.

On the other hand, the more we can customize programs for each and every child who needs special education, the better we will succeed. How best to arrive at a system-wide response to that type of issue remains, I suggest, the challenge, but it is not one we are not up to or willing to take on. We already focus more on need than we do on labels, but as to the balance that I referred to, the work continues. As I say, we have a dedicated person, and we also have a clearly defined unit now in the department to address the issues in the Education Review.

I know it is going to take some time, and it has to take some time in order for it to be done properly and done well. We will find that balance. The department is quite determined about that. I think that everybody understands the nature of this problem, and I think that is part of the reason I can be confident that we will find

some kind of system that everyone will be satisfied with or okay with. It is just that it is almost cruel to mislabel a child or to label one and because you do not fit into that category, you get an inappropriate education, or, worse, you get no special attention.

So I thank the honourable member for raising that question because it is a very important one.

Ms. Friesen: I want to pick up on some of the recommendations in the report for increased co-operation across the department. We referred to this earlier in some of the recommendations of the special needs review for the government to clarify its direction. I wanted to ask about the Children and Youth Secretariat and the policy areas. I am going from 16.1(b), the Executive Support policy areas, as well as the special needs review. I wanted to ask the minister about the status of a number of programs in Children and Youth Secretariat which should have had, may still be having an impact in the special needs area.

One of them was called Families and Schools Together, FAST. I wonder if the minister could give me a report, a status report from the perspective of the Department of Education on that particular one. There are three others I also want to look at, so if the minister has those materials available.

Mr. McCrae: I am going to ask Ms. Loeppky to prepare something so that we can present a good response for the honourable member. We can do that fairly quickly, like tomorrow or the next time we meet.

Before we leave the other one, though, I want to say that Ms. Loeppky has already met with the Learning Disabilities Association to hear their concerns and hopes for the implementation of the review.

I wanted also to say that I do not view the report as any kind of condemnation or major criticism of the system that we have in place now. It was a recognition that the system needed some structure and improvement that caused the government to commission the study

in the first place. So it would not surprise me to have recommendations for improvement.

I simply do not accept that the report was brought forward to level a bunch of criticisms. That is not really the purpose of having reports. I think there is a lot of good work being done by some very good people in the province with our children, and they simply want some better directions for the future, not unlike better directions in the whole of the education system which results in a better education for the children.

The FAST Program is currently being evaluated. A number of schools are implementing the program. Once we have the evaluations, we will be able to consider the results of this type of investment.

Ms. Friesen: I understand the minister undertook to bring back a report on FAST. Is that in addition to what he has just said or is it in lieu of?

Mr. McCrae: Yes. We will make some more information available to the honourable member next time we sit.

Ms. Friesen: I wanted to ask in the same vein about the foster children placement protocol and whether the department could table a copy of that and perhaps some indication of how that has been working. I want to recognize that the department did in 1998 make not exactly a recommendation, but it is I believe a change in policy to enable funding to follow the student.

As far as I know, that was certainly welcomed by the field. I know that the foster children placement plan is in effect. It is an extension of that, but it is again another way of bringing together all the resources of government as well as the community to bear on the education of a child, not always with special physical needs, but many with special needs of various types. It is certainly an issue not just in the city of Winnipeg, but it is clearly an issue in rural areas of Manitoba and one where I think staff in school divisions are looking for professional development. They are looking for assistance. So I wondered where we began. Could we begin with the protocol perhaps that

the government was encouraged to provide by the Children and Youth Secretariat?

Mr. McCrae: Yes, Mr. Chairman. We will make that protocol available.

Ms. Friesen: The transition to adulthood, I believe there was also another Children and Youth Secretariat plan or a strategy to deal with that. Could the minister table any documents or give us a brief update on what has been achieved by that particular co-operation of the Children and Youth Secretariat?

* (1640)

Mr. McCrae: In February of this year, the Children and Youth Secretariat sent out information to all superintendents, student service administrators, principals, and also to departments of Education and Family Services and Health, sent out a document related to the Manitoba transition planning process support guidelines for students with special needs reaching age 16.

I remind the honourable members of the committee that the Child and Youth Secretariat is led by the honourable Minister of Family Services (Mrs. Mitchelson) but involves ministers like myself and the Minister of Health (Mr. Stefanson) and the Minister of Culture, Heritage and Citizenship (Mrs. Vodrey), the Minister of Urban Affairs and Housing (Mr. Reimer), the Minister of Justice (Mr. Toews), the Minister of Native and Northern Affairs (Mr. Newman).

The information reminded all of these addressees that in 1989, the Departments of Family Services and Health and Education and Training mandated collaborative planning for all students with special needs 16 years of age or older who would require government supports after leaving school. Such transition planning is a critical component in providing continuity of programs and services for Manitobans with special needs.

We made available to the addressees a document entitled Transition Planning Process Support Guidelines, which was an extension of the original 1989 mandate. These guidelines

generally describe the individual transition planning process in Manitoba and provide resource information about strategies, mechanisms, and current best practices. The note sets out that personnel from the departments of Education and Training, Health and Family Services are available on request to provide assistance with the implementation of this interdepartmental initiative.

We also passed on the expectation that increased collaboration between the respective service jurisdictions would greatly facilitate the successful transition from school to adult services. This particular material was sent out by the Minister of Family Services (Mrs. Mitchelson) and myself and the Minister of Health (Mr. Stefanson), and this is Transition Planning Process Support Guidelines for students with special needs reaching the age of 16.

Within the document—quite a bit of material—basically there are two events that have brought into focus the issue of transition planning for students. The first was the completion of the interdepartmental protocol entitled Transition Planning Process 1989, mandated by the departments of Education and Training, Family Services and Health, and the second was the Manitoba transition project 1992 to 1995. The interdepartmental letter of sanction for the protocol and the Transition Planning Process 1989 are part of the guidelines, part of the attachments to the guidelines.

It became evident through field consultation that guidelines were required to support transition planning in Manitoba. The purpose of these guidelines is to outline an individual planning process, agency interaction roles, time lines, resources, and best practices to assist with transition planning for students with special needs reaching age 16. Representatives from the departments, as well as the Association for Community Living, school divisions, and Student Services Administrators Association of Manitoba, called SSAAM, met to develop the guidelines. The honourable member, I am sure, is familiar with who all the members of it are, but if she is not, maybe I can turn this over to her and she can review that.

The purpose of the guidelines is for those who are planning for students with special needs, 16 years of age or older, who require government supports after leaving school. Planning is what we do in order to be approximately right, rather than absolutely wrong. For the young adult preparing to leave school, there are many unknowns. For the young adult with a special need for supports, these unknowns increase. The guidelines should help to anticipate those unknowns and smooth the way in which they are addressed.

I do not think I should go through this in more detail until maybe after the honourable member has had a look at it and she can review it, and if anything flows from that—but just for information. I will not go through them all. We have members of—the people involved in preparing the support transition planning for Manitoba. I guess, yes, the SSAAM, no, that is the Student Services Administrators Association, but all of the people involved in getting these guidelines together included people from the agencies that I mentioned, people like Marilyn Taylor, who is with Program Implementation of the department; Kirsti Kuuskivi, who is with the Supported Living Program, Community Living Division, Manitoba Family Services. We have got somebody here from SSAAM; someone here from Manitoba Family Services; another SSAAM representative; Family Services; Manitoba Health; Family Services; a parent from Network South Enterprises; a representative from Day Services, Community Living Division, Manitoba Family Services; another one from Family Services; a representative from the Association for Community Living; a representative from mental health programs, Community Mental Health Services Division, which would be of the Department of Health; representative from Sturgeon Creek Enterprises Inc.; a representative from student support services, Assiniboine South School Division; a representative from the Supported Living Program, the Community Living Division of Manitoba Family Services; a representative from Special Education, Winnipeg School Division No. 1; a representative from Client Services, Employment and Income Assistance Division; and a member who is identified as a parent.

Now I think I have mentioned—yes, I told you about the purpose and the use of the

Transition Planning Guidelines. Rather than go through the whole document with the honourable member, which would take more time than I think she would probably want me to take, I am just going to turn this whole package over to her, and she can review it. But it is, as I say, the product of consultation with some pretty knowledgeable people and should be, I hope, very useful to people in the school system, the superintendents, student services administrators, the principals, as well as the departments of Education, Family Services and Health as they address support guidelines for students with special needs.

I do not have three copies, and that is what I am supposed to have, is it, when I table?

I am going to table that, Mr. Chairman. That is the document from which I was reading and referring. If you can make a copy, I would appreciate that.

Going back to the ADAPs again—

* (1650)

Point of Order

Ms. Friesen: On a point of order, yes, Mr. Chairman, for clarity, I wonder if the minister could give the title of what he actually tabled. I certainly got lost with protocols, guidelines, letters to superintendents, project transition guidelines. So I am not quite sure what he is exactly tabling.

Mr. Chairperson: The honourable member does not have a point of order. The honourable minister will clarify.

* * *

Mr. McCrae: I agree that she does not have a point of order, but she does have a point. You have to get the attention somehow, I guess.

What I am tabling is a letter signed by the honourable Minister of Family Services (Mrs. Mitchelson), myself, and the Minister of Health (Mr. Stefanson). It is on the letterhead of the Children and Youth Secretariat. In closing, Manitoba Transition Planning Process Support

Guidelines for students with special needs reaching age 16, that is what I am tabling, a letter and the guidelines attached to it.

In reference to the ADAPs again, there is a lot of information that educators and special needs people need, and there is a lot that they are being given and provided from the department. It has been made clear that long-range improvements to the process will be phased in between 1998 and 2000 and that these improvements are going to include things like replacing the application process with a new process beginning January of 1999, eliminating the Annual Division Action Plans, the ADAPS, at the completion of each school division's participation in the first round of a three-year audit cycle.

Here is again where I invite the honourable member to tell us where the lack of clarity is coming from. I am being advised that the people with whom the department works are not expressing that. If somebody is just too shy to tell us, maybe they could be encouraged by the honourable member to come forward and tell us.

We are not going to bite them. That is not what this is about. We are here to help the kids. So if someone feels that there is a lack of clarity, let them come forward and say so. We will clear it up, if there is something that is not clear. If it should have been clear, we will say that too, should have been clear, now we will give you the information that there is out there.

The improvements also include providing assistance to schools and school divisions in developing and implementing individual education plans. So I guess the issue about the uncertainty or confusion or lack of clarity really is something we do not want to accept, not very easily anyway. We would like to know who it is that is having a problem. We would like to think we solve problems, not make them.

Ms. Friesen: Mr. Chair, we were talking about the transition to adulthood, plans of the department and the Children and Youth Secretariat. I have not yet seen the material the minister tables, so I am going to continue with questions on the same line. They may well be covered in that, but perhaps the minister could

tell me about how these guidelines and protocols translate into action at the ground level. How many plans, programs, organizations are involved in Manitoba in the transition to adulthood for students over 16 or over 18? How are they distributed through Manitoba?

I am particularly concerned not just about the city and the suburbs, but also about rural Manitoba and what opportunities there are or what guides, what support there is for students over 16 with special needs in rural Manitoba.

Could the minister tell me if there have been in any of these transition projects any projects with dollars attached that the Children and Youth Secretariat has looked at? Have there, for example, been any pilot projects? Have there been any experiments in this area that the department and the Children and Youth Secretariat will be drawing upon for their future plans?

Mr. McCrae: Mr. Chairman, with respect to the transition process for people making their way after school, this is a system-wide system that we have in place, have done for a long time. It is a partnership with Family Services, I guess for the most part, and the Education and Training department.

The protocols that I have tabled this afternoon assist this process. For many years, though, there has been a variety of programming options for people who need other supports when they are finished school. So I guess it is a question of whether it is in special education in the school system, which is a Department of Education question, or questions related to Family Services-driven services which I guess could be talked about in the Estimates of the Department of Family Services. But the dollars have always been there and still are for the needs that are there.

Now, I guess Family Services could give us a breakdown of where the people are who are getting services and of which kind and how much they cost. I mean, it is a really hard question to answer very neatly, if the honourable member understands that. I dare say it is probably available, but I would have to consult with that department, I think, to be able to break

that down in the way the honourable member would perhaps like it.

I do not know that we gain much with that, though, knowing that the kids and those who are in that transition and beyond school—I have seen lots of our clients or Family Services' clients. They are certainly good programs, meaningful programs, and deliver to the recipients of the programs some sense of independence and well-being which is really a wonderful thing to see; always interested in any suggestions for improvement in those programs, however.

Mr. Chairperson: The hour being 5 p.m., time for private members' hour. Committee rise.

INDUSTRY, TRADE AND TOURISM

Mr. Chairperson (Ben Sveinson): Order, please. Will the Committee of Supply please come to order.

