



Third Session - Thirty-Seventh Legislature

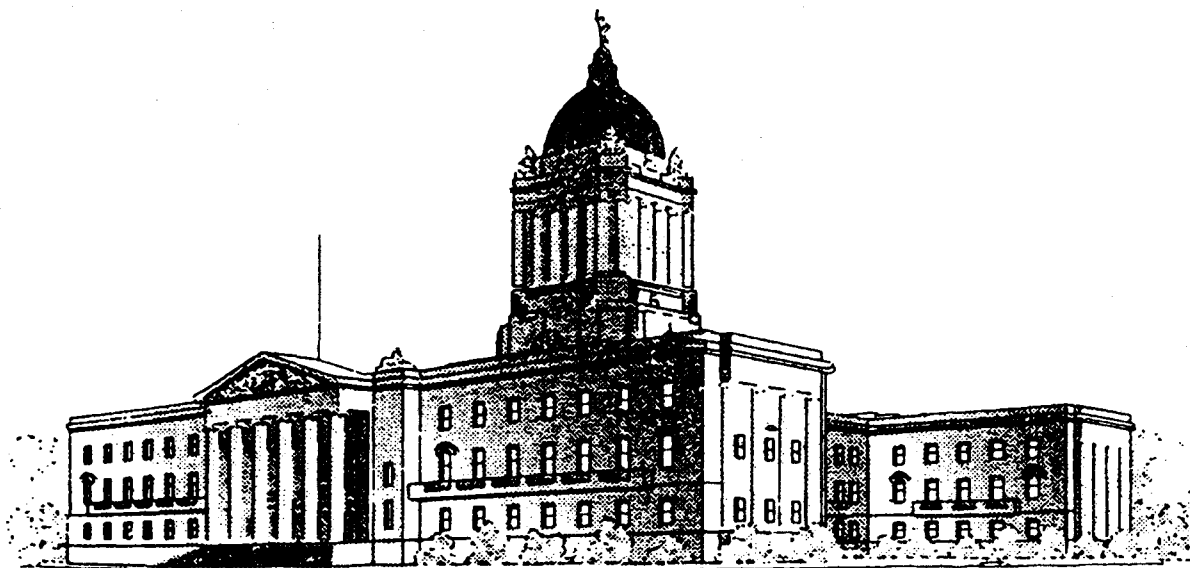
of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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



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

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 6, 2002

The House met at 1:30 p.m.

### PRAYERS

### ROUTINE PROCEEDINGS

#### TABLING OF REPORTS

**Mr. Speaker:** I am pleased to table the Annual Report of the Chief Electoral Officer for the year 2000, which also encompasses a report on the conduct of the November 21, 2000, by-elections in Kirkfield Park and Tuxedo, and which also contains the annual reports on The Elections Act and The Elections Finances Act.

### MINISTERIAL STATEMENTS

#### CN Trail Derailment (Firdale)

**Hon. Steve Ashton (Minister of Transportation and Government Services):** I have a ministerial statement.

Mr. Speaker, I would like to report to the House on the emergency response following the truck-train collision on Thursday near Firdale. The collision caused 21 of the 70 cars on a CN Rail train to derail, and 14 of these cars became involved in a very serious fire involving benzene and hexane.

As a result of Thursday's incident, 225 Manitobans had to leave homes, farms and businesses and were accommodated by family and friends, with a reception centre established in the community of MacGregor.

I can advise the House that thankfully neither the train crew nor the truck driver received serious injuries and that the fire was contained as of early Saturday afternoon. I inspected the site of the fire on Saturday and met with local residents that afternoon and am pleased to report that no residents were injured in this incident and all evacuees were able to return to their homes by 6 p.m. on Saturday.

Mr. Speaker, I would like to point out that without the excellent inter agency co-operation and hard work of emergency services, particularly volunteer firefighters from over 30 community fire departments, the consequences of this event could have been much worse. With the assistance of provincial water bombers, these volunteers worked long hours on the ground to fight this massive fire, and all Manitobans should be proud of this outstanding example of firefighting.

\* (13:35)

Our Firdale team is truly a group effort between the three levels of government and has included the Manitoba Emergency Measures Organization, the Office of the Fire Commissioner, provincial departments of Transportation and Government Services, Conservation, Health, Agriculture and Food, Family Services and Housing, Communications Services Manitoba, as well as the Canadian Armed Forces, Environment Canada, the Transportation Safety Board, CN Rail, elected officials from the R.M.s of Norfolk and North Cypress, Brandon Airport, the management and staff of J.J.'s restaurant near Austin, volunteers from Amateur Radio Emergency Service, the RCMP. I would like to note the firefighters from the municipal departments in Austin, Carberry, MacGregor, Gladstone, Portage la Prairie, Neepawa, Selkirk, Morden, Rosenort, Altona, Rivers, Belmont, Carman, Morris, Elm Creek, Macdonald, Miami, Swan Lake, Letellier, McCreary, Melita, Dauphin, Teulon, St. Francois-Xavier, Manitou, Cartier, St. Andrews, Ste. Rose, Winnipeg, and firefighters even from our neighbouring province, in Saskatoon, along with firefighters from Manitoba Hydro. I should also point out that these firefighters also assisted farmers by safely escorting them to attend livestock during the evacuation.

Mr. Speaker, I must note my personal admiration for the way in which our emergency services personnel, many of them volunteers,

worked selflessly in their professional, safe, well-organized approach to this emergency response.

This week, Canadians are observing Emergency Preparedness Week. Incidents like this are a stark reminder of how preparedness at work and at home is essential to a quick, safe and successful response, particularly when events cause sudden evacuations. I urge all Manitobans to take some time during this week to make their own personal preparedness plans. I think I speak on behalf of all members of this Legislature in thanking our emergency response personnel from throughout the province for their excellent work this past week.

**Mr. Mervin Tweed (Turtle Mountain):** I want to thank the minister for his statement to the House in regard to the situation, the accident that happened at Firdale. It is very good to know that in situations that arise by accident that people can respond in an orderly manner and in a fashion that the people of the communities are protected. I think it is always true that when there is an accident we have concerns about the accident, but the bottom line is that no people were injured and that people were seen to be taken care of. I think it is a very positive statement on our emergency services organizations who co-ordinated. I have talked to people in the community, and the compliments have been outstanding in the sense of the people's feeling of the preparedness and the willingness to work with the communities to make a safe departure from the communities that were in danger.

Again, I compliment the minister on naming some of the organizations involved. It is a huge group of people to co-ordinate. It is a group of people that not necessarily come to the situation knowing what they are facing but are brought up to speed very quickly and given their instructions. For them to follow it through in a co-ordinated fashion is very important to the safety of all people.

I do want to congratulate the attending firefighters and just mention that many of them are volunteers. Many of them leave what they are doing at that specific time of day to attend to the needs of others. I think that is important that

we never quit or we never deny people in communities to volunteer, be it in emergency services such as this or in ambulance services or in other services that we know volunteers are such a huge part of making it work in the communities they serve.

We, too, would like to thank the people for their co-operation and their understanding and for their concern of their neighbours. I think it is important that we all stand together and congratulate the people of Firdale and the people of Manitoba that lent their help and support during this tragic time.

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

\* (13:40)

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

**Mr. Gerrard:** Mr. Speaker, I would like to pay tribute to the fine work of all those who were involved in the major emergency this last week. It is a tribute to the capacity and the abilities of those involved in the emergency response programs in Manitoba that there was an effort which was mobilized to the extent that it was and that it was successful.

I would like, as well, to express concern for those who live in the area that was affected and hope that, in spite of the disruption, there will not be serious long-term problems and they will be able to carry on their lives recognizing that this serious emergency occurred, but that it passed without loss of life and without some of the damage that might have occurred. Thank you.

### National Nursing Week

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I have a ministerial statement.

Today is the beginning of National Nursing Week. The theme this year is: Nurses—always there for you: caring for families.

Mr. Speaker, in hospitals, clinics, personal care homes and community outreach

organizations, in the homes of Manitobans, there are nurses working right now providing high quality care for individuals and families. Twenty-four hours a day, seven days a week, nurses are caring for the sick and injured, helping families stay well and working with seniors to encourage healthy, active living.

The dedication, compassion and the skills and experience of nurses play a critical role in delivering the best possible health care to Manitobans. I call on members of this House to join with me and acknowledge and applaud the enormous contributions nurses make toward our well-being, particularly to families.

I am delighted, Mr. Speaker, that our Government has reached out to nurses and works with them to make much needed improvements in recruiting and retaining people in this vital profession. There are 1497 students in the Bachelor of Nursing today. That is an increase of 587 over the enrolment rate in 1999-2000.

This year over 300 students are expected to graduate and take on challenging and rewarding careers in nursing in Manitoba. There have been close to 200 graduates in the licensed practical nursing program, with 235 in training now in Winnipeg, Brandon, Beausejour, Pinawa and Russell. This year the program is also available through Dauphin and St. Malo through special funding and co-operation between my colleague in Advanced Education, the federal government, the West Region Tribal Council and the south-east Manitoba Métis Federation. There are 133 students enrolled in the Bachelor of Science in psychiatric nursing. A new 25-month diploma program at Red River College is expected to graduate 90 nurses this year. There are 190 students currently enrolled. To date, 260 nurses have enrolled in refresher courses to return to the profession of nursing.

Mr. Speaker, a new contract reached with the Manitoba Nurses' Union just over a month ago recognizes the importance of nurses in a dynamic, effective and sustainable health care system. The negotiations were challenging and intense. We never lost sight of the fact that we value nurses and that a fair and affordable deal was possible. I was very pleased the negotiators from the Manitoba Nurses' Union and the

employers of regional health authorities worked hard to reach a deal that has been accepted by Manitoba nurses.

A competitive wage is another component of our effort to increase the supply of nurses in Manitoba and begin to address the pressure and demands nurses face today. We are continuing to work to implement the recommendations of the Worklife Task Force, a report we commissioned in recognition of the fact that dollars were only part of the answer in meeting the needs of nurses. The Manitoba nurses' advisory council is in place. This council has representation from employers, MNU, regulators, educators and others who can add to the work of the council.

We are also working with the RHAs and the union to look at the ratio of part-time and full-time nursing positions. We proclaimed legislation that established the College of Registered Nurses and similar bodies for licensed practical nurses and psychiatric nurses. This recognizes the professional standing of nurses and an ever-growing level of expertise and education. We have paved the way for nurses to join the boards of regional health authorities to add their experience and wisdom to the decisions these boards make about health care delivery.

\* (13:45)

Mr. Speaker, attentive members of this House will note that we have acted on and continue to make achievements based on the five-point plan for nursing. We have demonstrated our commitment to nurses by taking decisive and effective action in consultation with nurses. We value their role in many settings where their skills are needed.

When nurses work with families they take on the role of health educator, care provider, advocate, counsellor and consultant, just to name a few tasks. I think it is a wonderful theme for this year's week and illustrates the range of work the nurses undertake on our behalf every day.

Mr. Speaker, I congratulate all Manitoba nurses and applaud their dedication and commitment. I further pledge the continued support of our Government in ensuring the needs of this vital profession are met.

**Mrs. Myrna Driedger (Charleswood):** I am pleased to rise today to recognize nursing week and the valuable work of nurses in caring for our patients and their families. As a former nurse, Mr. Speaker, I now have an incredible opportunity to incorporate everything I learned as a nurse into what I do on a regular basis at the political level. I cannot even begin to tell you how valuable that nursing background is in influencing the decisions and discussions that we have within our caucus. Nobody has to convince me about the immeasurable value of nurses' work and the knowledge and skills it takes to be a nurse. I know; I have been there.

Being a nurse has never been an obstacle. It has always been a door-opener. It has influenced everything I have done. I never, in my wildest dreams, would have ever thought that little 6-year-old girl from Benito, Manitoba who decided then to be a nurse would one day be in the position I am in today. Can one person really make a difference? The answer is absolutely yes. As nurses, we must appreciate our own power and take responsibility for shaping the future. We can do this by appreciating the intellectual nature of nursing, the rich heritage of nursing and the knowledge of nursing. We also do this by feeling the experience and impact of nursing and appreciating the emotional nature of the work.

Some nurses, Mr. Speaker, will make a huge impact on the nursing scene, but most nurses will do little things day by day that will create a desired future for the profession. Little things with a patient, with a family, in a moment of time will make a contribution equal to anything done on a grander scale, like holding a dying patient or a crying child, like comforting a family who has been trying to cope with bad news, or being with a family during the birth of a child.

To nurses, I say thank you for all your caring and for making a difference to patients and their families. Your work is very valued. During the financial challenges and the reforms of the '90s, it was the nurses who were the glue that held it all together.

To the Minister of Health (Mr. Chomiak), I say: Where is your promise to fix the nursing

shortage? In fact, that nursing shortage has doubled from 700 to over 1500. Where is the promise to make things better for nurses? In fact, we hear that the overtime for nurses has quadrupled in the past couple of years. Where is the minister's commitment to improve on more full-time nurses in Manitoba? A big promise in the election, yet the Manitoba Nurses' Union have told us that the percentage of full-time nurses in Manitoba has actually decreased under the reign of this Government.

This minister used the nursing Worklife Task Force as a PR exercise, according to the Manitoba Nurses' Union. They promised the nurses the moon, and now they are dragging their heels on it. During the election, they promised nurses in schools. Where are the nurses in schools? That was an election promise. This minister dragged out the proclamation of the nursing acts. Despite all the rhetoric he put on the record in opposition, he dragged it out and he manipulated the process for his own purposes.

Mr. Speaker, nurses deserve better than what they are getting from this Government. Despite the fact that in the proclamation the Minister of Health is only recognizing the celebrations that are happening with the registered nurses, I would also like to commend all of the licensed practical nurses, the registered psychiatric nurses and all of the nursing assistants, because certainly in the whole realm of nursing they are all to be recognized.

**Mr. Speaker:** Order. Have you concluded your comments, the honourable Member for Charleswood? I just want to remind the honourable member that *Beauchesne* Citation 351 indicates the Speaker limit the Opposition reply to a period not to exceed the time taken by the minister. I note the honourable member's comments are now considerably longer than those of the minister, and I would ask the honourable member to please conclude your comments.

**Mrs. Driedger:** Mr. Speaker, just to conclude, I recognize nurses in Manitoba. We value their work, we respect what they do and we appreciate an opportunity to recognize nurses in Manitoba this week.

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

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

\* (13:50)

**Mr. Gerrard:** Mr. Speaker, I would like to extend best wishes to the nurses of Manitoba on this nursing week.

I think that it is quite clear that we owe a considerable debt to nurses throughout this province who day in and day out perform an extraordinary service to citizens of Manitoba in improving health care. I think it is important to acknowledge not just the nurses who are involved in direct care but the increasing role of nurses in making major decisions as leaders in the health care system in this province. I think it is important, as well, that all of us dedicate ourselves to improving the working environment of those who are on the front lines in the nursing profession, those who are providing the hands-on care, because improving that environment will pay off a long way in better care and in better health for the citizens of this province.

I think it is important to recognize not only the treatment and the care but also the preventive efforts of nurses as we strive to improve the overall health care system in this province.

### TABLING OF REPORTS

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** I am pleased to table the following reports, copies of which have been distributed previously: MPIC's Quarterly Financial Report, Nine Months ended November 30, 2001, distributed in January; The Fatality Inquiries Act, section 43(1) report for the year 2001, from the Office of the Chief Medical Examiner, also distributed in January. I am also pleased to table The Discriminatory Business Practices Act report.

### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have

with us from Sisler High 20 Grade 11 students under the direction of Mr. Chris Bandfield. This school is located in the constituency of the honourable Member for Burrows (Mr. Martindale).

I would also like to draw the attention of all honourable members to the public gallery where we have with us today representatives from the College of Registered Nurses.

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

### ORAL QUESTION PERIOD

#### Budget Manitoba Hydro Profits

**Mrs. Heather Stefanson (Tuxedo):** Mr. Speaker, since this Government came to office some two and a half years ago, Government revenues have increased by almost a billion dollars. Yet this Government still had to raid \$288 million from Manitoba Hydro to pay for a spending problem that they refuse to admit that they have. Will the Premier (Mr. Doer) admit to Manitobans today that he was unable to balance this year's Budget, not because of a revenue problem but because of a very serious spending problem?

\* (13:55)

**Mr. Speaker:** Order. Before I recognize the honourable Minister of Finance, I would just like to inform the guests in the public galleries that there is to be no participation by the guests, whether it is applauding. I ask the co-operation of all of our guests in the galleries, please.

