



First Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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The Honourable George Hickes
Speaker*



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 1, 2000

The House met at 10 a.m.

PRAYERS

Introduction of Guests

Mr. Speaker: Prior to Orders of the Day, I would like to draw the attention of all honourable members to the gallery, where we have with us from J.H. Bruns Collegiate 25 Grade 9 students under the direction of Mr. Bill George. This school is located in the constituency of the Honourable Member for Southdale (Mr. Reimer).

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

ORDERS OF THE DAY

Hon. Gord Mackintosh (Government House Leader): Would you please call second readings of Bills 12 and 27.

SECOND READINGS

Bill 12—The Public Schools Amendment Act

Hon. Drew Caldwell (Minister of Education and Training): Mr. Speaker, I move, seconded by the Honourable Member for Brandon West (Mr. Smith), that Bill 12, The Public Schools Amendment Act (Loi modifiant la Loi sur les écoles publiques), now be read a second time and be referred to a committee of this House.

An Honourable Member: Use a minister.

Mr. Caldwell: Use a minister, okay. Well, I will use the Honourable Becky Barrett—

An Honourable Member: Minister of Labour.

Mr. Caldwell: The Honourable Minister of Labour. Thank you.

Mr. Caldwell: Mr. Speaker, I move, seconded by the Honourable Minister of Labour (Ms.

Barrett), that Bill 12, The Public Schools Amendment Act (Loi modifiant la Loi sur les écoles publiques), now be read a second time and be referred to a committee of this House.

Motion presented.

Mr. Caldwell: This is a rookie performance, as is quite obvious to everybody in the House.

Mr. Speaker, our government is committed to building a public education system that will prepare Manitoba's youth for the challenges of the new economy and ensure that all children have a fair start in life through the opportunity of quality schooling. That said, this government also recognizes that parents in Manitoba may choose the setting in which their children will receive their education. Schooling children at home is one such option. While government is supportive of parents who choose to school their children at home, we share responsibility with them for ensuring that home-schooled children receive an adequate education.

Bill 12, The Public Schools Amendment Act, will allow the Department to ascertain that a reasonable standard of education is taking place through home schooling while respecting the rights of home-schoolers to choose an educational plan for their children. The Bill also contains provisions that will expedite the payment process for certain grants to education organizations and to school divisions and districts.

At present, home schoolers throughout Manitoba are not legally required to register with or report to the Department of Education and Training. There is, however, a policy expectation that home schoolers register with the Department. This amendment will mandate that home schoolers register with the Department so that the Minister can be satisfied that these children are receiving an education equivalent to that offered in the public school. To assist in this determination, parents will also be required to provide the Department with information about

the home school as well as periodic progress reports on each child registered.

In addition to the funding provided through the Schools Finance Program to support Manitoba's K to Senior 4 public schools, The Public Schools Act also allows government to provide additional financial support to school divisions and districts for other purposes not covered under the Schools Finance Program by way of grant funding. Furthermore, Mr. Speaker, The Public Schools Act allows government to provide grant funding to educational organizations that, through their various activities, enhance the quality of education in Manitoba.

Treasury Board, through the grants listing process of the Estimates cycle, approves the recipients, purposes and conditions of these grants. In the past, these special grants have been paid to organizations such as Marymount Inc., the New Directions for Children, Youth, and Families, Rossbrook House, and the Manitoba Schools Improvement Program. Special grants have also been paid to school divisions for institutional, multisensory, autistic and deaf or hard-of-hearing programs, for special projects such as the truck transportation industry training and wood products manufacturing programs, and to Frontier School Division to ensure that it is able to provide a level of service commensurate with that of other school divisions in the province.

At present, both Treasury Board and Cabinet are required to approve payment of these grants. The dual-approval process currently required under The Public Schools Act is superfluous since Treasury Board has already, through the Estimates process, authorized the grants before Cabinet even sees the request. A Treasury Board minute is provided to Cabinet at Estimates time. This amendment, Mr. Speaker, will permit an expedited payment process for grants while still allowing government to maintain control over the approval process. Thank you.

Mrs. Joy Smith (Fort Garry): I move, seconded by the Honourable Member for Steinbach (Mr. Jim Penner), that debate be adjourned.

Motion agreed to.

Bill 27—The Correctional Services Amendment Act

Hon. Gord Mackintosh (Minister of Justice and Attorney General): Mr. Speaker, I move, seconded by the Minister of Education (Mr. Caldwell), that Bill 27, The Correctional Services Amendment Act; Loi modifiant la Loi sur les services correctionnels, be now read a second time and referred to a committee of this House.

Motion presented.

Mr. Mackintosh: Mr. Speaker, two amendments are proposed to the Act to allow for the more effective administration of the Act. One section of the Act contains provisions respecting the exclusion of offenders from the definition of an employee as it could be construed in The Workers Compensation Act. This exclusion was originally intended to exempt offenders in correctional work programs from provincial statutes such as The Employment Standards Act.

The effective administration of work programs for offenders requires that these offenders not be excluded from coverage by section 9, Manitoba regulation 545/88r and that is the declaration of workers and government employment orders. For greater certainty and assuring that section 57 of The Correctional Services Act does not exclude offenders from this coverage, amendment is proposed specifically stating that the section does not apply in such cases.

Mr. Speaker, the federal Prisons and Reformatories Act provides for inmates to earn remission in accordance with any regulation made by a province. Staff from the Constitutional Law Branch initially took the view that the regulations referred to in the federal act are federal statutory instruments, and The Correctional Services Act was enacted without any specific authority to make regulations respecting regulations. Since then, the constitutional branches of both levels of government agree that the province has concurrent jurisdiction with the federal government to administer remission and that it would be preferable if the regulations were developed under provincial law.

Amendment to this other section of The Correctional Services Act to provide specific authority to make regulations respecting the method of determining compliance with rules and participation and programs for the purpose of granting remission to inmates would remove any doubt that the Lieutenant-Governor-in-Council, in making the proposed remission regulations, would be acting within the scope of the regulation-making power granted by the Legislature.

I look forward to this bill going to committee, Mr. Speaker.

Mr. Marcel Laurendeau (St. Norbert): Mr. Speaker, I move, seconded by the Honourable Member for Southdale (Mr. Reimer), that debate be adjourned.

Motion agreed to.

* (10:10)

TABLING OF REPORTS

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, before proceeding with the Supply motion, is there unanimous consent of the House to allow the Minister of Education to table his Supplementary Estimates?

Mr. Speaker: Is there leave of the House for the Minister of Education to table the Supplementary Estimates? *[Agreed]*

Hon. Drew Caldwell (Minister of Education and Training): Mr. Speaker, I am pleased to table the 2000-2001 Estimates for the Department of Education and Training.

* * *

Mr. Mackintosh: Mr. Speaker, with regard to Supply, is there unanimous consent of the House to consider the Estimates of Industry, Trade and Mines in the Chamber?

Mr. Speaker: Is there unanimous consent of the House to have the Estimates of Industry, Trade and Mines in the Chamber? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, would you also canvass the House to determine if there is unanimous consent to consider the Estimates of the Department of Education, and they will be starting up in Room 254.

Mr. Speaker: Is there unanimous consent for the Department of Education to start in Room 254? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, I move that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty, seconded by the Minister of Labour (Ms. Barrett).

Mr. Speaker: It has been moved by the Honourable Government House Leader, seconded by the Honourable Minister of Labour, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty: Industry, Trade and Mines in the Chamber, Highways and Government Services in Room 255, and Education in Room 254.

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

EDUCATION AND TRAINING

Mr. Chairperson (Harry Schellenberg): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Education and Training. Does the Honourable Minister of Education and Training have an opening statement?

Hon. Drew Caldwell (Minister of Education and Training): I do.

Mr. Chairman, it is my privilege to place the 2000-2001 Estimates for Manitoba Education and Training before this committee for review. I would like to preface the division-by-division treatment of my department's Estimates by highlighting some of our priorities and accomplishments over the last seven months. Before I do so, I would like to place on the record my appreciation for the work that the staff of Edu-

cation and Training do for all Manitobans in creating an education system, public and post-secondary education system in the province in Manitoba that, in my opinion, is second to none in the country. I think the civil service deserves tremendous credit for the very, very good work that they do on behalf of all Manitobans, and I want to express my sincere gratitude and appreciation at working with them in this endeavour to create, as I said, the best possible system of public and post-secondary education in our province. I would like to again thank the civil service for their very, very good work, and I feel privileged to work with them.

One of the first things that the Government of Manitoba and myself have done as minister is to arrange meetings with educational stakeholders to establish good working relationships and also initiate a pattern of consultation which will characterize our dealings with each other throughout the mandate of this government. Our exchange of views over the last number of months have been very fruitful and the consultations have influenced, to a large degree, policy decisions and policy deliberations that have taken place within the Department.

I have also made numerous school visits so I could gauge from personal experience what is happening in Manitoba's education system. I have to say that I am very impressed with what I have seen in the public schools of the province of Manitoba. I am extraordinarily impressed with the people I have met, the teachers, trustees, administrators, parents who dedicate themselves daily to helping children in their charge and the students themselves who are not passive recipients of instruction but rather active participants in their own learning.

I have visited university and community colleges, have met with their presidents, staff and students and have spoken on more than one occasion to students in class. I have also made many visits to the Department and met with staff there. Again, I wish to thank our hardworking civil servants for their strong commitment and all the work they do on a daily basis to support education excellence in the province of Manitoba. I think we have every reason to be proud of our education system, and here I mean the full spectrum from kindergarten through

advanced education and training. I also believe we can look forward to the next five years as a time of great excitement and possibility when we can accomplish great things. In fact, we have already started with the announcement of increased funding of nearly 30 million new dollars for the K to Senior 4 public education system. Our total contribution grew this year to more than \$811 million for the 2000-2001 school year.

The Government of Manitoba also increased capital funding this year to about \$2 million, which again is the largest amount in over a decade, so that we can begin to address the very real capital deficits in our public school system. The Government of Manitoba is committed to providing ongoing stable funding, increasing in accordance with economic growth to restore deficits in the system required through the past decade. As importantly, the commitment to ongoing stable funding provides security in terms of long-term business planning for school divisions throughout the province of Manitoba. It is through these means that we can ensure that the education system in Manitoba has integrity. What I mean by this is that it is responsible to the needs of children, is defined by students themselves, their parents, their teachers, their trustees and other stakeholders in the public school system. The stakes are high because I truly believe that education is the engine that drives healthy communities. It is also a means of economic development and a way of addressing poverty. Education is the basis for creating a healthier and more prosperous Manitoba for all our citizens.

To ensure that students have an opportunity to experience success early in their school life, we cancelled the end of year Grade 3 standards tests and have begun consultation with parents and teachers on a Grade 3 assessment that will be carried out early in the school year starting in 2000-2001. Early assessment is key to developing a strong foundation in reading and mathematics at that grade level. Follow-up throughout the school year will do more to make a child's time in school a success than the previous end of the year Grade 3 standards tests.

With the introduction of the Healthy Child Initiative, Manitoba Education and Training will

be attending to the needs of the most vulnerable children in Manitoba. The Department of Education's role will be to create parent-child centres in schools and give students a healthy start to life and learning. We will also be working with schools and other social service agencies to create stronger working relationships so children and families will be more effectively served.

Our commitment to inclusion is also evident in the approach the Government of Manitoba is taking to the Special Education Review. The Government is committed to working closely with schools, with parents and with other stakeholders to move forward on the principles of the Special Education Review to determine how inclusion will work in practice.

So Franco-Manitoban students can have access to quality education in French, we have also renewed a five-year Canada-Manitoba special funding agreement for *gouvernance en français*. Over the term of that agreement, the Province of Manitoba will provide *Division Scolaire Franco-Manitobaine* an additional \$15 million to assist in meeting its province-wide mandate and obligations.

We have been concerned about the pace of curriculum development and the large number of new curriculum frameworks released in recent years. To give educators more time to master the new frameworks, we have slowed down the pace of development. We have also introduced a new openness in the Department and a greater willingness to look at alternatives and more flexibility in the interpretation of policy. Over the coming months we intend to lay out a long-term strategy for education and invite consultation with stakeholders in education and members of the general public.

I would like to now turn to the post-secondary side of the Department and highlight some of our priorities here. They are all informed by our commitment to creating hope and opportunity for young people in the province of Manitoba. Early in our mandate we announced a 10% tuition reduction to ease the burden on students of the cost of their education. We have increased operating grants to universities and colleges by \$8.8 million, as well

as provided an additional \$2 million to offset tuition increases institutions might otherwise have had to introduce.

In early March, the Government of Manitoba launched its college expansion initiative with Dr. Curtis Nordman taking the lead. Dr. Nordman has been working closely with both the Council on Post-Secondary Education and Training and Continuing Education, as well as meeting with the colleges to begin work on a multiyear plan for increasing the college sector in Manitoba. The expansion has several objectives: increasing capacity especially in high-needs areas, increasing accessibility to programs and credentials, improving success in completion rates, developing new service delivery approaches and increasing articulation amongst schools, colleges, universities, workplaces and other providers of training.

The \$6-million bursary announcement made near the middle of May is a centrepiece of a strategy to improve student services and reduce both debt levels and default rates amongst Manitoba's post-secondary students. The program goes into effect this August and will be applied directly against Manitoba student loan debt. It will also be integrated with the Canada Millennium Scholarship bursary to create the greatest financial and program benefits for all eligible students. The bursary program, in effect, will put a cap on students' combined debt load from Canada and Manitoba student loans to about \$6,000 per program year for most students. That means it will reduce students' debt load by about \$2,300 a year.

Combined with the Canada Millennium Scholarship Program, the Manitoba Bursary will be able to assist over 5500 student-aid recipients this year, which approximates 40 percent of student-aid recipients. With the introduction of the bursary the Province once more plays a supporting role for students in the post-secondary system. It is the first time since 1992 that the Government has played that role in terms of a bursary program, and it is worth noting that student leaders from Manitoba's four post-secondary universities and four community colleges played an active role in designing the program.

The Government of Manitoba has also announced a \$3.5-million expansion grant for the University of Manitoba's Computer Science program. The money is to be used to add new faculty members, purchase new computer equipment so students can be exposed to the very latest technology and build a new 24-seat lab for first year followed by an additional lab in each of the next two years. The benefits of this grant include an increase in the number of technology graduates; providing a positive research and work environment; ensuring sufficient university staff; creating an industry-university liaison committee to address issues and challenges related to both industry and education.

The Department of Education and Training is committed to helping Manitobans acquire the skills, knowledge and experience that they need for employment by linking training to jobs. The Training and Continuing Education Division oversees the Labour Market Development Agreement which put over 12 600 unemployed Manitobans back to work last year. Training and employment programs last year addressed government priorities and skill shortages in such areas as health care, nursing, the construction industry and the aerospace industry. Working in partnership with individuals, community members, businesses and service providers creates a system that is flexible, accessible and effective. Improved service delivery will continue to provide opportunities and success for all Manitobans.

To meet our commitment to strengthen the Province's apprenticeship and qualification system, the Government of Manitoba is planning to double its size, increase the scope of apprenticeable occupations and make it more accessible to employers, apprentices and trades people. Building on the momentum already generated by its new legislation and provincial funding structure, the expanded system will contribute significantly to solving skill shortages in many Manitoba sectors and businesses.

* (10:40)

The participation of Manitoba's Aboriginal people in education and the workforce is a concern to all of us. So more Aboriginal youth

can take advantage of opportunities enabling them to contribute and share in the benefits of our growing economy, the Government of Manitoba will be initiating new apprenticeship and training programs. Last November, the Department entered into an agreement with the Assembly of Manitoba Chiefs to provide resources to the AMC to promote apprenticeship training and qualification in the Aboriginal community. The result will be expanded activity beyond the three construction trades in northern Manitoba to all apprenticeable trades throughout the province.

The Government of Manitoba has had much success over the past several years with Partners for Careers programs, our provincial employment placement program for Aboriginal graduates. The office of Partners for Careers has moved to a new storefront location and will now serve as a one-stop shop for information that affects the employment of our Aboriginal citizens. This year we will expand the services we offer with the opening of the Aboriginal Employment Information Centre. We will also build and expand upon the showcase of Aboriginal youth initiatives that was successfully launched last year.

I think you can tell by this brief summary that there is a lot of exciting work underway in Manitoba Education and Training. The Government of Manitoba is following up on the commitments it made at the beginning of our mandate and moving ahead on new projects that will greatly improve Manitoba's education and training system. The Government of Manitoba will maintain our strong focus on partnership, and in including the stakeholders in our decision-making processes, we have every reason to look forward to an exciting year ahead. Thank you, Mr. Chair.

Mr. Chairperson: We thank the Minister of Education and Training for those comments. Does the Official Opposition critic, the Honourable Member for Fort Garry, have any opening comments?

Mrs. Joy Smith (Fort Garry): Yes, thank you, Mr. Chairman, I would also like to ask for leave. Mr. Derkach will be up here, and so I would like

to ask for leave to share the time for opening statements.

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

Mrs. Smith: Thank you, Mr. Chairman, and thank you for attending this Estimates time. I look forward to questioning the Minister of Education on all aspects of your plans and your visions and goals for Manitoba students.

I want to talk about, first of all, what we have done as a Tory government in Manitoba schools. We saw a need to revamp the curriculums. We spent a lot of time putting the curriculums together. We spent a lot of time collaborating with schools, with teachers, with students, asking them what they felt was needed, and their first list of priorities was to make sure that the curriculums were developed. We also began a western protocol procedure, in the area of science initially, and took a look at what was happening not just in Manitoba but all across Canada. We found that what parents and students wanted was consistency throughout Manitoba. We found inconsistency throughout Canada. That was one of the reasons for the western protocol procedure to be put in.

So what we did is we took a look at the core subjects first of all, and those curriculums were revamped. Teachers had input into a major part of input into the development of the curriculums. We had also consultants, Manitoba Education and Training people involved in the development of the curriculums, and the curriculums were well received in the schools themselves. I felt at the time that there were a lot of new curriculums hitting the schools very fast. I would agree with you, Minister, that the time for the curriculums definitely needs to be slowed down.