The committee will be resuming consideration of the Estimates of the Department of Industry, Trade and Tourism. When the committee last sat it had been considering Item 10.2 Business Services (b) Industry Development-Financial Services (3) Programs (e) Manitoba Capital Fund on page 103. Shall the item pass?

Hon. Mervin Tweed (Minister of Industry, Trade and Tourism): It can certainly pass. I just wonder if I could invite—I did not know what the exact process was to bring staff to the table.

Mr. Chairperson: They can come forward now.

Mr. Tweed: Please join us.

Mr. Chairperson: And if we have some new staff with us, you might wish to introduce them.

Mr. Tweed: Mr. Chairman, I think we have the same staff as we ended with the other day, and we can proceed.

Mr. Chairperson: Then we can proceed.

Mr. Tim Sale (Crescentwood): Mr. Chairperson, at our previous meetings, I guess it

was, the minister undertook to gather some various pieces of information. I wonder if he has any of those available for the committee today.

Mr. Tweed: Mr. Chairman, I do have some information, and I will give what I have. I can advise the member that we are working on getting some final details on some of the other questions.

One of the questions taken as notice was: what are the criteria on which merit increases are based in the department? The response to that question would be that positions have a salary range associated with them, and subject to satisfactory job performance and approval by the employee's manager, merit increases to the top of the range are awarded on an annual basis.

Another question was in regard to the finance and administration section, 10.1.(c). There was a question as to why the percentage increases for salaries were higher in 10.1.(c) Financial and Administrative Services than for 10.2.(a) Consulting Services. I am advised that the explanations for major increases or decreases over the adjusted vote, salaries and employee benefits: the information technology staff increases were up 10 percent; salary adjustments for reclassification, merit increases, et cetera, were \$7,300—I am sorry, I do not have that percentage—employee benefits adjustment were up \$5,200; reduced work week adjustment, 1.9 percent or \$13,500; salary accrual adjustment is \$2,800; and general salary increases of 2 percent of \$15,600, for a total of \$60,100. That was the change that was noted.

In 10.2(a) Industry Development-Consulting Services, Salaries and Employee Benefits, the salary accrual adjustment was up \$8,700; Employee Benefits' adjustment was up \$6,500; the general salary increase of 2 percent, \$38,500; the reduced workweek adjustment of 1.9 percent, \$43,800; salary adjustments, which were the reclassifications, merit increases, et cetera, actually worked out to a net negative of \$26,400, and that is related to the transfer of the position, and the transfer of the position, ITO to O, from Research and Economic, was \$68,500 for a total of \$139,600.

The percentage increases to Salaries and Employee Benefits is higher in Financial and Administrative Services Branch than Industry Development due to two factors: increase in information and technology staff due to the special increases to address recruitment and retention problems in the information tech staff and the negative salary adjustment figure of \$26,400 in the Industry Development. It is the result of filling several vacant positions formerly held by older senior staff with younger more junior staff.

I know there are more answers forthcoming that were put on the record, and we will continue to endeavour, Mr. Chairman. Just to advise, we will be bringing forward more of the information. It is just a matter of collection and getting it all put together and in order.

Mr. Sale: Mr. Chairman, I thank the minister for that. Will he be tabling that that he just read from? I thought the intention was to bring it forward and table it.

Mr. Tweed: Mr. Chairman, I can table the second page. It is in more detail. The first is just a rough outline, and we will put a note around it and table it for the member.

Mr. Sale: Can the minister tell the committee, Mr. Chairperson, whether the incentives to keep IT people or to recruit IT people are government wide or are they at the discretion of deputies? How are the incentives applied because I know it is a serious problem in both the private and public sector right now?

Mr. Tweed: I am understanding that it is a government-wide policy.

Mr. Sale: Mr. Chairperson, are the incentives simply given or are they offered in a case where it is perceived that that would make the difference? Are they automatic or are they discretionary?

Mr. Tweed: I am advised that salaries were adjusted by 10 percent for all areas related to IT.

Mr. Sale: I thank the minister for that explanation.

Mr. Chairperson: Item 10.2(b)(3)(e) Manitoba Capital Fund.

Mr. Sale: Mr. Chairperson, the same kinds of questions here that I had under Vision Capital. Could the minister outline what the total contributed capital to Manitoba Capital Fund is to date from its inception?

Mr. Tweed: Mr. Chairman, as of March 31, 1999, the Manitoba Capital Fund has, from the original commitment to \$5 million, drawn down \$4,363,200, and leaving a total balance of \$636,800 still to be disbursed.

Mr. Sale: Could the minister repeat the \$4 million—I did not hear, the four million, three hundred and something.

Mr. Tweed: \$4,363,200.

* (1550)

Mr. Sale: I thank the minister. What is the \$240,000 in this year's Estimates for, Mr. Chairperson?

Mr. Tweed: I am advised that the \$240,000 represents interest payable.

Mr. Sale: Interest payable by the government, by the department on what, for what purpose?

Mr. Tweed: I am sorry, Mr. Chairman. I should have been more clear on that. It is payable by Manitoba Development Corporation to the Department of Finance, as the Development Corporation finances its investment in the Manitoba Capital Fund by borrowing from the department.

Mr. Sale: Mr. Chairperson, MDC administers a number of loans. I think there is another opportunity in the Estimates to talk about Manitoba Development Corporation, if I am not mistaken. I think it falls under trade. I am not sure about that, though. Can the minister advise where MDC comes up?

Mr. Tweed: Mr. Chairman, I am advised that this might be the member's last opportunity.

Mr. Sale: Well, far be it for me to miss my last opportunity. I really would not want to do that. Could the minister indicate currently—I think we have asked in previous years for an outline of MDC's current loans under part one and part two—the status of those loans, the totals, et cetera. The annual statement from MDC, I do not think has been released this year yet, although I may be wrong about that. So what is the current status of that?

Mr. Tweed: Mr. Chairman, I am advised that the current annual report has not been released yet. As quickly as we complete it, it will be tabled.

Mr. Sale: Can the minister indicate a time line for that tabling, Mr. Chairperson? My memory is that it is usually in the later spring.

Mr. Tweed: It will be tabled no later than June 30. That is the last—[interjection] Yes. So I am hoping sooner.

Mr. Sale: Would the minister be prepared to commit to having a committee of the Legislature meet prior to the rise of the House to deal with the annual report of MDC? It seems likely that we will rise around June 30, somewhere in that neighbourhood, and I think we usually have an opportunity to do that in the spring sitting.

Mr. Tweed: I am certainly not opposed to doing that. I do not know if I have the discretion or if it is up to me. It will probably be something that is negotiated between House leaders.

Mr. Sale: Maybe I will rephrase my question. Assuming the report is tabled prior to the end of the sitting, will the minister use his best efforts to have a committee meeting to consider that report prior to the end of the sitting?

Mr. Tweed: I will use my best efforts.

Mr. Sale: Mr. Chairperson, the Manitoba Capital Fund has suffered a serious loss in the bankruptcy, and I think probably it is not unfair to say, the fraudulent activities of the Shamray Corporation. Could the minister indicate the scale of the loss from Manitoba Capital as at the filing of the bankruptcy in the Shamray case?

Mr. Tweed: Mr. Chairman, I am advised at this point in time that I would be unable to give a firm figure on the amounts. With the ongoing evaluations, there is not a fixed number at this point in time.

Mr. Sale: Mr. Chairperson, what is the level of the claim from Manitoba Capital and Vision Capital total?

Mr. Tweed: Mr. Chairman, I am actually uncertain of the claim against it, but I am told that the two funds had approximately \$7 million invested.

Mr. Sale: Mr. Chairperson, I am looking at the bankruptcy of the Shamray Group, TSG Capital, filed November 9, 1998, and it shows unsecured creditors: Manitoba Capital Fund \$2.5 million, Vision Capital \$4.5 million. They are unsecured, and the company has no assets. So I am puzzled as to why the minister is unable to indicate what the loss will be, given that there are no assets in the Shamray Group at all. It is a shell. The whole bundle is gone as far as I can see.

Mr. Tweed: Mr. Chairman, I am advised that the eventual cost to the Manitoba Development Corporation is unknown at this time. Just with the series of investments that are made, when you have a loss the entire amount may or may not be directly related to the outcomes of the fund itself because of other successes within the funds.

* (1600)

Mr. Sale: Mr. Chairperson, that is a confusing answer. My question was quite simply how much did the fund lose as a result of the collapse of the Shamray group? The amount that is shown on the bankruptcy documents is \$2.5 million. What the fund makes on other investments is interesting, and I hope they make a lot because they have a lot of losses to make up.

That was not my question. It was not a question of net. It is a question of what were we losing in this particular case. I believe it is the full \$2.5 million, and I am asking the minister to confirm that.

Mr. Tweed: Again, just for clarification, the capital fund lost \$2.5 million. The province's losses are undetermined at this time because of the general fund itself.

Mr. Sale: I understand the minister's point to be that there are five partners in the Manitoba Capital Fund, but my understanding is that they all have the same share of both gains and losses, that they are not distinct and different. So Manitoba's losses would be its pro rata share, presumably, of the \$2.5 million, which would be half a million dollars, I would think.

Mr. Tweed: Mr. Chairman, I am advised that the gains and losses of a fund are determined by individual contractors with the investors. Therefore, it would be harder to put a fixed dollar amount on the province's loss at this point.

Mr. Sale: Mr. Chairperson, I am sorry, I simply do not understand the minister's answer. It may be that I did not hear the first part of it correctly, but I ask him if he could elaborate or explain in a different manner.

Mr. Tweed: Mr. Chairman, I appreciate the time allotted. I understand that with each fund there is agreement made by the involved shareholders on how losses and profits are shared. This contract in this particular case is shared by each of the five investors. I have asked to find out whether that information is public information. We will check on that, and if it is, provide it.

Mr. Sale: Mr. Chairperson, has the minister discussed with his officials or had any discussions to attempt to ascertain how it was that the Crocus Fund was approached three times by Shamray and three times kicked the tires and came to the conclusion that they were maybe a little soft, and they said no, we are not going to put any of our money at risk? Yet, Vision and Manitoba Capital walked up to the table with what—\$7 million.

How is the due diligence process different between the government-supported funds and Crocus?

Mr. Tweed: Mr. Chairman, I guess while I would not want to comment on Crocus and how

they do business, I would like to suggest that one of the reasons that we have a variety of funds available for investment is basically for that reason. Some fund managers have a different approach and a different style in how they would like to see their funds invested and grown, and by having the alternatives and the choices, I think like in any opportunity or business that is out there with competition people decide on the risk that they are willing to take as fund managers, and they make those decisions based on the information that is made available to them and make decisions to invest or not to.

Mr. Sale: Mr. Chairperson, I wonder if the minister has seen the Trimark mutual fund commercial where these beady-eyed fund managers fly off to Texas and actually talk to somebody in a company before they invest in it, and they do some research. Trimark ran that commercial far too often during the late evening news for the last year.

The Free Press, with precious little effort, very little effort, in fact, was able to ascertain that there were false invoices from Harrah's, I think, and a couple of other casinos simply with a phone call. They did not fly down in the Trimark jet. They just picked up the phone and said: do you guys do business with North Star Gaming? And they said: who? Where are you calling from? Canada? That is north of us somewhere, is it not? That is, of course, what led to the stories in the Free Press that said this was a house of cards.

How is it that people will not prove any of the receivables or talk to any of the customers, or alleged customers, of a company before they pump \$7 million into it? That is all that had to happen. There simply does not appear to have been any reasonable amount of due diligence, nor are we talking about a small amount of Manitoba Capital Fund's available capital. We are talking about 10 percent invested in one company; in fact, slightly more than 10 percent because the full amount of MCF has not been subscribed. But let us say 10 percent.

If I were putting 10 percent of my RRSP into one company—which I do not think I would do but if I were—I think I might do more than just believe the company that told me it was

wonderful. I think I might test and find what the company said about its services had credibility in the marketplace they were serving. Simply, how did this happen? Is the minister satisfied?

* (1610)

Mr. Tweed: I apologize to the member for not seeing the ads that he is referring to on TV. I found recently that I have not had much opportunity to watch television, and if I did have the time, I probably would not spend it in front of the television. That is the way I am.

The funds themselves, as I understand it, operate independently from the government. We, along with the others who have invested in the fund, sit on an investment advisory board of both funds, and these boards are responsible to review in detail each and every investment that they have presented to them. The boards review management's investments or management—they make the recommendations, and I think certainly provide a thorough due diligence.

I can tell the member that neither of the funds has ever, to my knowledge, approved an investment to which our board member was opposed, but I guess in response to the concerns brought forward, it is on the record. It is certainly not a secret that the Royal Bank had a significant loan to Shamray. We are certainly aware that the Provincial Auditor is currently investigating the due diligence process of the two funds. I await the report and would certainly be prepared to share that report with the member. I also am led to believe or understand that there is some investigation involving the RCMP, and I am sure that their reports will shed some light on it.