**Hon. Greg Selinger (Minister of Finance):** Since we have come to office we have offered about \$500 million of investments in key programs such as health and education. We have reduced our debt by \$285 million. We have had tax reductions in the order of about \$245 million. When you put that together you can see we have had a very balanced approach every year.

**Mrs. Stefanson:** Mr. Speaker, will the Minister of Finance just admit that he had to take \$288 million out of the pockets of the ratepayers of

Manitoba Hydro in order to feed his incessant and, indeed, this Government's incessant spending addiction?

**Mr. Selinger:** Mr. Speaker, our cost per capita for public services is the third lowest in the country, strong evidence that there is moderate spending focussed on key priorities in this province.

**Mrs. Stefanson:** Mr. Speaker, how can hardworking Manitobans, who make difficult decisions each and every day of their lives in order to balance their own books at home, have the confidence in this Government when this Government chooses to set an example by telling Manitobans that it is okay to spend more, spend beyond their financial means?

**Mr. Selinger:** One of the important facts that emerged in this year's Budget was that Manitobans are among few jurisdictions in the country where Manitobans have had an increase in disposable income. This was reported to us by the Toronto-Dominion bank. To have an increase in disposable income and consistent year-over-year tax reductions plus a cost-of-living advantage, Mr. Speaker, means that Manitoba remains one of the best places in the country to live.

#### **Stonewall Hospital Emergency Services**

**Mr. Harry Enns (Lakeside):** Mr. Speaker, I have a question for the Minister of Health. I ask it on behalf of my many constituents in the community of Stonewall and surrounding communities of Argyle, Balmoral, Woodlands, Warren, Rosser, Stony Mountain, who genuinely are confused. It seems like only a few years ago that I had the privilege of cutting the ribbon on a spanking new \$24-million hospital, and today, as of this weekend, they are without emergency care services. *[interjection]*

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

**Mr. Speaker:** Order.

**Hon. Dave Chomiak (Minister of Health):** I thank the member for that question. I want to reassure the residents of Stonewall and

surrounding district and region, Mr. Speaker, that the temporary closure of the ER is in relation to a dispute between the doctors and the regional health authority, and I am very confident that will be resolved as soon as possible and desire, in fact, for it to be resolved as soon as possible.

**Mr. Enns:** Mr. Speaker, I want to be generous with the honourable Minister of Health. He does recognize that it is not always just a case of throwing more money at the health care problem. In this instance we probably have a labour problem, but I am asking him to resolve it on behalf of my constituents.

**Mr. Chomiak:** Mr. Speaker, an agreement was put in place between the regional health authority and the doctors in 1998 with respect to providing on-call service, off-site on-call service with respect to that ER. I had been advised by the RHA that there was an agreement that we thought we had reached with the doctors but were unable to do it, but negotiations are going to continue. I want to give assurances to people in the district and area that we are working as diligently as possible to ensure the temporary closure of the ER will soon cease.

\* (14:00)

#### **Health Care System Accessibility**

**Mrs. Myrna Driedger (Charleswood):** The Doer government has added 650 million more dollars to health care in just two years. Despite that, the Minister of Health continues to close hospitals and emergency rooms: Emerson, Stonewall, Gladstone, and people are being denied access to care. Can this minister explain how it is that he can pour millions more into health care and still deny people access to care?

**Hon. Dave Chomiak (Minister of Health):** The Member for Charleswood is wrong again, Mr. Speaker.

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

**Mr. Speaker:** Order.

**Mr. Chomiak:** Mr. Speaker, over the roar from members opposite I heard about Gladstone,



which the ER was closed under the members opposites watch. Secondly, I also heard the comment of Emerson, which for 11 years went to members opposite and asked and only in the year, an election year, did members, without money in the budget, talk about building a new facility in Emerson, and the largest hospital in the history of Manitoba was closed by members opposite.

#### Point of Order

**Mr. Jack Penner (Emerson):** The minister knows very well that if he looked at the budget of the Department of Health, the Emerson hospital was slated for building when they took office and it was contained in the Budget. There was \$4.8 million contained in the Budget for capital construction. Mr. Speaker, I think it is time the Minister of Health becomes more honest with the people of Manitoba.

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

**Mr. Chomiak:** Mr. Speaker, I suggest that the member does not have a point of order. It is not a dispute over the facts. In fact, if one looks at the facts, money was not allocated in the Budget for '98-99 and the following year with respect to capital projects that we had to find to redo the capital projects when we came to government.

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

\* \* \*

**Mr. Chomiak:** To complete my response, Mr. Speaker, 1400 acute care beds were closed by members opposite during their watch, and the largest hospital in the history of the province of Manitoba was closed, that is Misericordia Hospital, by members opposite.

The closures that I could hear the member talking about are either temporary closures or closures that were done previously with respect to those hospitals. That is all I could hear above the din and the roar from members opposite.

**Mrs. Driedger:** Can the Minister of Health explain why people in Manitoba are being

denied access to care when 84 percent of Manitobans have told him that access to care should be based on need, and yet we see headlines like: Woman angry after dad waits 56 hours for surgery; waiting for surgery to remove tumour from son's leg a nightmare. That is an April 2002 headline.

Where is the access to care?

**Mr. Chomiak:** Mr. Speaker, I was very pleased that 84 percent of Manitobans said that they believed the medicare system should be based on need. I think the fact that in that poll 61 percent of Manitobans said we are on the right track speaks volumes.

**Mrs. Driedger:** Can the minister explain why his health care poll news release last week omitted any mention that 50 percent of Manitobans said and I quote: We are not getting good value for the amount of money we are spending on health care now?

The minister is spending more and getting less. I would suggest it is time he put a plan in place for bettering health care in Manitoba and improving access to care.

**Mr. Chomiak:** Mr. Speaker, both the health care consultations we undertook, something that did not happen over 11 years of the Conservative government, and the results, I think, are indicative, with 61 percent of Manitobans saying we are on the right track. I will not take any lessons from members opposite when the member from River East puts out a poll on health care that says: If you strongly disagree, it is one on the scale; if you strongly disagree, it is five on the scale, on the same questions. Do you strongly disagree, one; strongly disagree, five.

They cannot even put out a poll on health care that asks people what the range of interest is. So comments from members opposite, I take with a boulder of salt.

#### Youth Criminal Justice Act Opt-Out Clause

**Mrs. Joy Smith (Fort Garry):** Mr. Speaker, we—

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

**Mr. Speaker:** Order. I am sure we all want to hear the question from the honourable Member for Fort Garry.

**Mrs. Smith:** Thank you, Mr. Speaker. We on this side of the House agree and commend the Attorney General for his condemnation of the Youth Criminal Justice Act passed by the federal government on February 19, 2002. Clearly, this bill does not address increasing violence and sends no deterrents to young offenders and, in fact, has softened the penalties for a violent crime. This Attorney General has the right to refuse to pay to implement this act.

Is the Attorney General prepared to lead the way here in Manitoba, and is he planning to opt Manitoba out of the prosecution of this law here in this province?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, I certainly am pleased to hear the question, because it is a matter that is very important, I think, to Canadians and to Manitobans. I guess I do have one regret, and that is that I did not hear from members opposite as we were trying to lead a campaign to have that legislation go back to the House of Commons because, quite frankly, in our view, it is a rat's nest.

I look at section 42 in this new act: 17 subsections, 38 sub-subsections. It refers to 89 other provisions of legislation, it goes on for 9 pages. It is just indicative, Mr. Speaker, of a piece of legislation that, at a time when we should be streamlining the youth justice system, it makes it more difficult. But as well, I think Canadians also want a law in place to deal with young offenders, and we are committed to that.

**Mrs. Smith:** Mr. Speaker, this Attorney General has the right to opt out of the prosecution of this law here in Manitoba. Under the federal-provincial agreement for the YCGA, there is an opt-out clause. Can this Attorney General assure Manitobans that he will opt out of that part of it?

**Mr. Mackintosh:** Well, Mr. Speaker, the law as to whether the Youth Criminal Justice Act is constitutional in this country, which of course is the supreme law of the country, is being looked

at by courts in Québec and as a result of actions taken by the Québec government.

But, Mr. Speaker, when the Young Offenders Act is repealed, it is important that Manitoba have other legislation to take its place. We believe not only in strong law and good law, but we believe in law.

**Mrs. Smith:** Clearly, Mr. Speaker, the Attorney General does not understand the question. The law is the law.

Is the Attorney General prepared to opt out of the prosecution of this law here in the province of Manitoba?

**Mr. Mackintosh:** Mr. Speaker, like the other jurisdictions of Canada, we are required to enforce the law of this country, a law which unfortunately should have been put together in partnership with the provinces who administer the law. But the law is a federal one, and under our arrangements in this country it is important that when dealing with youth there be a law, and we will enforce it to the best of our ability.

\* (14:10)

### **Fishing Industry Commercial Gill Nets**

**Mr. Harry Enns (Lakeside):** Mr. Speaker, I have a question for the Minister of Tourism (Mr. Lemieux). I want to thank him for sending me and many other Manitobans and visitors an excellent fishing and hunting guide that his department sends out. There is a fine picture of the minister, a smiling picture of the minister. Actually, he is a pretty good-looking guy.

But I want to quote from the minister, and he does another nice thing. Thanks to anglers' voluntary support, the big stringer fish has been replaced by selective harvesting for that special shore lunch or a few to take home. The pictures of holding trophies back at the dock are now taken from a boat where the release of the fish occurs. Anglers are investing in the future with every big one they put back.

My question to the minister is: Does he consider the use of commercial gill nets in these lakes as selective harvesting?

**Hon. Ron Lemieux (Minister of Culture, Heritage and Tourism):** Mr. Speaker, I thank the member for the question, and thank you very much for the compliment. I am really pleased.

Mr. Speaker, with regard to fishing in this province and with regard to ecotourism in general and what we are trying to do with regard to ecotourism in the province, fishing has always been an important tourism draw for Manitoba and will continue to do so.

**Mr. Enns:** Mr. Speaker, a supplementary question. The question was really quite plain. Does he consider the use of commercial gill nets as selective harvesting? I want to thank the minister, Manitobans spend a lot of money in stocking lakes throughout Manitoba for the successful fisheries. Will the use of commercial gill nets in these lakes sustain the kind of fishing that he is talking about and brags about in this guide?

**Mr. Lemieux:** Mr. Speaker, in our approach with regard to tourism, as in our approach in many, many different areas, there is truly a balance between the fishing and the hunting that takes place in this province compared to all those individuals who want to go throughout the province and canoe and paddle and kayak and view birds and also take part in the beautiful wilderness that we have here in this province.

We do have many, many visitors coming to the province, anglers who wish to come here because of those benefits but also wanting to come here for the ecotourism side of the experience, coming to Manitoba.

### **Winnipeg Casino**

#### **Occupancy Permit—Minister's Comments**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, my question is to the Minister responsible for Manitoba Lotteries.

The record—which I table some documents—shows that the Manitoba Lotteries Commission has a history of poor business practices and did not have valid building occupancy permits for the McPhillips Street Station or Club Regent for 84 percent of the days since the NDP has been in government.

Clearly, it was a mistake for the minister to imply that a secretarial error can explain the continuing problem, and the minister must realize that her answer last Thursday, that this was a clerical error, was totally without any credibility at all. I ask the minister today to acknowledge her error and to apologize to this Legislature.

**Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** Mr. Speaker, last week this member, on quite insubstantial and flimsy evidence, and he is doing the same thing again today, suggested that our provincial casinos were about to fall down. Then, on equally flimsy evidence last week, he suggested that the casinos were health hazards, alluding to a letter that he claimed that I had received in my office, which was delivered 10 minutes after the start of Question Period.

So, Mr. Speaker, I do not know what is motivating this member. I do not know whether it is his self-proclaimed thirst for justice, his nonpolitical thirst for justice that he talks about or if it is just a desperate wish to get his name in the newspaper, but I would advise him to be more careful about the kind of information he puts on the record. I answered this question last week.

I may as well table right here a document that points out that our casinos are in total compliance with the health and safety obligations of the City.

**Mr. Gerrard:** Mr. Speaker, my supplementary is to the minister.

I asked the minister: Was it a clerical error when there was no building occupancy permit in October 1999, in November 1999, in December 1999, in January 2000, in April 2000, in May 2000, in June 2000, in July 2000, in August 2000, in September 2000? Was it a clerical error every time that Manitoba Lotteries did not get an occupancy permit?

**Ms. McGifford:** I could quote from the document that I just tabled, which points out that the City of Winnipeg has at all times since the opening of the two casinos been satisfied that the

casinos complied with health and safety requirements and have met all applicable building codes and bylaws. It has made the material inspections. There is no outstanding work required. It is for this reason the City allows the continued operation of the casinos.

It recognizes that the mechanical certification is being withheld for reasons of leverage related to the litigation over a fee dispute which is between two companies. Manitoba Lotteries Corporation has nothing to do with it.

**Mr. Gerrard:** I ask the minister to admit that it is illegal to have a building occupied and in use without a building occupancy permit. I ask the minister to admit that it is inappropriate to pass the problem off on an innocent secretary and to acknowledge to this House that her answers, like the casinos that she is regulating and responsible for, are full of smoke and mirrors and need a lot of improvement.

**Ms. McGifford:** I never mentioned anything about a secretary. It was a mistake committed by a company, a clerical error on the part of the company. I certainly did not mention anything about a secretary.

I really do seek accuracy from this member, Mr. Speaker. Furthermore, as our Premier (Mr. Doer) observed last week, anyone who has left the mess that he left at Pinawa should not be talking to me about anything to do with health and safety.

#### **Child Care Centre (Brandon) Opening**

**Mr. Stan Struthers (Dauphin-Roblin):** My question is for the Minister of Family Services.

We all know that high quality care is important in the development of healthy children. Can the minister tell this House how the child care centre announced in Brandon will benefit that community?

**Hon. Tim Sale (Minister of Family Services and Housing):** Mr. Speaker, the community of Brandon is a booming community that has seen a great development over the last several years.

The citizens of Brandon need both housing and child care and its other support services.

I know in my department when families who are on social assistance need to go back to work, one of the things they need most is secure day care, because if they do not get it they often lose their jobs when illness strikes their children.

I am delighted that 48 new spaces will be built on Pacific Avenue in Brandon. Because it is a day care that is going to open about seven in the morning and stay open until eleven-thirty or so at night, it is going to serve many more than 48 children: 8 infant spaces, 40 preschool spaces. We are delighted that it will provide employment for some 25 or 30 people when the centre is in full operation, adding to the success of Brandon and Brandon's families.

#### **Fishing Industry Spawn Fishing**

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, the Minister of Tourism (Mr. Lemieux) proudly proclaims that fishing is indeed a draw in this province. The other minister, who is equally and frankly more so responsible for sport fishing in this province is the Minister of Conservation. I would like to know: After allowing Lake Dauphin and Lake of the Prairies to be decimated in excess of 150 percent of their sustainable yield of fish, what is he doing in terms of enforcing agreement to stop spawn fishing?

\* (14:20)

**Hon. Oscar Lathlin (Minister of Conservation):** I thank the member for the question. I would also like to advise him that we on this side of the House share his concern about the sustainability of fishing in Manitoba.

Mr. Speaker, over the past several months I have been engaged in meetings with the West Region Tribal Council's individual bands around the Lake Dauphin area, the sport fishing groups. I feel that we have made tremendous progress. We have monitored the situation and we have set in motion a legally mandated consultation process with the First Nations people in that area in order for us to institute a conservation closure. That closure was instituted on March 1-

**Mr. Speaker:** Order.

**Mr. Cummings:** Mr. Speaker, on a new question.

**Mr. Speaker:** The honourable Member for Ste. Rose, on a new question.

**Mr. Cummings:** The minister points to an agreement that he released in a press release on March 1, saying that there would be a closure of fishing from today until regular opening of the angling season to protect spawning stocks. What is he doing to enforce that agreement?

**Mr. Lathlin:** Mr. Speaker, we have since this issue started up laid charges, various charges. I believe six charges have been laid so far with respect to the Dauphin Lake fishery.

I might add, Mr. Speaker, this is a similar approach that was taken by the previous government who instituted a conservation closure in 1999 on a few selected tributaries to Lake Dauphin. Even though the activity of the First Nations fishermen at that time was far greater than this year, no charges were laid. I think an appropriate course of action that was followed by that government was warnings were issued. In our case, in this closure, in fact, charges have been laid.