Having said that, the reception that the new curriculums have received in the schools has been excellent. There was a need for that to happen. Looking at the streams within the schools where the students had to meet the academic and social expectations in an ever-changing world and an ever-changing workforce, a global workforce, it was expedient for our government, the former Tory government, to put those new curriculums in place, develop the school programs, a part of Manitoba Education

and Training, and to develop the program implementation part of Education and Training.

Having done that, another part that we found very important for the Province of Manitoba was to put the advisory council for schools in place so parents could have meaningful input into the schools in the area of curriculum, in the area of discipline policies, in the area of school development. Of course, they were always a part of the fundraising, but we expanded the parents' role in a very meaningful way. The regulation was passed in March of '96. Parents then began to have a very meaningful input into the school system.

What the former government wanted to do was to embellish that partnership so parents and teachers had the supports that they needed to make sure that the students and the children here in Manitoba had the best possible educational experience.

Having said that, along the way, as things developed, we expanded on different areas of the educational initiatives. We took a look at building business partnerships within the school system. We took a look at all sorts of different aspects of the whole development of the child.

The former government also had a big part in implementing the assessment and evaluation of students across the province. At several parent public forums, we found that it was very necessary for students to be assessed and evaluated in such a way that parents understood the outcomes and understood where their children were working, at what grade level they were working in math, science, language arts, whatever part of the curriculum that the teachers were working on at the point.

Parents at that time said quite strongly that they were dismayed at the fact that they did not always know at what standard or what academic level their children were performing in language arts and reading and writing and the basic core subjects.

Having said that, there was an initiative to put forth an outcomes-based evaluation. With the outcomes-based evaluation at the Grade 3, Grade 6, Senior 1 and Senior 4 level, we were

able to find out what the child had learned over the year, what their strengths, what their weaknesses were. At the Grade 3 level, we were able to see the profile on the child, what had to be shored up. All those kinds of things were put in for those reasons.

So having said that, the former government put in place some initiatives that were very badly needed in this province. As I said before, the curriculum development, the testing assessment and the parental involvement were all a part of what our government wanted to do.

Having said that, we now have to look forward to what our new government is putting into place. Mr. Minister, we look forward to seeing what you are going to be doing in terms of collaboration with parents. I have to point out that before putting in the testing process, we had parental forums and we made sure that the need was there. We talked to teachers, we talked to administrators. This was all a part of the partnership. Now the new government is putting a new direction into place. I am anxious to see what the outcomes are at the end of the four-year period.

I will now ask Mr. Derkach—I have used my 15 minutes, I believe. Am I right? No, can I keep on? Oh, good. How many more do I have? *[interjection]* Wonderful.

Having said that, our Tory government laid a basis that was extremely valuable in the development of our province, the development of our students. We had the vision to work toward a global market. We had the vision to work toward building students up in such a way that they were able to cope with the challenges in the year 2000 and beyond.

As you know, Mr. Minister, at this point in time we are not looking just at a perspective here in Manitoba, but we need to be looking at the global job market and prepare our students for that. Having said that, with the new curriculums that were put in place, the province was beginning to see that the math was being strengthened, the language arts was being strengthened and the accountability factor in the school system was being recognized.

* (10:50)

As we all know, as you go through your time, new implementation research shows that it takes at least five years to put a program into place and to make it run smoothly, even beyond five years. So we did a great deal in a very short length of time, and that was a result of the much needed educational reform in this province. It was needed for the students. It was needed for the teachers.

Having said that, I think that the partnership between the parents and the teachers and the educators was one of the most crucial components that we worked on with the curriculums. There were a vast amount of curriculums put forward because it had to be there. The curriculums were so old and so outdated that our students were getting behind. Along with that, the teachers felt pressure, a lot of pressure, and with parent councils I would say 98 percent of them were excellent. There were some parent councils in my view that put more pressure on teachers, and so that was an ongoing thing that I am sure, Mr. Minister, you will have the opportunity to work with in your time in office. We certainly worked with it on a daily basis to help that partnership grow, so parents and teachers and students were able to work together for the good of the students because schools were built for students, not for anybody else. But that partnership was extremely important.

Looking to Manitoba Education and Training, Manitoba Education and Training was expanded because the need was there. When you develop curriculums, you need to have supports for the schools. In the area of program implementation and the area of program development, in all the core subject areas we needed to have the consultants, the experts, the regional managers in place to ensure that the schools had that support behind them.

We do have at this time a different kind of clientele coming into our classrooms on a daily basis because there are new and exciting challenges that we all face every day. With the changing job market, with two parents that often have to work to make a living, we have new challenges coming forward. We have children

who need to be supervised at a young age. We have teachers meeting challenges of different types of students in our schools with different types of needs.

They have a tremendous job to do, and I must say that I have a tremendous respect for teachers. I taught for 22 years myself. My husband is still a teacher. We have many friends who are teachers across the province, and we hear on a daily basis and understand very clearly the types of challenges that are there.

Our former Tory government needed to have the curriculums put in place, needed to have the parent advisory councils in place, so parents became equal partners with the schools. Teachers had the support that they needed to meet the challenges that are there because in our educational system our government believed that education was a 50-50 partnership between the parents and between the teachers.

The most important aspect, I must say, Mr. Minister, that we have to keep very clear in our minds is the students that we have to service. We have to make sure that they reach the highest academic standards, that they are able to reach out into an ever-changing global job market. We need to prepare them not only to work here in Manitoba but to work in all parts of the world and be successful, happy people.

We need to meet the new challenges that we face every day. We need to be able to build networks with our social services, with our health care, with our justice system to shore up the students and the parents who need those kinds of supports here across Manitoba.

I personally am very dedicated to the education of our students here in Manitoba, as I am sure you well know, and I am sure you are as well. Also, I think that the kinds of decisions that we make here at the government level possibly are why we have such vigorous debates at times, because the belief systems that we put into place are crucial to the students across Manitoba. I must put on the record and emphasize that the most important thing that we need to do is to work in collaboration with our parents, with our teachers, with our students and with the

administrators across Manitoba, so we listen very carefully to what the needs are.

I would say that having been in education for a great deal of years, having worked in Manitoba Education and Training, having worked in schools across Manitoba, I must say that we are in a very exciting time now. I think that the opportunity to support the system is there. We have to be very careful that political agendas are not sort of looked at or taken into serious consideration. What we need to take into serious consideration are the academic and social needs of the students right in the classroom.

This spirit of collaboration is very important, so when I question you during our time in Estimates, please keep in mind that my first consideration are the students here in Manitoba. I would hope that we could have helpful and meaningful dialogue. I know that we are in two different political parties, but I think we share the concern for the students here in Manitoba, and the questions and the suggestions that I made are not just mine, but they are based on questions and suggestions that I have heard from all across Manitoba. I would like this to be a very beneficial time where we can work together in this aspect. Thank you.

Mr. Chairperson: We thank the critic from the Official Opposition for those remarks and will now allow the Member for Russell the last 15 minutes.

Mr. Leonard Derkach (Russell): Mr. Chair, my specific responsibility is post-secondary, but indeed I think the two areas overlap, with the Minister having responsibility for both areas. I know our questioning will overlap as well.

Mr. Caldwell: Lucky me.

Mr. Derkach: Yes, lucky you. First of all, allow me, as a member of the Official Opposition responsible for part of the area of Education, to welcome the Minister to his first session of Estimates. I also want to pass my congratulations on through him to the new Deputy Minister of Education, whom I have had the privilege of working with. I know that his commitment to education is total. I know he has

worked in that field for a long time and his interests are certainly in that area.

I know that we will have some philosophical differences in terms of the approaches that are taken to the challenges that lie before us in education. I know that those philosophical differences will certainly come out through our questioning and through the answers, but we will try to keep them to a minimum, where we can perhaps focus our attention more on how we can improve the quality of education for the students and the youth of our province.

I was not present when the Minister made his comments, but I thank him for sharing with me the written copy. I would just like to address the areas in the post-secondary area perhaps in the order he had addressed them in his comments.

With regard to our universities, I think that it is fair to say that, regardless of your political stripe in Manitoba, governments in Manitoba I think over the years have tried to improve the lot of education in this province for students in universities, but we have taken different approaches to that. Not always is money the answer to the problems and the challenges in education. You can dump all the money you like at a problem sometimes, but it does not resolve the challenge and the issue.

In this regard I know that we would like to make education free for students in Manitoba if we could afford it. However, that is just not a reality. So, therefore, there is the issue of tuition. The Minister and the government have moved ahead with a 10% tuition reduction to ease the burden on the student's pocketbook.

I have to say that on the surface this may be a laudable position to take and one that all of us would applaud, but I think that what happens is the impact on our universities is something that has to be considered as well. I know that the Minister cannot do everything at once. I know that we talk about balance and we talk about fairness, but I think that we have to keep a very close eye on what is happening to the universities as a result of the tuition freeze because what it does is it impacts on the university's ability to be able to continue the

programs they have and to be able to expand them and to be able to keep up with other institutions across the country.

I know that the Minister will be keeping an eye on this, because this is indeed a very important issue, because if our universities start to fall behind their position where it is today relatively speaking to other universities, then this creates a problem for us as a province to attract the quality students that we need in our universities. It impacts on retaining the youth that are leaving our high schools and are looking for quality institutions to attend.

In that regard I might add a personal note, because I do have three young chaps who are now leaving home and entering post-secondary education. One of my boys has been in post-secondary for two years, chose an institution outside our province. Unfortunately for us he did that because he was looking for a program that was not available in our province. Now the second one is going to be graduating this year and again is leaving the province because the program that he is looking for is not available in our province. We have to be mindful of those things to allow opportunities for youth in Manitoba to be able to get their education opportunities here.

To that extent I have to say that the college expansion initiative is one that I would not criticize personally, because I think our government was moving in that direction and certainly this Minister is moving in that direction. That certainly has to be commended. I do not believe, though, that you can double the enrollment in our universities or in our colleges within the time frame of the mandate. That is something that I think has to be a longer term goal, because if you look at the infrastructure, if you look at the resources that we have, the human resources that we have, you would have to be a magician to be able to do that in a very short period of time.

Although the goal is laudable and one that I would applaud and I think we all want to see more students, especially students who are now from the sectors of society that are now not finding ways to access post-secondary, I think

we all want to make sure that they have an opportunity to access post-secondary education.

* (1100)

Here I speak of the Aboriginal students who disproportionately are not represented properly at our post-secondary level or even in our high school level, for that matter. I think we have to do whatever it is we can in a co-operative way to try and provide opportunities for them to have access to post-secondary institutions, because that is the only way that they will raise their lot in life, and it is the only way that they will get out of the—even the gang situations that we have today are a result of the fact that they do not access the educational and the work avenues of society the way they should. I think that that is recognized and has been for a long time by the people of Manitoba and by governments on both sides.

The question is: How do we best address it? Certainly by allowing for increased enrolment in our post-secondary institutions and perhaps reaching out to try and create programs that are going to be of value to them is the way that we should approach it.

In my years as Minister of Education, it was four years in the early mandate of our government, and I have to say that during that period of time we did put in an earnest effort and even after that to try and attract more Aboriginal students into our post-secondary institutions. I think over time we have done that, but certainly not as quickly as we would like.

Can I just ask how my time is, Mr. Chair?

Mr. Chairperson: Another eight minutes.

Mr. Derkach: So, Mr. Minister, I think that at the outset those are certainly things that we endorse in terms of an overall goal. In terms of how we achieve them, though, is something that we have to be very careful about in terms of ensuring that we have the capability and that we do not move ahead too quickly and all of a sudden find ourselves not being able to do what it is that we wanted to do in the beginning.

The one thing that I find missing in this budget, and it is a pet peeve of mine, I guess, is the distance delivery of education. That to me is the way that we have to move in order to be able to give opportunities to people who do not live in our urban centres. Even those who live in other urban areas of the province require the ability to access programs in other ways than physically going to an institution.

I visited the Athabasca University a few years ago and the director of the Red River College, I believe, moved to Alberta and took over the Athabasca college. It is a distance education centre. We were given an opportunity to examine the programs and the development of programs at that university. The university does not have any students on campus, and yet it delivered programs to about 20 000, I believe, at that time, university and college students.

I think that is an important area to explore, not only to explore, because in my term as Education Minister we did embark on the FYDE program, and it was the first year of university education through distance delivery. Unfortunately, that has stalled. Universities in Manitoba were reticent to go ahead with that program because they wanted students on campus. We pushed the issue to the extent that we were able to deliver the first year through distance delivery.

Now, the degree of success varied in different communities, and I think that we need to continue to push in that direction, and we need to develop the second year and the third year of university and perhaps even college programs more adequately for the students who do not live in the city of Winnipeg or, for that matter, in Brandon. It would also do a tremendous amount of good for us to deliver programs in northern Manitoba.

During my time as Minister of Rural Development, I embarked on discussions with the people of Nunavut who do access educational programs through Edmonton, and yet Manitoba is losing out on these valuable people and being able to deliver programs to them because we do not have a method of delivery into those areas. I would encourage the

Minister that this is an area in the post-secondary field that has to be explored and has to be expanded, and we need to invest dollars in that area.

Although I do not see any attention paid to that particular area in this budget, this is the first budget however, and I would hope and I would encourage the Minister that that is an area we should look at in terms of opportunity, in terms of being able to increase enrolment in our post-secondary institutions, and, most importantly, the ability to give opportunity to those people who live in remote areas and cannot access the educational opportunities in the standard way.

I notice that the Minister also talks about partnerships of Manitoba's Aboriginal people in education and the workforce. One of the things that I was encouraging in my term as Rural Development Minister, because I had responsibility for the North, as well, to a certain extent, was the development of sites outside of the city for Aboriginal people. I know that we do not have enough of them, but they cannot be specifically for Aboriginal people. I think that we developed those centres to give access to anybody who lives in remote areas of the province, in the northern parts of this province, regardless of whether they are Aboriginal or non-Aboriginal, but indeed the focus and I guess the predominant population in these areas would be Aboriginal. Therefore, I would certainly want to know more about the Minister's intentions in that regard and what investment he is planning to make with regard to the expansion of programs in that regard.

In conclusion, Mr. Chair, this is the first set of Estimates, the first budget that the Minister is presenting to us and that we have an opportunity to ask questions about. I certainly look forward to that, not so much in an adversarial and combative way but, more importantly, in a way where we can explore the exact intentions of government, perhaps, and look at the investments, examine them so that at the end of the day we all have a better understanding, but indeed perhaps we can add something to the quality of education that the youth in Manitoba and the people who are in our educational institutions are experiencing as well as the people who work in these institutions who we

have to, I think we generally speaking have to support, put our arms around, because they are doing a tremendous amount of good for the youth and the people of our province. Thank you very much.

Mr. Chairperson: We thank the Member for Russell (Mr. Derkach) for completing the opening remarks. We will now move on to the Estimates.

Under Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of a department. Accordingly, we shall defer consideration of this item and now proceed with consideration of the next line. Before we do that, we invite the Minister's staff to join us at the table and we ask that the Minister introduce his staff present.

Mr. Caldwell: Mr. Chair, I would like to introduce Mr. Tom Thompson and Dr. Ben Levin from the Department of Education and Training. They will assist me with their wisdom and knowledge as we go through Estimates today. I would also like before completing to thank the critics for their comments. I found them very pleasant and useful. I think that the idea of mutual co-operation in developing educational excellence in the province of Manitoba is one that we can all agree to here. Thank you.

* (11:10)

Mr. Chairperson: We thank the Minister for those comments. We will now proceed to line 16.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$505,600 on page 57 of the Main Estimates book. Shall the item pass?

Mrs. Smith: Mr. Chair, we would like to go to another place right now. We would like to start with School Programs rather than going through people's salaries right now, if that is acceptable to everybody.

Mr. Chairperson: I would like to know what line it is from the Member for Fort Garry.

Mrs. Smith: Could we go to the Estimates of Expenditure, and I would like to start, please, on

page 58 under School Programs. If we can start there, that would be very much appreciated.

Mr. Chairperson: Thank you. Is there leave to move to resolution 16.2. School Programs?

Mr. Caldwell: No, Mr. Chairman. We would like to go through it in—

Mr. Chairperson: Leave has been denied. We will now proceed to line 16.1.(b) Executive Support (1) Salaries and Employee Benefits \$505,600 on page 57.

Mrs. Smith: Mr. Chair, the Administration and Finance, we can start with that, if that so be your wish, rather than going into the actual heart of the document. Could you please, Mr. Minister, explain this page to me, the Administration and Finance, Salaries and Employee Benefits?

Mr. Caldwell: Well, the first line, Mr. Chairman, Managerial, represents in 2000-2001 one full-time equivalent. As we move across the page on that line, the second column represents salary allocation for that managerial position of \$112,000. In 1999-2000, as we follow that line, full-time equivalent was the same, the one full-time equivalent with a salary of \$121,700 for a net reduction of \$10,000.

The second line, Professional/Technical, has three full-time equivalents for a total salary of \$148,300. In 1999-2000 the representation was again three full-time equivalents for a total salary of \$146,800. There is an increase of a thousand dollars roughly, a little bit over one thousand dollars.

Administrative Support Staff, the third item, five full-time equivalents in 2000-2001 for a salary range of \$184,800; 1999-2000 also represented five full-time equivalents for a total of \$186,800 representing again a net reduction of just over a thousand dollars.

Employee Benefits in both the years 2000 and 2001 represents \$46,000 in benefits; in 1999-2000 \$46,100, a decrease of \$100 in total. Those four employee sections, nine full-time equivalents for a total of \$491,100 in 2000-2001. In 1999-2000, again we had nine full-time equivalents for a total of \$501,400. We had a net

reduction of approximately \$10,000, \$9,700. There are other costs and benefits associated with those nine employees. In 2000-2001, the sum is \$18,400 and in 1999-2000 was \$10,000.

Mrs. Smith: Mr. Minister, Other Costs and Benefits, what does that mean? What are the other costs and benefits?