Mr. Edward Helwer, Acting Chairperson, in the Chair

Mr. Sale: Mr. Chairperson, the minister correctly says the Royal Bank. It was not just here. They took a bath of huge proportions on this one, but I think what is also the case is the Royal Bank fired some people. Some people lost their jobs.

Who lost their jobs in this situation with the government's funds? What sanctions, what

changes, what procedures, were undertaken by the funds to ascertain why they were taken in so badly by this shyster?

Mr. Tweed: I will advise the member that when the report of the Provincial Auditor is filed to my office I will certainly look long and hard at his recommendations and suggestions as to what he has found in his diligence process.

Mr. Sale: Mr. Chairman, what steps has the minister taken to ascertain the stage and progress of the RCMP investigation?

Mr. Tweed: I am advised that, because the province itself is not the direct lender, we have had, other than being advised that the RCMP have the investigation, I would suspect that the co-operation will be with Vision and Manitoba Capital Fund.

Mr. Sale: Mr. Chairperson, I am sure the minister is aware what a black eye this bankruptcy has been, not just for the people who lost millions and millions of dollars, including the taxpayers of Manitoba, but for the business community itself to have its venture capital funds and the credibility of its processes under question raises very serious questions for this government and for this minister, although he was not the minister of record at the time of the problems. He is in a position as a new minister to exert some significant authority through hard questioning about procedures.

I am informed, Mr. Chairperson, by former staff of the company who were involved in the investigation that there was simply nothing in that plant that was owned. Every last piece of equipment was cross-leased, cross-collateralized, so that when the end came there were no assets. The receivables were not worth much. The production equipment was all leased, and so essentially had no value.

I am told, Mr. Chairperson, that numbers of investors' loans, including Vision and Manitoba Capital, for example, were simply flushed through the books, that there were millions of cheques kited in this operation, perhaps into casinos in Jamaica, perhaps into land elsewhere. I do not know. But this is a major, major failure, which ought to be, for the minister at least,

raising some very significant questions about the procedures that are used by his funds to make major loans, especially, and I think imprudently, when a fund loans 10 percent of its available capital to one company group, and especially when it does it without security. What reasonable business practice puts forward \$2.5 million unsecured? The minister has been a business person. How many times can he go and get \$2.5 million with no security? Maybe if he had the answer to that, he would not be sitting here as an MLA. He would be retired somewhere.

But I do not ask the question facetiously. Why would Manitoba Capital be unsecured in this situation?

Mr. Tweed: Again, I would just repeat that the board's review management investment recommendations are done through diligence, and we have asked the Provincial Auditor to make a report to us and report anything. I am very reluctant to comment too much just simply because of the review that is being undertaken by the RCMP. But I would advise the member, and I am sure that he is aware, that venture capital is basically equity. There is, in a lot of cases, no security.

I will await the Provincial Auditor's report, and as I have stated earlier, I am prepared to bring it forward and discuss it with the member at that time.

* (1620)

Mr. Sale: Mr. Chairperson, the same questions might be asked about Rescom, Ed Prefontaine, a very generous donor to the Conservative Party, \$8,000 or \$9,000 in donations over the last seven or eight years, a company that apparently had a lot of promise but according to its former employees also lived a very fancy lifestyle as a young company that did not presumably have a lot of resources in equity. I believe that in the matter of Rescom, the loss was in the order of \$2 million, of which—actually, the loss was \$2.7 million, but there was \$700,000 in security in this case. But here is Manitoba Capital again, in this case losing about 8 percent of its invested capital. That bankruptcy actually occurred sometime last June, about a year ago. But here

in this particular case, you have someone who is a businessperson, had deep and generous connections to the Conservative Party.

Other members of the party had warrants for the purchase of shares, one of them being Hubert Dacquay, the Speaker's partner. Here again we have a company that was not being watched very carefully, and we lost \$2 million through the Manitoba Capital Fund. Here is Manitoba Capital with a contributed capital of \$25 million and on two loans within seven months, six months, they lost 20 percent of their invested capital. I hope they have a heck of a return on the others, but the minister is unwilling to tell us whether they have and what that is, because he claims third party confidentiality.

Can the minister tell the committee whether the fair market value of Manitoba's investment in the Manitoba Capital Fund is above or below the contributed capital?

Mr. Tweed: Mr. Chairman, I think, like in all situations when you are talking about a fund, it is easy to pick out an individual winner, or an individual loser in this case—and I do not even say loser. I would like to retract that word, because I think whenever you are talking about risk capital, you are probably talking about entrepreneurs that are willing and able to take the chances in high-risk enterprises.

But with those high risks, I would suggest to the member that there does come higher returns. We know for a fact that venture capital-backed companies increase their jobs by 23 percent. They grow at a faster rate. Their sales grow at a faster rate—31 percent. Their exports grow at a faster rate—36 percent. The taxes paid by these companies grow at a faster rate—by 39 percent.

For the unfortunate companies that do not succeed or do not have as much good fortune as others, I can suggest that, you know, the Vision Capital Fund made a \$300,000 investment in Technical Products International. It was recently sold for \$7 million. It generated a profit multiple of over 23 times. During that seven-year period of investment, the jobs grew in the province of Manitoba from 30 jobs to over 150.

Monarch Industries are probably another perfect example of the success of Vision investment. They made a \$3-million investment. It is currently, from what I understand, in the \$13-million value right now. The investment by the Vision fund prevented the closing of Monarch. It has preserved 300 jobs, and I understand now that, currently as a company, it employs 600.

So I think when we look at risk capital, we have to look at it for what it really is. There is definitely risk involved, and whenever you have risk you are going to have companies that win and companies that perhaps do not do as well. It is unfortunate, but I do think that it is what has created the growth in Manitoba in the last few years. What we have done as a province is taken provincial funding partnered with the private sector and gone out and basically found a way of increasing the supply of risk capital to Manitoba-based small businesses. Just by the nature of the investment or of the risk capital that is being put out there, I would say it has been quite successful.

I am told that with our four government-sponsored pools of money, the Vision, the Crocus, the Capital Fund and ENSIS, it has leveraged \$156 million from the private sector into these pools. I think that is certainly positive in a time when government's involvement—I only have to remind the member of just a few short years ago when the government of the day was writing off 70 percent or just under 70 percent of their investments. These were not leveraged investments. These were actual government dollars that were being risked and lost. I think that our record has been quite positive. I think when you look at the new jobs and the new types of businesses that are coming into the province, we certainly can stand and say, yes, we have had some not so successful companies, but I think in the long term we have done very well. From what I understand and what I can see from talking to people in this particular industry, the opportunities for the province are going to continue to grow, and the acknowledgment of the government's participation, to a limited extent, has been very much appreciated by the new industries and the new technologies that are coming to the province of Manitoba.

Mr. Sale: Well, Mr. Chairperson, the minister is sort of anecdotally doing what I asked him to do in a more systematic way.

Our party has not been unsupportive of government strategies in regard to increasing the supply of risk capital. We certainly started the discussions, before the Filmon government was formed, with the labour movement to set up Crocus, which is the most successful of all of the labour-sponsored funds in Canada in terms of return, and, yes, maybe it will run into some problems down the road. Undoubtedly, it will have some bad investments at some point. The point is it is accountable. It is open; it is transparent; it is accountable. The government has maintained now for four years that its support of Manitoba Capital and Vision Capital is such that it does not feel it is required to provide comprehensive information.

So the minister is critical of us raising questions about failures, and the reason we do that is because we do not have any data about successes, other than the anecdotal data such as the minister has now given. We are very glad to know the value of the investment in Monarch Industries and the previous firm, whose name I did not catch, that the minister spoke of.

We are simply asking that that be made available as a matter of course, and I know the minister is now going to quote again the report of the Auditor, having been dutifully supplied to him. That is all very interesting, but I do not think it meets the standards of accountability for public-sector-supported equity investments.

* (1630)

So I am glad to have the minister table successes. I would just like him to table all of them. I am concerned when we have failures, and I would like him to table all of them. Unfortunately, the way the press in this country works, we only find out about the failures. We do not find out about the successes unless someone takes the trouble to tell us.

So I would like the minister to again review the suitability of an accountability framework that does not tell people where their money is invested, and I will say the same thing I said last

year. The investment community knows. The bankers know. I am sure the competition knows. Any creditor who is doing his job as a supplier knows who has loaned the company he is giving money to—money. I mean, it is part of any kind of reasonable business practice to know who you are dealing with.

So I just do not see the downside of the people of Manitoba knowing the amounts and the companies in which they have invested. If the minister is confident that our successes outweigh our failures, and I have no reason to doubt that, then this should be a positive move, not a negative one. So I know we can have this debate until the cows come home, but I say to him that I do not see what the downside of transparency is. I only see the downside of continuing to have debates based on partial information, and, unfortunately, partial information is all that is available to us.

Mr. Tweed: Again, the member is right. I guess the debate will surface around the disclosure of the information, but we in these funds are only able to disclose certain information as the companies see fit to supply us with that information. I would remind the member that, again, the Crocus and ENSIS funds are public-traded securities. The investment is from the public, and there is no one or two individuals who are controlling or managing the fund, whereas Vision and the MCF Fund are private, limited partnerships.

He is correct. I will just put on the record again the report of the office of the Provincial Auditor that states: based on the information gathered in our study, we concur with the current investment disclosure practices of the province regarding publicly supported risk capital funds delivered by third parties.

Mr. Sale: Could the minister indicate from which line the \$15 million has come for Isobord?

Mr. Chairperson in the Chair

Mr. Tweed: Mr. Chairman, I am advised that the \$15 million comes out of The Loan Act. The Manitoba Development Corporation actually borrows the money, and then the interest

charged comes under Section 10.2.(b) (3)(a) Manitoba Industrial Opportunities.

Mr. Tim Sale: Would the minister agree to my asking a couple of questions about Isobord? I realize we have passed that line, but I missed the fact that I should have asked the questions there.

Mr. Tweed: I have no problem with that.

Mr. Sale: First of all, has the entire amount been flowed to Isobord at this point?

Mr. Tweed: I am advised under the list that was provided earlier line 57 shows that \$14,375,000 has been advanced.

Mr. Sale: I saw that and it puzzled me a bit, because my understanding is the plan is still in the hands of the contractor and has not yet met design spec either in terms of quality or volume.

Mr. Tweed: I am advised that the plant has met all the commitments to qualify for the funding from our side, but he is also correct in that it is not fully 100 percent operational.

Mr. Sale: Could the minister explain what security we have in regard to this loan, both in terms of where we have placed on the list, because I think Manulife's investment venture capital fund is funder. I think CIBC may be as well as Manitoba Development. Where do we place in the list of security?

Mr. Tweed: Mr. Chairman, I am advised that we have second position for \$10 million on the MIOP and also fourth position for \$5 million.

Mr. Sale: Could the minister tell the committee where the plant is in terms of its runup, its proving? My understanding is that the plant was to have been turned over some time in late February, March. We toured the plant in I think it was February. I am not absolutely sure about that but I think it was February. At that point they still had not been able to solve some fairly serious technical problems in regard to delamination and surface defects. Where is the run-in process at now?

Mr. Tweed: I am advised that the plant right now is in the process of being commissioned and

that he is also correct, the member is also correct that there have been some difficulties. It is my understanding that there is some new equipment on order and it is expected that when it is put in place it will rectify the problems incurred.

Mr. Sale: Is the waiting for that new equipment the reason the plant is not currently producing board? Is it that we are still waiting for that equipment?

Mr. Tweed: I am advised that the plant is currently producing board. It is with the addition of this new piece of equipment it will bring the production up to 100 per cent and also the quality that they are expecting.

* (1640)

Mr. Sale: Mr. Chairperson, at the present time is the plant able to produce the premium grade board or is it waiting for the new equipment to hopefully remedy that problem?

Mr. Tweed: I am advised that the plant can produce the top quality board, but one of the problems that has arisen is the consistency of the production of the board and the new piece of equipment that is on order and will be put into the plant. It is hoped that that will solve the consistency problem.

Mr. Sale: Whose liability is the requirement for the additional equipment? Is it Isobord or is it the contractors, Stone, and the engineers?

Mr. Tweed: I am advised it is the supplier's responsibility.

Mr. Sale: The original plan was not to have to put paper backing on the board. Apparently now it has been found that to get a satisfactory product there has to be paper essentially to form the board, and then the paper has to be sanded off at the end of the cycle. My discussions suggested that that was adding somewhere in the order of 6 to 8 cents a square foot to the cost of the production.

I am wondering whether the other piece of equipment we are talking about changes the need for paper lamination and then sanding off, or is

this something that was unforeseen in the original design?

Mr. Tweed: I am not versed in the technical side of it enough to make a comment, but I would be happy to get him the information. I would assume that what he is saying is correct, based on my limited experience, but I would certainly be happy to try and get him that information.