**Mr. Glen Cummings:** Mr. Speaker, on a new question.

**Mr. Speaker:** The honourable Member for Ste. Rose, on a new question.

**Mr. Cummings:** This minister did not continue or enforce the closure that was in place. He has allowed the fish to be decimated to one and a half times their sustainable yield, and he is not protecting the fish from spawning, catching going on as we speak. Will he enforce his agreement?

**Mr. Lathlin:** Mr. Speaker, I have just advised the member that a closure is in place right now. It will expire on May 11, at which time the situation will be reviewed to see if any further action is needed. By the way, May 11 marks the time that the spawning run is completed. During the closure, I have indicated to the member that

charges had been laid so it is not as if, as he is trying to suggest, we have been doing nothing. In fact, we have been doing many things towards the resolution of this problem. Meetings have been held with the citizens of Dauphin, the sports angling people, as well as the First Nations people, the West Region Tribal Council.

I might add in closing that in February sometime the West Region Tribal Council wrote a letter to the Leader of the Opposition (Mr. Murray) inviting him to come to Dauphin and meet with the West Region Tribal Council.

**Mr. Cummings:** Mr. Speaker, on a new question.

**Mr. Speaker:** Order. The honourable Member for Ste. Rose, on a new question.

**Mr. Cummings:** This minister indicates that he has involved the local sports fishery in his consultations. The fish enhancement organizations in both Dauphin and Swan River have been asking continually for a place at the table to have input into the consultations. He has ignored them. He has not invited them to the table. I am asking this minister: Will he change that position and invite them to the table?

**Mr. Lathlin:** Mr. Speaker, in fact, the last time I met with Mr. Ault, I think is the name of the person who is heading up the Dauphin group, I had a luncheon meeting with him in Dauphin. At that time I made a commitment that I would look at ways of trying to initiate a process such as the member is suggesting. We are currently doing that. It is my hope that within a very short time we will establish a group such as we have done for the Lake of the Prairies fishing dispute.

### **CN Train Derailment (Firdale) Ground Water Testing**

**Mr. Mervin Tweed (Turtle Mountain):** Mr. Speaker, earlier today we acknowledged the services provided to the people of Firdale and area in regard to the fire explosion this weekend. My questions are for the Minister of Conservation.

My first question is: Will he advise this House as to the extent of the ground water

testing that has been done, and what results have been found?

**Hon. Oscar Lathlin (Minister of Conservation):** I believe the member is referring to the fire that happened at Firdale. The Minister of Government Services (Mr. Ashton) issued a ministerial statement earlier. There is a lot of information contained in that ministerial statement, but I want to add for the member that our department will continue to monitor all the public health and environmental concerns. The Department of Conservation is continuing to be involved in a site assessment, the site remediation, the surface and ground water evaluation, as well as the public and responder protection.

As the Minister of Government Services indicated earlier, there is a team that is working to look after the post-fire situation and Conservation is part of that team.

**Mr. Tweed:** I would ask that the minister just forward in writing the answer to that question.

My second question is to the Premier (Mr. Doer). I am wondering if the Premier will confirm that the Province will be providing financial assistance to the area residents should they incur losses as a result of this derailment and fire, as promised by the Minister of Consumer and Corporate Affairs (Mr. Smith).

**Hon. Steve Ashton (Minister of Transportation and Government Services):** I, of course, attended a meeting with the affected residents on Saturday. I can indicate CN Rail indicated at that time they would be providing, in fact, the kind of assistance to which the member is referring and, in fact, asked the two R.M.s to act as clearing points for this kind of assistance.

It is certainly appreciated to see CN living up to its corporate responsibility, notwithstanding as we see develop the actual cause of the accident. Mr. Speaker, the indication given at that meeting by the senior official from CN is that they would cover the kinds of expenses the member is referring to, and I think that is a very good move on CN's part.

**Mr. Tweed:** I thank the minister for his answer. I would ask: Will the minister agree to meet with the community once all testing and analysis have been completed to advise the community as to the situation under the water contamination, air contamination, and any other incidents that may occur from this accident?

**Mr. Ashton:** Mr. Speaker, in fact, my colleague the Minister of Consumer Affairs (Mr. Smith) was there on site Friday. I was there Saturday. I have met with the community already, but we certainly will be in close contact with the R.M.s in the area.

I want to indicate, notwithstanding that the fire itself is under control, every effort is being made to assure people that they are going to be safe in their homes. There have been a number of tests already conducted, I know, that have showed no difficulty in terms of the homes that are there, but we are not taking any chances. In fact, there still is an exclusion area right around the site where there were negligible readings of some of the chemicals that were in place, but we will be following up.

\* (14:30)

I am certainly more than willing to meet with the R.M.s and, in fact, at the meeting I indicated to the members of the public that were there that, if they had any particular concerns, certainly, they could contact me directly. That kind of direct approach is what we expect here in the province of Manitoba.

#### **Livestock Industry Disease-Free Status**

**Mr. Jack Penner (Emerson):** Mr. Speaker, the province of Manitoba has enjoyed for many years a disease-free status from tuberculosis. We have seen in the last year and a half a very significant number of indications that there is tuberculosis present in the Riding Mountain National Park. A white-tailed deer was found with tuberculosis not too long ago.

I would like to ask the minister of resources: Has he done an economic impact study, and what the impact to our livestock industry would

be if the province of Manitoba should lose its disease-free status?

**Hon. Oscar Lathlin (Minister of Conservation):** Mr. Speaker, I can advise the member that Conservation has worked in a co-operative way with the Minister of Agriculture and Food (Ms. Wowchuk) and the federal agency that is responsible for disease control. We will continue to be playing an active role in that group, with a view to finding answers to some of the problems that are being raised not only by the member across the way but by the public in that area.

**Mr. Penner:** Mr. Speaker, as we all know, this could cause a huge economic impact to the province of Manitoba if we would lose this disease-free status.

Could the minister tell this province what action he is contemplating to take, in light of the fact that the federal government is not acting on this, it is not taking any responsibility for it? Will the minister tell this province and the livestock producers in this province what action this province will take to ensure that we maintain our disease-free status?

**Mr. Lathlin:** Mr. Speaker, I can advise the member that Conservation is reviewing the regulations currently with a view to coming up with regulations that enforcement will be more effective, will have more strength. So that is what we are doing right now to try to alleviate the elk from coming onto farmers' fields. We are also, of course, asking the assistance of the farmers in that area with respect to putting hay bales too close to the boundary of the park, which is where the elk are residing right now. So we are doing everything on our part to try to address the issue, but it often requires working with other agencies and that is what we are doing right now.

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

**Mr. Penner:** Action has been taken every time we have seen a TB outbreak in our domestic herd. The elimination or the eradication of the disease has been important to the farm community, to the economy of this province, to the

extent that we eliminate the herds that are infected by the disease. What action is this minister contemplating on taking to ensure that Ottawa exercises its responsibility in eliminating this disease? If they do not, will he take action to ensure the security of our domestic livestock herd in this province of Manitoba?

**Mr. Lathlin:** Mr. Speaker, I can also advise the member that the other activity we are involved in currently is to change the hunting regulations in order that we might increase the take of elk to reduce the population; that and several other initiatives that we are undertaking right now, working co-operatively with the federal government, the Department of Agriculture. We are working very hard to ensure that the resolution of this issue is finally arrived at.

#### **Fishing Industry Regulations—Consultations**

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, the Minister of Conservation indicates that he wants to involve the sport fishing community. In order to have some assurance in the sport fishing community, there are two groups out there. In fact, there are three groups in this province that voluntarily raise about \$100,000 annually to improve spawning, to improve the habitat for the fish, and they self-regulate themselves in order to try and save the large spawning fish for future generations. Will this minister today guarantee that the sport fishing enhancement groups will have a place at the table for discussions on future regulations?

**Hon. Oscar Lathlin (Minister of Conservation):** Mr. Speaker, as I indicated to the member earlier, we have begun a process at Lake of the Prairies. We have had several meetings with those groups there, and we are, right now, working to establish a similar process for the Lake Dauphin fishery. Before we can do that, I am required to go and meet with the West Region Tribal Council—[*interjection*]

**Mr. Speaker:** Order.

**Mr. Lathlin:** —because, Mr. Speaker, in order for the public to support a process that is being contemplated by government, it is important for a government to consult with all the stakeholders

and to make sure to try to get all the stakeholders on board in order that they can have a sense of ownership as to what develops from that process.

**Mr. Speaker:** The time for Oral Questions has expired.

## MEMBERS' STATEMENTS

### Red Man's Vision: Turtle Lodge Fundraiser

**Mr. Conrad Santos (Wellington):** Mr. Speaker, I wish to make a member's statement on behalf of the First Nations people. On May 2, this Member for Wellington was privileged to join 250 other people at an event called Red Man's Vision: Turtle Lodge Fundraiser. This event was in support of a project of a visionary leader, Dave Courchene, Jr., and his dream of building a sacred gathering place at the Sagkeeng First Nation of a lodge in the centre with four turtle lodges shaped in each of the four directions.

The honourable Minister of Aboriginal and Northern Affairs (Mr. Robinson) was the emcee at this event. He magnificently performed his task well with other magnificent vocal and musical performances, including drumming by the Red Shadow Juniors; music by Jason and Jesse Tuesday; Troy Westwood; Percy Tuesday; Ray St. Germaine; Jess Lee and Norbert Ducharme; and, of course, the comedian Don Burnstick. A host of other prominent Aboriginal leaders and supporters attended this very enjoyable event.

We congratulate Lisa Meeches and other organizers of this affair. The realization of their vision had already started when young people had volunteered and they already cut the logs necessary for the beginning of the project. There are many other people from across the province and elsewhere who had volunteered to assist the construction of this dream. We look forward to the progress of this project in the months and years ahead. Thank you.

### Occupational Safety and Health Week

**Mr. Ron Schuler (Springfield):** Mr. Speaker, May 5 to 11 is North American Occupational Safety and Health Week, and I am terribly disappointed that again the Minister of Labour

and Immigration (Ms. Barrett) has neglected her duties and has not risen and made a ministerial statement on this. She has time for lengthy press conferences on more consultations but does not have the time to get up and make a statement on this.

This marks the sixth year that Occupational Safety and Health Week is being recognized on a North American basis by Canada, the United States and Mexico. I think this is a testament to the tremendous success of the NAFTA agreement and the positive influence free trade has had across North America. I am very glad to see that the members across the way have fully embraced free trade and the importance of our close relationship with our main trading partners.

\* (14:40)

The objectives of the North American Occupational Safety and Health Week are threefold: First, to increase employees, employers and the public's awareness of the benefits of investing in occupational safety and health; second, to raise awareness of the role and contribution of safety and health professionals; third, to reduce workplace injuries and illnesses by encouraging new safety and health-related activities. You would have thought the minister would have gotten up and heralded that.

As the minister pointed out, this year's theme is: Prevention is the cure. Education and awareness of occupational safety and health issues for both employees and employers is crucially important in the prevention of workplace injuries. A good safety and health record in the workplace means good business. By working together, we can increase awareness, encourage healthy working conditions and healthy employee activities, and reduce the financial costs of unsafe work environments.

These are all, Mr. Speaker, some of the things that we stand for on this side of the House, and we are pleased to stand up and once again bring forward North American Occupational Safety and Health Week, May 5 to 11.

### Canadian National Marsville

**Mr. Cris Aglugub (The Maples):** Mr. Speaker, I rise today to inform the Legislative Assembly



about a truly fascinating event that I had the opportunity of attending in my constituency.

On the 27th of April, Maples Collegiate space exploration academy students hosted 500 Grade 6 students from 15 Winnipeg elementary schools for the 10th annual Canadian National Marsville program Link-Up Day. I would like to thank Jeff Cieszcecki, Marsville regional co-ordinator, a science and astronomy teacher, for all his work on this project.

The Canadian Marsville program is an Internet-based simulation of the colonization of the planet Mars, developed by Grade 6 students from across the nation.

The students in Winnipeg joined thousands of others from across Canada on the Internet to complete this science and technology project. It took three months of hard work on the part of both the students and teachers to get this event off the ground, so to speak.

The habitat on Mars constructed by students required life-support systems that they had designed themselves, Mr. Speaker. It involved creating a society and environment from scratch, which gave students an opportunity to make important decisions.

The purpose of this program is to enhance the relationship young Canadians have with technology and foster their interest in science and math. It teaches young people to play a role in the shaping of their civilization and to decide what sort of society they want to live in.

Marsville is a wonderful teaching tool and offers children a chance to participate in building a society, something they do not otherwise have in Grade 6. It also provides them with contact with other students in Canada and establishes a positive relationship with technology that has become so prevalent in our lives.

#### **Stonewall Hospital—Emergency Services**

**Mr. Harry Enns (Lakeside):** Mr. Speaker, I have never presented myself in this Chamber as an expert in health matters. My modest cattle experience in the Interlake does not make that

possible. We have more capable people on our side to do that.

I am delighted to see the First Minister (Mr. Doer) and the Minister of Health (Mr. Chomiak) present. I want to express my frustration, the frustration of my constituents, and what I suspect is also their frustration, because the good people of Stonewall and surrounding district should not be having a health care problem. I watched them with pride as they, for the better part of a decade beginning in the late '80s, raised their monies for some additional funding for the hospital. It was a good environment of community volunteer workers hosting a host of fundraising dinners throughout the better part of a decade. Then, in the late or the mid-90s, it finally came to fruition with a brand-new, state-of-the-art medical facility I believe costing in the range of \$23 million to \$24 million.

When I went to the polls in 1999, I felt kind of assured that one of the last problems that I would be having in the great constituency of Lakeside was a health care problem. But that was not the case, Mr. Speaker. It is not just today's issue. The issue is that the system is not working, not living up to expectations, not delivering the health care services that people want.

It is not for bricks and mortar, it is not just for want of money, because in this instance certainly the money was there. Certainly the people are there. But somehow the organization is falling down. Right now it is inconceivable that this progressive community should be without emergency services.

Mr. Speaker, that is my complaint to the system, my complaint to the Government. We had better fix it, because the people of Manitoba expect nothing less.

#### **St. Vital Youth Parent Centre**

**Ms. Linda Asper (Riel):** I rise to congratulate the many people who have worked over the years to put in place the necessary government and community support to launch the Youth Parent Centre located at Lavallée School, 505 St. Anne's Road. Mr. Speaker, we gathered at the official opening on March 14, 2002, to celebrate

this excellent example of the kind of community-supported and client-driven project that our Government is funding through its Healthy Child Initiative.

The St. Vital Youth Parent Centre works with educators to help pregnant students with prenatal and postnatal medical support, counselling, ongoing parenting assistance, and social and economic supports to ensure they are able to continue with high school or train for employment.

The centre also supplies subsidized day care spaces for four infants and eight preschoolers and is open year-round.

An estimated 85 percent of poverty is traceable to teenage pregnancy. Programs such as at this centre have proven effective in giving mothers the education and life skills needed to make a better life for themselves and their children. Over two dozen parent-child centres in Manitoba provide similar support networks for young families.

Thank you to Bonnie Ash, executive director, and her staff for their commitment to the Youth Parent Centre. Thank you to the St. Vital School Board and educators, community representatives, and our adolescent parents for their co-operation and assistance in helping our Government to establish the St. Vital Youth Parent Centre. Thank you, Mr. Speaker.

## ORDERS OF THE DAY

### GOVERNMENT BUSINESS

#### House Business

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, I would like to announce that the meeting of the Standing Committee on Law Amendments scheduled for 6:30 p.m., Tuesday, May 7, to consider Bills 3, 7 and 10, is being rescheduled. Instead, the Law Amendments Committee will meet at 6:30 p.m. on Wednesday, May 8, to deal with Bill 3, The Highway Traffic Amendment and Summary Convictions Amendment Act; Bill 7, The Local Authorities Election Amendment Act; and Bill 10, The Environment Amendment Act.

Mr. Speaker, I move, seconded by the Minister of Finance (Mr. Selinger), that the House resolve into a Committee of Supply.

**Mr. Speaker:** It has been announced that the meeting of the Standing Committee on Law Amendments scheduled for 6:30 p.m. on Tuesday, May 7, 2002, to consider Bills 3, 7 and 10, is being rescheduled. Instead, the Law Amendments Committee will meet at 6:30 p.m. on Wednesday, May 8, to deal with those same bills: Bill 3, The Highway Traffic Amendment and Summary Convictions Amendments Act; Bill 7, The Local Authorities Election Amendment Act; and Bill 10, The Environment Amendment Act.

It has been moved by the honourable Government House Leader, seconded by the honourable Minister of Finance (Mr. Selinger), that the House resolve into a Committee of Supply.