Mr. Caldwell: Merit increments and reclassifications, employee benefit adjustments, increased secondment salary requirements; those are the areas that represent that.

Mrs. Smith: Could you please explain to me what increased secondment salaries mean? Like, would that be when you second, well, I know when I was seconded there is a certain salary you got. Can you explain to me what that means?

Mr. Caldwell: The Deputy Minister was seconded from the University of Manitoba and the majority of that represents the differences in his salary level from the University of Manitoba and his position with the provincial government.

Mrs. Smith: Can you tell us what his salary is?

Mr. Caldwell: Oh, top line, \$112,000.

In Other Expenditures 16.1.(b) Transportation expenditures in the Estimates for 2000-2001 are \$22,000; Estimates for 1999-2000 are \$22,000 for no change.

Mrs. Smith: Could the Minister please go back just to the Allowance for Staff Turnover. Could you explain to me what that means? I am not clear on that.

Mr. Caldwell: It is an automatic number in every appropriation and it allows for the assumption that there will be some staff turnover in any given year, costs associated with turnover.

Mrs. Smith: Please continue with the Transportation.

Mr. Caldwell: Again, Transportation in 2000-2001 represents \$22,000; 1999-2000 also represents \$22,000 for no net change. Communications is the next item in going down the

page in that column, in 2000-2001 represented \$18,400 in terms of the Estimates; in 1999-2000 also represented \$18,400 in the 1999-2000 Estimates for no net change.

Mrs. Smith: Mr. Minister, could you explain to me exactly what the transportation involves with Administration and Finance. What exactly does that mean?

Mr. Caldwell: It is a typical line item in the Estimates including vehicular transportation, air transportation, taxi and one would assume buses.

Mrs. Smith: To clarify that, buses and transportation for whom? Is that Manitoba Education and Training or is it directly the—what part of the staff does this include?

Mr. Caldwell: It is the Minister's staff and deputy staff.

Mrs. Smith: Could you explain also the Communications? What exactly does that mean?

Mr. Caldwell: Page 204 of the Estimates document provides glossary definitions of all the terms that are under question here, and Communication includes telephone, electronic communication services, postal services, advertising, radio systems and others, but if the Member would refer to pages 204-205 perhaps the answers to most of these questions may be provided there.

Mrs. Smith: Yes, thank you. I just received the Estimates book about two minutes before I walked into this room—

Mr. Caldwell: You too?

Mrs. Smith: Yes, and as you know we have asked for it over a period of time, so I was not aware that that glossary was in place at the back, so if you will bear with me, these are the questions that I need to know. Please continue.

* (11:20)

Mr. Caldwell: Sure. As we go down that first column then, past Other Expenditures, past Transportation which remain constant, past Communications which remain constant, both

for 2000-2001 and then 1999-2000 budget, we come to Supply and Services in 2000-2001 represented \$26,600; again in 1999-2000 that figure remained the same at \$26,600. That is further broken down to represent Repairs and Maintenance/Rentals, 9.8; again in 1999-2000, 9.8. Professional Services represents 1; again in 1999-00 represented 1; Other 15.8; 1999, 15.8.

Continuing down that column, Bank and Finance Charges represent \$200; in 1999-2000, the estimate also reflected \$200, for no change. Capital, in the Estimates for 2000-2001 \$3,000; in 1999-2000 also represented \$3,000, for no change between the two Estimates years.

Continuing down the Other Expenditures column, Other Operating, in 2000-01 the estimate represents \$26,600; in 1999-2000 the estimate was also \$26,600, representing no change.

Mrs. Smith: In Other Operating, when we talk about the \$26,000, specifically who is that for? That is for, I understand—no, go ahead, please, Mr. Minister.

Mr. Caldwell: There are other operating costs associated with the Minister's office and the deputy's office, including—*[interjection]*

Mr. Chairperson: I just want to remind you that the rules are this way. Someone can speak for 30 minutes without interruption. Okay? You cannot just interrupt the speaker. You might want to take notes and come back at the end of it unless there is an agreement with the Minister.

Mr. Caldwell: If I could just finish, the other operating costs, which I should note in 1999-00 represented \$26,600 and again in 2000-2001 represented \$26,600, so it was equal, I guess, between the two administrations, includes such items as overnight stays in hotels, food and beverage costs associated with those stays, computer-related charges associated with office operating, insurance costs associated with travel and office operations, publication costs associated with the Minister's and deputy's office, other personnel costs including relocation costs and transfer costs for senior staff if they occur, other items including membership fees in professional associations, costs associated with

hospitality, employment training with conference and/or convention registration fees.

Mrs. Smith: I would ask you, please, I know in the other Estimates when a question came up, what they did was listen and just have the opportunity to answer. Could you clarify the rules for me? I do not want to upset Ms. Barrett. What I want to do is be able to ask the questions that I need to ask. If you could clarify the rules for me, that would be very helpful.

Mr. Chairperson: I understand that the rules are such that the Minister and the critic have 30 minutes to give the question or answer it, respond to the question. I also understand if the Member has several questions, they also have 30 minutes to put their questions forward.

Mr. Caldwell: Mr. Chairperson, as I was saying, Other Operating costs associated with the \$26,600, which I note was the same in the 1999-2000 Estimates as well as the 2000 Estimates, are associated with costs for overnight stays, accommodations for overnight stays, food and beverage associated with overnight stays, associated with the Minister's and deputy's office; computer-related charges associated with the operating expenses of those offices; insurance costs associated with the operations of the offices; publications as they occur from time to time associated with the offices of the Minister and the Deputy Minister; other personnel costs related to relocations and transfer costs as they occur from time to time; other costs, for example, membership fees in professional associations or other organizations that the Minister's or Deputy's office may undertake to enter into; hospitality costs associated with the operation of the offices; employee training costs associated with professional development in the offices of the deputy or Minister; conference and/or convention registration fees of which we undertake a number in the Department of Education and Training; incidental allowances which occur from time to time.

Again, I would refer the Member to the glossary on page 204, where many of these are detailed.

Mrs. Smith: Could you tell me, Mr. Minister, when you are listing all these costs, who specifically are these for? Is it strictly for your office?

Mr. Caldwell: The Administration and Finance, page 16, 1.(b), are associated with the staff, the nine employees associated with the Minister's and Deputy Minister's offices.

Mrs. Smith: Mr. Minister, who are these specifically?

Mr. Chairperson: Excuse me. When you have questions, please put them through the Chair, okay. Address the Chair.

Mrs. Smith: Okay, thank you. Mr. Chair, could the Minister please tell me who those nine people are?

Mr. Caldwell: We have Dr. Benjamin Levin, Annalea Mitchell, Nicole LaRoche, Yolande Choiselat; support secretaries, Yanning Zhao, Pearl Domienik; Debbie Milani, Diana McClymont and Monique Rowson. We are on a first-name basis in our office, no sirs or madams, or ministers for that matter.

Mrs. Smith: Mr. Chair, there are certain areas that I would like to address. I do not intend to go page by page over every item, depending on how long you want to be here, but there are certain areas that I would like to address, however. If the Minister prefers going page by page, that is fine as well. Could you give me some direction in that?

* (11:30)

Mr. Chairperson: I would like to clarify. Do you want to do global questions on each section, each resolution? Or do you want to do it line by line?

Mrs. Smith: What I would like to do is go through the book very thoroughly. I guess I am questioning why we started with Administration and Finance. I wanted to start right at the departmental organization structure, because I had some questions there. Could you give me guidance as to how we should go back and start there?

guidance as to how we should go back and start there?

Mr. Chairperson: I would like to inform the Member for Fort Garry, we must go line by line through our Estimates unless leave is granted to do otherwise.

Mrs. Smith: I have leave then to start at the beginning for the structure of Manitoba Education and Training. I am very curious. I have some questions here as to the actual diagram on page 11.

Point of Order

Mr. Derkach: I believe it is customary in the Estimates process for some latitude to be given in terms of the questions that are asked by the critic. We respect the fact that the Minister does not have staff from every department of the Department of Education here. In general terms, within the framework of a particular section, I think it has been generally accepted that we are allowed some latitude in the questions that are asked.

Under Administration and Finance, I believe it gives us a fair bit of latitude in terms of the administrative side of the department, where we can pose some questions, including the organizational chart and many of those areas as well. I know our critic is new, the Minister is new as well. It is just if we can find some common ground in terms of how we proceed here.

Mr. Chairperson: I thank the Member for Russell. Is there leave granted to have a global discussion on resolution 16.1 with the exception of 1.(a) Minister's salary? *[Agreed]*

* * *

Mrs. Smith: Mr. Chair, with leave, could we go back to the actual structure that clarifies a lot of the reasons for the salaries and things like that on page 11 of the Supplementary Information for Legislative Review?

Mr. Chairperson: I would just like to point out to the Member for Fort Garry that the Supplementary is all contained in Resolution 16.1, and what we approve is the Main Estimates

not the Supplementary. We have agreement to have a global discussion on Resolution 16.1, and we should continue there.

Mrs. Smith: Could we talk about the make-up of Manitoba Education and Training, Mr. Chair? I would like him to explain the actual make-up of what is happening at Education and Training in terms of the global structure.

Mr. Caldwell: Well, I suppose in terms of the global structure of Education and Training and looking at the flow charts or the org charts on page 11 of the Estimates document, there was considerable streamlining that took place within the Department with a view to creating greater efficiencies within the Department and having cost savings, from the bureaucratic point of view I suppose. The Department went from two deputy—I see one of the deputies patting his head back there.

We went from two deputy ministers to one deputy minister, and there are a number of other efficiencies that were achieved in terms of creating cleaner lines of authority and reductions in terms of senior staff and senior staffing positions with the view to freeing up resources from the administration of the office of the Minister, and trying to, frankly, put resources back into the classroom and away from the senior management. There were a number of efficiencies that were made, as I have mentioned, going from two deputies to one deputy.

There were some other changes made in terms of the ADM components. I am sorry. There were three deputies and we went to one. The head of the Council on Post-Secondary Education, I am just advised was also at the deputy rank. The Government of Manitoba, this administration, went from three deputy minister positions to one deputy minister at substantial cost savings for the administration of the office.

In terms of ADMs, it went from five ADM positions to three ADM positions. The major reasons, as I articulated, were twofold: (1) to create cleaner lines of administration in decision making; and (2) to free up resources from the office of the Minister for classroom programs basically. Sound business practices as it were.

Mrs. Smith: Mr. Chair, could the Minister explain, I know there have been some new people come on board to help shore up the kind of support you need in the Minister's office, could we elaborate on any training?

Can we go on then, Mr. Chair, to the Training and Education part of the flow chart or should we continue line by line? We can do that if you prefer. I think you are more comfortable with that. Let us go ahead then, and we will go back to the line by line because we will still get the questions then.

Mr. Chairperson: Excuse me. The Member for Fort Garry is asking here what method to use. We have given you leave for a global discussion on Resolution 16.1.

Mrs. Smith: I was just consulting, Mr. Chair, whether or not I could ask questions about the additional staff at this time that has been put on, or should we save that to another time?

Mr. Chairperson: Global consideration has been given for Resolution 16.1. Go ahead.

Mrs. Smith: Mr. Chair, at this time I would like to ask the Minister, I appreciate the fact that he is trying to cost save in terms of deputy ministers and ADMs. Could you explain the additional staff that has come on board to support your office, please?

*(11:40)

Mr. Caldwell: Just a clarification, does the Member mean my office directly? There were a number of reductions in senior staff, so I am not sure to which the Member speaks.

Mrs. Smith: Mr. Chair, I would like to talk about the new consultants you have on board right now who have come. Are there no new people on board to support the Minister's office?

Mr. Caldwell: Mr. Chair, if it is my office directly, my staff complement is the same. In fact, I think it is one reduced from the previous administration, because we do not have a special adviser right now.

Mrs. Smith: Then I will save that question for a little later under another category. Could the Minister please examine the structure of Education and Training under the headings that we see here? It is altered considerably from what we had before. Could you please explain the reasoning behind the structure that you have put forward here?

Mr. Caldwell: The flow chart is not too greatly altered from the previous year. The major points, as I indicated a few minutes ago, were to reduce the number of I suppose offices, that decision to create easier flow-through decision making, going from three deputies to one and five ADMs to three. So it is twofold, one to increase the efficiency of the decision-making process in the flow-through that takes place when decisions are made, and secondly to free up resources from the bureaucratic side of things for the Department to use more effectively in classroom delivery, free up those resources from the Minister's and deputies' offices.

Mrs. Smith: Could we go specifically to the Schools Division under Gerald Farthing? Under Program Development, could the Minister please explain the structure very specifically in terms of the regional managers and the actual consultants that are available for the schools for support?

Mr. Caldwell: That is not part of 16.1. That resides in 16.2, and I would be happy to deal with it when we get to 16.2.

Mrs. Smith: I thought we were having a global discussion, but leaving it until 16.2 would be just fine. Could we go to the ADM, Pat Rowantree? Could you explain exactly what is done under Management Services under Bob Gorchynski?

Mr. Caldwell: Again, that particular item is under 16.6. We are dealing with 16.1 right now. I would be pleased to discuss that under 16.6; 16.1 refers to where Management Services and Executive Director Bob Gorchynski relates to in terms of reporting. The duties are outlined in 16.6 and I would be pleased to discuss that under 16.6.

Mrs. Smith: Could the Minister please explain under Student Financial Assistance what exactly is involved under the student financial assistant

and who is involved in that particular aspect of Manitoba Education and Training?

Mr. Caldwell: That is under 16.7, Mr. Chair, and I would be very pleased to discuss—the details of these are all contained in future sections of the Estimates. I would be pleased to go through them under those areas. What we are dealing with right now in 16.1 is the reporting structure basically.

Mrs. Smith: In view of the answers, I think what we will do is just stick to Administration and Finance then. My understanding of global was perhaps different from the Minister's. So what we will do is stick strictly to Administration and Finance and perhaps at the time when he has more staff here and is more prepared for those other sections we will go to there at that time. Could I just ask, Mr. Derkach would like to ask a question?

Mr. Derkach: My question has to deal with the consolidation of the administrative level in the department on the Deputy Minister's side. Previously in the old administration we had two deputies, one responsible for the K-to-12 side and then the post-secondary deputy as well. In total what number of staff were eliminated by the amalgamation of the two deputy ministers' offices?

Mr. Caldwell: There were a number of redeployments as we moved through the flow chart in terms of actual people. There was one less person in the chart in terms of redeployment and reallocation of resources. We went from, as I mentioned earlier, five to three ADMs and three to one DMs, but in terms of people, one.

Mr. Derkach: So in essence, when the Minister says that we reduced staff and streamlined processes, actually the total reduction of staff was one.

Mr. Caldwell: In terms of actual bodies, that is correct. The existing people were redeployed into other jobs.

Mr. Derkach: Can the Minister tell me which staffperson was reduced?

Mr. Caldwell: Jim Glen's position is a vacant position. Assistant Deputy Minister of Finance, I am sorry.

Mr. Derkach: Mr. Chair, may I ask the Minister where that responsibility now lies in terms of the ADM of Finance on the post-secondary side? Just for clarification, Mr. Jim Glen was responsible for the Admin-Finance area, was the ADM of Admin-Finance. My question is: Where has that responsibility now been consolidated?

Mr. Caldwell: Admin and Finance for the department is now the Deputy Minister's responsibility.

Mr. Derkach: So the Deputy Minister of Education now also assumes the responsibility of the ADM of Finance as well?

Mr. Caldwell: In the department as a whole, there is a Director of Finance that reports directly to the Deputy Minister. In terms of the Public Schools Finance, the responsibility is the ADM of Public Schools, Dr. Gerald Farthing.

Mr. Derkach: Mr. Chair, with regard to the division of responsibilities from post-secondary and the public school side, there was a division under the former administration with regard to the deputy ministers' offices. Although the Minister had overall responsibility for both divisions, the deputy ministers were responsible for the two different sections, the post-secondary section and the K to 12.

Now we have gone back and have amalgamated to what I guess used to be, perhaps with some modifications, and, of course, the Government of the day certainly has the prerogative to consolidate and amalgamate departments. I guess my concern is the fact that the division was done largely to reflect the workload and the extensive responsibilities that lie in the area of education. This is a huge department. It is a huge responsibility for even the Minister, for that matter. I contend that at some point in time in the future some administration will look at the wisdom of perhaps even splitting that department so that we do have a manageable workload and, I think, a more effective one. However, that is something for the future.

* (11:50)

My questions and my concerns lie in that, on the staff side we have consolidated, however, we have not saved anything. We have simply amalgamated the positions. But there has not been any saving of any sort at this point in time, which means that someone suffers. Here I am suggesting that the post-secondary side has now got less representation and less support than what it did when there were people who were assigned specifically to deal with post-secondary issues. I know this is a philosophical approach of a different sort and the Minister certainly I know will respond to that.

In the administration side, I would like to know, now that we have consolidated into the Deputy Minister's office the responsibilities from post-secondary, who it is that he has now assigned to deal specifically with colleges and with the universities who used to be dealt with by ADMs and the deputy and post-secondary.

Mr. Caldwell: Well, the same structure exists in terms of reporting. The chairperson for the Council on Post-Secondary Education continues to report to the Minister, and the Executive Director of the Council on Post-Secondary Education, Dr. Leo LeTourneau, continues to report to the Deputy Minister. I do not know if that responds to your question. I sure appreciate the support for getting bigger staff in there though.

Mr. Derkach: Well, Mr. Chair, again I know I have to give the Minister some latitude here, but my concern is that you cannot simply take a division of a department away and say that, well, the reporting structure will now be to the Deputy Minister and the Minister and the world is back to normal.

I know that our post-secondary institutions are going to adjust to whatever the structure that is put before them is. However, we have heard from the Government that their emphasis is on providing greater and better services to youth in Manitoba, to educational opportunities in Manitoba.

I want the Minister to explain to me how this squares with the fact that now we have taken

an entire division, the post-secondary division, and consolidated it within the entire department rather than having it as a stand-alone division of the department which had a specific mandate, and that was to ensure that they represented and dealt with the challenges of the post-secondary side.