Mr. Sale: Mr. Chairman, our information, I guess it is a matter of positive concern. We think that Isobord as a technology and as an opportunity is very positive for the province. We are concerned about the slow run-in, given the plans, the original plans.

We are also concerned about cost, because there is a fairly large glut on the market of MDF board in North America. Prices are not very good in general. So for this plant to make it at its current level of capitalization, it has got to sell premium board into a niche market. The last time we talked with people there, they were really only beginning to explore where those niche markets might be in a significant way. This is a big plant. It produces a lot of board. I mean, 120 million board feet a year is the hope for production. That is a lot of niche, if you want to talk about a niche market.

The reason for asking the questions is not a negative one, but it is one of concern that we have more than \$135 million of capital invested in that plant, public and private sector. Probably as importantly, a number of farmers have formed a straw co-op and invested significant money in the straw co-op. They are wondering—in fact, it is from some of them that some of our concerns have come. They are wondering whether there is, in fact, a market for their straw this year, given that the plant already has very large stockpiles. That is where the worry is. Are farmers going to, in fact, be able to sell their straw this year or not?

Mr. Tweed: Mr. Chairman, I appreciate the member's concern, and I see it as sincere. I agree with him that it is a huge public and private investment. It is in a technology that before this plant was thought of—I often, when I am travelling across the province, think back to

10-15 years ago when an idea like Isobord in discussion at a coffee shop probably would have just been laughed and pushed away from the table.

We had a group of people who initially developed the idea and then the project and then brought the plan to fruition. Certainly I think they should be complimented for basically dealing with several issues, the idea that the burning of the straw was not palatable to the people living in the area and to the people living in the city of Winnipeg. I think that this plant has certainly addressed those concerns and made life easier for the people that suffer when that burning occurs. I think the fact that the large volumes of straw that are out there, that farmers, unless they had the ability to burn, would not recognize or realize any real value for it. This, in a sense, has created opportunity for the farmers that are having to deal with this straw.

I am told that it is the largest Canadian investment in Canada in a manufacturing facility in 1997. It is huge dollars. I think that whenever you develop and get into something new, there is always going to be some technical glitches that create challenges for the companies that are involved. In my conversations with Isobord, I have had the opportunity to tour the facility a couple of times. They are committed to making it work. They are committed to developing and continuing to develop the technology to make it work.

I think the other thing that probably encourages me the most—having been in business and certainly not to that magnitude, but seeing the problems and difficulties that can occur when you are taking on new technology—Isobord, there has been interest shown worldwide in the company but particularly in North America for a second and third plant.

I think the business community and the people in the technology community understand that it can work. We certainly are concerned about the time that it is taking, but I think again with the magnitude of the project and the opportunities that it is going to present, the employment that it is going to present, the leading technology that is going to offer the world, I think back to last summer when we had

a group of German businessmen, politicians and community leaders touring Manitoba. We stopped and we looked at the Isobord plant, and they saw an opportunity for themselves to utilize the large amounts of straw that they produce. I think they spent quite a bit of time with the management of the plant afterwards discussing their opportunities that might be there.

So I share with the member the concern. I can tell you that we are certainly staying in touch with the company. We want to see them succeed. We want to see them move forward as quickly as possible. If it means having to be patient a little bit longer, I think the province is certainly prepared to take that position, because the opportunities that it offers for the future I think far outweigh perhaps the risks that are there right now.

Mr. Sale: I have two other, hopefully, brief questions about Isobord. One is we have been told by some people in the area that there has developed what has been called mouse heaven. This is a very serious concern. We have had one death in Canada from hantavirus this year already in Alberta. This is the largest concentration of straw, I think, anywhere in Canada. I do not think there is any place else where there is this much straw. Oh, the former minister has joined us. [interjection] Well, there is a lot out at Elie, too. What is the public health department's level of concern and what measures are they contemplating to deal with this problem? While it is a funny problem to talk about in some ways, it is not funny if we have had a virus that close to the town of Elie.

Mr. Tweed: Mr. Chairman, I am not sure that I am the capable person to give an answer to that question. It is obviously something that I am sure was considered at the time, and I would be happy to bring it to the attention of the Minister of Health.

* (1650)

Mr. Sale: I think it has already been brought to his attention.

Mr. Tweed: Yes, and if he can provide me with the information or perhaps provide the information through his Estimates process, I

will certainly make everyone involved in the issue aware of it.

Mr. Sale: Mr. Chairperson, again, it may sound like a very funny question. It is not. It is a very serious question because there is a serious liability issue here. This is almost like having a swimming pool in your backyard that does not have a fence around it, and if we have an outbreak, Isobord better have deep pockets in terms of liability coverage because there will be serious liability attached to that. I think that ultimately we are going to have to look at ways of storing that straw that provide some level of control against vermin because it is such an attractive habitat for all kinds of things there.

My last question in this area is that I am also told that, because of the length of storage and maybe it is the pressure of the size of the piles, I do not know, but most of the lower level of the straw bales is now not usable. In other words, there is serious loss of the furnish for the plant because of deterioration. It sounds to me like we are getting to the point where we are going to have to do something about permanent storage or covered storage, and this will imply more capital investment. Is this an issue that the company is aware of, is concerned about?

Mr. Tweed: I thank the member for that question, and I would hope that they have considered all the concerns that the member has brought forward. I think, again, whenever you get into this new type of industry, there are going to be situations that arise from time to time that have to be addressed. I do know that one of the issues that sprung up very early was in the collection process of the straw. How were they going to bring it in, where would it fit in, and how would it be organized?

Also I note, just in conversation with the Minister of Agriculture (Mr. Enns), one of the things that he has been a strong proponent of in developing, which I think would assist Isobord—in fact, I know it would—would be in the sense of measuring moisture in the air and the ideal time to take a crop off, or a straw crop for storage capabilities. When is it at its maximum dryness that will suit the needs of the plant but also suit the environmental needs in the sense of wetness or weather conditions?

Again, when you store something like straw in the conditions that we have, the climate that changes so dramatically from not only one season to another but almost daily, I am sure it becomes a major challenge for the company. But I think again the company has shown a real willingness to consider and develop and look at any and all plans that would enhance its position. As good corporate citizens, I am sure they would not want to be identified as anything but attempting to and trying to do the right thing.

Also, just to make the member aware, I am told recently we were out in Portage and we did an official sod-turning ceremony for K&G Mushrooms. Please do not hold me to the details, but I believe it is around \$5-million investment, and they have been negotiating with Isobord to buy some of this straw that the member is referring to, that maybe would not be suitable anymore to go through the plant but would be suitable in the production of mushrooms.

So we have encouraged them to speak, to get together and try and make some arrangements. I know the day that we were actually out there making the sod-turning ceremony, the member for Portage was with us and the proponents flew in from Chicago, I believe. There were some of the bales already onsite that they were showing or testing to make sure that the needs of their company could be satisfied by, I guess in a term, the waste of Isobord in the sense that what Isobord could not use could again be recycled one more time to another company that could turn it into an opportunity.

Mr. Sale: Pass.

Mr. Chairperson: 10.2. Business Services (b) Industry Development-Financial Services (3) Programs (e) Manitoba Capital Fund \$240,000—pass; 10.2.(b)(3)(f) Less: Interest Recovery (\$2,354,700)—pass; 10.2.(b)(3)(g) Less: Recoverable from Rural and Urban Economic Development Initiatives (\$100,000)—pass.

10.2.(c) Manitoba Trade (1) Salaries and Employee Benefits \$1,245,200.

Mr. Sale: Mr. Chairperson, it is two minutes to five. I have a number of questions in the area of

trade. I do not mind if you want me to start, but if we just call it a day, we might as well do that.

Mr. Tweed: I am willing to call it five o'clock.

Mr. Chairperson: Is it the will of the committee to call it five o'clock? [agreed]

The hour being five o'clock, committee rise.

HEALTH

The Acting Chairperson (Mr. Edward Helwer): Will the Committee of Supply please come to order. This section of the Committee of Supply has been dealing with the Estimates of the Department of Health. Would the minister's staff want to enter the Chamber.

Mr. Chairperson in the Chair

Mr. Chairperson (Marcel Laurendeau): We are on resolution 1.(b)(1) on page 46.

Mr. Dave Chomiak (Kildonan): Mr. Chairperson, I wonder just at the onset whether the minister has any documentation he would like to table with respect to items that we raised last week, or should I just proceed with questions?

Hon. Eric Stefanson (Minister of Health): Mr. Chairman, no, I do not yet. I have two or three documents that have been prepared and are there for me to review with my staff, which I hope to be able to do today, or no later than tomorrow, so within the next day or so I should be able to table at least some of the preliminary information.

Mr. Chomiak: Mr. Chairperson, just at the onset, I want to indicate to the minister that in Question Period on Thursday, I indicated to the minister that, in fact, the minister had advised some individuals not to go to me because the issue was political. I was incorrect.

I reviewed my notes, and, in fact, the minister's colleague had advised the individuals not to go to me with respect to that issue. So the minister was correct. In my enthusiasm, I labelled the—it was not the minister who advised them not to talk to me to make it political, but, in

fact, it was the minister's colleague. When I checked my notes, they advised me it was the minister's colleague in cabinet who had contacted him and said, well, do not go to the NDP Health critic. I just wanted to put that on the record with regard to that.

Now, my question to the minister is recently there was a \$44,700 poll that was undertaken by the Department of Health to review the attitudes of the public as it respects health care. The minister indicated he would make that information public. Is the minister prepared to make that information public now?

Mr. Stefanson: Thank you very much, Mr. Chairman. First of all, on the first point that the member referred to from the previous Question Period, I thank him for correcting the record on that issue. In fact, I did have a chance to speak to one of the spouses of the LPNs, and Sue Hicks, the associate deputy minister, also had a chance to speak directly to one of the licensed practical nurses. I do thank him for correcting that.

I think, as the member knows, we have a poll release policy in place within our government, and, yes, we will be making that poll available.

*(1550)

Mr. Chomiak: Is the minister indicating he will make it available to the committee members in Estimates, or he is going to make it available through some other course of action?

Mr. Stefanson: The poll that was done on behalf of the Department of Finance was just released basically publicly, I think, a few weeks ago, if I recall it correctly. I will certainly look into the nature of the release, but my expectation is just it will just become available on a given day and it will be readily available to members opposite and obviously anybody else who takes an interest in the polls. So I do not know—well, there is no process or requirement to bring it through the Estimates process, but I am sure the day it is released, a copy will and can be made available for the member opposite and, I am sure, others.

Mr. Chomiak: The government recently passed a bill with respect to the funding of

clinics and other centres other than hospitals. The name of the bill escapes me, but it is the bill that provides for the funding essentially for private, noninstitutional hospital centres.

Now, given that this bill was brought about as a reaction to the penalty clause under the Canada Health Act that the federal government was imposing on the province and given that it was a relatively new procedure, I am wondering if the minister would table for us the amounts of money that have been expended with these facilities and the procedural arrangements, that is, the contracts that have been entered into, or, if the minister is not prepared to provide the contracts, at least the general information in terms of the procedures that are being contracted for by the provincial government to these various centres.

Just for clarification, I am not necessarily asking the minister to respond today. What I am basically asking for is can the minister provide that information at some future point in this committee?

Mr. Stefanson: I appreciate that clarification from the member, because we will return with information on basically what is covered, how much, what the expenditures are, any other information relative to the whole issue of these private clinics, Mr. Chairman.

Mr. Chomiak: I thank the minister for that response particularly, because it is a new process and a new procedure and it would be useful in order to determine the effect that the changes have had and the direction that the Department of Health is taking us in this area.

The minister may want to respond at a later date with more detail and may not be able to take this question today. I am, again, just looking for general information from the minister. With respect to the LPN program expansion that is supposed to take place at the Misericordia health centre, can the minister outline for me who is undertaking that particular education function?

Mr. Stefanson: The entire licensed practical nursing educational program is being run by Assiniboine Community College, so basically

they run the two intakes at Misericordia. They have two intakes at Assiniboine Community College in Brandon. As the member I believe is aware from the day of the announcement, there will be two rotating sites again that will be administered by Assiniboine Community College. So really they run the entire program with satellite sites at Misericordia and at these two rotating locations yet to be determined.

Mr. Kevin Lamoureux (Inkster): I thank the member for Kildonan. I did have a question for the Minister of Health. A while ago, I guess it would be about a week and a half, ten days ago, I provided the Minister of Health a letter issuing some concerns in regard to the Misericordia Hospital, in particular some staff people there. I am wondering if he can just expand on any sort of response that he might have in regard to that particular issue.