Is it the pleasure of the House to adopt the motion? Agreed? *[Agreed]*

### COMMITTEE OF SUPPLY (Concurrent Sections)

#### CONSERVATION

\* (15:00)

**Mr. Chairperson (Harry Schellenberg):** Welcome back to Estimates. 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 Conservation. Does the honourable Minister of Conservation (Mr. Lathlin) have an opening statement?

**Hon. Oscar Lathlin (Minister of Conservation):** Yes, I have some opening remarks that I wanted to make before we get on with the main part. Of course, I am pleased again to go through this process for the year 2002-2003, that is, presenting the Estimates of the Manitoba Department of Conservation. I trust that members have had the opportunity to review the supplementary information for the department.

Mr. Chairman, before proceeding with my opening remarks, I wish to acknowledge the

efforts of staff and recognize their service and dedication to enhancing the well-being of Manitobans. They have faithfully worked to fulfill the mandate of the department and ensure the sustainability of our natural resources for present and future generations.

The last fiscal year was extremely busy and very productive. Numerous initiatives were undertaken and tasks completed. Today I will highlight our progress, and touch on some of the continuing and new initiatives for this fiscal year.

Starting off with the department: In the past year, we have been involved in a strategic planning process focusing on the changes that must occur within the department over the next few years. This is a service-intensive department. We are committed to becoming the most effective agency in our Government in delivering services to the public. We will address issues and problems without compromising the environment or natural resources for our future generations. Integrated decision making will be the foundation for resolving issues pertaining to the department.

We will continue to focus our efforts on ensuring the sustainability of Manitoba's natural resources by protecting our environmental integrity, biological diversity, and addressing the issue of climate change and conserving energy. We will continue to protect the health and safety of Manitobans and minimize the effects of natural disasters. We will work effectively with First Nations communities and local communities, and seek meaningful input in advance of making significant decisions.

We will also continue to improve the one-stop approach and enhanced, consistent program delivery at the regional level to directly assist the public.

We will approach the 21st century with a commitment to re-engineer the way we do business to meet the needs of the new millennium. Mr. Chair, the key priorities of the department include consultation on the strategies we have developed to deal with water issues, including flood, drought, water quality, water quantity, infrastructure, allocation, economic

development, drainage, trans-boundary water issues, ecosystem sustainability and water funding.

Treaty and Aboriginal rights will play a significant role in the way that we do business. We will negotiate openly and fairly, and arrive at mutually agreeable solutions rather than be forced by way of court decision. We will address forest inventory, wood supply analysis and allocation on a high-priority basis. We will implement sustainable development within government. We will examine our current responsibilities to determine if they meet our current mandate, or if they are more appropriately delivered through other agencies.

Our legislative priorities will include the polar bear protection act, the resource tourism operators act, and amendments to The Environment Act. We will also initiate discussions on the development and implementation of a new water act, forestry act and wildlife act.

Over the past year, a number of significant accomplishments have occurred. A number of new and continuing initiatives will be pursued in this fiscal year. Conservation administers a significant legislative mandate. Last year the department initiated an amendment process to effect some major changes to The Environment Act to implement the COSDI report. The purpose of these changes was to facilitate a broader assessment of proposed developments; provide opportunities for more comprehensive consultation processes; and provide for a collaborative decision-making process as an alternative to traditional environmental assessments.

Over this past year, the former COSDI group—core group—and the COSDI advisor group were reconstituted for the purposes of discussing the proposed conceptual amendments and developing recommendations for the detailed requirements necessary for their implementation. Their final report outlining the recommended Environment Act amendments has been submitted. We are presently assessing its recommendations.

We will also be introducing a new piece of legislation to better manage the activities of the

outfitting industry. The resource tourism operators act will be the first act to deal exclusively with this important multimillion dollar industry in our province. It will enable Government to address the resource challenges in this fast evolving sector, providing the ability to accommodate the needs of all stakeholders.

Another new piece of legislation, the polar bear protection act, will be introduced as well. The honorable members here are no doubt aware there is serious provincial, national, and international concern over the status and use of polar bears in captive situations. We are, of course, most concerned in particular with those bears that have originated from Manitoba and are now in captivity in other jurisdictions. This new legislation will allow us to enhance existing powers dealing with the import-export trade and relocation of polar bears, ensuring that only agencies and jurisdictions that meet stringent Manitoba standards are eligible.

East side planning process. The process for guiding this major planning initiative for the east side of Lake Winnipeg has continued over the last year. The first phase of this process involving public consultations is now completed. Phase 2 involves development of the actual plan. This will be the focus of our efforts this fiscal year. Phil Fontaine, who many of you know, has been appointed to chair this process to ensure the sustainability of the east side of Lake Winnipeg. Terms of reference were developed for the east side round table. The committee has been established and is now operational.

Co-management agreements. Recently we have seen a number of First Nations, tribal councils, and other levels of Aboriginal government requesting a greater say in activities which occur within areas of traditional land use. This trend will likely increase over time.

Mr. Chairman, co-management continues to be an important management tool which we use to address resource management issues and opportunities with First Nations and communities. It allows government and users to negotiate shared roles and responsibilities in decision making. Manitoba already has seven co-management agreements, and we hope to build on that foundation.

\* (15:10)

This year a memorandum of understanding was negotiated between Manitoba and the Opaskwayak Cree Nation, which will lay the foundation for a future co-management agreement. Discussions with the Manitoba Métis Federation are also ongoing, and we are working towards developing a province-wide arrangement between Manitoba and the federation for fishing, hunting and trapping. This fiscal year, we are proposing the implementation of three new prototype co-management agreements with West Region Tribal Council, Opaskwayak Cree Nation and the Manitoba Métis Federation.

When I was first appointed Conservation Minister I was informed about the many adviser bodies that were in place to assist me in managing the various issues in conservation. I think there are more than a dozen of these groups. At the time I was getting briefed, it seemed a lot more like 30. None of these, however, brought the Aboriginal viewpoints to the table. That is why I established the Aboriginal Resources Council.

The Aboriginal Resources Council, which serves as an arm's-length advisory group on Aboriginal resources issues, met seven times in 2001, and has been presented with and considered several initiatives and issues. They have made a number of recommendations on such topics as how fishing and hunting laws apply to Status Indians in Manitoba; the East Side of Lake Winnipeg Planning Initiative; and a natural resource agreement process with Aboriginal people. We strongly believe that the implementation of these recommendations will enhance First Nation and Métis people's relationship with both my department and the Government of Manitoba overall.

The Manitoba Round Table for Sustainable Development. The Manitoba round table, which I have the pleasure of chairing, have been actively involved in a number of tasks focussed on the implementation of sustainable development policies. I will briefly mention a few of them.

Indicators. Feedback from the public participation process was compiled into a

provincial sustainability indicators, what-you-told-us document, which was released during the spring of 2001. The Manitoba round table submitted a final report to Government in June of 2001 outlining a set of sustainability indicators for the province. My honourable colleagues will recall that I announced on July 3, 2001, the release of the recommendations regarding sustainability indicators submitted by the Manitoba round table and the acceptance by our Government of these 23 indicator categories on an interim basis. Development of a provincial sustainability report based on these recommended indicators will be undertaken in this fiscal year.

**Fish and wildlife strategies.** The Manitoba round table also released last year the what-you-told-us fish strategy and wildlife strategy documents. At the direction of the round table, a working group reviewed public feedback and made suggestions for amending those policies. The Manitoba round table has now finalized its advice respecting the provincial fish and wildlife policies and revision of The Wildlife Act this fiscal year. The advice of the round table is now being reviewed by government.

**Scholarship.** The Manitoba round table has established an annual scholarship to assist post-secondary students in our province who pursue studies and undertake research that embraces the spirit and principles of sustainable development. The award is open to students in any field of study offered at an approved Manitoba post-secondary institution, and consists of a single, non-renewable award of \$5,000 to cover the cost of tuition, books, fees and other education expenses.

**The Manitoba Youth Round Table.** Mr. Chairman, recognizing the valuable contribution that our youth can make to sustainable development, the Manitoba round table recommended that the Manitoba Youth Round Table be reconstituted. I am happy to share with the members that the Youth Round Table is now being re-established, bringing the enthusiasm and fresh perspective that is vital to achieving sustainable development in the way we do business, how we live and what we teach our children, and how government operates.

The Drinking Water Advisory Report. We have made good progress over the last year in the implementation of the Drinking Water Advisory Committee's recommendations, and we are committed to further action. On November 29, 2001, Minister Chomiak and I announced the establishment of the provincial office of drinking water. Among other things, they will initiate a sampling and inspection program for Manitoba's 1500 semi-public water systems, establish a training program for all inspection personnel, implement a computerized database for drinking water, maintain a lead role in investigating and co-ordinating boiled water advisories with the office of the medical officer of health, and participate in the legislation review process for The Public Health Act and the subsequent drinking water regulations.

During the introduction of the Government's 2002-2003 Budget, it was announced that significant additional resources have been added to this initiative. We will discuss the details respecting those resources during debate of the department's Estimates.

To highlight the importance and value of clean water, March 22, 2001, was proclaimed World Water Day in Manitoba with the objective of promoting awareness of and the importance of water for humans in the environment. A mandatory certification program for operators of water and waste water facilities was introduced this past year, as well as the re-establishment of subsidized testing for semi-public drinking water systems.

We have also provided funding for a number of initiatives throughout the province through our Manitoba Water Services Board, and in conjunction with the federal government. These include \$2 million towards the development of a new regional pipe drinking water system for the 700 residents of St. Adolphe, Ile des Chênes and nearby rural areas; \$12 million to assist municipalities in addressing environmental and public health problems regarding their municipal water and sewer systems; and \$15,000 to Red River College for the development of instruction manuals for use in training courses offered to water system operators. Protecting water quality for all Manitobans continues to be a main priority for our Government.

I would like to talk a little bit about the Water Branch, very briefly. I am not going to go through the whole presentation. I just want to highlight some of the items. With respect to water licensing in the Water Branch, one of our priorities is to examine ways in which we can improve the water licensing process. For the provincial water strategy, we have a broad-based advisory committee reviewing the overall strategy and providing recommendations on the content and implementation of the strategy. I have received their report and will shortly be initiating phase two of the process, and that is the provincial water strategy.

Flood management. As members are aware, flood events in Manitoba have caused and continue to cause social, economic and environmental stress. Our department has a significant role to play in protecting the health and safety of Manitobans, and preventing and mitigating the adverse financial and environmental effects of flooding. We have developed a database of flood protection works in the Red River Valley, which will provide details and elevations to the public and government agencies.

Over the past year, the Water Branch commissioned a study on the most effective way to improve flood protection for Winnipeg. We have now received a report from the Clean Environment Commission on public response to the findings. An all-party committee of this Legislature has been involved in a follow-up leading to negotiations with the federal government on cost sharing the future of flood protection for Winnipeg and the Red River Valley.

\* (15:20)

Lake Manitoba regulation. A Lake Manitoba regulation review advisory committee has been established to examine public concerns over the regulation of water levels of Lake Manitoba. This committee has been provided with expertise, data and technology available from the provincial, federal and local governments and will have access to outside consultants as required. The committee's investigations could take up to a year to complete.

The Livestock Stewardship Initiative. The livestock initiative ground water program continued this past year to determine the effects of manure spreading on ground water quality. Monitoring continued at four test farm sites, which involved taking over 400 ground water samples for analysis. This fiscal year, we will continue to work on developing monitoring systems for sites where livestock waste has been stored and spread as fertilizer over long periods of time.

Water Control Infrastructure. This past year, we have completed work on the \$2.2-million upgrade of The Pas pump station facility for the Pasquia land settlement area. This fiscal year, we will continue underwater refurbishment of the east gate of the inlet control structure of the Red River floodway and install control gates on the Portage diversion floodway for downstream irrigation usage. *[interjection]* Let me go through this first, okay. I will tell you.

Parks and Natural Areas Branch. Heritage rivers and management plans. In the past year, the Hayes River was nominated and accepted to the Canadian Heritage River System as a candidate heritage river, and work on a management was initiated with Norway House, Oxford House, Shamattawa First Nations and York Factory.

Protected areas and park system plan. We remain committed to the establishment of a system of protected areas for Manitoba. We are also very committed to the involvement of Aboriginal communities in the implementation of this program. To that end, consultations are underway with First Nations on 11 areas of special interest in the Hudson's Bay area. Currently, efforts are being focussed to ensure that the memorandum of understanding on protected areas between First Nations and the Manitoba government is extended beyond March of 2003.

Camping and day use. Each year more and more Manitobans and out-of-province visitors enjoy our provincial parks. We operate more than 5800 campsites offering both transient and seasonal camping opportunities. Last year, we welcomed over 5.3 million park visitors,

including day users, campers, cottagers and organized groups.

Climate Change Branch. The risks we face from climate change are a continuing concern to this Government. My department continues to be engaged with our federal, provincial and territorial partners in a national process to work with stakeholders and the public on climate change. The honourable members here will recall that last year a climate change task force was established to help develop our strategy on climate change for here in Manitoba. The task force called upon Manitoba to support ratification of the United Nations Kyoto protocol as a critical first step in bringing about a global solution for the problem of climate change. The Government has accepted its recommendation and has indicated support for the federal government's future ratification of the Kyoto protocol, provided that we have a sound national plan and that there be credits for renewable energy export.

Forestry Branch. One of their accomplishments this past year was the completion of a five-year report to the Legislature on the status of forestry, which I have had the pleasure of tabling earlier this year. The branch also entered into discussions with Tembec and First Nations limited partnership regarding the development of a joint sawmill project. Staff also completed a detailed wood supply analysis to determine interim harvest levels on Tembec's forest management licence area, and integrate it with supply areas one and two for the proposed sawmill and thermal-mechanical pulp mill.

\* (15:30)

Discussions on the sawmill project have been very productive. I believe the only thing preventing this project from proceeding is the uncertainty in the softwood lumber situation, something that must be resolved between the United States government and the Canadian government.

A review of current policy regarding access to Crown timber by First Nations was also initiated this year by Forestry staff.

The Fisheries Branch, the Fisheries Enhancement Initiative. The branch continues to

administer the Fisheries Enhancement Initiative which awarded \$325,000 in grants to 13 projects last year. Fisheries Habitat Management: This past year a fish habitat trust fund was established to provide resources for underwriting the development of fish habitat protection guidelines and fish habitat research.

Sport and commercial fishing management. Through the combined efforts of the Wildlife Federation, Mid-Canada Marine Dealers Association and Recreation Connections, the branch was successful in expanding Manitoba's recreational fishing league to nine teams.

In conjunction with the urban angling partnership, the branch helped raise over \$20,000 to support 600 youth fishing activities in the city. Also this year branch staff worked with Chemawawin Cree Nation and the community of Easterville to develop a management plan for Cedar Lake focussing on sustainable use and economic rationalization. Progress was also made in working with Sagkeeng First Nation in the development of a sturgeon management plan for the Winnipeg River.

In consultation with Lake Winnipeg fishermen the Lake Winnipeg Management Board was created to manage the commercial fishery on that lake.

Northern Fishermen's Freight Assistance. Our northern communities continue to be faced with the increased financial costs associated with fishing remote lakes and escalating transportation costs to deliver their fish to the Freshwater Fish Marketing Corporation. Our Government is sensitive to their problems and a possible collapse of the industry. We have therefore taken action to promote, protect and ensure the continuation of this very necessary northern fishery. To that end, this past year we have expanded funding for the Northern Fishermen's Freight Assistance program from \$250,000 to \$400,000.

Wildlife Branch. With respect to bovine tuberculosis, as I have shared with members previously, bovine TB is a contagious bacterial infection that can affect cattle, bison, deer, elk and, sometimes, humans. Mr. Chair, this year, a

tuberculosis management task team was formed consisting of staff from Manitoba Conservation, Manitoba Agriculture and Food, Parks Canada and the Canadian Food Inspection Agency. The task team has developed a comprehensive TB implementation plan outlining specific projects and funding requirements to monitor and manage this disease. This Government has committed \$199,000 in funding per year, over five years, to aggressively address this issue. This year our efforts will be focussed on the prevention of disease spread and field studies to learn more about the movements and behaviour of elk and their interaction with domestic cattle. Forty elk have been radio-collared as part of these studies.

**Chronic wasting disease.** The other disease issue of immediate concern is the CWD. This disease, as members must be aware, is a relative of mad cow disease. It infects members of the deer family and is unfortunately always fatal. It has not been found in Manitoba, and we are taking steps to prevent its introduction. In this past year, a CWD surveillance program was initiated in the western part of our province along the Saskatchewan border.