So I guess the issue for me is that I need an explanation on how the Minister is going to deal with those issues. I do not think it is good enough just to say, well, now they will just report to the Deputy. I think I need a much more clear explanation on how that is going to happen.

Mr. Caldwell: Well, apart from the tremendous energy, skill and wisdom of the Deputy Minister of Education and Training, the reporting function of the Council on Post-Secondary Education is, again, the chairperson of that directly to myself. The Executive Director of the Council on Post-Secondary Education reports through the Deputy Minister. We do have an ADM responsible for the post-secondary side of the Education and Training Ministry.

What we have done is have basically the Deputy Minister's role, previously, in large measure assumed by an ADM position reporting, again, through the Deputy Minister. I appreciate the concern expressed by the Member in terms of workload certainly, because I know that the Department, as the Member knows, is a very complex and difficult one to manage at times, but it is important to note that Manitoba has gone back and forth over the years in this particular matter.

My deputy just advises me he recalls that when the Member was minister there was only one DM here as well, so I thank both the Deputy and the Member for their historical memory of this particular fact. But I think that in terms of the streamlining of the decision making, that guided our decision in this regard. I feel quite comfortable that with the Assistant Deputy Minister of Training and Continuing Education, Pat Rowantree, and working with the Deputy Minister, Dr. Ben Levin, that we have got in place a very good org chart in this regard.

Mr. Derkach: Well, I guess this is where the Minister and I part in terms of our approach to

education because, yes, at one time when I was Minister of Education and Training, there was only one deputy for the entire department. However, the Minister, through his research, would know that the Department was structured quite differently at that point in time, and there were a lot of supports for post-secondary that were built into the system even though at that time the colleges were still part of the Department, as well. So there were a lot of other supports.

What my issue is is that we had a deputy minister of post-secondary education for the last four years, I believe, or five years, who had responsibility—and the time frame may be a little out in terms of four or five years—to the post-secondary side of Education. In other words, universities and colleges could go directly to that deputy minister whose focus and whose attention was basically aimed at the post-secondary side. So, therefore, with the challenges that we have on the post-secondary side, there is a requirement, I believe, for the Deputy Minister to have that attention given to those institutions.

I know, as well, that Dr. Ben Levin is extremely capable. I had the pleasure of working with him, and I know that he is indeed a capable individual who can address many of those concerns, but it goes beyond human ability to be able to address issues. It goes to the fact that someone has to have the attention of the universities, of the colleges, and given the fact that we now have given colleges their autonomy and we want to double the enrolment, as the Government has indicated—it wants to double the enrolment of our colleges; it wants to expand the opportunities for post-secondary education for Aboriginal students—I contend that indeed we have not really done a credit to the post-secondary side in the administration by simply amalgamating everything under one deputy minister.

I also understand that the ADM in Training and Continuing Education has a responsibility to that area, but the university presidents and the universities themselves will tell you that it is not the same as having someone who is at the Deputy Minister's level to be able to deal with the issues of those institutions. It is quite

different in dealing with a director or dealing with an ADM rather than dealing with the Deputy Minister responsible for a department.

Now, I know that that is a basic philosophical difference. However, that aside, I want to be assured by the Minister that indeed the Department is going to meet the needs of the post-secondary institutions, the colleges, the training programs, the universities by providing adequate resources to those areas.

The Minister may tell me that what you are asking me to do is spend more money, and my response to that is no. What I am asking you to do is to invest more resources in those key areas, because if we are to keep pace with what is happening in other jurisdictions in terms of post-secondary education and if we are to maintain our level, there are certain things that have to happen, and with the move to reduce tuition fees for students and then disallowing the ability of universities and post-secondary institutions to increase tuitions too, so that programs can be maintained—

Mr. Chairperson: The time being 12 noon, I am interrupting the proceedings. The Committee of Supply will resume sitting this afternoon following the conclusion of Routine Proceedings.

HIGHWAYS AND GOVERNMENT SERVICES

* (10:30)

Madam Chairperson (Bonnie Korzeniowski): Good morning. Will the Committee of Supply please come to order. This morning, this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Highways and Government Services.

As had been previously agreed, questioning for this department will follow in a global manner with all line items to be passed once the questioning has been completed. The floor is now open for questions.

Hon. Steve Ashton (Minister of Highways and Government Services): I just want to bring back some information from the previous day's questioning.

First of all, questions were raised as to our practices for the purchase of gasoline and how that compares with the City of Winnipeg. I want to indicate to members of the committee that the City has discontinued their gas-purchasing policy and they have begun to use rack pricing. This is basically the same system that we have been using in this province. Our understanding is that they started using rack pricing two years ago. So I want to put that on the record.

Perhaps the critic might be able to communicate that to the Member who had asked the question, the Member for St. Norbert (Mr. Laurendeau).

Second of all, there was a question in terms of potential contamination at the Gimli site. I have a map that outlines potential contaminated areas and can advise the Member that Manitoba Conservation is currently monitoring the site. What I will do is perhaps provide this map to the Member. Probably I should officially table it too for the committee. So I will table it now and then that will be available.

I appreciate the Member's question, as well. It is something certainly that the department is aware of and is working with Conservation on.

Questions were raised with regard to Mr. Thorkelsson by the critic for the Opposition. LMC, which is Land Management Services, has negotiated to settle directly with Mr. Thorkelsson on behalf of Manitoba and it was not by the R.M. of Gimli. The sale price was \$7,000. So that is just a correction of the initial information that was relayed.

I also have information on Teulon. I do not know how much detail the Member would like, but we entered into a 10-year lease, commencing April 1, 1989, and ending March 31, 1999, for 3402 square feet at 75 Main Street in Teulon. This provides office accommodation for the Department of Agriculture, Interlake Region, and Workplace Safety and Health. We subsequently leased an additional 1056 square

feet of office space at 75 Main Street for a term of eight years and four and one-half months, commencing November 15, 1990, expiring March 31, 1999. This additional office space was leased for MACC, Manitoba Agricultural Credit Corporation.

Both lease agreements were placed on a month-to-month lease term effective April 1, 1999, pending the outcome of the proposal call for a combined office space in Stonewall. MGC has had ongoing problems during the lease term. These relate to maintenance and environmental hazards.

I think that gives some more information as far as the questions raised by the critic a couple of days ago.

Mr. Edward Helwer (Gimli): Madam Chairperson, I want to thank the Minister for his information. Did I hear right? At the present time in Teulon, at that present location, you are on a month-to-month lease and you have not entered into a long-term agreement with the Duecks. Is that correct?

Mr. Ashton: That is correct.

Mr. Helwer: What is the plan there? Have you any plan there to enter into a long-term agreement at the present location? If you are, what would the terms of that lease be?

Mr. Ashton: The Department is currently assessing the best location for its programming in the area, and our role, of course, in Government Services, as the Member would know, would basically be to provide service to the Department based on the direction from the Department itself. It will depend on the Department rather than Government Services.

Mr. Helwer: I want to thank the Minister. I just want to emphasize again that it is important though that those offices be maintained in Teulon, because that agricultural office has been there for many, many years. We would certainly like to see that maintained there. Plus the other offices there, I believe, MACC and Family Services that operate out of there, we certainly would like to see that continue there, if at all possible.

I realize there have been some problems with the present owner of the property that you have the lease from. I would hope that maybe those problems could be resolved, and that would be a renewal there to keep the present government operations there in Teulon, because it is important. There are a number of employees who are employed there who are quite satisfied and happy there. The only problem is, as I said, there have been some problems with the building; I am aware of it. I think Government Services are certainly aware of it, and I know they have had some problems there. I would hope, Mr. Minister, that you would reconsider and renew that lease there and continue that program there.

Mr. Ashton: Probably the best advice I could give the Member is to raise the concerns with the relevant minister, in this case the Minister of Agriculture (Ms. Wowchuk), because, once again, the Department really is a service agency for government.

We do not decide locations in terms of where is the best location for delivery of service; departments do. Our job is then to sort of find the appropriate accommodation based on their policy direction. So, if the Member does wish to raise the concern in terms of the actual location in terms of the community, I would probably recommend that he raise this with the Minister of Agriculture directly.

Mr. Helwer: The other thing on the Gimli situation with Dean Thorkelsson, I did not quite understand the Minister's comment there. What was that, on the Gimli situation?

Mr. Ashton: The Member had asked the question as to whether the land was purchased from Land Management Services with the Government or through the R.M.? It was just providing a correction. It was actually purchased from Land Management Services for \$7,000.

Mr. Helwer: Okay, so that was the Land Management Services that sold this property to, it looks like Agassiz Marine or whatever it is, whatever they call it.

Mr. Ashton: That is correct.

Mr. Helwer: Is it the will of the Minister to continue with Government Services this morning, or are your Highways people available here?

Mr. Ashton: I have Highways available and Government Services. So it is whatever the Member wants to do.

Mr. Helwer: Perhaps since you have your Deputy Minister for Government Services here, we will continue that question for the time being and try to clean that up, and then we can go on to Highways, if that would be okay.

Mr. Ashton: That is fine.

Mr. Helwer: I guess one of the questions we are concerned with is with the present government's policy on untendered contracts. Have there been some changes made in the way untendered contracts have been done?

* (10:40)

Mr. Ashton: There has been no change.

Mr. Helwer: Well, if you say there is no change in the procurement of your goods and one thing and another for Government Services, what is the present policy? Anything under a \$10,000-contract or something like that does not have to be tendered? Is that correct?

Mr. Ashton: Basically the Department does tender wherever possible. The normal threshold for formal tendering is about \$2,500 in terms of a formal tender process. Below that amount, there may be a telephone process, a more informal process. But in some service areas, for example architectural services, the Department goes to the industry, to the profession, has set up a rotational list that is based on skill sets and that results in contracts being sort of rotated through the industry, depending on the specific skills and abilities of each architect and architectural firm.

Mr. Helwer: Madam Chairperson, just to the Minister. I wonder, since there are some people here who have some questions on Highways, if you could get your Highways people here maybe about, say, eleven o'clock or something like that.

Would that be possible? Until then, we will work on Government Services.

So just getting back to some of the untendered contracts and procurement of goods, have there been any changes or are there any changes contemplated at the present time to procure the goods that you need for Government Services or for any department of government?

Mr. Ashton: We are currently reviewing our procurement policies. We have an initiative, and I indicated this before. As a government, we have very little central co-ordination of procurement. The initiative will look at ways of improving co-ordination, using our own services within the Department in terms of procurement to basically co-ordinate better across government departments. We also believe this will allow us to achieve some other goals, as well, and this is part of the review. One is to improve the ability of Manitoba businesses to access procurement opportunities with the Government. I know that has been a concern expressed certainly to me as minister. It allows us to also look at other areas such as Aboriginal procurement, so that will be also an aspect of the review.

In general, we are looking at ways of improving the system. I mentioned this at the committee earlier and that is the fact that generally we are, I think, in the need of doing what other businesses are doing, other entities are doing, where there has been a lot of work done on the procurement. We see this, by the way, as not only achieving better goals for the province in terms of the economic opportunities but also potentially saving us a significant amount each year.

Mr. Helwer: When you talk about the Manitoba businesses and you talk about Aboriginal bands, will they be in a position to tender for some of these government contracts? How do you propose to be able to distribute some of the procurement policies or procurement matters among the Aboriginal community and also the small businesses in Manitoba?

Mr. Ashton: We are in the early stages of discussion. We have started discussion with Aboriginal businesses. We are seeking input, certainly, from that end. We will be involved in

further discussions with the business community generally, as we progress on this initiative.

Mr. Helwer: What type of products or what type of merchandise are you planning on doing this kind of procurement with?

Mr. Ashton: I think, perhaps, it is important to put it into perspective. Right now, 80 percent of the total goods and services purchased by government—it is \$400 million—is purchased individually by departments. So there is very little co-ordination. There is only 20 percent, which is the result of any central procurement. We are looking at pretty well anything that is in that 80 percent.

What we are trying to do is to work with departments, because obviously departments have very specialized needs. Health, Education, and Highways, they have very different procurement needs. But, by focussing on ways of co-ordinating that, we feel there could be a significant benefit. If you look currently, by the way, at the Procurement Services Branch, I think there is fairly clear evidence that it is already saving a significant amount of money, just based on the \$100 million, which is the 20 percent that the PSB manages. There is an estimated cost savings of between \$2.7 and \$8.3 million in recent years. What we are hoping to do is do that on the remaining 80 percent—certainly on a significant portion of it. It also again allows us to participate in vendor development, what I referenced earlier. I think it is a real opportunity for us to make it a lot easier for businesses, particularly Manitoba businesses, to access opportunities on the procurement side. If it is not co-ordinated, if you have that 80 percent scattered across the departments, it is very difficult for people to know what opportunities are available.

I think that this is an excellent initiative. I want to commend the Procurement Services Branch for the work that they have already done, and also for the leadership role they have taken. I think, probably by next year, once we have gone through this process, we will be in a much better position to advise the Member on some significant improvements and procurement across government.

Mr. Helwer: I do not know how many dollars of the provincial economy or provincial government are spent in Manitoba. What percent of our purchases takes place in Manitoba, and in Canada? Do you have any figures on that at this time?

* (10:50)

Mr. Ashton: What I can do is provide some general information to the Member based on the existing 20 percent that is centrally co-ordinated. Once again, one of the difficulties with the remaining 80 percent, since there is no central co-ordination of it, it is very difficult to track down the kind of information I can provide you on the 20 percent that is. Basically, approximately 65 percent of that 20 percent is from within Manitoba.

Once again, one of the real advantages of this approach is working within the agreement on internal trade, which, the Member is probably aware of, does obviously govern us in terms of a lot of this. There is a significant opportunity to extend Manitoba purchases—not really through anything other than providing a more co-ordinated approach in having some ability to get information to Manitoba businesses, and to give a co-ordinated access to government procurements. We see this as being quite significant.

One other thing that I should advise the Member too is that we actually only have had less than 2% foreign-source procurement, which is quite remarkable. I think it shows that, when you have a co-ordinated approach, and even working within the agreement on internal trade, you can end up with efficiencies to government, as well as procurement policies that are beneficial to Manitoba, and to Canada as a whole. We are very optimistic that we can save the province a significant amount of money through this co-ordination. We can extend this excellent record on Manitoba and Canadian procurement percentages to other parts of government procurement.

Mr. Helwer: When you talk about the 2% foreign, does this mean outside of North America? Is that what you mean by foreign?

Mr. Ashton: Outside of Canada. These are basically products not available in Canada.

Mr. Helwer: So that 2 percent would include the U.S. market.

Mr. Ashton: That is correct.

Mr. Helwer: I am glad to see that most of the goods that you can purchase locally are purchased locally. I think that is good for Manitoba.

Perhaps just a couple of questions on the correctional institutions. I understand there was some construction going on at Headingley. Is that pretty well completed now, or is that still underway?

Mr. Ashton: It is almost complete. It should be complete by August 1, and should be available for occupancy in September.

Mr. Helwer: I guess that, in some areas of Canada and the U.S., there is private-sector capital used to build correctional institutions or correctional facilities. I guess some advantages would be private companies put up the capital up front. It would not require the government or the province to have to build these facilities, and could use their capital for other purposes. At the present time, is there any indication of the Province looking at other ways to capitalize some of the facilities that we need for correctional institutions?

Mr. Ashton: The answer is no. I cannot speak for the Minister of Justice, but I would say to the Member that I am not one who would want to see us privatize any part of the correction system. There are two areas that I think—well, probably three, if you include education—whether it is health care or corrections, that is not where you want profit to be a significant element of the administration of the facilities. The experience of private prisons, where they have been in place, has not been very positive, so we are not looking at that. I think it is extremely important to maintain the integrity of our corrections system.

Just speaking from the perspective as Minister of Government Services, there are very

significant demands that are in place now, not just related to the number of inmates, but also security to protect the inmates and also prison guards and the public at large. One of the challenges for both Justice and from our side in terms of delivering the required degree of security is actually the increased need to be extremely careful about having prisons in a proper state that can deal with the type of inmates that are in and the potential risks that are in place. We are not looking at privatizing any part of our prison system.

Mr. Helwer: I guess there are a number of areas outside Manitoba in Canada and the U.S. that do utilize some private sector capital and even some management for correctional facilities. I realize that would be a Justice item. Getting back to the buildings, there would be some advantages because the Province would not have to put up the capital. It would come from outside of government and the Province would just pay the lease cost of the structure. There are certain things, I realize, that because of the use of the buildings that technology and security and these things would have to meet the Government standards, but you said that the Province itself was not looking at any private utilization at this time. What about any other buildings for any other government departments? You already have some that you lease from the private sector. What are your future plans in regard to that policy?

Mr. Ashton: I can assure the Member I do not think he is going to see Prisoners R Us or any commercial entity coming out of Corrections in the Province. One of the reasons, by the way, is there is a distinct difference between what the Member is pointing to in other areas and the prison system. When you are dealing with standard commercial space, commercial space is commercial space. We do, as a government, have a mixture of government-owned space and leased space, but this is in a very different category. One of the biggest differences is, when you are dealing with corrections, you have to deal with a significant amount of investment on very specialized security measures. The bottom line is, that is why I think it would be totally inappropriate to have any private sector involvement with our prison system. That is quite different from leasing commercial space.

Mr. Helwer: The other day we talked about the planes, about two Citations that we have, one the ambulance. Has the Province purchased some new Otters? Is this a replacement, or is this in addition to our present medevac flights that take place from Northern Manitoba?

Mr. Ashton: There have been some discussions, but we do not have the budget authority. We are not proceeding with that this year.

Mr. Helwer: So there will be no new planes purchased, am I correct, whether they are smaller planes or whatever.

Mr. Ashton: We have not budgeted for any purchase of person new aircraft. We obviously do review the aircraft on a regular basis. One of the reasons there was discussion in regard to the twin Otters because there was a situation that developed where they became available. We basically have not budgeted for any replacement, but it does not preclude us from looking at future changes.