Mr. Stefanson: Mr. Chairman, hopefully, the member saw a recent phone message from Sue Hicks, the associate deputy minister, calling his office. It was really a follow-up from discussions that he and I had had on this issue. Mrs. Hicks was going to run through the status of those individuals with the member for Inkster, so that would be the purpose of the message that you would have seen, hopefully, on Friday, I believe.

Mr. Lamoureux: I will not consume any more time. If the message was left on Friday on my voice mail, I will make some sort of connection with Ms. Hicks, possibly tomorrow morning, and we can continue to pursue it.

Mr. Chomiak: Just following up on the minister's response to my previous question, therefore, the entire program will be administered and operated out of Assiniboine Community College, administratively, though not physically. Do I understand that correctly?

Mr. Stefanson: The answer is, yes, Mr. Chairman.

Mr. Chomiak: Again, just in anticipation, I wonder if the minister will be able to provide us with data and information as to the training of nurses' aides in the province of Manitoba; that is, where the programs are offered; who is offering

them and the number that are being trained. I am presuming that the government has a policy in this regard. Will the minister be able to provide us with that information during the course of these Estimates?

Mr. Stefanson: I will undertake to provide the information requested relative to the whole issue of training of nurses' aides, where the training can take place, and the numbers of individuals taking that kind of training and so on.

* (1600)

Mr. Chomiak: Again, it is a general question. I appreciate we are not at this line in the Estimates, but I am wondering if the minister can, in a policy sense, outline for us what is happening with respect to the lab consolidation issue as it applies to Winnipeg, in particular, and to the province, where we are at in terms of the negotiations. The former minister during the last Estimates provided us with pretty much an update, and I am wondering if the minister might outline for us where we are at.

Mr. Stefanson: Mr. Chairman, there is a committee of representatives from the regional health authorities, the WHA and the RHAs across the province, that are in the process right now of putting together a proposal to put forward to myself relative to the issue of the consolidation of the public labs on the basis of a single program with more than one site.

We have been sharing information with that review committee. I am expecting that they will be in a position to be forwarding something to me fairly, fairly shortly, so in part, it was at the request of the RHAs to be a part of this review process for the public labs, and we have agreed with that. This committee has now been struck to put together a proposal for basically my review.

Mr. Chomiak: Can the minister therefore update us as to what the status is of the proposal whereby—and I do not know why the name is escaping me, but maybe I do know why it is escaping me [interjection]—the Toronto-based firm. MDS, what the status is of the MDS proposal, because as I understand it, last year the minister indicated that his department was

reviewing the MDS proposal and had asked that the matter be reviewed.

Mr. Stefanson: That entire proposal is on hold pending this review with the involvement of the WHA and the RHAs.

Mr. Chomiak: Would I be correct in assuming that the public lab consolidation the minister is talking about seems to me to go back, seems to me to be a reconfiguration of the proposals that came out in 1995, when the entire lab system was reviewed and the lab study was undertaken by, and again the name escapes me, but perhaps the minister—in other words, we seem to have gotten off track from that overall plan. There was no movement on that plan. The MDS proposal came about. There was movement towards an MDS consolidation, but in terms of the overall provincial-wide plan, it seemed to be on the back track.

Is the minister now saying that the original planning or some variation of it that went into that original plan is now back in the running with the MDS decision now on hold? I am trying to get a sense of where we are at in terms of the lab system in general.

Mrs. Myrna Driedger, Acting Chairperson, in the Chair

Mr. Stefanson: Basically what is happening—how best to make this clear? The RHAs and the WHA had indicated a desire and a willingness to put together a proposal for a single program with more than one site, and we agreed to that, so we had provided them with information that we had from the previous reviews.

I would expect that the '95 study would be something—if there was a '95, if that is the correct year of the lab report that was prepared a few years ago—would also be readily available to them. In fact, I am sure many of the people involved are quite familiar with that, so it is really on the basis of allowing that kind of a proposal to come forward that we are moving forward right now, and I have been told that we are expecting that in approximately a month's time, in terms of where they are today, in terms of that proposal back to us.

So it is really—as I say, we are providing the information, making them aware of issues, but it is really now in the stage of having the RHAs and the WHA put together their proposal.

* (1610)

Mr. Chomiak: I thank the minister. That does answer the question I posed and helps me understand the situation.

Can the minister give us an update of the status of the breast clinic, vis-a-vis what is happening at the former site of the Misericordia and what is happening at 400 Tache and what the plans are in that regard? If the minister cannot provide it today, then by way of notice at some future point? Again, that may be too specific.

Mr. Stefanson: I will just touch on a few issues. Then I think what we will do is return with a status report for the member for Kildonan. I think, as he knows, back on November 6 the WHA and the Winnipeg Community and Long Term Care Authority jointly announced the implementation of the breast health program that he asked about. As he mentioned, it will be located at 400 Tache Avenue. The funding provides for the development of this new site and the rapid access diagnostic centre. It also provides for the consolidation of breast surgery from seven sites to three, I believe, and for the co-ordination of breast cancer treatment right across Winnipeg. WCA is working on developing the community components, including public education and wellness as well. The program director and manager and medical director are all in place. There are still elements that will remain at Misericordia relative to the breast screening, but the comprehensive breast health program, as he mentioned, will be moving to 400 Tache.

As to the current status of the space in terms of its renovations and the timing of the entire shift of the program, which has not occurred at this particular point in time, services are still being provided at Misericordia, I will return with the details of the timing and ultimate implementation.

Mr. Chomiak: I thank the minister for that response. During Question Period on Thursday,

we touched on the issue of LPNs vis-a-vis acute care facilities. Is the minister in a position to give a policy statement which he alluded to on Thursday vis-a-vis the role and function of LPNs, both in an acute care hospital setting as well as their role and function in a tertiary care setting?

Mr. Stefanson: Again, as the member mentioned, he asked questions about this in Question Period last week. I had an opportunity on Friday morning to meet with the chairs and the CEOs of the Winnipeg hospitals. Amongst many other issues, this issue was raised by myself for discussion with them.

I think, as the member knows right now, decisions around staffing mix and requirements by and large are left with the employer and the individual facilities. We expressed at that meeting a view that LPNs can and should be playing an active role in our acute care facilities, along with obviously our long-term care facilities and our Home Care program.

Certainly, some of the facilities were immediately very positive, very interested in that, and what we intend to do is to continue to pursue those discussions with the WHA, the WCA and, in fact, ultimately all of the RHAs on the issue of the role of the LPNs right throughout our health care system, but certainly the specific question he asked is about the role in the acute care facilities.

* (1620)

Mr. Chomiak: Mr. Chairperson, does the minister still have a nursing advisor? If the minister does, who is that person? If the minister does not, are there plans to fill that position? If not, what is the status of the nursing advisor position in general?

Mr. Chairperson in the Chair

Mr. Stefanson: Mr. Chair, I am told that the functions performed by the former nursing advisor are now a part of the section on the organization chart that we discussed a few days ago under Workforce Policy and Planning. That division of the Department of Health has as its objectives to collect, analyze and evaluate data

pertaining to workforce planning, adjustment, and training, to provide relevant policy and planning advice and recommendations, and it obviously goes through a listing of all of their activities and all of their expected results.

As well, within the regional structure, as the member would know, in the case of the WHA, I believe they have a vice-president responsible for nursing, Jan Currie, and obviously the RHAs have their own structures in place. So, as of right now, the functions previously performed by the nursing adviser are now being performed by the individuals who are part of the Workforce Policy and Planning Division.

Mr. Chomiak: Two questions. Firstly, I wonder if the minister could table the description of the role and function of the Workplace Policy and Planning, just for review. Secondly, will the new committee that has been set up to provide advice and various programs to retrain and bring back and increase the number of nurses in Manitoba, will they be reporting to the Workplace Policy and Planning Branch, or will they be reporting directly to the minister? I wonder if the minister might just clarify that, please.

Mr. Stefanson: On page 48 of the Departmental Expenditure Estimates is a summary of the Objectives, the Activity Identification, the Expected Results of the Workforce Policy and Planning that I referred to. On the second question, the nurse retention and recruitment committee, the six individuals we have talked about, with two individuals coming from the Manitoba Nurses' Union, two being appointed by the employer, and two being appointed by the government of Manitoba, that committee reports directly to the Minister of Health.

Mr. Chomiak: It goes without saying that the issue of inter- and intrafacility transport is fairly significant. I am wondering, as I understand it there has been a study and a review of the whole issue, and I am wondering if the minister might outline what the status is and what the government policy is as it affects interfacility transport.

Mr. Stefanson: This whole issue of interfacility transfers is really being reviewed in two

different forums right now. One, and I am sure the member will have seen a copy or will have seen coverage through the media of a release done on May 13 from the City of Winnipeg, talking about the issue of interfacility and airport ambulance transfers here in the city of Winnipeg, where the Winnipeg Hospital Authority is working with the City of Winnipeg doing a complete review of those services with a view to have the Winnipeg Hospital Authority take over those services, purely the interfacility and airport ambulance; again, the view being to do that as efficiently and effectively as possible, recognizing we are not talking about people here who need the emergency ambulance care. That care would continue to be provided by the City of Winnipeg.

Outside of Winnipeg, the interfacility review was really a part of that entire review of emergency medical services, a question one of his colleagues asked today in Question Period. That review, I am expecting at a minimum a preliminary report, if not a full report, some time in June.

Mr. Chomiak: Notwithstanding both of those reviews, is there a government policy or a government initiative with respect to interfacility transport and the effect that movement of programs around—and I will use the city of Winnipeg as an example—the effect that program movement around the city of Winnipeg may have on an individual's access to service, and is there a government policy review or initiative in that regard?

Mr. Stefanson: Currently, if an individual is transferred from one facility to another and stays less than 24 hours, they do not pay for that ambulance service. If they are transferred purely as a result of a program shift, they do not pay for that ambulance service, but beyond those criteria, they do pay for the ambulance service. Really, both of these reviews—I have also requested that that entire issue be addressed as part of those reviews because the issue has certainly come up.

So, again, it is also a part of this review. While we are looking at how to do it as efficiently and effectively as we can, we should

also be looking at how fair that policy is, Mr. Chairman.

* (1630)

Mr. Chomiak: I thank the minister for that comment. I can anticipate a couple of replies the minister is going to be sending me to some letters I have written him in that regard. This is really a quite interesting and fundamental issue. The minister said that both of the reviews vis-a-vis transfers from facilities are reviewing this issue. Has the minister put out a directive or a terms of reference in terms of both the WHA in the city of Winnipeg and the RHAs to do the review as to what the parameters are? How has the minister directed these organizations that that is one of the issues that has to be reviewed and dealt with?

Mr. Stefanson: Mr. Chairman, when this issue first came to my attention some time ago in various ways, perhaps one of them was some letters I received from the member for Kildonan as well, I asked for assurance that this issue was under review. I am told that, yes, it definitely is that it forms a part of the review being done in both of these forums—the WHA review here in the city of Winnipeg and the EMS, Emergency Medical Services review, done outside of Winnipeg.

I am certainly prepared to follow up with obtaining the terms of reference and any additional communication that can confirm that to the member, but I was definitely told and confirmed here that that is the case, that both of those reviews are including that whole issue of what is a fair approach in terms of charging for interfacility transfers.

Mr. Chomiak: I thank the minister for that response. That is useful because during the review of the potential consolidation of services in the city of Winnipeg that was done in 1996 or so, it would appear to be a policy directive that mobility—and the words escape me, but the implication was that mobility was not a factor. We were always of the impression that it ought to be considered in the policy decisions that were being made to move programs. So I am encouraged by the minister's response, and we look forward to the receipt of those reports.

Last year in Estimates, it was indicated to us that we would be provided with flu statistics vis-a-vis the emergency rooms and the like, and I am wondering if we have those statistics at this point. The question was generally with the clogging of the waiting rooms. The general response was that flu season was amongst us, and it seemed to me that flu season was with us for a considerable period of time and the previous minister indicated he would provide the flu statistics. I, frankly, did not think I would get them. I do not think they are quite available, but having said that, I asked for them and I was assured I would get them. I wonder if it is possible if we can obtain those statistics that outlines the impact of flu vis-a-vis admissions to hospitals and emergency rooms.

Mr. Stefanson: Mr. Chairman, I will certainly provide the member what I can on this issue. I understand there is some information from Cadham Lab relative to the issue that I can share with him. There is also some information from the Centre for Health Policy and Evaluation relative to the utilization of our hospital system throughout the year based on age. I think there certainly is some information that he will find of use that will point to the flu certainly playing a role in terms of pressure on our hospital systems, which I think anybody who put on a television set or picked up a newspaper from outside of Manitoba back in January, February, would have seen that that really was the case right across Canada.

Now, I also recognize—and I am not a medical doctor—but I think in terms of the record keeping of why individuals are often in a health care facility, it can be any one of a number of medical requirements that are reflected on that individual's record. It does become somewhat difficult to potentially track each and every patient who is in specifically with the flu, although it certainly can be flu-related and flu can be an element of it.