Through the co-operative efforts of Manitoba Agriculture and Food, the Canadian Food Inspection Agency, the Saskatchewan and Alberta governments, the Canadian Cooperative Wildlife Health Centre and other agencies. We continue to evaluate the extent of the disease in Saskatchewan, the containment efforts being made and the potential risk to Manitoba wildlife.

**Aboriginal liaison.** A number of initiatives were undertaken this year to assist in the development and implementation of a co-operative wildlife management program within the Aboriginal community. An elder was selected to sit on the board of directors of Wildlife Habitat Canada to provide a traditional Aboriginal perspective to the proceedings of that board.

**Problem wildlife.** This past fiscal year we implemented the Winter Beaver Harvest Subsidy program to assist in reducing the beaver population in chronic problem areas, including municipal lands and selected registered trapline districts. This continues to be the main wildlife

concern of many rural municipalities and water conservation districts.

Additional resources are being dedicated to this effort in fiscal year 2002-2003. Also problematic are the population levels of geese inside and adjacent to Winnipeg. As their populations continue to rise, particularly in autumn, serious concerns are raised, especially with respect to airport safety. To address these concerns work has begun on the development of an Urban Goose Management program to mitigate problems at Winnipeg airports and on private property. A new five-year Waterfowl Crop Damage Prevention Agreement with the federal government was finalized this year.

**The Wildlife Act.** The existing Wildlife Act is over 20 years old. Our views and values have changed since it was written. We are embracing ecosystem management, traditional and local knowledge in ensuring our activities are consistent with the principles of sustainable development. The round table has finalized their recommendations and presented them to government. We have now started the review and redrafting process of this act, which will continue this fiscal year.

**Rare and endangered species.** We continue to have concerns for a number of our at-risk native wild animal and plant species. This fiscal year we will protect habitats in agri-Manitoba through the use of conservation agreements which will be supported by the identification of priority areas from a mixed-grass prairie and species-at-risk inventories.

**Woodland caribou.** As members may recall, the Woodland Caribou Conservation Strategy for a Manitoba report identified four of fourteen woodland caribou ranges as being at high conservation risk due to human disturbance. This past year we hosted a stakeholder review of that report, and this fiscal year we will co-ordinate implementation of the strategy and develop action plans for the four high-risk ranges and monitor populations and habitat.

**Wildlife management areas.** This past year wildlife management areas or portions thereof were protected, that is, standards of the protected



area strategy and four others were protected from use other than petroleum extraction.

Habitat enhancement projects were undertaken in Little Birch, Basket Lake and Lundar wildlife management areas.

Terrestrial Quality Management Branch. As part of our ongoing integration of the former departments of environment and natural resources, this past February the Terrestrial Quality Management Branch was merged with the Habitat and Land Management section of the Wildlife branch to become the Habitat Management and Ecosystem Monitoring section.

The Pollution Prevention branch procurement. The branch co-chairs the committee responsible for the government-wide implementation of procurement guidelines under The Sustainable Development Act.

This past year, the committee, in consultation with all other government departments, prepared Manitoba's sustainable development procurement goals, a set of procurement goals that will guide and strengthen our practices of acquiring and using goods and services in an environmentally responsible manner.

Product stewardship and waste management. The branch was also involved in the establishment of the Northern Regional Waste Management Committee involving municipal community council, First Nation and Tribal Council, NGO, provincial and federal representation to address waste management issues unique to northern communities. We are now embarking on a stewardship program for household hazardous waste to help keep potentially hazardous products out of municipal management systems. We shall continue our work with industry, consumers, environmental groups, municipalities and other sections to ensure that all Manitobans have better opportunities to manage these wastes in the future.

\* (15:40)

Treaty Land Entitlement. This past year, an additional eight exclusive huge Crown land permits were issued to First Nations in accordance with their Treaty Land Entitlement

Framework Agreement; 9217 acres of Crown land were transferred for the use and benefit of Red Sucker Lake First Nation, representing full and final settlement of Manitoba's Crown land obligation. This past year a review of all Crown land policies, procedures and fee regulations was completed to ensure their relevance, consistency with provincial land use and other departmental policies and sustainable management principles. Implementation of approved revisions will occur during this next fiscal year.

Geographical names. Members will be pleased to know that more than 4000 places in Manitoba have now been named in honour of our province's war casualties to a continuing commitment of the Geographical Names section to improve communications with Aboriginal communities. Several thousand names in the book are now in native language. Work is currently underway to release another publication this year to honour Manitoba's war dead, documenting the enduring impact of the sacrifice these men and women made in Manitoba and around the world.

Regional Operations Division. New operational guidelines for search and rescue operations and the resource enforcement mandate were developed.

Another first was achieved this year with the inclusion in the hunting and fishing guide of the department Web site of a section dealing with First Nation hunting and fishing rights. In this fiscal year, we will develop a multijurisdictional internal consultation process to address resource issues with constitutional significance, and we will work towards increasing Aboriginal representation in our resource officer service.

The Office of Drinking Water. We are presently reviewing programs in other jurisdictions to ensure consistency of approach as we develop the policies and procedures that will guide our province's activities in this regard.

The Environmental Livestock Program. As members are aware, our province has seen a dramatic expansion of the livestock industry over the past few years, especially in the hog industry. To address the environmental aspects of this expansion, we have established the

Environmental Livestock Program. Increased monitoring and inspection is key for the success of this program.

In the upcoming year we will conduct public and industry consultations on a review of the livestock manure and mortalities management regulation and implement risk-based assessment for citing of all proposed intensive livestock production operations.

Bioterrorism protocols. The horrific events of September 11 changed the lives of Manitobans, just as they changed the lives of people in all countries of the world. We must now anticipate and have in place plans to deal with acts of terrorism which previously were thought to be unnecessary. We have, since September 11, developed provincial and City of Winnipeg response protocols for a first response to letters, packages and substances of concern regarding bioterrorism. The need for bioterrorism protocols in Manitoba became apparent within days of the act of terrorism in New York with the discovery of a suspicious substance feared to be anthrax, and thankfully, it was not. Manitobans can be assured that these protocols will continue to be refined and adapted as new monitoring devices become available. As security issues change, so, too, will our response and involvement continue to evolve.

Northeast, northwest. In the northeast and northwest regions this year we plan to complete the OCN co-operative resource management agreement, which envisions shared decision making and resource use and allocation between the First Nation and the department.

We will also complete a management and recovery plan for lake sturgeon in the Saskatchewan River. We will investigate new economic opportunities for First Nation and Northern Affairs communities to become involved in commercial forestry, operations utilizing unallocated softwood and hardwood resources. We will also continue to improve consultation with First Nations communities on new land resource allocation requests.

The Red River. We will develop with stakeholders a guideline for the management of construction and demolition waste. This is the

Red River region we are talking about. In this fiscal year, we will undertake an audit of municipal water treatment plants which will involve over 50 of these facilities.

In the western region, co-management discussions continued with West Region Tribal Council, building upon a memorandum of understanding which was signed in 2002 and which included the creation of the WRTC management office in Dauphin.

In the Interlake, the Narcisse snake tunnel project on Provincial Trunk Highway No. 17 continued, with another five tunnels being installed last year. This brings the total number of tunnels to ten. This joint effort with Manitoba Hydro, Manitoba Highways and a local advisory group has successfully reduced snake mortality. This project will be completed this fiscal year with the installation of three more tunnels and snake barrier fences along PTH No. 17 and the Narcisse snake dens.

The Lake Winnipeg Fishermen's Advisory Board was re-established this year. Their first meeting was held in December. This fiscal year we will work with the board in developing recommendations on regulatory line changes, season openings and administrative guidelines.

In the eastern region, the past year saw the completion of the Falcon Lake sewage lagoon to meet environmental standards for the townsite effluent. This will ensure that existing and future recreational development does not adversely impact water quality in the Shoal Lake watershed.

Funding in excess of \$175,000 per year for the next two years is being used to track and map caribou herds on the east side of Lake Winnipeg using global positioning system technology. The partners have developed draft conservation strategies for some caribou ranges, and plan to develop similar strategies for herds in the northern parts of the region. Planned for this region in the upcoming year is the development of a comprehensive sturgeon management plan for the Winnipeg River and Sagkeeng First Nation.

Fire program. As we prepare for this year's fire season, I would like to note that last year over 530 fires burned over 86 200 hectares of our forested lands. Past experience has shown us that only Mother Nature truly knows what our situation will be with respect to all fires this year. We will watch, wait and respond, as we have in the past, with ingenuity, determination and professionalism.

International and interprovincial water issues. We continue to work closely with our upstream neighbours to ensure sufficient volumes of good quality water continue to flow into Manitoba. In that regard we will, among other things, monitor closely and actively oppose two controversial water projects in North Dakota: that is the proposed outlet from Devils Lake and the Garrison Diversion, including the northwest area water supply project and the Red River Valley water supply study.

Mr. Chairperson, that concludes my opening remarks with respect to the department's '02-'03 Estimates. I look forward to the detailed review of these Estimates and I thank you for the opportunity to highlight the many accomplishments and future goals of Manitoba Conservation. Thank you.

**Mr. Chairperson:** We thank the Minister of Conservation for those comments.

Does the Official Opposition critic, the honourable Member for Lakeside, have any opening comments?

**Mr. Harry Enns (Lakeside):** Yes, I have, Mr. Chairman, and I thank you for that opportunity of providing them. They will be somewhat shorter than the minister's, but I always enjoyed the minister's comprehensive overview of the many facets of everyday life that his department touches on, and they are wide and varied.

\* (15:50)

I want to share with him his acknowledgment of the importance and capable work that staff provide to him in this particular department. Staff are often located in all parts of the province, remote and otherwise. I share his words of commendation to his staff. I note that

we will be asking some questions as we come to some of the individual divisions of his department that there have been some fundamental changes in senior management in the department.

I would like, for the record, to acknowledge the past services of persons like the former Parks Director, Gordon Prouse, who, for many years, presided over the department that looked after our many beautiful parks. Mr. Wooley from the western region, I understand, is no longer with the department. I understand that Mr. Brian Gillespie has been moved to another position that is different from that of the Wildlife Director position that he held. I want to acknowledge the work of all these gentlemen and others that have maintained the integrity of the department and provided the service that Manitobans deserve.

On one little issue I want to assure the minister as I have on previous occasions, I regret, although I understand, because I have suffered through the same consequences and the same exercise, and I, of course, noted it in the Budget speech by his colleague the Minister of Finance, this department's contribution to maintaining or containing government costs. So I regret to see a \$5-million reduction in your Estimates, Mr. Minister, this year. I just want to remind you that when your colleague Mr. Selinger, the Minister of Finance, comes calling, you can tell him that you have already given before.

By that I mean your department has given before. I am painfully aware of the contribution this department, particularly in natural resources, not the environment division of your shop, they went through relatively unscathed in the 1992 exercise of contributing to what was perceived at that time the importance of balanced budget—but certainly the department of natural resources, which took a reduction in Estimates in the year '92 from some \$110 million in 1991 to \$83 million in 1992. The department of environment, and it was a department at that time, maintained its relatively stable financing at some \$13 million.

So, Mr. Minister, remind your colleagues and most importantly the Minister of Health,

him too, the Minister of Finance that, as the saying goes, you already gave at the office kind of thing when he comes knocking next door for some more millions of dollars to help solve next year's financial problems.

You know, colleagues around the table, as difficult as it may seem, when I was minister of mines and natural resources, my budget was greater than that of the Department of Health. I know I have been around for a while, but I am not talking about the Middle Ages, you know. It has not been that long ago; in '69, check the Estimates.

Agriculture Estimates were higher than the Department of Health, and somehow we all came into the world reasonably healthy. I cannot recall any major health epidemics of that time when the Department of Health was spending 7 and 8 percent of the total revenues. This Budget now is spending 40 percent.

Mr. Minister, I will be asking that in the House. What do we do when we start spending 50, 60, 70 percent on the one Department of Health? Do we come to the conclusion all of a sudden that we can no longer afford public education or maybe just E to 6 or E to 8? By that time departments like this will long of course have been trashed in the dustbins of history. So we have a big challenge in front of us. We have to rethink about our future ways of financing public businesses. I happen to be very much in love with this part of public business. I think it is extremely important that we are now approaching 40 percent of the total Budget on one government service. Anyway, I digress.

Mr. Minister, you mentioned on several occasions in your opening statements about arriving at mutually agreeable solutions. I took specific note when you were speaking about arriving at these agreeable solutions, whether it is with First Nations communities or with Metis communities, but I do not hear you necessarily saying all stakeholders. The challenge, of course, is not just simply to arrive at a mutually agreeable solution between government and the First Nations people, or government and the department of natural resources. It is government, department of natural resources, First Nations people and all other stakeholders. That

is the issue. That is the challenge in Manitoba. There always are other stakeholders. That we will have some considerable discussion about during the course of these Estimates, with respect to some of the actions that we believe are going on and you are tolerating.

In various waterways and lakes throughout Manitoba, in direct contradiction to the best efforts of your colleague, the Minister of Tourism, who is attempting to maintain our reputation, our international reputation in terms of our fisheries, of the importance of our fisheries, the importance of the tourist dollars that are generated by healthy sports angling industry in our province, and how important that is, that that be maintained in the manner that it has been developed over the past decade.

It has been a decade that has brought our fisheries to the forefront. It was not any single action. It was the introduction of the barbless hook back in 1990-91. It was the ongoing commitment to restocking many of our lakes and waterways. It is our improvement programs on spawning grounds. It is support, and I regret, Mr. Minister, I will have to take you to task for that, but specifically the area of some of our hatcheries, that support seems to have been sliding badly. So, Mr. Chairman, it is those kinds of issues that I will be looking forward to taking further, elaborating with the minister as we move through his departments.

There are a number of areas that I want to commend the minister on. His overall attention to water concerns are commendable. Water is an issue that all Manitobans have a very great interest in, as they should. I commend the minister's efforts at expansion of testing programs. I commend the minister and the Government and the department in their efforts to, particularly, work co-operatively, I hope, with the Department of Agriculture in monitoring and in developing programs that tie in with the expanded livestock production that is occurring and continuing to occur in the province of Manitoba.

I have a specific request, and I will ask the minister of that when his department officials are with him. You know, I maintain, of course, that agriculture continues to get a bad deal out of this

thing. Everybody assumes, everybody knows, of course, that it is the hog barns that are polluting our water. I just witnessed this story in the *Winnipeg Free Press* two days ago, three days ago, last week, which featured substantial ongoing increase in hog production. One gentleman from the southeast, Mr. Bezditny, I believe, maintains that he is on watch water orders because of all the hog barns around him.

I have to thank your department. I made the request some time ago. I asked for a listing of all the boil orders, warning orders that your department has issued in Manitoba. There are not that many, but there are too many, I will acknowledge. There are quite a list of them. I suspect that not in a single instance, not in a single instance, has a hog barn been responsible for water pollution. If you can challenge me on that, then I will be happy to know about it. I would like, for instance, to know, and I am going to be asking the Minister of Agriculture to pursue specifically that gentleman's complaint last week in the *Winnipeg Free Press*. My understanding is that it is from a modest and old pile of beef, cattle yard manure that has contaminated his particular well water, but he gets away with a statement, because of all the hogs being built in the southeast corner, that is why his water is being poisoned. I think, Mr. Minister, your department, you have a responsibility in assisting, in a sense, your colleague the Minister of Agriculture in ensuring, at least, that subject matter gets treated objectively and fairly.

I serve notice to you, Mr. Minister, and to staff that are there, I will be asking specifically. In other words, I think you would be doing us all a favour, all of us a favour in your commendable pursuit of ensuring the safety of Manitoba's water supplies if you went the next step and identified the pollutant. I would venture to say that 80 percent of the pollution problems are caused by our own septic tank systems. I do not know. I would say that, in many other cases, it is caused by municipal pollutants or industrial pollutants. But inasmuch that we have entire organizations, like Hogwatch, built on the premise that hogs and hogs alone—and they have to come from barns that contain 2000 units or more; 400 hogs, 500—hogs cannot pollute anything, but a big hog barn pollutes our ground water. You see that in the press virtually every

other week. Your department, Mr. Minister, and your people that are administering this program bear some responsibility in correcting that situation. If I am wrong, then certainly expose it. I will be asking specifically, Mr. Minister, how many of your boil orders, watch orders or whatever restraints that you have put on the usage of drinking water, wherever you have identified water as being in some form contaminated, I would like to pursue the source of the contamination.