As the Member is probably aware of, there is a fairly fluid market, in terms of used aircraft, and I do not think it would be wise for me to rule out some future changes in the fleet, even changes within the fiscal year, if it was advantageous to us in terms of service delivery and cost. It is very much dependent on that, sort of comparing our existing fleet, resale of our existing aircraft, if we do make any changes, and also the purchase price. We would certainly keep an open view in terms of future changes in terms of the air fleet.

* (11:00)

Mr. Helwer: Are there any other planes used for life flights, or have there been any helicopters used for life flights from remote communities, or from rural or northern Manitoba?

Mr. Ashton: Basically, the Citations or the aircraft that are used, we are not aware of any other aircraft being used, and the Citations are equipped as air ambulances. In terms of urgent patient transport as compared to situations where people may be shipped for non-urgent medical needs, we do use the Citations.

Mr. Helwer: I understood the helicopters were used, possibly for this, or were being contemplated maybe. But, in some areas that are inaccessible by plane or no airport, have helicopters been used in the past for this purpose?

Mr. Ashton: If they have been used, it is not through the Department of Government Services, not as far as we are aware. There may have been other circumstances, other departments, other situations, but we have not.

Mr. Helwer: I appreciate that honesty, and that could be other government departments than the Government Services.

I have some highway questions. Do we want to switch to Highways at this time, or what is the Minister's wish?

Mr. Ashton: Okay.

Mr. Jim Penner (Steinbach): Madam Chair, I would like to ask the Minister a few questions about the road structure in southeastern Manitoba, particularly because many circumstances are changing in southeastern Manitoba. One of the recent happenings, as you have all heard, is the building of many hog barns, and this has resulted in huge traffic of livestock hauling tractor and trailers.

Some of the road structures in the last few years have been deteriorating, and the drivers say it is very hard on their equipment and it is very hard on the animals to drive on some of the highways. I understand in the Budget that the amount of money allocated for repairs was greater this year than last year and the amount of money for new roads was less than last year. Do I understand that correctly?

Mr. Ashton: The maintenance budget has been increased significantly. On the construction side it is the same base budget that has been in place for the last number of years. What happened last year was the previous government put in a one-time \$10-million additional investment in terms of highways, but the base budget is basically the same as what it has been the last two years, \$100.5 million.

Mr. Jim Penner: In that regard, then, if funding has increased for repairs and maintenance, Highway 12 from Trans-Canada to Steinbach is breaking up just south of the Ste. Anne intersection, about 1.5 miles south of Trans-Canada. Now warning signs have been placed along this stretch of the road, but it is becoming quite unstable and the vehicles are changing lanes to avoid potholes. The traffic in here has increased dramatically in the last five years. Can you tell me if there is any plan to do the repairs on Highway 12 south of the Trans-Canada?

Mr. Ashton: We will be doing the repairs. In fact, there are a number of reasons for the increased allocation on the maintenance side, one is to cover the additional costs, but increasingly there is more of a need with an older system. The same with an older vehicle, you have to put more into the maintenance side, but we will be doing the repairs on that particular stretch of road, and I appreciate the Member making us aware of the particular condition of that particular stretch.

Mr. Jim Penner: Madam Chair, does the Minister know when this might happen?

Mr. Ashton: It is an ongoing process. What I will do is take the question as notice and make sure we make the region aware of the particular stretch that is in place, but the repairs do take place. They are done on an ongoing basis, and I will raise this directly with the region for the Member.

Mr. Jim Penner: Madam Chair, to the Minister, further down Highway 12 towards Steinbach, just about a mile or two out of Steinbach, Highway 12 is intersected by a road called Park Road. This is recently developed commercially. A new Safeway store has been built here, a new Canadian Tire store, the shopping centre on the west side is being expanded and the dealerships on the southwest corner are being expanded. There are a lot of commercial facilities being built around this intersection, but the intersection was designed 20 years ago for the traffic at that time.

There are numerous accidents at Park and 12. I think it is unsafe. The community feels it is

unsafe, and I am just wondering if this has been allocated for work in the near future.

Mr. Ashton: There was a fair amount of work done when the Canadian Tire store went in. I am advised there have been discussions with the town in terms of possible cost sharing. What I can do on that is also get more detail and advise the Member of the exact status of discussions between the Department and the town.

Mr. Jim Penner: Mr. Minister, again, the meeting I had with the town of Steinbach earlier this week showed that the members had great concern for safety both in the outdated crosswalks and so on on Main Street and in the newly developing commercial areas. Would the cost-sharing proposal put forward by the City of Steinbach expedite the project so that it happens sooner than later?

Mr. Ashton: We would certainly be open to discussions on that. There are other cases where the Department does at the request of a community work on that sort of an arrangement, whether it is cost sharing. So we would certainly be open to any suggestions or proposals from the town.

* (11:10)

Mr. Jim Penner: Madam Chair, the Park Road and No. 12 Highway traffic situation has been addressed by the Highways Department as to a plan. The cost of implementing the plan evidently is \$700,000. The City of Steinbach has said they would fund this entire amount and likely get the money back over a five-year period. Would that help expedite the project?

Mr. Ashton: I doubt it. Financing is not the problem. It is the overall limitations in the Budget. We are faced with numerous requests from communities and R.M.s related to highways improvements in the area. It is not a question of financing. It is a question of the Budget restrictions that any Minister of Highways is faced with. So cost sharing to my mind would involve actual sharing of the cost, not the financing. Financing is not the problem. It is having the dollars available in the Budget.

Mr. Jim Penner: In your document on page 40, Highways and Transportation Programs, is bullet No. 2, provides for safe movement of vehicular traffic on Manitoba Highways by the enforcement of safety regulations. Safe movement would also have to address the traffic counts, the changes in population, the commercialization and industrialization of the area. Would it be possible to have an estimate or a reasonably close figure of what has happened to the traffic counts in the last five years on Highway No. 12?

Mr. Ashton: I have the current figures available, but if the Member wants previous years, we can provide that. I have the current year available. If the Member wants previous years, we will have to go back and get those, but we can provide that information.

Mr. Jim Penner: The changes in traffic and growth in population, does that influence the allotment of funds to a highway like No. 12?

Mr. Ashton: Wherever possible we try to estimate what the trends are. Obviously when you are looking at any highway improvements, you want to make sure they meet future needs not just current needs. So it is one of the many factors that goes into it.

Mr. Jim Penner: I am a new Member, a new MLA, and my questions may be naive, Madam Chairwoman, but I have to tell you that I have an emotional involvement here. My wife's sister was killed on the street. My pharmacist's sister was killed on a crosswalk. My store manager's niece was killed on the street. My pastor's daughter was killed last year on a crosswalk. I can go on and on. These are people that I knew well.

I think that it is due for a review of the safety procedures, because Steinbach has grown from 5000 or 6000 people in 1980 to a very bustling community of probably close to 10 000 people. The surrounding areas have grown, and the nature of the traffic has changed. The infrastructure has not been updated. Basically the four-lane No. 12 was built in early 1980. Since then there has been hardly any work done on this highway that I have noticed, and I drive

there almost every day. So I have an emotional involvement.

When I talk about safety, I would like to ask a question on the change in the traffic. The stock haulers, so-called stock haulers, livestock trucks carrying poultry and hogs and beef, there has been a tremendous increase in the number of stock-hauling vehicles. Are these vehicles under the same regulation as normal highway traffic transport equipment?

Mr. Ashton: Yes, they are.

Mr. Jim Penner: Sometimes we feel that there are more trucks on the road than drivers.

One more question on airports, Madam Chair. The Steinbach airport is also an example of change. We are running a fleet of crop sprayers. We have even run water bombers. We are running twin-engine planes now. The Steinbach airport is, in the words of some of our local pilots, over capacity. Is there anything in this budget to address the pressure of the commercialization and the traffic that has grown in the Steinbach airport?

Mr. Ashton: The Steinbach airport has received some significant investments for the MACAP program, Manitoba Airports Capital Assistance Program; 1998-1999 was \$76,704. In the current program there has been work on the terminal building; \$40,000 is the total cost, \$20,000 the provincial share. So the province, both in '98-99 and also this year, has been involved in upgrading the airport.

Mr. Jim Penner: I am aware of those contributions. The problem really seems to be not just the upgrading or the repairs that were done and the needed replacements, but it is undersized for the traffic that we have there. Is there within your department a method of determining what the proper facility should be?

Mr. Ashton: I think, basically, it is the airport itself that has to identify the needs. These are not airports that we operate directly. This is something that has to be developed in terms of the needs. The program itself just provides some assistance which is fairly significant.

One of the difficulties we have on the airport side is that there are many other airports in the province where it is the only access, and there really has not been very much of a capital investment in those airports for many years, not until the last couple of years there has been some. We are trying to work on those airports as well. So there will continue to be assistance available under the MACAP program for Steinbach, but in terms of major upgrading we are dealing with a number of remote airports that are the prime source of contact for those communities that have not been upgraded since the early 1970's and where there is some significant safety problems. So that has to be the priority, but I would certainly encourage the Member to communicate to his airport.

* (11:20)

Obviously, the MACAP program is in place this year and, in fact, Steinbach is one of a number of communities that has received assistance under the program for upgrading and has, over the last couple of years, received some significant assistance from the province. I am advised that they basically have received everything they have applied for, so it is not that we have—either this government or the previous government—been saying no to the applications that have come in from Steinbach.

Mr. Jim Penner: I have been listening to the concerns of pilots and people involved with servicing and the agricultural industry out of Steinbach, and that is where my concerns have arisen. They feel that the facility is too busy for what it was built for. I was just wondering if there was some measurement system. I realize that, from flying up north, it is very important for northern isolated communities to have proper facilities. I have landed in airports where I felt very unsafe up north, and I do not deny them that but I was just wondering at what stage should we be appealing for an upgrade of the Steinbach airport?

Mr. Ashton: The real expertise and I think the obligation in this area lies with Transport Canada. We have spent time in Estimates talking about the federal government's lack of commitment to the highway system, but there is

also a complete lack of commitment, we believe, on the air transport side, particularly with airports. The federal government takes a significant amount of money out of the system, does not reinvest. What it has been doing the last number of years is getting out of airports generally, and I have a very real concern that whether it be Steinbach or remote airports or with other airports generally that we have established situations where the local airport authorities or the province, in the case of remote airports, is already putting a fair amount in, in terms of trying to upgrade those runways.

The federal government is doing very little, and the federal government's ACAP program, for example, it does not put back anywhere near the amount that it takes out from the system, so not only is this expertise within Transport Canada, they have the money too. This is another area that I have raised publicly as Minister, and I have indicated to the federal government that we believe they should be reinvesting in our transportation system, not just highways but also our airports as well.

Mr. Jim Penner: Madam Chair, can I ask a question about the spruce bud worm problem? Is that in the back of your Estimates? No, you have got Highways here right now.

I would like to ask one more question, if I may, on the safety issue. Naturally, having lived in Steinbach for most of my life, I am aware of problems and situations. I feel that the community is a thriving community. It contributes to the tax base. It is a fairly independent community. But, at the same time, I think if statistics were studied on traffic collisions—we do not want to call them accidents because usually they could be avoided so they are collisions—if this were studied, the fatalities in and around the community and the collision rate in and around the community—I did get figures from a number of communities in Manitoba through the citizens' committee, what is it called? The Manitoba Highway Safety Council, something like that. The comparison figures that they had, which were very limited, showed that Steinbach had above-average problems per capita. I am just wondering if the crosswalk systems on the highways like Highway 52 that runs through Steinbach east and west and

Highway 12 that runs through Steinbach north and south, and children from schools are crossing these highways, if there would not be funds to review the safety aspects of a growing community?

Again, I am suggesting to you that I think our facilities are grossly outdated. I think we are a good contributor of tax dollars, and I think we need some dollars spent on reviewing the safety and upgrading the safety of our community.

Mr. Ashton: Well, there has been a significant investment in Steinbach on highways, I am advised. There has been at least \$7 million spent in the last number of years. I appreciate the Member's comments. My view is one obviously has to look at safety generally. I know of many cases in my own area, I know of a number of cases recently of people who were killed in accidents, and you always try and see if there is anything that can be learned from it. In the one case, it was an area of the highway which has virtually no shoulder. This is something that certainly, as minister, I have had raised with me in other areas of the province. It is one of those things you try and build in.

But there has been a fairly significant investment in the Steinbach area but that does not mean that we are not open to looking into other specific problems as well. I would encourage the Member and, in fact, the community itself to continue to raise these types of concerns. Part of it really is getting them to the level where we can assess what can be done, if anything, to mediate any particular problems. I mentioned to the Department, and I certainly will follow up on the Member's comments in terms of accident rates, et cetera, because one of my goals as minister is to try and get a fairly strong correlation between safety and what we do as a department.

I realize on the other hand there are the economic development issues. We discussed this yesterday, the Member for Arthur-Virden (Mr. Maguire) and I. But there are many situations where safety is such a paramount concern that you do have to err on that side, I think even more than the economic development side, quite frankly.

I appreciate the Member's overall statement, but if he has any specific items I would certainly undertake to look at it and ask the Department to follow-up on it. Some of these may have already been involved in discussions, but I know, having been an MLA for a number of years, I think it is very positive when MLAs bring forward areas under their own concern, the concern of constituents, and maybe some specific areas we have not looked at before. I have done that myself. I give the Department credit; it does respond.

I had one case a few years ago, outside of Wabowden. For many years, they had been talking about straightening out an area on the highway and eventually it was done, a big concern about trucks and no turning zones. It started basically from working with the community. I raised it as an MLA, and the Minister at the time, Glen Findlay, did respond to it. So I would encourage the Member to do the same.

Mr. Jim Penner: Thank you to the Minister for those comments.

* (11:30)

Mr. Larry Maguire (Arthur-Virden): I guess I had a few questions, just to follow-up a little bit with yesterday. I think when we left off I was asking a question on bridges, bridge structures and that sort of thing in regards to the Highways department, in regards to just trying to get an update on the kinds of new structures that are there and available that we are working with in the province and perhaps some of the savings that could be made from those structures as well.

Mr. Ashton: I can advise the Member, bridges are a challenge. They are an increasing focus within the Department. We have more than 500 timber bridges in the system. Where we do replace bridges, we replaced RTAC. We are also involved very much in strengthening existing bridges. The ISIS centre has done a lot of very creative work on that area. We have one case, the Triant Creek bridge, which basically is a \$110,000 expenditure that saved us a replacement cost of about \$800,000.

If the Member is interested, bridges are also an increasing focus on the capital side. That again puts pressure on the overall Highways budget, because obviously you have to look at bridge replacements. We have bridges going back to 1917, 1918, 1919, so the more one has to replace basic structures like that the less is available for highway improvements.

When I use that term, remember that includes some of the types of concerns expressed by the Member previously, in Steinbach and other areas. Anything that is an addition to the system, however needed, it comes out of that more and more compressed budget. Bridges are a significant challenge, and the Department has done some very creative work.

ISIS in particular, has done some excellent work. I have been out to the centre. I would encourage members to go out there. It is a good example of making do with less and using new technology, new innovative ways of keeping our bridges in place for a longer period of time.

Mr. Maguire: The Minister, if I am correct, mentioned that there were 500 bridges. Did you put a number on that, Mr. Minister? I think it was 500.

Mr. Ashton: The exact number is 575 treated-timber bridges.

Mr. Maguire: Treated-timber bridges?

Mr. Ashton: Yes. That is a lot.

Mr. Maguire: It is a lot. That is for sure. It think it is indicative of the kind of province that we have in regard to the waterways and water courses that run throughout our region. The savings that can be made from some of the new structures are pretty vast in regard to the kinds of dollars that we could save if some of the new engineering comes on-stream.

Do you have any idea just how soon we will be able to use some of that technology?

Mr. Ashton: It has actually already been used. In fact, the advanced composite material has already been used in a number of areas. We are

looking at specifically some of the areas like the bridge on Highway 59, but we have also done a couple of other projects where it has been in place. In fact, I would just like to note that my deputy minister is very much involved with ISIS. That is another area I think is important too. We are not just using material. We are very much a part of the development process.

He did not advise me to say this, by the way, here, just so you know that, but I commend him for his efforts, because it is really important to us as a department to be creative. What this does is, whenever you can extend the life of a bridge without replacing it at much lower cost, it takes that money and allows you to do other things. Given the limited number of dollars we have—I did mention this earlier, a number of times—the current wish list, if you want to call it that, for highways projects in the province is \$1.9 billion.

Has it gone up since we last talked? I ask this because I think, since I became Minister, it has gone from \$1.6 billion to \$1.8 billion to \$1.9 billion, and on a capital budget on a yearly basis of \$100 million plus you can see the pressures. There are a huge number of projects out there, an increasing number of bridges, so the more we can take the pressure off the bridges, the more we can put the rest of the budget into place for safety-related and economic development-related initiatives.

Mr. Maguire: That was \$1.9 billion in total capital budget, if all the wish list was filled? Those are the requests that you have had in?

Mr. Ashton: That is correct. When I say "the wish list," I do not mean to in any way sort of downgrade the importance of any of those projects. Also I recognize that, in any capital situation, whether you are a municipality or a provincial or federal government, there are always more capital requests than there are actual capital dollars. It gets back to the increased pressure on the highways budget that has been in place the last 10, 20 years, largely, by the way—I just repeat this again—because of the lack of federal commitment. It would not change it overnight, but if you look at a budget in the \$100-million-plus range as compared to a

budget say in the \$140-million, \$150-million or even up in the \$180-million, \$190-million level—the reason I use that range is because if you were looking at even doubling the highways capital construction budget, that would not mean that every cent the federal government raised would be put back into the province.

They are taking about \$145 million a year. But it gives you some idea that what is really frustrating with the lack of federal contribution is, if they put in a significant amount of the money they are taking out, we would be in a very good position in terms of replacing our deteriorating roads. Seventy percent of gravel roads and thirty percent of paved surfaces are substandard. It would also allow us to move into a situation where we could actually bring in enhancements to the system.