So there is some information that I think the member will find both interesting and useful relative to the pressure that is put on our hospital system at certain times of the year, and, also, that certainly a good portion of that pressure is as a result of the flu.

* (1640)

Mr. Chomiak: I look forward to receiving that information.

The minister, in reply to a question in the House last week, talked briefly about the status of the hepatitis C negotiations. Can the minister provide us with an update and/or any direction as to specifically the federal government offer and/or if there is going to be a follow-up meeting of ministers?

Mr. Stefanson: There are really the two issues. As the member knows full well, there is the issue of the 1986 to '90 individuals, people infected through the blood supply between 1986 and '90. I gather that final settlement of roughly \$1.1 billion is close to being concluded. I believe the deputy is in regular discussion with other jurisdictions. I am told that is very close to being concluded.

The other issue is the individuals basically pre-1986 and after 1990. Again, in response to a question here in the House, I did indicate that we have been in negotiations with the federal government on concluding a memorandum of understanding with them for an allocation to the Province of Manitoba. The expectation is that the federal government has indicated that they will provide \$300 million over anywhere from about a 15- to 20-year period, and Manitoba's share of that would be approximately \$7.8 million.

We are also working with the WHA and the WCA and receiving advice on the utilization of the money here in the province of Manitoba, but some examples of services that are being looked at are additional clinics in the viral-hepatitis investigation unit at the Health Sciences Centre, some additional community-based nurses in the WCA to determine risk factors, monitor cases, counsel and provide education to minimize liver damage, some specialized diagnostic tests and some other treatment. So, again, I think when I answered that question a week or two ago, I said that we were close to concluding that memorandum of understanding, and I fully expect that we will be doing that very, very shortly.

There was a ministerial meeting set for May that was cancelled by the co-chairs. I am not

sure if it was solely because of a quorum or participation of ministers. I know we were certainly prepared to participate, so it was not that we were not going to be there. But I think that was one of the issues; perhaps, there were others. So right now, there is not a ministerial meeting set. We did have one conference call some time ago, and this was certainly one of the issues that we discussed on that conference call to proceed expeditiously with concluding the memorandums with the federal government.

At this particular point in time, I think the next ministerial meeting is set for September, I believe, but there might well be—I mean, whether there is a need for conference call or any other communication. But, at this point in time, we are moving forward to conclude the memorandum with the federal government and start to access the cash, the money that they are making available to provide the services that I have outlined.

Mr. Chomiak: Mr. Chairperson, I thank the minister for that response. I can indicate we will be getting into more details as we go through the course of the Estimates, but I appreciate the overall response and the information given to me by the minister.

During the recent issue that was raised by the Winnipeg Free Press with respect to the sterilization of medical equipment and the like, the minister indicated he would and he did, as I understand it, write to the federal Minister of Health. Can the minister provide us with an update as to what the status is of perhaps a meeting or an agreement or some kind of protocol that might be entered into on a national basis with respect to the safety issue?

* (1650)

Mr. Stefanson: Mr. Chairman, I am sure the member for Kildonan (Mr. Chomiak) will recall that back in February just of this year we put a ban in place in terms of the whole issue of certain types of reusables in our health care system. At that time, Mr. Brian Postl forwarded a number of recommendations to myself, which were accepted, regarding the reuse of single-use medical devices. The RHAs right across the province were basically asked to ensure that

their policies and practices were consistent with these recommendations, and I am told that that is, in fact, the case.

A provincial committee was established to review the issue of reuse and develop policies, protocols, quality assurance and monitoring systems, and they will report directly to myself. We are expecting that by August of this year. The committee is chaired by Dr. Brock Wright, Vice-President of Health Sciences Centre, and includes other RHA representation. Again, I think as the member knows, the reuse of single-use devices is very complex. It is anticipated that the ban on the reuse of these devices here in Manitoba will be extended until a national position is developed. Manitoba certainly wants to examine the national position prior to moving independently to set any guidelines.

Again, I think, as the member knows, the Canadian Healthcare Association has submitted a proposal for a feasibility study to explore options for implementing a policy for single-use medical devices in Canada. That was forwarded to the federal minister, the Honourable Allan Rock, and to myself as well. We, Manitoba Health and the WHA, support this proposal, and we are certainly willing to partner on a national basis with the CHA and other provinces to develop a national position and make recommendations on the reuse of single-use medical devices. So we certainly continue to pursue and support the need for a national position.

The member for Kildonan is also right. Very shortly after this issue was dealt with here in Manitoba, I did communicate with the federal minister on the issue. I believe there has been some communication between deputies on the issue. I certainly intend to continue to press to develop a national policy on the whole issue of reuse of single-use medical devices.

Mr. Chomiak: Just before we go on, I can indicate to the minister we had talked about where we are heading with respect to the Estimates. My guesstimate is that part of tomorrow will still entail some general questions. Then I think we will be moving line by line, and I anticipate relatively quickly hitting the section on Information Services wherein there will be a need to ask a number of

questions. So my guess is we probably will not achieve the Information Services line when next we meet, which, I presume, will be tomorrow for a couple of hours. But, certainly very shortly thereafter, perhaps a subsequent meeting, we will hit the line Information Services, where we will have a fair amount of questions. So I can just inform the minister of that.

I am curious as to the status of the blood agency that has been set up. I wonder if the minister—he does not have to do it today, but if he can provide us with an update as to what the situation is here in Manitoba?

Mr. Stefanson: Mr. Chairman, I will provide the member with an update on Canadian Blood Services, both in terms of the building under construction here in Winnipeg and also the services that they are now providing to us.

Mr. Chomiak: I will also be asking further in the Estimates process an update on the palliative care program in terms of numbers served, et cetera. So just by way of telling the minister that we will be getting fairly specific on the palliative care program, and we will be asking a number of specific items there.

I have a specific question of the minister. Recently, the department, through Long Term Care, basically phased out the role of Level 1 and Level 2 care provided in personal care homes. Is that still the government policy? If not, can the minister outline for me what the government policy is?

Mr. Stefanson: No, we have not phased out Level 1 and Level 2 in the personal care homes but there is no doubt that there are more and more individuals who would be panelled as Level 3 and Level 4 in our personal care homes. Obviously a good number of the individuals who would be panelled as Level 1 or 2 are able to function independently through the Home Care program. Some are accessing the supportive housing programs that are in place, but Level 1 and Level 2 have not been phased out of our personal care home program.

Mr. Chomiak: Is the minister saying the funding for Level 1 through Level 4 has not

changed and the various categories have not changed in the last two years?

Mr. Stefanson: Out of the over 9,000 personal care home beds in Manitoba, close to 2,000 are Level 1 or Level 2. So as I have indicated, that continues to be provided in our personal care home program. If the member is heading toward the whole issue of the levels of service that are required, those are taken into consideration when funding is provided to our personal care homes.

Mr. Chomiak: I will be getting to that. Just again, an anticipatory question, perhaps the minister can deal with it now, but we are going to be looking for some information with respect to the government's smoking policy, the number of convictions and the like. I would ask the minister to provide that data when we reach that particular line, the item in the supplementary Estimates.

Mr. Stefanson: Yes, I will provide that information to the member on the whole issue of the tobacco enforcement project and any other information relative to the smoking policies.

Mr. Chomiak: Reference was made in Question Period today to the \$500,000 advertising campaign. Can the minister indicate where in the Supplementary Estimates that particular \$500,000 figure came from?

Mr. Stefanson: Looking at the 1998 budget, the supplementary funding would have come out of Appropriation 21.5, Item C in the budget, Healthy Community Development.

Mr. Chairperson: Order, please. The hour being five o'clock, time for private members' hour.

Committee rise. Call in the Speaker.

* (1700)

IN SESSION ROYAL ASSENT

Madam Speaker: Would all members please rise for the arrival of the Lieutenant Governor.

May it please Your Honour:

The Legislative Assembly, at its present session, passed a bill, which in the name of the Assembly, I present to Your Honour, and to this bill I respectfully request Your Honour's consent:

Bill 22, The Statute Law Amendment (Taxation) Act, 1999; Loi de 1999 modifiant diverses dispositions législatives en matière de fiscalité.

Mr. Clerk (William Remnant): In Her Majesty's name, His Honour the Lieutenant Governor doth assent to this bill.

PRIVATE MEMBERS' BUSINESS

Madam Speaker: Order, please. The hour being 5 p.m., time for Private Members' Business.

PROPOSED RESOLUTIONS

Res. 7—The Future of Manitoba's Child Care System

Mr. Doug Martindale (Burrows): Madam Speaker, I move, seconded by the member for Swan River (Ms. Wowchuk), that

"WHEREAS on February 13, 1999 the New Democratic Party Caucus sponsored a Parents' Forum on Child Care; and

"WHEREAS the purpose of the Forum was to hear from parents about what is needed to make child care more responsive to the changing needs of today's families; and

"WHEREAS parents and child care providers indicated that there is a desperate need for before-and-after-school programs; greater respect and support for early childhood educators, especially in terms of the wages for these professionals; more flexibility for day care operators in terms of revenue for the centre and subsidies for the parents; a coordinated approach to providing services to children and families; and more resources and support for special needs children; and

"WHEREAS parents also expressed concern about the impact of cuts in the child care system

which have shortened the job search period, made it difficult to attract and retain child care workers, and jeopardized the monitoring and support function of the Provincial Government; and

"WHEREAS Manitoba's system was once viewed as a North American model for child care programs; and

"WHEREAS given that Manitoba is once again the child poverty capital of Canada with one in four children living in poverty in this province, a strong child care system is essential.

"THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the Provincial Government to consider investing in opportunities for our children and go on record as supporting a fully accessible, publicly funded, non-profit system of comprehensive, high quality child care."

Motion presented.

* (1710)

Mr. Martindale: Madam Speaker, it is a pleasure to speak on this resolution which stands in my name, and it was also a pleasure for our caucus to host a parents' forum which was held at the Manitoba Legislature on February 13, 1999. We were very pleased that about 50 parents and child care professionals and community representatives attended. We were also pleased that we had people that volunteered to be facilitators for the smaller groups that we organized.

The purpose was to listen to parents. Of course, it is always a good idea to listen to people who are affected by government policy, and this was no exception. We assigned a number of topics, and people chose the group into which they wanted to go. We recorded everything that was said, and after it was over, we collated everything that was said by everyone who made a contribution. Once again, we thank everyone who was there for their contributions.

People listed numerous concerns, some of which are recorded in my resolution. But there were many more concerns, not all of which are

recorded in the resolution, so I am going to read from the summary that we made of people's concerns.

The main concerns were based on inadequate funding. Participants claimed that there is currently not enough funding for special programming for children with behaviour disorders, such as FAS, FAE, and ADHD. Concern was expressed about lack of transportation for physically disabled children, about extended hours for parents who work evenings, and, in general, if I can summarize, there was a concern about the need for more flexible hours for child care. We do know there are a couple of centres in Winnipeg that are providing more flexible hours.

There is also the Lakeview Children's Centre at Langruth, which is based on a hub model and also provides flexibility for parents who are involved in farming and have different needs than other people because of the irregular hours of work.

There was also concern expressed about the need for backup staff. For instance, if children are sick, also for educational opportunities for staff and concern about the ability to keep well-trained staff. Probably that would be one of the most important concerns that we heard. There are reasons for this, I think the main reason being that salaries are so low compared to the amount of education that is required, namely, two years of post-secondary education as a minimum to be an Early Childhood Educator II or an Early Childhood Educator III. The result is that child care centres are experiencing a very high turnover. They are having trouble keeping staff because people can go into other related occupations that pay higher wages. The result is that centres are currently advertising for staff, and they cannot get anybody to apply because the wages are so low. So what do they do? They hire unqualified staff, and then they have to apply for an exemption for licencing due to improper ratios of qualified staff.

Members would be interested to know that I asked for a list of these centres from the minister, and I received a very short list. However, I believe a much longer list exists, but I did not ask for the right kind of exemptions. I know that the executive director of the Manitoba

Child Care Association has written, and I have written as well asking for the complete list of centres that have an exemption for licencing. We will be very interested to see how many centres are on that list and how it compares with previous lists that we have. But we suspect that there is a long list of centres that do not meet the licensing requirements, and I will be interested to hear, if the minister speaks in this debate, what she has to say about that.

I also noticed, Madam Speaker, in a recent publication that all members received from Red River Community College called 1997-1998 Graduate Employment Report, it is a very interesting report that I read every year. I particularly look at the statistics on Early Childhood Educator, for their two-year diploma program. I noticed that there was a big decline in the number of graduates from the '95-96 school year to the '96-97 school year. In fact, the number of graduates declined from 54 to 41, which is about a 25 percent decline. I am not sure of all the reasons for that. Perhaps I should phone Red River College and ask the instructors and see what they think the reason is, but I suspect that one of the reasons may be that those people who may be considering going into child care realize that there are problems in terms of wages and it is not commensurate with their level of education, and so it is not as attractive an occupation to go into as maybe it once was.