I am pleased to note that you are recognizing the Hayes River for further recognition in terms of the Heritage River System. I want you to know, Mr. Minister, that I personally canoed the Hayes River up to York Factory on a fine June and July day and then went on to greater challenges like the Seal, which is a real white-water experience.

\* (16:00)

I conclude, Mr. Chairperson, by simply suggesting again, and I want to be very clear on this, there are a lot of people who have been concerned about the capability of consulting with you and your department on issues of major concern. I remind you again that arriving at mutually agreeable solutions between one party and leaving other parties out is not what I call arriving at an acceptable solution.

I take issue with your department, Mr. Minister, on a subject matter closer and nearer and dearer to you personally and to your home of what is happening up at Clearwater Lake Park in The Pas. To make fundamental changes on parks' boundaries, I am not suggesting that that cannot be done, but the act clearly states that the broadest of public consultation should take place prior to that happening. Scheduling a few meetings in early February and March, with little notice to interested parties, is not, in my humble opinion, what I would describe as broad public participation. We are talking about a major revision of one of our finest public parks.

So, on those issues, we will be examining with you exactly who you are consulting with and to what extent and how inclusive those

consultations are. It is important to arrive at mutually agreeable solutions between government, department, First Nations peoples, Métis people and all other interested stakeholders. Thank you, Mr. Chairman.

**Mr. Chairperson:** We thank the critic from the Official Opposition for those remarks. Before we continue, I just want a reminder: Comments are to be put through the Chair and not to the minister, just as a reminder. Thank you.

Under Manitoba practice, debate on 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 I will proceed with consideration of the next line. But 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 here.

**Mr. Lathlin:** You know, Mr. Chair, during my opening remarks—and I have been planning to do this for a while now, but it seems like I never had the opportunity. I suppose I could have done it when I rose to answer questions in the House, but I have never officially congratulated and welcomed our new Member for Lac du Bonnet (Mr. Hawranik). So at this time I wish to congratulate you on your winning your seat. Of course, I wish all the best to you in your work here in the Legislature.

Harry has been here—your colleague the Member for Lakeside (Mr. Enns) has been here a lot longer than most people. You know, I think this fall will be 12 years for me. It has been a rewarding experience for me. I am sure you too will find it very rewarding as you start your new career. So welcome and congratulations.

\* (16:10)

Mr. Chairperson, I want to introduce our staff from Conservation. We have Norm Brandson, who is the Deputy Minister; Harvey Boyle, who is the Assistant Deputy Minister for Regional Operations; Dave Wotton, who is the Assistant Deputy Minister for Programs; Wolf Boehm, who is the Assistant Deputy Minister for Corporate Services; and Serge Scrafield, who is

the Assistant Deputy Minister for Stewardship. I think I got that right.

**Mr. Chairperson:** We thank the minister.

1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$458,600—pass; (2) Other Expenditures \$108,800—pass.

1.(c) Corporate Services (1) Salaries and Employee Benefits \$660,600—pass; (2) Other Expenditures \$680,900—pass.

1.(d) Financial Services (1) Salaries and Employee Benefits \$1,423,500. Shall the line pass?

**Mr. Enns:** This is as good a place as any to ask a couple of questions. I would ask the minister: At what level of staff vacancies is the department as a whole operating under? We will be more interested in specific areas of the department, but I would ask the general question dealing with the administrative people of the department. I would like to have an idea of what the average vacancy rate is within the department.

**Mr. Lathlin:** Mr. Chairperson, I can advise the member that the current vacancy rate stands at 8.67 percent.

**Mr. Enns:** Thank you, Mr. Minister. One further question that really stems from a budgetary matter that was announced when the Minister of Finance introduced the Budget, and one, by the way, that I fully support and have commended the Government for taking, is the funding of all employees' pensions on a current basis. The way it was presented to us was that each individual department now accepts that responsibility of pension liability, full pension liability funding.

My question to the minister, through you, Mr. Chairman, to the minister, is again: Appreciating with change, but on an average basis, either in dollar and cents or in percentage terms, what kind of impact did that measure have on the overall departmental salary costs for a department like natural resources? If that is a question that may need a bit of time, I can

appreciate that. I would appreciate it if they could take that as notice.

What I am trying to do is, while I do not take opposition to the measure, we will be asking every minister that question. That is a new cost that the department to this date has not had to bear.

**Mr. Lathlin:** Mr. Chairperson, I appreciate the member's offer to give me a little bit of time while I get the numbers straightened out. I may come back with that response later on today or tomorrow.

**Mr. Chairperson:** 1.(d)(1) Salaries and Employment Benefits \$1,423,500—pass; (2) Other Expenditures \$312,000—pass.

1.(e) Human Resources Services (1) Salaries and Employee Benefits \$997,800—pass; (2) Other Expenditures \$84,800—pass.

1.(f) Information Technology Services (1) Salaries and Employee Benefits \$1,262,500—pass; (2) Other Expenditures \$335,400—pass.

12.2. Conservation Support Services (a) Computer Graphics (1) Salaries and Employee Benefits \$480,900.

**Mr. Enns:** A brief description of the activities of this branch. Is this where it provides services not just internally to government but also to the general public? Can I, if I am planning a camping trip, knock on your door and ask for a more precise map of a given area, or is it just for professional services, prospecting purposes, Crown land purposes?

A brief description of the nature of the maps and surveys that accounts for the half a million dollars that you are asking for here.

**Mr. Lathlin:** Mr. Chair, I can advise the member that the services that he is referring to are not directly accessible to the public, but that that service supports map services which do deal with the public.

**Mr. Enns:** I beg your pardon. I did not quite hear the last. I know, Mr. Chairman, to the minister, that I believe the general public can

have access to some of the mapping services of the department. I am just wondering if this is the shop where they knock on the door.

**Mr. Lathlin:** Again, I want to advise the member that apparently this area is not directly accessible to the public, but there is a section in government that deals with the selling of maps.

**Mr. Chairperson:** Item 2. Conservation Support Services (a) Computer Graphics (1) Salaries and Employee Benefits \$480,900—pass; (2) Other Expenditures \$38,100—pass.

2.(b) Survey Services (1) Salaries and Employee Benefits \$1,660,500.

**Mr. Enns:** Again, I apologize for not always being able to remember or recall precisely the services required. The survey services that is provided by the department, are you at all involved in any maintenance of the survey system in the province?

I know that you would be called upon to do survey work if designation of a specific piece of land came into question, sale of Crown land came into question or under some questioning; but there is the overall maintenance of the survey system in the province of Manitoba that regrettably, over the years, has fallen into some disrepair, if I can use that word, and different organizations from time to time have petitioned governments past, and I am sure present, for a more significant contribution to the maintenance and the rehabilitation of the original survey markers that dot the countryside across the width and breadth of the province.

**Mr. Lathlin:** I can indicate to the member that the Survey section does land surveys, land boundaries, and I think all survey monuments and so forth. I think that is what the member is referring to. These are part of the overall system that we are maintaining.

\* (16:20)

**Mr. Enns:** Mr. Chairman, I bow to my colleague who has had a distinguished law career here in rural parts of Manitoba. He will understand how important this rather innocuous little line item is. It is the fact that the

monuments had been disturbed over the years, some by agricultural practices or otherwise, that can greatly vary the costs to an individual when he is in requirement of a survey. If monuments are in place and readily accessible, surveying costs can be reasonable, a couple thousand dollars or less. If the surveyor has to go four or five miles to find a marker, that surveying cost for a nominal lot all of a sudden becomes \$5,000, \$6,000, \$7,000, \$8,000; so I encourage the minister and the department that, although I suspect it has not got a great deal of sex appeal in the department, it is an important civil service that the department carries on.

**Mr. Lathlin:** Mr. Chairman, I can indicate to the member that, as part of our objectives for 2002-2003, we are intending to restore about a hundred of those monuments that have been obliterated or lost for this coming fiscal year—about a hundred.

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Chairperson, can the minister tell me what portion of that Budget is actually allocated to special survey work with respect to identifying boundaries in rural areas which, in fact, have been subdivided off to a great extent? I know the special survey work is very important in rural areas. Can you tell me how much of that is allocated to that particular portion?

**Mr. Lathlin:** Mr. Chairperson, I appreciate the member's question, but for our purposes here, it is detailed information that he is looking for. But I will endeavour to look that up and bring it back here maybe tomorrow during the course of tomorrow's Estimates. I will endeavor to get that information for you, and my colleague may be able to help me.

**Mr. Chairperson:** Line 2. Conservation Support Services (b) Survey Services (1) Salaries and Employee Benefits \$1,660,500—pass; (2) Other Expenditures \$457,600—pass; (3) Less: Recoverable from other appropriations (\$1,570,700). Shall the line pass?

**Mr. Enns:** What are those other appropriations?

**Mr. Lathlin:** I can indicate to the member that the other appropriations that he is referring to are cost recoveries that come from agencies that we

do surveys for, and I understand they are largely other departments, Hydro, highways, agencies like that.

**Mr. Chairperson:** I will read the line (b)(3) into the record.

2.(b)(3) Less: Recoverable from other appropriations (\$1,570,700). The line does not have to be passed because it is not income or it is not expenditures. I just read it into the record.

We will go on to 2.(c) Distribution Centre (1) Salaries and Employee Benefits \$390,700—pass; (2) Other Expenditures \$313,400—pass; (3) Less: Recoverable from other appropriations \$50,000.

Resolution 12.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,720,500 for Conservation, Conservation Support Services, for the fiscal year ending the 31st day of March, 2003.

*Resolution agreed to.*

**Mr. Chairperson:** 3. Regional Operations (a) Headquarters Operations (1) Salaries and Employee Benefits \$2,568,600. Shall the line pass?

**Mr. Enns:** Mr. Chairman, the lower salary level of an A1, is that essentially attributable to the vacancy level, or have there been actual staff reductions? I do not think that the minister has reduced salaries. So either it reflects vacancy levels or a staff reduction.

**Mr. Lathlin:** I can indicate to the member that the salary decrease that he is referring to—there are a whole host of activities here that net out in a decrease situation. For example, the general salary increase, one day accrual, merit increases, reclasses, and I think probably the biggest adjustment, the biggest factor would come from overtime adjustments, turnover of staff, a net increase of one full-time equivalent and \$37,000 to support the livestock management program; the net effect of that is a decrease of \$39,000.

**Mr. Chairperson:** 3.(a)(1) Salaries and Employee Benefits \$2,568,600. Shall the line pass?



**Mr. Enns:** Yes, just a few questions on the general operations of the overall regions. Correct my memory, Mr. Minister, through the Chair, was a decision that was made some time ago, not by myself but by perhaps maybe my colleague, for some of the personnel in the regions to under certain circumstances carry sidearms implemented or is that enforced? Are some of your resource officers carrying sidearms? Could the minister provide the committee with a brief description of the kind, the type, the circumstances under which resource officers of his department walk around with a six-gun packed to their hip?

**Mr. Lathlin:** The member is asking about sidearms that NROs are now permitted to carry. Apparently all NROs are armed and they carry their guns on all enforcement duties and whenever they are on night duty, but they do not carry their firearms on fire duty nor during the time that they are doing administration work.

\* (16:30)

I understand, if the member is interested, the name of the firearm is Glock, a sidearm. I am sure he knows what Glocks are, just like I do. They take full RCMP training, and they have a secure lockup in their vehicles. Apparently they have the same guns as the City of Winnipeg Police, and they pretty well operate the same way that the RCMP carry out their sidearms program.

**Mr. Enns:** Mr. Chairman, through you to the minister, can the minister recall that the issue of allowing our Resources Officers to wear these sidearms was debated at some considerable length within the professional group themselves. It was not a decision that they, as an association of professional resources officers, came to easily, but, over the years, they came to that conclusion. Then, of course, it took awhile before they could convince a government to accept that request.

To the minister's knowledge, have there been to date any what I would call unfortunate incidents that involved firearms, any indiscriminate use of them? I suppose what I am asking, Mr. Chairman, has the minister got a

concern about the responsibility of the officers whom we have so armed?

**Mr. Lathlin:** You know, as a minister, of course, I am always concerned whenever people carry firearms. In this case, they are allowed by law to carry sidearms. I must say, though, that I have a son who is in the RCMP, so I get a lot of education from my son with respect to the regulations that he has to adhere to as he carries out his duties as a policeman. From what I hear, there are pretty stringent rules and regulations, and those are the rules and regulations that we fashioned our program on.

Just like in the RCMP, there is a full internal inquiry anytime that their firearms are even drawn. As far as I know—I have been here two and a half years—I think there has only been—I would not even say the numbers, but there have been few investigations conducted so far; no shooting incidents to date. So, from there, I am satisfied that the program has been carried out successfully.

**Mr. Chairperson:** Line 12.3. Regional Operations (a) Headquarters Operations (1) Salaries and Employee Benefits \$2,568,600—pass; (2) Other Expenditures \$1,625,600.

**Mr. Hawranik:** Mr. Chairperson, can the minister tell us what is in that expenditure? I notice that the budget has decreased by more than 20 percent. I would be anxious to know what is in that budget last year as opposed to this year.

\* (16:40)

**Mr. Lathlin:** I can indicate to the member that there is such an exercise in government called fish and management, I guess. In this case, the decrease in operating expenditures reflect the implementation of another one of those measures called general expenditure management measures. It is done right across the organization. So it is not just one, it is done across the organization.

**Mr. Enns:** I think we are being smoke-and-mirrored again.

**Mr. Lathlin:** Perhaps, Mr. Chairperson, I can give examples of what I am talking about for the

member. There is a curtailment on out-of-province travel, for example. People are told that there is only so much you can purchase, you know, equipment and computer rationalization, activities like that that end up in an overall decrease in expenditure.

**Mr. Chairperson:** 3.(a)(2) Other Expenditures \$1,625,600—pass; (3) Problem Wildlife Control \$240,600.

**Mr. Enns:** I want the minister to tell me what kind of problem wildlife he is attempting to control here.

**Mr. Lathlin:** Mr. Chairperson, I can indicate to the member that there are funds in the amount of \$75,000 that are available for the summer program. It is in that line in the Budget, the summer program, but there is another amount of money, in the amount of 125, that is attached to the wildlife budget line. In other words, 125 in the wildlife, and then 75 000 in another line having to do with summer problem beavers.

**Mr. Hawranik:** So it is only the summer program that is in there, that line?

**Mr. Lathlin:** Yes.

**Mr. Hawranik:** Not the winter program.

**Mr. Lathlin:** Right.

**Mr. Hawranik:** Where is the winter program?

**Mr. Chairperson:** Okay, wait till I recognize you.

**Mr. Hawranik:** Where in the budget is the winter program for beaver?

**Mr. Lathlin:** Mr. Chairperson, the winter program, which is \$125,000, is identified in the wildlife budget line. I think we are going to be getting to that line, I do not know where, but it is down the line. We will eventually get to that line. There is \$125,000 in that winter program, and \$75,000 in the summer program.

**Mr. Chairperson:** I will read 12.3. Regional Operations (a) Headquarters Operations (3) Problem Wildlife Control.

**Mr. Enns:** Just a bit further, Mr. Chairman, can the minister indicate that the beaver control

program, for want of a better phrase, is being funded entirely by your department, or is there another department, i.e., highways, which in the past has sometimes participated in a specific beaver control program as how it reverts to highway budgets? Does it contribute or not? What I am searching for is: What is the total amount that the Manitoba government is spending on controlling the problems associated with the abundance of beaver?

**Mr. Lathlin:** Mr. Chairperson, I can advise the member that the Department of Transportation, they do their own program where provincial roads are involved. We do not have their numbers here, but again I can endeavour to find that out from the Department of Transportation and have the numbers in to the member shortly.

**Mr. Enns:** Mr. Chairman, it would be of interest. We can, of course, pursue it with the Minister of Transportation (Mr. Ashton), but I just want to take this moment to underline with him and his staff that the high beaver populations continue to be a problem in the province of Manitoba. It no doubt will be less of a problem in a year where it looks or appears to be maybe a little drier, short of water, that creeks are not flowing as heavy. I know the little creek that flows through some of my property, my municipality, last year must have spent a great deal of time and some monies in clearing beaver dams, not just once but three or four times during the course of the summer. We should, nonetheless, not lessen our vigilance in controlling these populations.

I commend the Government and this minister. Their change into a winter program was, quite frankly, a smart thing to do. It still enables, you are taking beaver for those who take the time that can take some measure of return on the fur; whereas the summer kill of beaver did not permit that to happen. So that was a commendable expansion of the program. Certainly, as long as there are more beaver in the province than there are people, as I am told, I think that program needs to be sustained.