When I say enhancements, every time we fix an intersection, every time we do anything—you know, surface a road that was not surfaced before—that is an enhancement. That comes out of what is called the sustaining level of the capital budget. So I get back to the point about bridges, that is why the work we do on bridges and the excellent work that has been done, particularly by ISIS is extremely important. I would like to note on the record, Dr. Rizkalla's work and the work of his entire staff. It has been acknowledged actually worldwide as a leader in this area. So we are not only benefiting here directly in the province, it is an example where this is a world leader in terms of applied technology.

Mr. Maguire: Can you just briefly—I do not want to take a lot of time on it, and it is technical but—can you just update us a little bit on the kinds of engineering that is being done there, you know, moving from the timber bridges to what kinds of materials are being used in some of these new processes.

Mr. Ashton: There are a couple of things we are doing. Sort of in layman's terms here, what we have done in concrete, we are wrapping using the advanced composite material, so that kind of reinforces the strength of the concrete. In terms of timbers, I am actually advised that what they have done is taken this material, and they have basically taken dowels and sort of inserted it into

the wood so it is sort of a reinforcement to the wood and actually epoxied it in directly. So what it does is it takes sort of a wooden structure, and it really changes its entire character, same thing with the cement structure.

What is particularly concerning I know on the highway side, is there are often bridges, where there are relatively new bridges, that have a fair amount of deterioration on the concrete side. I have seen some, and I have gone out with the Deputy Minister and looked at some of the erosion that is out there in terms of the bridges. It is not just these 1919 structures. I mean, some of them probably are lasting better than some of the ones that were built in the 1970s and 1980s. Actually, we have a bridge from 1915, by the way.

* (11:40)

All I can say is it is kind of a creative use of what you might have thought a few years ago as sort of a kind of logical thing, like the wrapping, but the strength of the composite material and the flexibility of it, as well, is also particularly good. It is able to balance the need for strength and some flexibility when you are dealing with structures. I am not an engineer so that is sort of very much a layman's view, but I have looked at the facility, and I would encourage the Member to do it.

Also, I advise, too—I forgot to mention this—while I am at it, we actually have smart bridges now. The Headingley smart bridge uses advanced composites as reinforcements, so there is a lot of potential down the line using technology not only for reinforcement but also for looking at traffic loads and stresses on bridges, you know, imbedding that right into the bridge structure itself. It used to be a bridge is a bridge is a bridge, not anymore.

Mr. Maguire: Just for clarity, the bridge at Headingley is the one, not the No. 1 bridge at St. Francois. That is just on the east side, I guess, at Headingley there, crossing the Assiniboine.

Mr. Ashton: Yes, it is 234.

Mr. Maguire: Thank you. *[interjection]* No, and neither am I an engineer, Mr. Minister, so I do not expect all of the details—

Mr. Ashton: That is why we have the Department.

Mr. Maguire: —that could be coming on that, as well. But I guess I would want to ask just while we are on this—and I do not know whether this is a Government Services EMO question or Highways, but it relates to the Highways part of the disaster which occurred in my constituency last year because of the flooding.

Can you just give me an update as to—it is more a personal constituency question—whether or not DFAA has, in fact, paid all of the accounts that were outstanding from the repairs to roads and culverts and that sort of thing, from the Highways side, that were requested at that time.

Mr. Ashton: I do not believe all the bills have been paid. As the Member should know, there is often a gap because of the process, the paperwork, the audits that DFAA involves. So there may well be a fair number of invoices that have not been paid yet.

Mr. Maguire: Would there be a way of getting a list and finding that out, Mr. Minister, just in regard to what might still be outstanding? I guess I could qualify that as well. I do not even know if all the bills have been put in yet. I am just assuming that all of the bills have gone. Do they come through the Manitoba Department to go to Ottawa for payment?

Mr. Ashton: Basically I am sure, in fact, that there may not have been all the bills put in. I just look at the experience of '97. We are only just closing off the program now. That would be the case with '99.

The normal process for DFAA essentially is that we administer the program and then we essentially go to the federal government with the invoices and the paperwork, and they reimburse us, subject to their audit. So that is the process that happened in '97 and will happen with 1999 coverage, the \$16 million or so that relates to property and other damage.

The bottom line is, yes, there may be a fair number of invoices. In a lot of cases too, by the way, and I am speaking more from the experience in the '97 flood, it often relates to, some of the delays can require more substantiating information, sometimes confusion over invoices, that kind of thing. There are often logistical reasons, just the simple pressure of dealing with things, but often it can be related to getting the specific—but if the Member has any particular concerns, we can look into that in terms of any individuals or communities that have applications in and have not received reimbursement yet. I would be quite willing to look into that. I do receive correspondence on a regular basis and we try and respond not only wherever possible, but we respond wherever we can and try and indicate where the applications are.

Mr. Maguire: I know only a few weeks ago when I discussed this with the Mayor in the Town of Melita, there were still some outstanding matters there. I thought I would raise the issue here to see whether or not there had been any further action on it or payment on it. I understand the due course process as well. So we can leave that at this time.

Mr. Ashton: If I can add too, the Department of Highways is also continuing to pursue road repairs related to the disaster and is pursuing that with the EMO as well. So there may be some additional road repairs as a result of last year's occurrence. That is a normal process too. We obviously have to, as a Department here, make the case that it is flood related, disaster related, so that might be another thing the Member will hear about from the constituents as well. We are also continuing to pursue that over and above some of the work that has been done.

Mr. Maguire: I appreciate that. I want to thank and acknowledge the Minister for acknowledging that there could be further damage still ongoing as a result of last year's flooding. The one that comes to my mind is, if I could get some information in regards to, there was quite a bit of excess energies and dollars put into the highway between Kola and Reston last year, through Cromer, with the oilfield there and the Enbridge site. That road was very heavily impacted by water that was lapping at the

shoulders of the road all spring, I guess. There was a lot of excavation on the road. There was a lot of backfill put into that road, and there was a lot of work done on it a year ago.

I am just wondering if you can give me any indication what they may expect on that section of that particular highway this year.

Mr. Ashton: Yes, we are looking at it in the context of the maintenance budget. When I say maintenance, I mean maintenance includes spot repairs, but that would be where we would look at it. It is not part of the \$8-million amount that we are looking at in terms of other highways in the area.

Mr. Maguire: I know that some of the potholes were the size of semis. This was whole portions of pavement that disappeared in that road, and it was very soft. A lot of it was just because of the excess rainfall. I do not know how much of that kind of budget, whether a municipal jurisdiction would claim that under DFAA or whether, in fact, the province did. I have not enough background to know that myself. I am wondering if that was part of the \$16 million that was claimed under DFAA?

* (11:50)

Mr. Ashton: We have got \$2 million basically. I cannot indicate whether that is one of the areas where we have claimed, but essentially wherever we feel, as a department, that it has been related to the disaster of the flood, we have put in application for it under EMO. Obviously, once again, if it is flood related, it should be coming through DFAA, not from the normal Highways budget. The more we can get legitimately under DFAA—I also have the other hat as the Minister responsible for EMO, so I want to make it clear that there is no conflict of interest here.

The reality is we have to justify to the federal government in the end anyway. It has to pass the audit. So we are, I would not necessarily say aggressively, but responsibly pursuing any and all items that we feel are related to the excess moisture.

Mr. Maguire: I was just wondering if you would have anything further to add to that. I

would be more than glad to look at any kinds of dollar values that they may have already claimed from last year's disaster flood or other particular roads in the constituency in that area that might have been put in for.

Mr. Ashton: I can provide the Member with a detailed list, whatever we do have available.

Mr. Maguire: I would appreciate that listing, thank you, Mr. Minister, if you can make that available at some time.

I guess there are a few other areas that I would just like to look at in regard to the present budget and where things are at in our constituency and in our area of the southwest that I am responsible for. First of all, there is a portion of road which is in the Minnedosa constituency, and I do not know if the Member has asked this question for that area or not, but it is a direct link for many of the people. Some of these roads that I am asking about are direct links between the people of southwest Manitoba and No. 1 Highway or Brandon or on into the rest of Manitoba to get access to Winnipeg and that sort of thing.

One of them is 250 north of Souris, Manitoba, just south of No. 1. Part of that road was built last year. I know they are moving the hydro poles now to do the upgrade on the north section of that. I am wondering if that is proceeding according to the Budget. It is my understanding it was in the Budget to be rebuilt and paved this year. I am just wondering if that is ongoing.

Mr. Ashton: Yes, we put this out for tender. It has been awarded. It is a significant project. It includes paving, and it is in the \$3-million range. I do not know the exact amount of the contract; it is reasonably close to the estimate. So, once again, that was one of the larger projects that we did let in the first batch. Certainly it shows our commitment to working on some of the priorities in that region, in southwest Manitoba. I know that this has been our ongoing concern in the area, and I am pleased we are able to do it. The Member will now start seeing the work underway this year, this construction season.

Mr. Maguire: What all would a tender like that—I am not as familiar with it as perhaps the Minister. He mentioned \$3 million. Is that for the shoulder widening and the paving to be done, or what?

Mr. Ashton: It is paving materials.

Mr. Maguire: The shoulder widening in that section has been completed?

Mr. Ashton: Yes, as is the normal process, the grade was widened, allowing for the surfacing. That is what we are doing now.

Mr. Maguire: In a project like this, for my own clarity, when Hydro moves the hydro poles and puts new lights in, that sort of thing, as they have done, does that come under Highways budget or would that be under Hydro budget?

Mr. Ashton: There may be a few occasions where there is some cost sharing, but basically we pay the bill.

Mr. Maguire: Of course, the one point that I must raise, Mr. Minister, is the paving of the highway at Virden with No. 1. The bypass or part of the project with Virden has been completed. The construction is done of the actual road, under some very trying conditions. I might add. Last year, the contractor had a very difficult time getting it finished. Some new techniques were used there as well, but that road, along with a portion—we realize the restraints on budget—but could they indicate to me if the bridge in that project will continue this year, and if as well it will be paved?

Mr. Ashton: We are considering a project right now that would involve from Scallion Creek east of Junction 259, not the bridge. The bridge is sort of further down, but we are looking at that currently, the base and the pavement in that section.

Mr. Maguire: Just for clarity, then, the pavement will be done on a portion of that this year?

Mr. Ashton: I would advise the Member to await the release of the capital budget. It has to go through Cabinet, and then at that point he will

get the answer. It could be yes; it could be no. I think the Member for Ste. Rose (Mr. Cummings) knows the process, but I should be in a position to respond to that particular question very shortly.

Mr. Maguire: Would that be a yes or a no?

Mr. Ashton: It basically is the only response the Minister of Highways can give without an authorized capital budget, because without an authorized capital budget, you can promise anything, but if you do not have the dollars to deliver it, it will not happen.

I am not trying to evade the question. I am trying to give the Member the answer that he should wait for the capital budget when it comes out.

Mr. Maguire: Madam Chair, I think it was a yes or a no I heard.

Mr. Ashton: A definite maybe.

Mr. Maguire: I am just having a little fun here, Mr. Minister. The bridge, then, in that whole project, as well, will be part of the capital budget. Can you give me any indication as to when and where, when it will proceed and what type of bridge it will be that they are putting in there? I believe it is on Scallion Creek.

Mr. Ashton: Sequentially, the point I made earlier about the project that the Member was talking about, that would be sort of the first step. The bridge would flow at a later point in time. So there has been planning work done around the bridge. But I just want the Member to understand the sequence of what development will take place subject to dollars. It would basically be the paving first and then the bridge after.

Mr. Maguire: Can the Minister indicate to me how far that paving will take place, how far it will go, whether or not there will be any pavement to the west of the creek as well?

Mr. Ashton: What we are looking at—and I am not in a position to announce that it will proceed or it will not proceed—is east of the creek.

Mr. Maguire: That would be, then, all of the area on the north side of the community of Virden.

Mr. Ashton: I have been in Virden many times, but I cannot give a definitive sort of answer in that sense, but that would be my general understanding from the description of the project.

Mr. Maguire: I would just like to follow up with this in regard to my fellow member from Steinbach in regard to safety and a number of the issues that he talked about in his questions previous to me. I raised the issue of the pavement around the junction of 83 Highway and No. 1 and asked the question in regard to how much will be completed in that project.

This corner has a very grave history of being accident prone with the way it was. I appreciate the fact that it has been changed and that new construction has taken place to change that particular corner to try to improve the traffic flow and cut down on the kinds of accidents that have been happening there, where deaths have occurred in the past.

I am just wondering if there will be pavement in the rest of the curvatures of those roads and what they can inform me will take place around the junction of No. 1 and 83 Highway, on the east junction of 83 and No. 1 at the community of Virden.

Mr. Ashton: I can undertake to look at the specific issue in terms of the general condition where we have done grading in that area, but in terms of any specific curves, what I would probably suggest is maybe if the Member could raise the specific curves.

Probably the easiest way, by the way, would be with the Department directly. I am not trying to suggest that it should not be raised here. I think it is useful, as well, but, if there are any specific concerns, I would encourage him to raise this directly with the Department of Highways, and I am sure there would be no problem looking at them.

Mr. Maguire: I guess specifically it is the curves on the south side of No. 1. I realize that you have indicated that there would not be pavement on the bypass nor west of Scallion Creek, but the curves south of No. 1 that connect 83 to it are the ones I was concerned about, and I will raise that. I can raise that with the Member's staff later.

Madam Chairperson: Order, please. The time being 12 noon, I am interrupting the proceedings. The Committee of Supply will resume sitting this afternoon following the conclusion of Routine Proceedings.

INDUSTRY, TRADE AND MINES

* (10:20)

Mr. Chairperson (Conrad Santos): Would the Committee of Supply come to order, please. This section of the Committee of Supply has been dealing with the Estimates of the Department of Industry, Trade and Mines.

Would the Minister's staff please enter the Chamber. We are on page 109 of the Estimates book. Resolution 10.2. Business Services (b) Industry Development - Financial Services (3) Programs (a) Manitoba Industrial Opportunities \$7,180,300.

Mr. Mervin Tweed (Turtle Mountain): Yesterday and earlier in the Estimates period, the Minister had suggested that she would provide me with some information. I wonder if there might be any available today?

Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines): No, that information is not available. Last night we adjourned at six and this morning we are in Committee by 10:20. I recall being in the Member's position in Opposition and it was quite common to wait actually several months before any reply was given to me. We will try to be much more expedient than that, but it does require a considerable amount of work for the Department to put together all of the responses that have been requested.

Mr. Tweed: I will await them and just remind the Minister that some of these requests were made on the first day of Estimates.

On the Vision Capital Fund, there is a note, it says: Increase in carrying costs associated with the province. Can the Minister define what those carrying costs are?

Ms. Mihychuk: In terms of the Vision interest, the total Vision budget in 1999-2000 was \$1,300,000. The Vision budget in these Estimates is \$1,937,000, an increase of \$637,000, relates to interest on the provincial loans to Vision. There are two components of the increase: (1) The average balance of the loans outstanding are expected to be slightly higher in the year 2000-2001, resulting in an increase of \$106,500 in interest charges; (2) Concessionary interest: When loans to Vision were provided, the costs of any concessions were charged to the appropriation as the loans were disbursed. As loans mature, the value of the original concessions are recaptured and credited to the appropriation. Since the original \$30-million loan is nearing maturity, the impact of the recaptured interest is \$531,000 more in 2001 than it was in the previous year. So that adds up to the total of \$637,600.

Mr. Tweed: Vision Capital, the contract runs out when? When is the termination?

Ms. Mihychuk: Vision is able to continue making loans until December of 2001. The loans are repayable December 2002.

Mr. Tweed: Has the Minister had any meetings with the proponents or the players in Vision Capital?

Ms. Mihychuk: No, I have not, but department representatives have been meeting with people involved with Vision on a regular basis.

Mr. Tweed: I am advised that at some point in time Vision Capital had or would be making a request for an extension. Is the Minister aware of that?

Ms. Mihychuk: It is my understanding that Vision did make a request for an extension. The

decision was made to stay with the existing completion dates.

Mr. Tweed: Under Manitoba Business Development Fund, can the Minister tell me what the Development Fund is used for?

Ms. Mihychuk: The Manitoba Business Development Fund provides financial assistance to companies and industries to support projects that have a potential to have a significant impact on economic development. It was started in 1992. There are four program areas: Feasibility Studies Program, Technology Commercialization program, Strategic Studies, and Special Projects.

Mr. Tweed: Can the Minister advise the House if there has been any activity on the feasibility studies since September?

Ms. Mihychuk: Yes, there has been considerable interest. There has been a number of projects that we have participated in and approved the 50% contribution for the Feasibility Studies Program.

Mr. Tweed: Mr. Chair, does the 50% contribution have a cap?

Ms. Mihychuk: In that sector, assistance is limited to \$25,000.

Mr. Tweed: Can the Minister advise if any of the activity that she has talked about previously has loaned up to the \$25,000 maximum?

Ms. Mihychuk: Of the numerous projects, there have been a couple of projects which have reached that maximum allowable.

Mr. Tweed: Can the Minister tell me, again finishing off last year's Estimates but still part of her responsibility, if the total amount in that fund was used?

Ms. Mihychuk: The Department of Finance has not completed its final tabulation for year-end, but it is our understanding that we project a small lapse in that budget line.

Mr. Tweed: Mr. Chair, can the Minister just explain her thoughts or the sensitivity around reducing the fund by approximately \$437,000?

Ms. Mihychuk: There has been no reduction in the Feasibility Studies Program, Technology Commercialization or Strategic Studies. The area that we reduced was in the area of Special Projects which are often, I understand, 100% government cost, one-time projects and often initiated by government. So, in a way, it also meets our goal to reduce the amount of business subsidies and provide a more clear and process-focussed approach to these types of business decisions.

Mr. Tweed: Would the funding that would equate to the Special Projects elimination be picked up under third-party support programs, which I see has taken a tremendous jump?

Ms. Mihychuk: No.

Mr. Tweed: Can the Minister advise the House of any strategic studies that are taking place at this point in time?

* (10:30)

Ms. Mihychuk: At this time, there are no strategic studies underway.