Other concerns expressed by parents and other participants were that there is very little drop-in and part-time child care available, which I think fits into what I was saying about the lack of flexible hour child care. I know that this is something that the minister has promised and has commented on many times in the past. I look forward to hearing from her about whether there has been any improvement in that area. Certainly parents are saying there needs to be a great deal of improvement.

There are too few school-age centres and spaces. There are waiting lists for spaces which are too long. This tends to be a cyclical matter, but currently we understand there are waiting lists at many centres.

There are few male child care workers and thus few male role models. I think this is

something that we do need to address so that people, children especially, do not think that you have to be female to be a child care worker. Fortunately there are some male workers. In fact, across the street from my constituency office, the executive director of Keep Childcare is Jeff Richard [phonetic], and it is good to see that there are executive directors who are male, but this is something that we need to work on. We need to encourage more men to become early childhood educators.

We also heard that unemployed parents lose their subsidies and spaces if they do not find a job within two weeks. This problem was certainly caused by the government when they changed their policy a number of years ago when they took \$5 million of funding out of the child care system. In fact, they did that twice. They took \$10 million out of the child care system and then they added back \$5 million and then they added back another \$5 million.

But it is kind of a shell game, you know. You take money out and you change a policy, but it has a long-term impact, and this is one of those. I remember that when the government cut the number of weeks for a search for employment from eight weeks to two, I phoned Canada employment and I found out that at that time, on average people took 23 weeks to find employment. So certainly two weeks is inadequate. We think that that has a detrimental affect on people's ability to find work.

There were many recommendations that came out of the public forum. They were good recommendations. Here is a summary of some of them: that government encourage a shift in public values by financially recognizing the importance of the service provided in child care centres and licensed family homes. I think one of the ways to do that is to ensure that staff are adequately compensated, commensurate with their level of education. This certainly sends a positive message to parents and to society, if you value the service that is being provided, and also makes it more attractive for people to go into that profession.

* (1720)

That operating grants reflect the actual costs of operation. There were many comments about

that, and there are many variations currently in the cost of operating centres. For example, some centres do not pay any rent, other centres have very reasonable rent, and some have very expensive rent, but there is a lack of equalization of class in the system. For example, some centres may only have to pay a rent of a dollar a month, while others pay \$1,500 a month.

Another recommendation was that recognition of staff be reflected by enhancing and standardizing salaries across the system and increasing opportunities for education and training. Certainly, there is a recognition in society that it is no longer sufficient to go to school to get a certificate or degree or diploma and graduate and then not go back to school again or not upgrade yourself or not continue your education.

There is an expression, which is in vogue now, which is "lifelong learning," and I think almost all professions recognize that there is a need for lifelong learning. I think that is what the parents and others are saying here, and that is that there is a need for ongoing education and training. Certainly, organizations like the Manitoba Child Care Association encourage that and provide workshops for their members to upgrade their education and training.

Another recommendation is that child care be recognized as a significant antipoverty measure. Now, we know that Manitoba has a disgraceful record when it comes to child poverty. We, once again, are the child poverty capital of Canada, with one in four children living in poverty in this province. It would certainly be much higher if all Manitobans were included not just Manitobans who live off reserve.

You know, this minister likes to talk about early childhood education, and she has made a lot of announcements. We have called this minister the minister of pilot projects, because she has made so many announcements about pilot projects. She likes to quote the research from people like Dr. Fraser Mustard about the importance of early childhood education. We believe that child care is one of the ways in which the effects of poverty can be ameliorated

in a positive way by high quality, affordable child care.

Certainly, there are many, many children who qualify for special social needs and have access to the child care system because of their social needs. Many of these children, it is my understanding, come from families with very low incomes. That is one of the reasons why they qualify for the special social needs. It would be interesting to know from the minister, in her speech today or perhaps in Family Services Estimates, whether the number of those spaces is being increased or whether it is static because certainly there is a demand for child care for these kinds of children.

It was also recommended that children have their individual needs met, that centres offer part-time and drop-off care which I have mentioned before; in fact, I did some interesting research on this. Not only am I familiar with some examples in Manitoba of what we call flexible care, but there is a private operator in Brampton, Ontario. I do not have her name with me, but I think her name is Heather Bauer [phonetic]. She used to work in Manitoba, and now she owns several child care centres and she has the first licensed drop-in centre in Ontario. We need to study that and see if that is a good model to have a licensed drop-in centre. I think that would fit with our concerns about the need for flexible care.

In conclusion, Madam Speaker, we believe that there should be a fully accessible, publicly funded nonprofit system of comprehensive high quality child care in Manitoba, and we think that the 50 participants at our child care forum agree with that. Thank you.

Hon. Bonnie Mitchelson (Minister of Family Services): Madam Speaker, I am pleased to stand today here as the Minister of Family Services and indicate that I am extremely proud of our government's record on the child care front and many other areas, especially within the Department of Family Services which I have the responsibility for. I share along with, I know, all members of this Legislature, even those that have recently joined the Filmon team on the opposite side of the House by voting for our budget. I know that not only are they supportive

of our government's direction, they are even putting billboards and signs up now that have that Tory-blue colour. They are looking at changing their image to try to echo and duplicate our party's position and what our party stands for.

I am really glad to see that at long last the New Democratic opposition party is beginning to see the light and beginning to understand that a lot of the policies that we have put in place over the last 11 years have enabled us to bring in a budget this year that does balance things on the economic side and put money into areas where there certainly is an increased need on the social side.

My department, Madam Speaker, is one of the departments on the social side of government that indeed has seen a significant increase on child care as well as many other areas within the department. So I am really pleased to see that the New Democrats now believe that the Filmon government has done a good job. I will speak to some of the things that we have done specifically on the child care side and with early childhood educators and parents that need the support of child care in order to work in our province. I do know that, as society changes and as things in the economy change, there certainly is need for changes in our child care program to meet those needs.

I am extremely proud to say that more Manitobans are working today. Our economy is booming. Our unemployment rate is second to none across the country at 5.6 percent. So that is something that I think deserves to be given some credit by the opposition to some of the policies that we have put in place.

I am also very proud to say that since 1988, when we took over as government, there has been \$20 million more put into child care, not less. My honourable friend plays with figures and numbers. Twenty-six million dollars more is \$26 million more, not less, a 97 percent increase in funding for child care. We will spend in this year's budget, which the opposition did vote for, \$54 million. I am sure congratulations from my honourable friend across the way would be in order for the significant commitment that has been made.

Madam Speaker, I want to compare that to our neighbour to the west, the province of Saskatchewan, that is governed by a New Democratic Party, who has approximately the same number of children from ages zero to 12 as our province does. Let me tell you what their budget for child care is. It is \$17.9 million per year. We spent \$54 million to \$17.9 million by a New Democratic government just to the west of us.

Tell me which government places priority on child care and children. That is the kind of policy that we would see from the New Democratic Party if they were in government here in Manitoba. I think our budget and our commitment show that our government does care about Manitoba's children. Also, on the side of—I know my honourable friend did have a consultation and had 15 members of the child care community, whether they be parents or child care providers, in to visit and discuss child care issues. I know part of his resolution talks about more funding and more money for children with disabilities.

* (1730)

I do want to indicate that our child care funding for children with disabilities is almost doubled in this year's budget to \$4.4 million, so I know that my honourable friend would be very happy with that announcement and that part of the good news within our new budget.

Madam Speaker, we have seen a major expansion of child care spaces, over 5,000 more child care spaces in Manitoba since we took over as government, and we recognize and realize the need for subsidized child care. That has been, since we took over as government in 1988 increased by 129 percent. That is not insignificant when you look at the kind of resources that have been focused on child care.

I am also really proud to say that I am part of a government that does look at assisting Manitobans to become more self-sufficient and independent. We know that the best form of social security is a job, and since 1996 when we introduced our welfare reform initiative we have 10,000 more individuals and families working

that have moved off of welfare and into the workforce. Not insignificant, Madam Speaker.

We have placed a very high priority on services for individuals, whether it be through Taking Charge! or whether it be through other programs like Opportunities for Employment. I know that our Premier speaks often about his visit to Opportunities for Employment where three years ago, when the program was started, they looked at providing assistance for just over a hundred clients per year to move off of welfare and into the workforce. After three years of operation, they had their thousandth graduate from the program. That thousandth graduate that was recognized was a single parent with six children who had found meaningful employment and was being recognized, and spoke very humbly about what a job opportunity has meant for her and her six children. I think those are the kinds of examples that need to be highlighted because we know that a job for that woman and that individual has impacted in a positive way on her and the six children that she supports.

Madam Speaker, I know that many single parents have the opportunity to be trained and to move off of welfare and into the workforce as a result of programs that have been initiated by our government.

I want all Manitobans to know, and I think they do know, that child care and support for child care have been a very important part of our government's commitment to families. I know that the fact-finding mission that was undertaken by my colleague the member for St. Norbert (Mr. Laurendeau) received very many helpful comments from right across the province of Manitoba, and I would venture to guess that he has met more people working in our child care system and more parents that are in need of child care than any other member in this House.

As a result of that consultation and recommendations that were made from families and early childhood educators, we set up a regulatory review committee of members of the community, along with government, to make recommendations on how we could make the system more user friendly to those parents that need support and to those that work within the system, and we listened very carefully. As a

result, I think we have got some innovative programming in place, and we have been able to address many of the recommendations that have come forward from that regulatory review committee process. This year's budget certainly goes a considerable way to addressing a lot of the recommendations that have been made. All of the spaces that in the past were unfunded are now fully funded, which has certainly had a significant positive impact on many of our centres that are running throughout the province. We have additional subsidized spaces. We have, in fact, increased the operating grants for full-time child care centres in this year's budget by 15 percent for infant spaces and 10 percent for preschool spaces.

Madam Speaker, the regulatory review committee did indicate to us that they wanted us to move to unit funding to try to ensure that the right levels of support were there for the right age groups of children, and I think that we have started to address that issue in a significant way.

I know my honourable friend talked about the \$200,000 that was put into last year's budget for flexible child care. We cannot dictate to centres how they run their programs, but we are trying to provide incentives for those centres that are looking at more flexibility within the system. As a result of the uptake on that money last year to provide longer hours of operation and nontraditional hours of operation, we have put an additional \$200,000 into that stream in this year's budget. So that will be a total of \$400,000 to encourage centres to be creative and look to the needs of the parents and the families and their communities that are working to ensure that they are providing the kind of care that is most appropriate to those families' needs.

Madam Speaker, we have also had some increase in support for rural child care that will see the development of an additional 385 infant nursery and preschool child care spaces outside the city of Winnipeg.

Madam Speaker, I am proud that we have one of the best child care systems across the country, one that I can stand up as a part of a government that has supported significantly an increase in child care spaces and funding for child care spaces.

I am also very pleased with the new child care in schools policy that was announced just a few weeks back, that will consider capital funding for child care centres when there is a community need for that kind of space and that kind of facility.

So, Madam Speaker, I am pleased to be part of a government that has placed the focus and priority on child care as a result of a commitment not only from me as the Minister of Family Services but from my colleagues who represent all parts of this province.

I think we have shown the sensitivity and the caring that is needed to ensure that families, when they are working, have the child care support that they need. Thanks, Madam Speaker.

Mr. Marcel Laurendeau (St. Norbert): Madam Speaker, it gives me great pleasure to rise today and speak to an issue that is of great importance to our government, and that is child daycare and our ChildrenFirst policy.

Madam Speaker, our children are Manitoba's future, and our government recognizes that investing in a good start in life can ensure that children will become healthier adults, better able to participate in schoolwork productively. The first few years of life are critical to an individual's development, and that is why our government places such a high priority on child daycare. We know that quality child care has long-lasting positive effects on children and plays an important role in their healthy development and well-being.

* (1740)

Our government recognizes that for many families a critical support for their efforts to become or remain self-sufficient is quality affordable child care. As members of this House are aware, increased support for child care is an important part of our government's commitment to working parents. As members of this House may recall, in 1996 the Honourable Bonnie Mitchelson, Minister of Family Services, asked me to conduct a fact-finding mission to find new ways of making our child care system even more responsive to the needs of Manitoba families.

I visited with daycare centre groups and family daycare homes throughout rural and urban Manitoba. I also held public meetings throughout our province. Our government listened carefully to the concerns of families and daycare providers, and we received many helpful comments and recommendations.

Madam Speaker, as I toured the province, I heard a number of the issues that the member for Burrows (Mr. Martindale) brought forward today, and I must say that this government responded to a number of them. They spoke about the flexibility which the member spoke about today. Our government implemented \$200,000 in last year's budget to work on a plan that would help alleviate some of those concerns about the flexibility, and, again, this year, we put another \$200,000 into that same proposal. There are daycares now looking at that initiative to better serve the community because the nine-to-five jobs are no longer a reality and sometimes within the nursing community or other professions where there is evening work going on they need that support mechanism in place.