**Mr. Chairperson:** 3. Regional Operations (a) Headquarters Operations (3) Problem Wildlife Control \$240,600. Shall the line pass?

\* (16:50)

**Mr. Lathlin:** Mr. Chairperson, I thank the member for those comments. I just wanted to add that apparently this summer program had been in operation for some seven or eight, maybe even nine years, and it was done during the summer months. So, when I came onboard, the first thing I wanted to know was, you know, because it continued to be a problem, especially municipalities would phone in, write letters, and individual farmers would phone in and write letters. But I wondered whether there had been a review done that would determine whether, in fact, this was an effective way to control beaver in this case. I was advised that there might not have been an evaluation done.

Just really common-sense thought that, well, you do not harvest beavers in the summertime. If you do, there will be very little interest, especially by trappers. So, when I came on, I suggested to our people that why do we not go after the trappers. They know trapping better than farmers, and farmers know farming more than they do trapping. So that is how the idea got started. We consulted with the Manitoba Trappers Association. We asked them if they would be interested to work with municipalities, strategic areas. In other words, the worst areas would be identified, and that is where trappers working with the municipalities would be asked to come and harvest the beavers, and it has really I think been effective.

I am told that as of March of this year we spent some \$118,000 to take some 8000 beaver, and I am also told that we almost doubled the number of beavers that were harvested as a result of the winter program. We continue to receive very positive comments from municipalities urging us to continue the winter program and evaluate it after a period of time with a view to finding a way to improve it, I guess. So that is what we plan to do. We plan to continue the winter program. I am even suggesting that perhaps we do it strictly during the wintertime, but we will see how the numbers come in.

**Mr. Enns:** Well, Mr. Chairman, as I said, I commend the minister and the department for the program. Everything has its time. I just gently remind the minister that back 15-20 years,

before the beaver problem became a problem—and of course, other issues were vogueish those days with the animal rights crowd, you know. The very concept of the government putting out money to kill those furry little national emblems of Canada, the beaver, was reprehensible, that no respectable deputy minister or director of wildlife would recommend to his minister that the minister of the day should put out taxpayers' money to kill the little beaver.

Now that the animal rights people have moved on to less glorious things like hogs and have taken off some of the heat on wild fur—and I am happy to see that wild fur is rebounding somewhat and the trapping industry is experiencing somewhat of a recovery, and I commend the minister for doing the right thing and trapping them at the right time when their pelt is worth something.

**Mr. Chairperson:** Line 3. Regional Operations (a) Headquarters Operations (3) Problem Wildlife Control \$240,600—pass.

3.(b) Northwest Region (1) Salaries and Employee Benefits \$2,282,100. Shall the line pass?

**Mr. Glen Cummings (Ste. Rose):** Mr. Chairman, can the minister give us some idea, if he has confidence in the budget that he is able to allocate to the regions, that they will be able to continue to provide services at a level that we have come to expect over the years?

**Mr. Lathlin:** I can indicate to the member, as I am sure he is aware of because he was in government before, there are certain priorities that are looked at. In this case, we are watching very closely how we do at the regional level. My priority there is regional service. I have been saying that actually ever since I have become Conservation Minister, that we should be well-resourced at the regional district level, because that is where the interaction with the public first occurs.

In the event that we actually run into problems at the regional level, well then, again, I am sure the member is aware that then you get into assessing your situation and perhaps reallocating resources wherever the need is the

greatest. So our plan is to watch the regions very closely to make sure that they are resourced adequately.

**Mr. Cummings:** What kinds of vacancies are there in this section?

**Mr. Lathlin:** I think we are on the line Northwest Region. The vacancy there currently is at 7.63 positions, and overall in the Operations Division the vacancy is 39 positions.

**Mr. Cummings:** What does 39 positions translate into in Operations? Did the minister say that is the number of vacancies in the Operations Division is the total?

**Mr. Lathlin:** Yes.

**Mr. Cummings:** What does that translate into? I do not have the total number of employees in that section in front of me here.

**Mr. Lathlin:** If I understand the member's question correctly—

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

## FINANCE

\* (15:00)

**Madam Chairperson (Bonnie Korzeniowski):** 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 Finance. Does the honourable minister have an opening statement?

**Hon. Greg Selinger (Minister of Finance):** Yes, I do. Madam Chairperson, it is my pleasure to present for your consideration and approval the Estimates of Expenditure of the Department of Finance for the 2002-2003 fiscal year. I have a brief opening statement, and then we can take all the questions. It should not take more than eight days, apparently.

Fiscal and economic policies. Despite significant pressures from the international eco-

nomie slowdown, the ongoing needs in health care and dealing with a federal accounting error, we have made significant progress on Manitoba's finances. We have put forward another balanced budget. We have not taken a Fiscal Stabilization Fund draw over the last two years.

We have a plan to accelerate the reduction of the unfunded pension liability, which was about \$2.9 billion when we came into office, and we have managed, in spite of the federal accounting error and the reduction in corporate income taxes, to maintain the provincial-municipal tax-sharing agreement transfers to the municipal levels of government.

We have also been able to significantly reduce debt-service costs—and we can explore the reasons for that later—but the print is significantly down from the year before. We have been able to do this with a relatively strong performance in the Manitoba economy. Even though the economy slowed down in Manitoba from the forecast in last spring's budget, it managed to do well compared to other economies which slowed down even more dramatically. We were not immune to the slowdown, but we have generally been able to be more resilient in the way we have handled the slowdown and the events of September 11.

Our economy has been the most stable in Canada over the past five years. This stability people attribute to the economic diversity of Manitoba. We had the third-best growth among provinces. We bucked on a national trend by having four commodity exports increase by 7 percent when provinces such as Ontario saw an actual reduction in exports. Overall, Canada had exports declining, while our manufacturing shipments increased even though national manufacturing shipments fell.

Manufacturing is our single-largest industry, although it is composed of a diverse mix of consumer and industrial goods. Buses, we have taken strenuous efforts over the winter to maintain and secure our bus manufacturing companies in Winnipeg. Furniture, as the member knows, we have the largest furniture manufacturing facility in Canada. Pharmaceuticals, food processing, farm equipment, electronics, we have a very diverse

manufacturing sector in Manitoba, including clothing.

Our agricultural sector is also very diverse with a variety of livestock and crop products, and we have been able to diversify, it seems, more rapidly than provinces to the west of us.

Manitoba's large service sector tends to be less susceptible to the business cycle than our goods-producing industries, and services account for about 72 percent of our provincial gross domestic product versus 68 percent for the rest of Canada. It is 75 percent of Manitoba's employment.

Some of the most exciting developments in our economy, developments that portend well for the future of our province, are in our rapidly growing research and innovation sector. Manitoba's research and development intensity is the fourth-highest among provinces: 200 businesses employ over 1200 Manitobans in research and development, and Manitoba is now home to 37 biotechnology establishments, with many exciting new investments underway. There is a full appendix this year in the budget papers that gives quite a bit of detail, for the first time ever in one place, about the kind of research and development investments we are making in this province. I think it is very worthwhile reading.

Some of the major investments in research and advanced fields in the coming year include: \$25 million to a functional foods and nutraceuticals facility in the SMARTpark; a \$3-million innovation incubator facility at SMARTpark out at the University of Manitoba; another \$9 million for expansion of the Cangene facility at SMARTpark; and a \$3-million CancerCare world-class breast cancer research facility; a \$10-million business development and product commercialization facility for the National Research Council's existing Institute for Biodiagnostics, which is just diagonal to the University of Winnipeg, just behind the downtown YMCA, on that site—they are going to be expanding there—\$25 million for the I.H. Asper Clinical Research Facility at the St. Boniface Hospital, and that will be adjacent and additional to the \$40-million St. Boniface Hospital Research Centre. That should help Manitoba become a leader in the application of clinical

technologies, commercialized through the research and development done in there; \$11 million in expansion of Biovail's pharmaceutical facility—I am sure the Member for Steinbach (Mr. Jim Penner) probably knows that facility better than I do—further major investments in the TRILabs' telecom research in partnership with the private sector and other governments including Alberta.

These investments are supported by a variety of programs designed to raise capital and by Manitoba's Research and Development Tax Credit, which is greatly appreciated by the business community.

I want to talk next about the federal account error. Near the end of the last fiscal year, towards the end of January, a major accounting error, spanning 30 years, made by the federal government, was uncovered. As the 2002 Budget indicates, the conclusion of an appropriate and fair resolution to issues arising from this error, including an equalization offset to any recoveries of refunds made to mutual fund trusts, must be a major focus for our attention in the months ahead. I will be happy to update my critic on what efforts have been made in this regard.

It is important for all members of the Assembly and Manitobans generally to appreciate that after the impact on transfer payments was recognized appropriately almost all provinces received net benefits very comparable to Manitoba's. It is critical that this issue be resolved quickly, comprehensively and fairly. We have put forward several basic principles to guide the resolution of this issue and a detailed description of these principles, including the calculated impact on a per capita basis, is outlined in the Financial Review and Statistics Budget Paper.

With respect to intergovernmental issues, the Province continues to work closely with other provinces and territories to defend our province's interest in discussions with the federal government. We are working hard to ensure that public programs are financed appropriately and equitably across Canada. It is especially important that funding for health care is adequate and the equalization program works

effectively to fill the provisions of section 36 of the Canadian constitution.

These are, of course, not new issues. However, recently it was brought to my attention that the Roblin government grappled with similar issues of federal-provincial program funding, sharing of income taxes and equalization. The 1961 budget contained the following statement, and this is a quote from that budget: It remains the contention of this Government that no single concept in the field of dominion-provincial fiscal relations is as important as that of equalization. It is the embodiment of economic and fiscal justice which we in Manitoba, regardless of party, have demanded as a right not as a concession.

Those were the words put forward at that time by the Minister of Finance, who likely was the Premier as well at the time, Duff Roblin. He was the Minister of Finance and the Premier for many years simultaneously.

\* (15:10)

With respect to the Department of Finance Estimates and specifics, this Budget reflects our Government's commitment to debt repayment, tax reductions and the program, Priorities of Manitobans. Some of the specifics in the department include \$473 million to be spent this year, in 2003. This represents a decrease of 13.2 percent or \$71.8 million from the '01-02 Estimates. Much of that is in the reduction of our public debt and debt repayment requirements. We have made significant progress in this regard through a comprehensive approach, both to the general purpose debt and the Government's pension obligation.

It is noteworthy that it was in 1961 that the pension obligation, in terms of paying the employer's portion, was one that the government of that day decided not to continue with. Once again, in '01-02, debt retirement payments totalled \$96 million with no draw from the fiscal stabilization fund. So we have gone ahead with another \$96-million contribution. Of this amount, Madam Chairperson, the debt retirement allocation committee directed that \$75 million be put toward the pension liability. This allocation based on an analysis of borrowing and

investment data is projected to save \$51 million over the next 28 years.

Madam Chairperson, this Government's comprehensive approach to debt retirement will insure that the burden of one obligation is not substituted by another. Debt repayment continues to address both the burden of accumulated debt and the previously ignored pension obligation. For the first time in '02-03, departments will match contributions made by employees hired on or after October 1, 2002, from their appropriations. This funding will be directed to the pension assets fund in addition to contributions made through the debt retirement fund. This will accelerate the date by which the pension liability will be fully funded by five years, moving the target date from 2035-36 to 2029-2030. In addition, this approach is an important step in reflecting the cost of pension benefits as part of program costs across government, enhancing transparency and program accountability.

Madam Chairperson, we continue to take strong debt-reduction measures in the current fiscal year. For the year 2002-2003, \$96 million will be directed towards paying down general purpose debt and Government's pension obligations. As in the past year, the debt retirement allocation committee will determine the most cost-effective use of these funds. The cost of servicing the public debt for the year '02-03 is expected to decrease by \$70.4 million to \$368.3 million. Debt servicing costs now represent only 5.3 percent of expenditure. General debt servicing costs, the lowest level in 30 years.

Further to insure the volatility of our public debt, cost is reduced appropriately. We will continue to decrease our exposure to U.S. dollar debt. As of March 31, 2002, this has been reduced to less than 6 percent of general purpose debt and is expected to be down to 4.5 percent by March 31, 2003.

On the question of taxation, our Government continues to provide important but sustainable tax relief to Manitobans. Unlike some provinces, we are not running deficits, slashing services or raising health care premiums and the retail sales tax. Changes announced in our first two budgets delivered \$41 million in personal income tax

reduction for the 2002 tax year. Budget 2002 builds on that with a further reduction of \$15 million. Budget 2002-03 builds on that with a further reduction of \$15 million due to the increase in the non-refundable credit amounts and an additional \$10-million reduction in the residential education support levy. Taken together, Manitobans are receiving \$67 million in personal income and property tax reductions in the 2002 tax year. By 2003, the accumulative annual value of the personal tax reductions in our first three budgets will reach \$244 million.

Madam Chairperson, Budget 2002 also builds on the business tax reductions announced in previous budgets by raising the threshold of eligibility for the small business income tax rate to \$400,000 by the year 2005, double the amount in effect when we came to office. Together with the western provinces, we have significantly increased tobacco taxes in this Budget. It is our sincere hope that this will help to deter thousands of young Manitobans from starting to smoke. For the '02-03 fiscal year, we estimate that all of the tax changes implemented this year, including those announced in previous budgets, will result in a net reduction of \$33.3 million in the taxation revenue that would have otherwise been collected.

Madam Chairperson, we are committed to continuous improvements to financial management and reporting practices that enhance transparency and accountability. In addition to the actions taken last fiscal year, we are taking steps in '02-03 to improve reporting practices and accountability. The annual report covering all government operations was issued for the first time for the 2000-2001 fiscal year.

This report will again be produced for 2001-2002, providing a more comprehensive reporting on operating results. The report will contain one set of financial statements for the entire government reporting entity, and a special purpose statement showing our stewardship of the Consolidated Fund. The annual report will also include commentary on fiscal and economic results.

I am also providing to members today a correction, on B16 through B20, in the Financial Review and Statistics Budget Paper. On review

of this Budget Paper by staff, after publication on Monday 22, it was discovered that an omission had led to incorrect totals and projections. The correction I am presenting today, which also affects some text reference, is an accurate representation of the material provided in the Budget Paper for the report on consolidated operations and summary projection.

A summary budget presentation is once again included in the annual provincial Budget for the second time providing comprehensive disclosure of the entire Manitoba government reporting entity. This year it includes comparative information on prior years and more complete explanations of the components of the Budget. The 2002-2003 Budget also introduces the allocation of the interest carrying cost of capital assets to program areas. This allocation, combined with the allocation of the related amortization costs of these assets not only provides for greater departmental accountability for capital expenditure but also ensures that the interest cost of capital acquisitions is appropriately considered when making decisions on capital expenditure proposals.

Moving to Information Technology, Madam Chairperson, the effective use of information technology continues to offer many opportunities for improved government operations and better service delivery to the citizens of Manitoba. The department's Office of Information Technology remains committed to providing leadership in the use of information technology for government and is focussed on three key areas. The first is reducing the cost of government. The interdependency of information technology in business has become so intertwined that planning for both systems in business must be squarely aligned. This important alignment provides checks and balances needed to clearly direct IT investments based on sound business requirements.

Secondly, efforts are directed at making government more accessible. Manitobans have high expectations from government to deliver information and services that are both convenient and reliable. To meet these expectations, Manitoba has built on existing capabilities through upgrades to ManWeb and the activities of the Better Systems Initiative.

Thirdly, we are protecting information. The Office of Information Technology's Information Protection Centre, continues to safeguard Manitoba's information technology assets, including government IT systems, electronic transactions and confidential information collected from Manitoba citizens.

Madam Chairperson, the department will continue in '02-03 to focus on opportunities and challenges that benefit Manitobans. The Tobacco Interdiction program continues as one measure in support of the tobacco tax. This tax, generating \$178 million, serves as a preventive health measure as well as a revenue measure to offset the growth in medical expenses. My department will continue to protect these revenues by curtailing the smuggling of contraband tobacco through our Tobacco Interdiction efforts.

Madam Chairperson, there are many more examples of such programs and initiatives planned for '02-03, which we would be pleased to discuss in greater detail with our honourable members as we move forward in this committee with our department's Estimates. With these brief opening comments, I would be pleased to respond to any questions that the honourable member may have. Thank you.