Mr. Tweed: Just more for clarification, under Special Projects, which the Minister had suggested, I am guessing, is the major portion of the dollar amount in the reduction?

Ms. Mihychuk: All the reductions in this budget line are focussed under Special Projects.

Mr. Tweed: Then one can assume that \$437,000 is Special Projects?

Ms. Mihychuk: That is correct.

Mr. Tweed: Could the Minister, I guess, just explain again what Special Projects were? I am just trying to get clarification.

Ms. Mihychuk: A couple of examples were the Asia Pacific Foundation and the Winnipeg Airports Authority study.

Mr. Tweed: Then am I to assume that those two are the total?

Ms. Mihychuk: No.

Mr. Tweed: Could I ask the Minister to provide the other details?

Ms. Mihychuk: It is my understanding that these projects have not been made public. Until those public financial statements are released, I am going to have to postpone the Member's request, until that information is available to all. There is a sense of privacy that needs to be respected, so I would ask the Member's understanding in this area.

Mr. Tweed: I certainly do appreciate the need for some privacy with companies and businesses. Can the Minister tell me what the Asia Pacific Foundation was?

Ms. Mihychuk: It is a foundation that promotes the relationship between Canada and the Asia Pacific region. The Government has in the past participated in providing funding to that organization.

Mr. Tweed: So the Asia Pacific Foundation is each province in Canada's participation in a national joint venture.

Ms. Mihychuk: I am informed that Québec and British Columbia are the only other two provinces that support the foundation.

Mr. Tweed: Is the Department prepared and going to continue to fund this foundation?

Ms. Mihychuk: No.

Mr. Tweed: So the funding has been eliminated for this year. In this budget, that is part of the \$437,000.

Ms. Mihychuk: That is correct.

Mr. Tweed: Mr. Chair, does the Minister see this fund or this participation in the Asia Pacific Foundation, as an example, as a business subsidy?

Ms. Mihychuk: The decision to discontinue contributing to this foundation was based on an analysis of the effectiveness of our investment and our ability to continue strong trade links with the Asia region. It was felt that type of link could be sustained and perhaps even improved with other initiatives.

Mr. Tweed: Well, I thank the Minister for the answer, but again I would just ask the question: Is this funding considered part of a business subsidy, either in her mind or in the department's mind or Government's view?

Ms. Mihychuk: Yes.

Mr. Tweed: Could I ask the Minister to elaborate and tell us why she believes that it is a business subsidy?

Ms. Mihychuk: The foundation's goal was to provide training and information to the private sector on opportunities in the Asian-South Pacific market. It is felt that the awareness by the private sector has been achieved.

You know, if you want to argue it was a direct subsidy or indirect, I do not really want to go there. I am mixed on it. We reduced it because we felt that we could be effective with trade with Asia, which we consider to be very important. We are committed to financing government expenditures within the balanced budget, and some tough choices have to be made. Where we can see that we can operate government efficiently and effectively and reduce our expenditures, those decisions will be made.

Mr. Tweed: Well, I certainly do not want the Minister to think that I do not necessarily agree with some of the reductions that they have made. I just want to make sure that the Minister is not confused with a government subsidy to business or a government subsidy to itself to develop markets for the province.

* (10:40)

I am looking for clarification. If the Minister is saying it is a business subsidy, to me it sounds more like a government organization that looks

and seeks for opportunities but really has no direct relationship with business. So I guess I would like to just verify that the Minister is saying she sees this as a business subsidy.

Ms. Mihychuk: It is my understanding that this is a private organization, not a government organization.

Mr. Tweed: It is a private organization with participation from the provinces of B.C., Québec and Manitoba only?

Ms. Mihychuk: That is correct.

Mr. Tweed: May I ask the Minister who sits on the Board on behalf of Manitoba on the Asia Pacific Foundation?

Ms. Mihychuk: A little additional information to the previous question. I understand that the federal government also contributes to this organization. In terms of board representation, we have none.

Mr. Tweed: Have we ever?

Ms. Mihychuk: No.

Mr. Tweed: Mr. Chairman, on the Small Business Expansion Fund, I see it has been eliminated. Is that a time-weathered contract or was it a departmental decision?

Ms. Mihychuk: The program was actually cancelled two years ago. The line item that the Member is looking at is just the carry-over.

Mr. Tweed: Can the Minister explain to us the huge growth in the third-party support programs?

Ms. Mihychuk: There are four funds that are now disbursing funds and are growing. They are the Manitoba Capital Fund, Manitoba Science and Technology Fund, the Renaissance Fund and Keystone Technologies Fund. So we are seeing significant activity in those funds and that has resulted in an increase in that line item which relates to interest costs.

Mr. Tweed: So the money that is allocated under third-party support programs is money used to support those four investment vehicles.

Ms. Mihychuk: Correct.

Mr. Tweed: And the \$626,300 would be our share?

Ms. Mihychuk: That is the interest costs on the loans disbursed by those funds.

Mr. Tweed: Is the interest that is charged out charged out at a given rate?

Ms. Mihychuk: They are all at Crown corp rate.

Mr. Tweed: Does the Minister see loaning money out at Crown corp rate as being an interest or a business subsidy?

Ms. Mihychuk: No.

Mr. Tweed: The Science and Renaissance and Manitoba funds, the only new one of those four, I understand, would be the Keystone Fund?

Ms. Mihychuk: Correct.

Mr. Tweed: Does the increase in the amount of money on that line represent the additional money needed for the Keystone or is it obviously at \$240,000 for three funds and then going up \$400,000 to accommodate the Keystone Fund? Is that correct?

Ms. Mihychuk: No, they are broken into the four funds. Keystone is just starting up, so their amount of interest share is actually the lowest of the four and the highest is the Manitoba Capital Fund which is the most mature. So, no, it is divided amongst all four funds.

Mr. Tweed: The large increase then is the funds are actually loaning out more money at this point in time?

Ms. Mihychuk: That is correct.

Mr. Tweed: Can the Minister—I am sure it is somewhere in here—just briefly describe the Science Fund?

Ms. Mihychuk: The Manitoba Science and Technology Fund is a \$10-million pool of risk capital that invests in Manitoba-based small businesses. It is privately managed and guided by an independent committee of advisers. The Science Fund raised its investment capital from individual investors and institutions, the Crocus Investment Fund and from government. The purpose of the fund is to increase the supply of risk capital. It makes equity investments in the \$100,000 to \$2-million range. These are investments in companies that are in science and technology sectors and that are in the early stages of development. The investments last for three to seven years and divestment is accomplished by selling the equity to the original owners or to the managers or to a larger company.

Mr. Tweed: Can I ask who manages the Science Fund?

Ms. Mihychuk: The fund has a separate board, but the financial analysis and management support are through the Crocus Fund.

Mr. Tweed: So someone from the Crocus Fund manages this area?

Ms. Mihychuk: That is correct. It is a separate board but the same administration.

* (10:50)

Mr. Tweed: Can the Minister tell us which funds, or have they all been successful? Is there some that because of the time they were started are nearing their end and looking at other alternatives?

Ms. Mihychuk: The Manitoba Capital Fund is what is known as a mature fund, and overall all four funds have been successful. The Capital Fund took a serious blow with the Shamray Group losses, and it is coming to maturity.

Mr. Tweed: Is there any intention of the Government to extend the Manitoba Cap Fund?

Ms. Mihychuk: No.

Mr. Tweed: The Minister referred in the Science Fund to reaching a goal of \$10 million for risk investment. Has that been achieved?

Ms. Mihychuk: Could the Member repeat the question?

Mr. Tweed: Just in the Minister's comments, she mentioned that it had a \$10-million fund, and I am presuming that not all of that is raised immediately. I just wondered if that had been achieved as the goal.

Ms. Mihychuk: Yes, the Science and Technology Fund has raised the \$10 million.

Mr. Tweed: Under Note 7 on the Third Party Support, it says: "Increase due to program expansion." We know that the Keystone Fund is the least user of that increase. Has there been a significant demand on one of the funds or all of them?

Ms. Mihychuk: The largest withdrawal or activity has been by the Renaissance Fund, followed by Manitoba Science and Technology Fund, followed by Keystone and then Manitoba Capital Fund.

Mr. Tweed: So the Keystone Fund has had more activity than the Manitoba Capital Fund?

Ms. Mihychuk: The numbers that we look at are the best judgment of the amount of activity that will occur in the upcoming year, so we expect the Keystone Fund to be quite active and to be drawing down on monies, as they proceed to lend out money to bio-technology firms.

Mr. Tweed: Would the Minister view the funds that we are referring to as business subsidy funds?

Ms. Mihychuk: No.

Mr. Tweed: The interest rate at Crown corp rate is not seen as a business subsidy? I am asking that as a question.

Ms. Mihychuk: The Crown corp rate is higher than the cost of borrowing by government as a whole. It is the rate that we provide monies to our Crown corporations. I think that in terms of

economic development there is a strong need identified to make more risk capital available, and the previous government initiated the incentives or the promotion of this type of opportunity. They are seen as a good idea, and, in fact, we need to expand on those initiatives, so there is no cost to government. There is cost recovery, and I do think that it provides opportunities to make funds available for the private sector. We have seen some very successful operations initiated and developed out of these monies available through third-party programs.

Mr. Tweed: So then offering a Crown corp rate to any business is not considered a business subsidy?

Ms. Mihychuk: That is correct. Providing a loan for 4 percent is considered a business subsidy. Giving out grants or free loans is considered a subsidy. I think that we can sit here all day and try to split hairs, but I think overall that, if the Member is trying to say you have not achieved your 23 million, he may be right. As we try to eliminate clearly definable business subsidies, we will do so. If it takes us more than one year, we will continue the process. We go through a number of areas.

Mr. Chairperson, the Premier is fond of talking about providing driveway infrastructure for major national chains to set up in rural Manitoba and then they go and compete with the local guy across the road. Well, I think that is a business subsidy, and it can lead to the closure of local companies. So we need to look at where we invest. I think that most people would agree that a 4% loan, when it costs us 7, is a clear business subsidy. We try to reduce the number of those deals made, and I think the overall goal was to reduce business subsidies. So I do not consider providing opportunities, like stimulating the creation of capital pools, as a business subsidy.

Mr. Tweed: Is there any intention in this government's behalf to creating any other capital pools?

Ms. Mihychuk: Yes.

Mr. Tweed: Could I ask for the Minister to elaborate? I do not necessarily need specifics, but just in what areas or what does she see as the opportunities?

Ms. Mihychuk: One area that we have worked on is in the area of pension funds. This comes out of an identification of a source of capital both in the election and from the Century Summit, and that is an area that we are working hard on with Manitobans to ensure that we can get more of those pension funds invested in Manitoba.

* (11:00)

Mr. Tweed: Does the Department have any number that they know of that tells the percentage of pension funds that are reinvested back in Manitoba? Is that something that is available?

Ms. Mihychuk: We do not have that information, but we do know that, for instance, when you look at Canadian pension funds, the amount of risk capital allotted is substantially smaller than the amount contributed by American pension funds. So there is the potential for significant movement I think in this area.

Mr. Tweed: I will pass this line.

Mr. Chairperson: 10.2. Business Services (b) Industry Development – Financial Services (3) Programs (a) Manitoba Industrial Opportunities \$7,180,300–pass; (b) Vision Capital \$1,937,600–pass; (c) Manitoba Business Development Fund \$1,563,100–pass; (d) Small Business Expansion Fund zero–pass; (e) Third Party Managed Capital Funds \$626,300–pass; (f) Less: Interest Recovery (\$3,053,100)–pass.

Mr. Tweed: The note says the increase relates to variations of the magnitudes of loans outstanding and the interest rates charged. Are there varying interest rates charged on these recovery accounts?

Ms. Mihychuk: Well there have been a number of loans provided over the years, and as we get payment back, that amount is increasing. The rates of the loans have varied over time, and

some of these loans have exceeded 10 years. So, yes, and this is the amount that we expect to receive in interest from those opportunities that have been made in the past.

Mr. Tweed: Would it indicate then that the number growing by \$700,000 indicates that more loans are being paid off?

Ms. Mihychuk: The amount relates to the amount of draw down that companies are making. So, as a certain allocation is committed, companies will draw down funds as they expand their operations. We have seen some substantial commitments in a number of businesses and sectors, so the amount of interest that is going to be paid on those monies then logically increases.

Mr. Tweed: When we talked about the MIOP and Vision Capital, all the notes that are written beside them talk about adjustments in carrying costs and interest and interest carrying costs associated with the province's loan. This figure of \$3 million, does it relate to all the payments made on those funds?

Ms. Mihychuk: The interest recovery of the \$3 million relates to interest that is recoverable from the MIOP program.

Mr. Tweed: Then in the MIOP program, we increased the carrying costs. No. You have actually decreased the carrying costs for interest in the provision of losses, and this is purely the interest that is collected on that fund.

Ms. Mihychuk: It is the interest that we anticipate to collect on loans that government has made through the MIOP program in the past. *[interjection]* That is correct.

Mr. Tweed: Again, just for my clarification then, so the \$3,053,000 is purely interest collected on MIOP loans?

Ms. Mihychuk: That is correct.

Mr. Chairperson: Shall the item pass? Pass.

10.2.(b)(3)(g) Less: Recoverable from Rural and Urban Economic Development Initiatives, no money—pass.

The next item for the consideration by the committee is item 10.2(4)(a) Mineral Exploration Assistance Program of the Mineral Industry Support Programs \$2,750,000.

Mr. Tweed: Can the Minister just outline what this program is, the Mineral Exploration Assistance Program?

Ms. Mihychuk: The program was initiated by the previous government in 1995. Its purpose is to stimulate exploration in Manitoba. We have renewed the initiative by providing \$9 million over the next three years. It covers 25 percent of approved exploration expenditures in most of Manitoba, and for specific areas 35 percent. Those relate to very remote areas in the Superior Province and in traditional mining areas, which are under extreme pressure for the possibility of mine closure.

So the mining industry has been under serious depression for the last few years. The amount of exploration was dramatically reduced, and this was a program that was initiated and is sustained to promote and encourage mining companies to do that preliminary exploration.

Mr. Gerard Jennissen, Acting Chairperson, in the Chair

* (11:10)

Mr. Tweed: Mr. Acting Chair, has there been activity in this program assistance? Is it used up every year, the total amount, the \$2,750,000?

Ms. Mihychuk: The program has seen substantial growth. In the early years, it was not used totally; in fact, this last offering was oversubscribed. So we are seeing a great deal of interest in doing exploration in Manitoba. It takes awhile for a program to get known. We have been marketing Manitoba. We have been reaching out, and I think we are reaping the benefits of those initiatives.

Mr. Tweed: Mr. Acting Chair, could the Minister just—and again, more for information because I am not that familiar with it—what the process is? Am I an established mining company and wanting to come to Manitoba, or am I a

mining company in Manitoba that is looking to expand that would be able to access these funds? What is the process?

Ms. Mihychuk: There are two offerings which are advertised widely every year. Companies from outside of Manitoba can apply and companies that are within Manitoba and explorationists. So if a project that say you have a certain property, you are interested in doing some drilling or till sampling or some type of exploration work, you would submit a business plan, an exploration program. It is submitted to the Department, reviewed by a team of experts—financial and geological—to ensure the credibility of the submission, and if approved will then go through to be eligible for our contribution.

Mr. Tweed: The two offerings that are made out—and I presume they are in connection with the seasons of mining—but is the total amount offered in those two offerings, like the total amount of allocation?

Ms. Mihychuk: The offerings are split. In the spring it is \$1.1 million, and in the fall for winter drilling is \$1.625.

Mr. Tweed: Is there a reason for the differences in the amounts, and the timing?

Ms. Mihychuk: Traditionally, the expenditures have been higher in the winter season. Winter road access, flying in, diamond drilling, setting up winter camps, are very expensive so slightly greater allocation is awarded because of the costs of doing exploration in that season.

Mr. Tweed: When a mining company fills out an application and presents a business plan, is it for a set specific amount of dollars, or is it decided by the committee when they approve it as to how much they will allocate to that particular project?

Ms. Mihychuk: The company will submit a plan that identifies the costs. The committee will review those, and where there are questions I know that the committee has sent it back for further information. Ultimately, the costs are confirmed as being within industry standards. Then the allocation is actually expended after the program, based on actual costs.

Mr. Tweed: That would be actual costs up to a maximum or set amount.

Ms. Mihychuk: That is correct. Up to the maximum.

Mr. Tweed: Can I ask: Is this area of exploration assistance managed within the Department?

Ms. Mihychuk: Yes, it is.

Mr. Tweed: May I ask who manages that aspect of it?

Ms. Mihychuk: The Geological surveys branch, headed up by the Acting Assistant Minister, which is Christine Kaszycki.

Mr. Tweed: The applications are done in the spring and the fall. I am presuming, with the timing of this budget, last fall would be still on the previous administration's budget. Is that correct?

Ms. Mihychuk: I understand that would not be the case, that the fall projects must be completed by March 31 and that the summer projects must be completed by the end of October.

Mr. Tweed: Would it be fair to assume then that the spring program, if I understood you correctly, has been fully subscribed?

Ms. Mihychuk: That is correct. We have had a great deal of interest, and it is oversubscribed. Sometimes companies will be very ambitious, and we will have to see what their actual expenditures are. The history of the fund has indicated that there has been a substantial lapse rate. Companies will set out a plan that includes a certain amount of diamond drilling or land testing or geophysics, and sometimes they will scale back the operation when it comes to the actual field season. So we have had considerable interest, the highest ever actually.

Mr. Tweed: Accepting that when people make their application they are making it probably on the most that they could accomplish, they are not paid out until they have actually submitted the expenses, when there is lapsed money, does that go to another project? When you hit a number

that says you are oversubscribed, what do you tell the people who are looking for opportunity?

Ms. Mihychuk: The funds that are not allocated are available for the second offering, but they are not carried over to the next year.

The biggest barrier lately for mining companies has been their ability to raise money. Mining companies and prospectors will tell you that there was a great deal of interest in anything that was a .com and very little interest in something that had to do with mining. So the whole market trends had impacted the traditional sectors which included mining quite hard. So I know from several of the people involved in exploration that one of their biggest challenges was raising funds so that they could go out and do the exploration that they wanted to do.