I am pleased to tell the members of this House that our government is increasing funding for child daycare by over \$5 million in this year's budget. The member for Burrows (Mr. Martindale) spoke of a \$5-million decrease in 1996. That \$5-million decrease was relative to what was being spent at the time. It was not a real number because the numbers were not being spent, so it was just a misallocation of funds. Once we improved the system, we found that we could reallocate those funds within daycare and actually get a better resource from it.

One of the areas we found, Madam Speaker, when I was touring the province, they said to me that there was some money that was actually not being used to its full potential. Well, we found \$800,000 worth of savings within the daycare itself that we were able to reinvest. With that reinvestment, we could license all those facilities which did not have funding at that time in the rural communities. All those unfunded spaces got funded with that \$800,000.

That is an important number because when we look at daycare, we in the city started working on daycare many years ahead of the

rural community. The rural community did not understand or did not have the need at the same time as the city of Winnipeg did. As we move towards the new improved daycare system throughout rural Manitoba and the city of Winnipeg, this year the minister has allocated an extra \$500,000 for exactly that area, and that is rural daycare.

The member spoke about the group in Langruth, Madam Speaker, Lakeview. That group was one of the groups that I met with. Very progressive. The issues that they understand about how daycare is required within the rural setting and how the flexibility had to be put in place were very interesting. They came forward to the regulatory review commission, which was established by the minister after I had finished my fact-finding mission. This was one of the recommendations that they had: that they could have a body established of daycare community workers, parents, operators, so that they could review the situations and the concerns being brought forward. If you had have seen the list, the first list that I brought forward—and I know I gave the honourable member for Burrows (Mr. Martindale) that list. Everybody said, where is this report that you did, so I gave the member the information from the fact-finding mission.

That information went to the committee. That committee reviewed it, and there were a number of things that were not actually needed. Some of them were just misunderstandings in how the daycare community was interpreting some of the regulations. Some of the regulations had to be simplified or put in plain English. In some cases, we had some of our own people, who were going out and giving direction, giving us a different direction in Winnipeg versus going in Brandon or Melita or wherever it was in the province. So it was interesting that, when we were able to focus on these issues within a group and say, how is it we can best put in place this flexibility and the needs to create the inequities within the system, they were able to find that.

I find the improvements since '96 dramatic. Maybe the honourable member for Burrows (Mr. Martindale) does not, and I understand he brought some of these concerns forward. Some of the private-home daycare workers that the

member was speaking of were talking about inequities within it. Those issues have come forward to the regulatory review committee. Those issues are being dealt with today— [interjection] I did not hear it. Go ahead.

An Honourable Member: The child daycare system in Manitoba is a model for North America.

Mr. Laurendeau: The child daycare system today is a model for North America. Find me a better model anywhere. Find me a model anywhere today, Madam Speaker, in North America that beats our system here. You are not going to find it in our neighbour to the west, where they only spent \$17.3 million. We have increased our funding since we became government by more than they have allocated today in their entire budget—\$26 million we have increased it by. They only spent \$17.3 million. Is that the model we should be going after? Maybe we should go after the model in Alberta, where it is totally privatized now? Maybe we should be looking at the model in Ontario that the member for Burrows (Mr. Martindale) spoke about, which is again a privatized system, which does not have the same allocation, the dollars that we do here in this province. Maybe we should look at what they have in New Brunswick, which is very minimal.

I have looked at the models across this country, and we have the best ones right here in Manitoba. I spoke to a group from Minneapolis who was looking at our model. The invited me down to speak to them about our model of daycare within our province, because they wanted to implement what we had. Now, that is what I call important, when a city the size of Minneapolis looks at what we have as a model for what they want to bring in.

So do not be telling me that there are a lot of inequities that cannot be dealt with. Yes, there are some inequities. There will always be some inequities, because you are not going to have it perfect at any one time. The opposition did not have it perfect when they were in government, because we have created a lot more flexibility within the system.

An additional 400 new child care spaces will be created for parents being served outside of the

conventional business hours. That is what that \$200,000 is doing, last year's and this year's.

An Honourable Member: Let us have an election and see. Let us have an election tomorrow.

Mr. Laurendeau: The member keeps saying: call an election and see. They voted for the budget. They supported a budget which increased funding to daycare by \$5 million. They said they were in favour of doing it.

Madam Speaker, they are looking for all kinds of excuses for us to go to the polls. I am not hearing it when I go to the doors. The people that I am hearing at the doors are happy to hear from me. I attended a meeting the other day at Smitty's restaurant. This was a "come meet your NDP candidate" meeting. You know who showed up? Nobody. It was not the candidate either. Even the candidate did not show up. She had an executive meeting there but no candidate.

I had three of my constituents saying: Marcel, we are still going to be voting for you because she did not even come out to meet us.

And they called this going out to meet the public. Madam Speaker, the people in my constituency respect what I have done. The member for Wolseley (Mr. Friesen) was out knocking at doors in my area. Let me tell you, they are not pulling the wool over anybody's eyes. The people of St. Norbert know what an NDP government would do. They would destroy daycare in the province of Manitoba. They would bring it back to the past. They would do as the NDP in Saskatchewan have done, and they would reduce funding for daycare, because they do not care about our children's future. They do not really care or they would not believe in what they believe in today.

Point of Order

Mr. Doug Martindale (Burrows): Madam Speaker, I am wondering if the member for St. Norbert would entertain a question.

Madam Speaker: Order, please. That is not a point of order, but sometimes flexibility is

allowed. The honourable member for St. Norbert has four minutes remaining.

* * *

Mr. Laurendeau: Thank you, Madam Speaker, and I am sure after my four minutes are up, if the honourable member would want to give leave, I would be more than happy to answer a question of the honourable member for Burrows—after my four minutes are up.

* (1750)

Let me say that when it comes to child care, I have visited over 140 different child care facilities within this province. I have talked to thousands of people throughout this province about daycare. When I was in Brandon, we spoke about a number of issues. Let me say that the first few meetings were a little bit spooky. I mean, I walked in the doors, and they were saying: what, you are from government, you are here to do what? I said: I am here to listen. And they said, well, no government in the past has ever listened to us. No government in the past has ever initiated the changes that we really want to see. And I said: we will. We will implement the changes that are necessary because we believe in the ChildrenFirst policy. We believe that our children are our future, and we believe that without our children being better taken care of, we would not have a future here in Manitoba.

Madam Speaker, I am proud of the achievements that my government has reached in the short term that I have been here. I consider—I have only been elected since 1990—the inequities that we had to deal with not only—[interjection] Madam Speaker, I could enter into a debate on a number of the issues, but I do believe that the issue that is before me right now is child daycare.

Our government's 1999-2000 child care budget will increase operating grants for full-time child care centres' infant spaces by 15 percent and 10 percent for preschool spaces. As well, operating grants will now be provided for all previously unfunded, nonprofit infant and preschool expansion spaces that currently exist in a funded child care centre.

Madam Speaker, that is an interesting number because the honourable member for Burrows (Mr. Martindale) spoke about the minister's pilot projects. Those unfunded spots that the member for Burrows was speaking about were exactly that. They were pilot projects established by this minister to fill in an inequity within the system. We had facilities that had the capability of having 48 spaces in them, but because of their licensing requirement at the time, they only had 42. We were able to expand them with the pilot projects so they could get full use of the allocated dollars on the operating budget side, so that they could use up those 48 or 50 spaces. Those nine and 10 spaces today that this minister established back in 1995, '96, '97, '98, those spaces today are funded. Why? Because this minister put in place funding for those spaces.

Then the Leader of the official opposition (Mr. Doer) talks about the cutting. Madam Speaker, there were no cuts; \$26 million dollars more in daycare today than there was when we were first brought to office—\$26 million. I do not care whose books you open up, a \$26-million increase is an increase, is an increase.

Madam Speaker, if they want to speak about the \$5-million so-called reduction that the member for Burrows spoke about, look at what was actually spent. It was \$5 million less spent because of the inequities within the system. The inequities within the system that were established by them when they were in government before we had a chance to review them did not allow for the full expenditures of the allocated dollars. Today, the money, the allocation, is being spent, spent on the future of our children, spent to their best needs.

We are reaching out to the families of Manitoba to see that they have child care. We are taking and using child care, not only—[interjection] Madam Speaker, when we look at child daycare today, it has helped us because Manitoba, with the jobs that we have created throughout this province, had to look at a flexible system that worked. We have taken people off of welfare; we have put them to work, and those are single mothers who require daycare.

Madam Speaker, those are some of the spots that we have opened up. I am proud of where my government is going on daycare. I am proud of what my minister has done, and I am proud to go knock on the doors and talk about daycare tomorrow and daycare for the future. That is a daycare under this government.

Mr. Martindale: Madam Speaker, with leave of the House, I am wondering if I could ask the member for St. Norbert (Mr. Laurendeau) a question.

Madam Speaker: Does the honourable member for Burrows have leave to ask a question? [agreed]

Mr. Martindale: I would like to ask the member for St. Norbert, briefly, if he agrees with the statement that his government spends too much money on child care and that mothers should stay home, as the member for Emerson (Mr. Penner) said from his seat.

Mr. Laurendeau: Madam Speaker, I do not know where the member gets such information because my government and my members believe in the child care system that we have today. We believe in nurturing children, and if the honourable member misunderstood what the nurturing of children meant, I really think he has a problem, because we believe in the child care system that we have today. We have proven that by this year's budget, where we have increased funding by over \$5 million. We have proven it since we formed government by putting in \$26 million more funding since we were first elected.

So let him not say that we do not believe in daycare on this side of the House. We do believe in daycare, or we would not have put \$500,000 more into daycare today to take care of our rural daycare concerns that we have within this province. So, Madam Speaker, no, the members on this side of the House support daycare throughout the province for the children and our future.

Mr. Jack Penner (Emerson): I think we have clearly today enunciated the difference between us and them. I think we know now what honesty means, and we know now what caring means, and we know now what truly the parental

responsibility means. I think we have identified clearly what we meant when the honourable member opposite raised a question and indicated what I had said. I think he should have honestly said that I truly believe, as a member for Emerson, that mothers are the best parents and the best caretakers of children, and I truly believe that. I do not think there is a dispute of that in the world. I think the programs that we have initiated clearly demonstrate our government's belief in mother's role in raising children.

However, we know that there are circumstances that prevail from time to time that do not allow mothers to spend time with their children, and that is why we are probably the frontrunner in this country in developing a care system for our children that we truly believe in, and that our minister deserves a tremendous amount of credit for. I truly believe that the honourable member for St. Norbert (Mr. Laurendeau) and the work that he has done in asking—and this is why I say this is the difference between us and them—I remember well, Madam Speaker, when I was not in government, when their ministers came to us in rural Manitoba and told us exactly what we had to do. When they were in government, they believed in government that told people what to do. We believe in going out and asking people how to design programs, how to develop policies, and how to develop initiatives that will make things better for our children. We believe in asking people how to deal with young people, whether it is through the Young Offenders Act inquiries, whether it is through our daycare act inquiries, whether it is through our education act inquiries—[interjection]

Madam Speaker: Order, please. I am experiencing difficulty hearing the honourable member for Emerson.

The honourable member for Emerson, to continue.

Mr. Penner: Madam Speaker, we will be quite proud to go before the people and identify clearly the differentiation between us and them. Let me say this to you: I truly believe that when the writ comes down, whenever our Premier decides to call the election, the people of

Manitoba will once again clearly identify what kind of government they will want and what kind of direction they will want to give, and that is simply that I believe that people believe that consulting with them, asking them how to devise policies, and not taking clear directions from the opposition are what the people will finally prefer.

I truly believe that this resolution that has been put before us by the honourable members opposite is not the kind of things that people in Manitoba want. The kind of programs that we have put forward to take care of children, now whether it is the BabyFirst program, whether it is the EarlyStart program, or whether it is in fact encouraging mothers to spend more time with their children—that is the kind of direction our people want from government. That is the kind of programming our people want from government, and I truly believe that our support during the next election campaign will clearly demonstrate that people believe that mothers and

fathers are the No. 1 caretakers of children. If the honourable members opposite want to argue that, then I am quite willing to debate that any time at any public forum anywhere in this province.

I feel very strongly about that, and I believe that the initiatives, the programs that our minister has developed and put forward, are some of the best in the country, if indeed not some of the best in the world. I think anybody here in the opposition cannot stand in honesty and argue that.

Madam Speaker: Order, please. When this matter is again before the House, the honourable member for Emerson (Mr. Penner) will have 11 minutes remaining.

The hour being 6 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 17, 1999

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