Mr. Tweed: Would the total amount of 2.7 have been used up at the end of this year, as far as you know?

Ms. Mihychuk: It is our understanding that there will be a lapse, but the books are not completed. We estimated approximately a million dollars.

Mr. Tweed: I would understand, then, that the Minister is determined to see this aspect of the support programs, if not increased, be fully accessed and fully used.

* (11:20)

Ms. Mihychuk: Yes, that is our goal. We have been active promoting exploration around North America. I have been to Toronto to promote mining in Manitoba, to Vancouver, to Spokane, where there is a western mining convention where 10 000 registrants were at that convention. We are actively pursuing interests, exploration companies and others, to come and invest in Manitoba.

It would be our hope to use our allocation. This provides the foundation for our future. Exploration is risky business. You can do a lot of work and then it proves up to be that you have not found an economic source. But it is absolutely fundamental that that work be done, because that is how we do find the next mine. So

we will continue to provide opportunities and promote Manitoba.

Mr. Tweed: Can the Minister tell us what other provinces do to compete in this area? Do they have the same programs or do they look at it differently?

Ms. Mihychuk: That is a very complicated question. Alberta, for instance, its geology provides a wonderful opportunity when you look at petroleum resources. As a mineral source they may provide tax relief or tax incentives or drilling exemptions when it comes to drilling.

It is very hard for me to compare what is available in every province. Saskatchewan is well known for its uranium deposits and has a very large pre-Cambrian carbonate base, so they are not known for major other metals. They do have potash, however, which is significant for Saskatchewan.

Manitoba has quite a diversified mineral inventory that includes base metals, industrial minerals, lime. So we have very diversified types of opportunities. Ontario had a similar program that they cancelled last fall. Quebec has a number of programs that have made them even more successful than Manitoba in terms of the rating by the Fraser Institute. I know that some jurisdictions have provided flow-through shares and other investment opportunities.

Looking at the wide range of opportunities, it is very complicated to try and determine—if there is somebody that is exactly like us, I would say the answer is no.

Mr. Tweed: I guess the only reason I asked that is, obviously if we are trying to create more exploration and the fund is not being accessed, is there another way of getting that message out there that the opportunities are here. Does the Department have any intention or design to review the program and see if it might be modified to attract more of the exploration investment?

Mr. Chairperson in the Chair

Ms. Mihychuk: I think that we can be quite satisfied actually. We have reviewed the

programs to ensure that they were relevant. Probably a couple of years ago—I think the Minister at that time was David Newman—and the indication by having oversubscription in this offering is a very good sign, and so we are seeing Manitoba becoming recognized as an excellent place to invest, but I think that we are always looking for more opportunities to promote and market Manitoba, and I am a firm believer that we need to do that, and we need to be creative. So any ideas the Member has will be considered very seriously.

Mr. Tweed: Well, I suspect the Minister will have to come up with the ideas and we will perhaps review them for her, but again I would just—any program, and I know, when we talked about the reductions of certain funds in the Minister's department, that lack of use or people not accessing them. I see when you lapse a million dollars in a \$2.7 million budget it is substantial and it would suggest to me that some review may be needed to attract the exploration as good as it is to make it better, I guess, to make it fully used. Do other provinces, when they are competing with Manitoba, and I presume they compete, that is, I am guessing, would be the reason for the program. Do they see this as a business subsidy or does the Minister?

Ms. Mihychuk: Yes, I do. I do see this as a business subsidy and one that I have defended and support. Do not think that there is difficulty in saying there are certain sectors that need government help. And the mining industry has just gone through a number of very challenging times. Metal prices were extremely low over the last two or three years. There was a great deal of difficulty raising money, not only because of the popularity of dot coms and the whole IT sector but also the Bre-X scandal which had a huge impact on the confidence of investors in the mining sector, and there is a whole range of consequences of that. So the amount of money expended across Canada has dropped dramatically. Manitoba has been more successful than other jurisdictions in retaining their share of exploration. So what I am trying to say is other provinces have been hit much harder than Manitoba in the loss of exploration dollars.

Mr. Tweed: I am almost tempted to ask the Minister, Mr. Chairman, if she would speak to

the Minister of Agriculture (Ms. Wowchuk) and relate that same message to her when we are talking about depressed world economics and prices for their products that they produce, and yet this government in this year's budget has refused to acknowledge that and provide any type of assistance for that industry which I am not sure of the comparisons or the numbers but I am sure would be considered an important and valuable part of the Manitoba economy. Perhaps I would ask her just to pass that message along to the Minister of Agriculture.

Ms. Mihychuk: Well, I will just inform the Member that mining is second only to agriculture and if you looked at the expenditures, government expenditures and agriculture versus the mining sector, I think that the amount of support to the mining industry is considerably less than that provided to agriculture. And the number of programs available to the agriculture sector are substantial and diverse. So I think the mineral industry can take great pride in being self-sustainable, having gone through some very tough times. This amount of money for assistance in this sector is quite minor when you compare it to agriculture.

Mr. Tweed: I certainly was not trying to imply that mining is not as important. I just think that the thought pattern that you are expressing, the fact that because of the reasons affecting the mineral industry, assistance is sought and needed. The same attitude and direction might be taken in the Department of Agriculture, where we have seen families and businesses leaving their communities, simply because of the economic conditions that are not under their control, similar, I suspect, to the same idea, with the mineral industry in a depressed market. We cannot just go out and create the increases that we need.

I am guessing, then, based on what the Minister said, and using this number: Is there a thought to increase this program to create more exploration?

* (11:30)

Ms. Mihychuk: Not at the current time. The mineral sector is very cyclical and dependent on global markets. Certain analysts would suggest

that we are moving into a more positive stream. So we will have to assess the necessity of this type of investment in the future. There is no change at this time being considered.

The issue sort of helping through tough times is one that I do want to pursue a little. The Government has created a fund known as the Mining Reserve Fund that is supposed to be available for communities that are facing mine closure. Manitoba has gone through a number of these; in fact, every province has. Mining communities are very dependent on one industry, and that is mining. Mining does not continue forever. We would hope that agriculture has a longer sustainability than mining, because it is a non-renewable resource. So the amount of money in that fund is about \$20 million, in total.

Right now we face a crisis in the North for two communities, and that is Leaf Rapids and Lynn Lake. Of that \$20 million, 10 is required under the Act to remain in the fund, and 9 million has been allocated to help stimulate exploration—and supported by those very people who could argue that they need that money themselves to look for economic diversification. So the amount of resources that government has provided to those mining communities has been quite limited. We have made some very small strides in providing economic development officers.

For the most part, if you go into the North, you can find mining ghost towns. People invested and bought homes, and believed that it would continue. That is probably part of their psyche of a mining town. You are going to find the next one, right? The next one is going to come. Unfortunately, that does not always happen, and those communities are left. The hospitals are abandoned, the schools are abandoned, the homes, and individuals take personal losses that are very substantial. That is the reality of a mining community.

I do not think that it is very well known, how tough it can be for those families that are in this sector. When we compare—and I agree, agriculture has been hard hit. I have got a quarter section in Poplar Field. When I go up there, I have a whole lot, probably more fun than the

farmers who are trying to make a living, given the subsidies of the Americans and the Europeans. The competition is intense.

It is a very difficult situation for both sectors, but I think that we can say that government has come forward with substantially more than \$10 million for agriculture, at tough times. We have not been able to do that. The last initiative for mining communities was the establishment of the Mining Reserve Fund for those people. It is pretty tough to get by on that. We have just had the allocation of the MEAP program out of that fund. So it makes it a very limited amount of money available to help those communities look at economic diversification. It is difficult to argue, because government is limited under The Balanced Budget Act, and we need to control our expenditures. So the amount of money that is available is tough to get. I will make it one of my missions to ensure that money is expended in those communities, and continue to push for more supports for mining communities and those families involved in this industry.

Mr. Tweed: The Mining Reserve Fund, can the Minister tell me how large that is—value?

Ms. Mihychuk: The fund was approximately, as of March 31, at \$19 million.

Mr. Tweed: How much of that fund is expended each year?

Ms. Mihychuk: It ranges depending on the year and the severity of the crises, and the number of projects that we have coming forward—the take-up of the MEAP as well. It ranges from \$1.3 million in '95, down to \$400,000 in '96, up to \$2 million in '97. In '98, it was a million and a half; in '99, \$1.2 million.

Mr. Tweed: You mentioned MEAP when you were talking. Do the two cross over? If somebody does not find the funding in the MEAP, can he go to the Mining Reserve or vice versa?

Ms. Mihychuk: The way it works, is that up to \$2 million can be transferred out of the Mining Reserve Fund into general revenue, to off-set the costs of the MEAP program.

Mr. Tweed: So, under the MEAP program, the 2.7 that we are talking about in the fund, that money comes out of the reserve fund or that money is expended, and then additional money is taken from the reserve fund?

Ms. Mihychuk: The \$2.7 million would be expended out of this appropriation line, and then funds would be transferred from the Mining Reserve Fund, up to \$2 million, into the general revenue fund.

Mr. Tweed: So, when we talk about a \$1-million lapse in funding from last year, are we saying that there was overfunding from the reserve fund or that the actual 2.7 that was in the budget was a million dollars unused?

* (11:40)

Ms. Mihychuk: The \$1.2 million was lapsed, and the actual amount that we transferred from the Mining Reserve Fund was \$771,000.

Mr. Tweed: Again, more just to understand this. You budget 2.7 for the fund. It is undersubscribed by 1.2 million, and yet you transfer funds into that fund from the reserve fund of \$771,000.

Ms. Mihychuk: That is correct.

Mr. Tweed: I guess my question would be why, if you have the money in the fund allocated in the budget line.

Ms. Mihychuk: The draw down of the Mining Reserve Fund for the covering of or partial covering of the MEAP program was established by the previous government. I went through considerable debate over it. Because the fund is established to help those miners and the communities that are going to be impacted by pending closure—that was the initial act—you can argue with validity that without exploration those towns are all doomed. So exploration is absolutely vital. But that draw down causes pressure on the Mining Reserve Fund, so it is with some reluctance or some question that we continue the practice. But that is a philosophical debate because others could argue that it was not specifically for that purpose, and I am very aware of that. The amount of expenditure on the

MEAP was allocated at 2.7; 1.2 lapsed, which left 1.5 million which was expended. So in this case it is almost 50 percent of that funding for MEAP that came out of the Mining Reserve Fund.

Mr. Tweed: Is there a set of guidelines for the Mining Reserve Fund?

Ms. Mihychuk: The intent of the fund is fairly broad, and that is what allows us to use this money for exploration. But we would be glad to provide the Member with the Act or with a background on it. I can tell the Member that the reserve was established in the 1970s to assist those individuals in mining communities that would be impacted by mine closure or temporary shutdown. In any fiscal year the Lieutenant-Governor-in-Council may order the transfer to this mining reserve of sums up to 3 percent of mining taxes received in the fiscal year.

I think last year it was estimated that we would receive \$3 million in mining taxes. This year we estimate it to be over \$60 million. So that will have an impact. We will be able to replenish the reserve fund. The Lieutenant-Governor may direct an expenditure for the welfare and employment of persons residing in mining communities, may direct an expenditure when the fund exceeds \$10 million, and may direct the making of loans or advances or guaranteeing of repayment of loans or advances or authorize a member of Executive Council to enter into agreements for those purposes. All payments from the reserve are subject to Treasury Board approval prior to Lieutenant-Governor-in-Council.

Mr. Tweed: Again, I am not sure what the policy is or was, but, it just seems odd that we would take money out of the Mining Reserve Fund to support a program, the Mineral Exploration Assistance Program, that is not using its allocated funding to start with, and then you have a complaint of the Mining Reserve Fund that is being depleted and perhaps not being used for the purposes that it was intentionally or initially designed for. I think we had some discussion the other day about this in regard to the Leaf Rapids economic development officer. That is where the money

would come for that type of position, the Mining Reserve Fund?

Ms. Mihychuk: That is correct. I think that it was, in the past, difficult for Mines ministers to argue in Cabinet or caucus to expend monies on mining. I firmly believe that the Mines minister was convinced that this was the way to go and found the Mining Reserve Fund a place where some funds could be found. We were dealing, and we still are, with enormous pressures in health care, education, other services, tax reductions. So I think that the enormous pressure and, quite frankly, I think the general lack of knowledge on the situation in the North and mining communities led the previous government to make a policy decision to use the Mining Reserve Fund as a way to supplement the costs.

Mr. Tweed: Again, not wanting to provoke argument on how it was used, on a line-by-line basis it seems odd that a fund that is not being fully utilized is being subsidized by another fund that should be used to create opportunities in mining communities that are suffering.

No matter how tight the Budget's lines are and the balanced budget legislation, if you have allocated a budget line of 2.7 and it is only being used up to half, and of that half you are taking it out of the Mining Reserve Fund, I guess I do not understand that. If it has been the practice of the past, I would still question whether it was the right thing to do. I would think that the demand for communities that are suffering because of mine closings would want to access a larger portion of the Mining Reserve Fund to use it for its intention instead of putting the Mining Reserve Fund into MEAP programs.

Has the community of Leaf Rapids approached government in using the Mining Reserve Fund for the development of what I read in the paper recently, a proposal to grow marijuana for the federal government?

Ms. Mihychuk: The Leaf Rapids community is open to all types of ventures. They have not come to us on that specific project, but we are participating with the council and the mayor to look at diversifying opportunities in Leaf Rapids. I was able to go in a mine operated by

Hudson Bay in Flin Flon, where they have been growing tomatoes and herbs, medicinal plants underground for many years. It is quite a successful endeavour. I am informed that there would be a number of people anxious to work in that environment. So it is a wonderful opportunity for Leaf Rapids. The Mayor is open to all kinds of ideas and taking up those opportunities.

Just in terms of the Mining Reserve Fund, it was actually I think two years ago, that the legislation was amended by the previous government to allow this transfer of funds for the MEAP program, and Hansard will record our debate and the difficulty that I had because we needed money for exploration programs, but also there is an enormous demand on the fund. So we are reviewing the fund's contribution and its uses.

* (11:50)

Mr. Tweed: Acknowledging that there is enormous pressure, you just cannot avoid the facts that it is being undersubscribed. To me, I would see the Mining Reserve Fund very similar to a rainy day fund in the province of Manitoba that the communities that have benefited from mining but are now threatened with closure or shutdown should have access to that fund to develop new opportunities instead of the money being shuffled off half of it into the MEAP program where it is undersubscribed.

Again, recognizing that the previous government did this, of which I was a part, I do not fully understand the thinking behind it when we do have communities like Leaf Rapids needing—[interjection] Pardon me?

Ms. Mihychuk: You should have voted against your government.

Mr. Tweed: I am not afraid to say that if things do not look good we should comment and make our points known. It seems ironic that we would rob a fund that was used for something supposedly good for communities to pay off really what is—and the Minister has admitted to—a business subsidy to exploration organizations. I just have a hard time justifying them.

My colleague from Portage has a couple of questions of the Minister. It is in this area on one aspect, the specialty minerals, and I would like to turn it over to him. I know he has a couple of questions on the investment side. As we negotiated at the start, we would kind of be all over, but if I could just give him a few minutes to ask some questions, would that be fair, Mr. Chairman?

Mr. David Faurichou (Portage la Prairie): The Minister is discussing the area of mining; however, I would like to ask questions in regard to a line of questioning that she herself initiated when opposition critic last year, and that involved aggregate used in the construction industry. There were some concerns that were raised at that time as to the amount of reserve that we have in this province and the concerns that are generated from a short-term reserve of highways quality and construction-quality aggregate. I would like to ask the Minister what she is doing to address that concern which she herself raised last year.

Ms. Mihychuk: The ADM for Geological Services is coming down. It is my understanding that the Department has begun a capital review of aggregate materials, and this will provide us a good base for understanding what those shortfalls are. I know that there has been very little work done in the capital region in terms of exploration for new sources, and there has been little concentration on this area in the past. So if the Member will indulge, we will get more accurate and precise information from our staff in the Department.

Mr. Faurichou: I am willing to provide for the time required for a member of the Department to join.

Ms. Mihychuk: There has been enormous pressure under the Geological Surveys group, and the geologists that specialize in aggregates and surficial materials have been working very hard in terms of identifying endangered spaces. The Endangered Spaces Program would identify certain land areas that would become unusable in terms of mineral access. So the staff have been

concentrating on that initiative, and they are moving ahead. But I would concur with the Member that more needs to be done in terms of supply, exploration, and reserves in terms of the Capital Region when it comes to aggregate.

Mr. Faurichou: I appreciate this particular topic because the Minister had raised this, as I say, when she was opposition critic, and it was glaringly obvious of the pressures, which she today acknowledges, trying to balance economic development with that of continued proviso for endangered species and their environment which they inhabit. I would like to ask the Minister, though, as to the actual reserves of construction and highways surfacing quality, what is now the current expected reserve of aggregate in, and I know she mentioned the Capital Region, but there are many jurisdictions now that are finding it almost impossible to provide for construction material and highways surfacing within their jurisdiction.

Ms. Mihychuk: The production statistics have been seeing a substantial growth over the last six or seven years from 12 to 16 million tonnes, and I think it is fair to say that that is increasing the amount of pressure on the known reserves. There has been virtually no work done in exploration besides if there has been some private sector exploration. But a lot of aggregate companies are not aware of the geological settings for aggregate deposits, so they are fairly hampered in their ability to use geological models for exploration. The Department does not have a calculation of the amount of reserves per municipality.

Mr. Faurichou: I appreciate the current situation, and it is alarming to most that would take time to observe this situation. What are her plans to address this current situation?

Mr. Chairperson: The hour being 12 noon, pursuant to the rules I am interrupting the proceedings of the Committee of Supply with the understanding that the Speaker will resume the Chair at 1:30 p.m. today and that after Routine Proceedings the Committee of Supply will resume consideration of Estimates.

LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, June 1, 2000

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