\* (15:20)

Now just before I go any further, I would like to table for this committee the letter that I have sent to the auditor general of the Province of Manitoba showing the replacement information that I am tabling today for The Report on Consolidated Operations/Summary Budget, pages 16 through 20, in the Financial Review and Statistics Paper of the '02 Budget. As I indicated earlier, the Finance staff discovered the original presentation omitted transfers of the annual balances under balanced budget legislation to the Fiscal Stabilization Fund. The corrected pages now reflect these transfers in all relevant areas of the report. These changes do not affect the status of the Budget in terms of the balanced budget legislation. It continues to meet all provisions of the act. I am going to table this now. As well, I am going to table an opinion from Gerry Gaudreau, the comptroller, which indicates, with respect to the balanced budget

legislation and this memo to myself from our comptroller, that this correction only affects the Summary Budget. No changes have been made with respect to the results for the operating fund.

Balanced budget legislation in Manitoba, as in many other jurisdictions, operates on a specific set of rules. In Manitoba, these rules are defined in the accounting policies of the operating fund of the Government of Manitoba. The Budget assumes no change to these accounting policies for '02-03. On the basis of that, the Manitoba Budget, which presents a balance of \$10 million, is in accordance with balanced budget requirements as outlined in The Balanced Budget, Debt Repayment and Taxpayer Accountability Act. I will just table the corrections and we could discuss them if you wish.

With that, Madam Chairperson, I conclude my opening comments.

**Madam Chairperson:** We thank the minister for those comments. Does the Official Opposition critic, the honourable Member for Steinbach, have any opening comments?

**Mr. Jim Penner (Steinbach):** Yes, Madam Chair, I would like to make an opening statement, as well, if that is okay.

I too want to acknowledge the dedicated work of the staff in the Department of Finance. I was just trying to guess today, when I was meeting with some of them, how many collective years of experience we have. Obviously, their efficiency and dedication are very valuable to this Government. I was wishing, when I was talking with them—I did not say this—but I was wishing that they had prepared a budget for this year the same as they did for '98-99 when the Opposition could vote for it. We were quite happy when in '98-99 the party that is now forming the Government voted in favour of the Filmon government's budget, and obviously we had some things right.

I suppose, like some other members on our side of the House, I am somewhat familiar with budgets. I have not got as much education as the honourable minister, but I did sell groceries for 36 years. We did have to budget, and we were in



the range of a business that was worth about \$100 million. For Manitoba, that was fairly good, but in the food business, that was not significant. However, we noticed that the rules of engagement, as far as Revenue Canada was concerned, and accounting procedures and the auditors, there was a thing called GAAP. I think it is Generally Accepted Accounting Principles. When I got into politics and was elected into this House, I found that there were no rules. We absolutely do not use the GAAP rules. I cannot find any other rules other than there is tradition and there are precedents. Since the now-called Auditor General has indicated that he would prefer that we have some new procedures, and since this Government is acting upon them, I think in the future some of the financial statements will be easier to understand.

I have been preparing budgets at Trinity Western University in Langley, B.C., since 1981, and we are limited there, almost like a government, because we are totally reliant on donations. We struggle every year with our budgets. Preparing budgets is something I think I understand a little bit about, and I would respect anybody who was involved in that.

The budgets seem to be getting into our hands a little bit later each year. Last year was April 25. This year, it was May 6.

We have a new challenge this year; that is, that in three years of opposition I am the third critic to respond to the Budget. So you will have to be a little bit patient. I seek your indulgence, the staff and the minister.

We were concerned that maybe the reason for some of the delays and excuses was that maybe the spending had gone awry. I will discuss those problem issues later.

We did receive surveys done by various interest groups in the province in various types of business, in agriculture and so on. One of the questions was: Did the U.S. economic downturn affect you in your business or in your economic status? Generally speaking the answer was no, the U.S. economic downturn was not a big factor.

Another question was: What happened to your business or to your retail sales, et cetera, after September 11, 2001, in the U.S., that very sad day when many people were killed by terrorists? Again the response from many interest groups, all the responses that I got in fact, were that this did not substantially affect the economy in Manitoba. So it is not something that we can hide behind.

Furthermore, the federal error, which, as far as I know at this point, has not been resolved, is something that we could have put out the financial statements and just put a note to the statements saying that the accuracy of these statements was dependent upon the resolution of this issue between the feds and the provinces.

So I guess there are many changes popping up that we need to understand. We have heard in recent weeks that they are closing the mining office in The Pas. I know that we have, as a government, invested over a million dollars in a sample building there. I know that the Red River community college has people phoning me that are on the construction site and that were involved in construction concerned with the bidding process. I do not know if we can get into that in Estimates with Finance, but it certainly is a big concern.

Then we have some other issues that we would like to address as we go along. That all sounded fairly negative, but I am looking at a report by the Manitoba Chambers of Commerce that just came out on May 1. It says that regardless of what people think, not all of the Budget is worthy of criticism. In fact there are a number of items in the Budget that the Manitoba Chamber of Commerce is very pleased with. For example the Manitoba Chamber applauds the 2002 Budget for increasing highway construction by almost 16 percent to \$120 million a year for the next six years or five years. I thought that was good too. I know we have been up between \$100 million and \$115 million in past years. What I was concerned about, though, and I do not think the Chamber realizes this, is that they are looking at a bulk figure for a long period of years. We do not know what the per-year spending will be when they do a long-term situation like that.

Infrastructure is one of the key areas where a region must be strong if it is going to thrive in the global economy. Another important initiative of the 2002 Budget is the allocation of \$6.2 million for the Manitoba immigration and integration program. Some of you know that I am from southern Manitoba. We have worked very hard on immigration. We have worked very hard to build the number of employees available to us. One of the biggest problems in industry in southern Manitoba has been to find adequate numbers of employees to staff our businesses and our industries.

The region that I represent, which is called the Steinbach constituency, which is, in fact, actually the Rural Municipality of Hanover, includes places like Niverville, with recent figures showing a 19.1% growth rate, and Steinbach and other communities showing about a 9% growth rate. My colleague sitting next to me says that his communities have grown just as well, and I think they have, maybe not quite as well—[interjection] 9.7 percent in Altona. So we do have some—[interjection] Winkler. So we do have some reasonably good growth in southern Manitoba. It is sometimes evident in the quality of the air that we breath, but certainly my father would have said that just smells like gold.

\* (15:30)

We applaud the Budget's commitment to provide further funding for the Food Development Centre in Portage la Prairie. Research is just tremendously important, and we cannot emphasize that enough. I heard a report last weekend that said, in Manitoba, we produce one industry for every \$30-million worth of research. In Ireland, which was really a depressed economy not many years ago, they produce one industry for every \$6-million worth of research. So we do need to look at how we spend our research money and make sure that we get bang for our buck. It is really important that we get production out of our research facilities.

We know there was some modest tax relief, and in relation to personal taxes, the residential mill rate will fall from 7.92 to 6.64. The value of personal non-refundable tax credit amounts was increased by 3 percent. The Government also followed through on the personal tax relief for

2002 that was announced in their previous budget.

We are excited about the fact that the film and video production tax credit has been expanded. We are excited about the fact that Manitoba equity tax credit has been carried through to June 2008, even the Manitoba mineral exploration tax credit, although it may not be effective if we lose the mining office at The Pas. So there are a lot of things that we could say. We do not want to come here and criticize and just be negative. We feel that there are some positive benefits.

One of the principles that I am concerned about, and I guess one of the reasons why I am here today as part of the 57 MLAs that are elected in this province, is that we did not mind so much paying taxes. We like to earn money. We did not mind paying taxes. But sometimes we found the system of spending money was not very appealing, and we found also that the burden of collecting taxes by businesses was a real big challenge.

I remember a few years ago some changes were made in tax collections that cost our company \$1 million in technical upgrades for cash registers, just that one little tax. So I have to tell you that we, in business, often view ourselves as tax collectors. Businesses do not pay any tax. Businesses actually pay absolutely zero tax. I have never paid any property tax, any income tax, any payroll tax, any capital tax, any tax of any kind. Only the consumer pays tax, because all of the taxes that are charged against businesses are reflected in the price of the merchandise.

The businessperson has no money, just like government has no money. All the money comes from consumers and taxpayers, and we pay tax for a good—well, I should say personally I have paid lots of tax, but as a corporation we pass all the taxes on to the consumers. So when somebody says, well, we are going to tax those wealthy capitalistic businessmen, watch out. It is going to come right out of your pocket, because the businesses have no money except what they get from you. Every tax that is collected by business is ultimately borne by the consumer.

I had a letter handed to me the other day by the Manitoba Society of Seniors, extremely concerned, and that is one of the reasons why it is very important that this Estimates process is done fairly thoroughly. The responses to the March journal survey were 100 percent in favour of the position taken by MSOS on the possibility of the Manitoba government transferring profits from Manitoba Hydro export sales to the provincial government general revenues. The Manitoba Society of Seniors position has been that Crown corporation profits should be retained within the Crown corporation and returned to the users of the utility and rate benefits. The Manitoba Society of Seniors' issues committee thanks those that responded to the survey for their very important input.

At the same time I was looking at that, we received a printout of an interview done with the Auditor General of Manitoba, where he says that Manitoba's auditor is disputing the Government's claim the Budget is balanced. He says the Province is operating in a deficit. By law, the Finance Minister must balance the Province's books. When he released the new Budget on Monday, he announced he had done just that. However, Manitoba's Jon Singleton says that is not entirely true. Then, in quotes, and this was a CBC broadcast on April 24: "If you look in the budget papers, it shows a deficit of \$123 million," says Mr. Singleton. There are questions to be asked, and we need to get some answers to some of these concerns that we are seeing. This is not the Member for Steinbach speaking. I am just representing people that vote in the province. They have concerns, and I think their concerns need some answers.

The Canadian Taxpayers Federation has done an analysis and surveys, and they have come up with the fact that Winnipeg business will be hit with a 9% ESL tax hike. Why is there a 9% ESL tax hike? I think we will discuss that in Estimates, but, certainly it has to do with re-evaluation, and it has to do with offloading from residential. So I would like to think that maybe that needs to be addressed because, in spite of the fact that we have increased the level of small business tax to \$400,000 in a couple of years, businesses feel that they are paying more taxes and not less taxes.

I watched the hockey game last night, and I noticed a very nice TV ad on the Budget that has just been presented by this Government, promoting the benefits of this Budget. I must say the ad was very, very well done. There are, however, many people in the business world today who wish that money was not spent on selling something that belongs to the provincial government's policy of advertising.

Now, I understand from the minister that he is pleased with the progress in agriculture, the diversification, and, actually, I understand from farmers that the reason for some of the diversification was the elimination of the Crow rate. The shipping of feed grains or wheat was subsidized, and there was cheap shipping to the ports in Thunder Bay or Vancouver or Churchill. The low price of shipping agriculture products disappeared. At that point, it became unprofitable to ship their seed grains, and they began to diversify by feeding the grains to animals. That has resulted in a huge change. I think the hog industry is now the biggest single segment of the agricultural industry in the province of Manitoba.

I am told that it grew last year by over 16 percent. I understand that in the Rural Municipality of Hanover, where I live, there are more than 10 hogs per person. So it is a thriving and vibrant industry, and we hope that the U.S. stance on protective barriers for their farmers will not kill our industry in the next few years.

We are excited about the debt repayment. I do not think it makes a whole lot of difference whether we pay general revenue or pension. This year it has been indicated that \$75 million will go to the pension and the balance to general revenue. We should look forward more than the usual time between elections. We should look forward probably for 10 years because some of the provincial governments in past years have always just looked forward to the next election and done all their planning for a four-year period. That is a little bit too short a period when you are planing finances and projects and the future of the province.

\* (15:40)

I also noticed, in going backwards on our budgets, that the '97 flood eliminated all payments to the debt repayment or rather to the pension funds. That was used as a reason at the time, rather pay the pensions up front on a cash basis annually and clean up our province's flood damage.

The information technology era certainly has great benefits. I noticed that in last year's Estimates there was a concern that we consider pricing out some of the services that we get, whether it is payroll, whether its banking, and so on. I will probably want to get into that as well. So I do applaud our Government for many issues which they have addressed and continue to address. I am concerned about how the Budget was balanced. I am concerned about what is happening with our spending habits. I would like to continue from there and go into the debate on the Estimates.

**Mr. Selinger:** I just wanted to reiterate my thanks to the staff, both in the Finance Department as well as the Treasury Board. In my comments to the Legislature, I referred to the Treasury Board. I should mention that the Treasury Board prepares the Estimates, but all of the technical working papers and projections in terms of the revenue forecasts and many of the research pieces that are done, as well as clarification on matters relating to federal transfers, are prepared by the Finance Department, particularly federal-provincial relations, with involvement from the Comptroller's office. All the tax measures are handled through the Taxation branch of Finance.

So it really is a comprehensive effort across a broad array of branches within Finance and requires quite a bit of co-ordination. I just wanted to make sure that people understood that I know it is a broad effort on many fronts inside the department to bring the Budget together. Thank you.

**Madam Chairperson:** Before we go on, I would like to thank the critic from the Official Opposition for his remarks. Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall now defer consideration

of line item 7.1 Administration and Finance (a) Minister's Salary and proceed with consideration of the remaining items referenced in Resolution 7.1.

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

**Mr. Selinger:** I have with me the Deputy Minister of Finance, Patrick Gannon; the Director of Administration, Erroll Kavanagh; later on we will call the members including the Secretary of the Treasury Board, Don Potter, and the Associate Secretary to Treasury Board, Debra Woodgate.

**Madam Chairperson:** Does the committee wish to proceed through these Estimates in a chronological manner or have a global discussion? I would just like to remind the committee members that we have reverted back to the original rules. If you wish to have a global discussion we require unanimous consent.

**Mr. Jim Penner:** I would like to see us go in the same fashion as last year, which, I think, is called line by line.

**Madam Chairperson:** Agreed? [*Agreed*] The floor is now open for questions.

#### 7.1.(b) Executive Support.

**Mr. Jim Penner:** My first question is: Can we obtain a list of all department and political staff including the name, position and full-time equivalent where they are full-time?

**Mr. Selinger:** The short answer is yes, but are you saying every person that works inside the Department of Finance?

**Mr. Jim Penner:** I actually would think that it would be a specific list of all staff in the minister's and deputy minister's offices.

**Mr. Selinger:** We will provide that.

**Mr. Jim Penner:** Could we have the number of staff currently employed in the department and the number of staff employed by the department for each year from '98-99 through 2001?

**Mr. Selinger:** Yes. If the Member for Steinbach would turn to page 13 in the orange book, the Supplementary Information, the Departmental Estimates. Turn to page 13 there. It gives an accounting of the FTEs in the '02-03 budget versus the FTEs in the previous year's budget. So we are 508.72 FTEs this year, compared to 513.71 the previous year.

Then if you would flip to page 109 in that same booklet, that orange booklet, there is a five-year history, and you can see what the situation is there from '98-99 to the current printed Estimates. You might be wondering why it went up from 464 in '99-2000 to 508 in 2000-2001. If he wants an explanation on that, I would be happy to provide it to him.

It resides mostly in Enterprise System Management. When the Government stabilized its SAP technology provision to the wider government, many of the people who had been involved in developing the SAP system were employees who were part of the capitalization of that process until it was implemented government-wide, and then the people to maintain that system had to be converted to FTEs and located somewhere. We made a decision to put it into the Comptroller's branch under the Comptroller's authority, because the SAP system in the first instance was a financial reporting and accountability system. It seemed sensible to locate the employees to maintain and make that system fully functional under the guidance of the Comptroller, who is in the room if you need specific questions on that.

That is where we decided to put those FTEs when we stabilized that system, which was one that the former government had been actively implementing and bringing up to speed. We brought it into the Estimates in our first year.

\* (15:50)

**Mr. Jim Penner:** Thank you for that answer. I was aware that it had changed from capital to payroll.

Would it be easy enough to indicate, like in FTEs, you have both part time and full time. Could you give us a ratio for the last three years?

**Mr. Selinger:** We can get an indication of how many of our FTEs are term employees versus full-time employees, which would give you an idea of people that—it is not quite part time/full time, but it is an indication of people who have permanent jobs versus time-limited jobs that have to be renewed or ended at a certain period of time. Most FTE positions are a year at a time, and then you decide whether or not to extend them.

In the case of this year, we extended the FTEs until the end of June, for three months, subject to budget discussions and to final determinations of the Budget. The Budget was not completely figured out by March 31, so we did an extension of term positions.

We will have to dig it up for you. We do not have it at our fingertips here.

**Mr. Jim Penner:** I look forward to seeing some of those things. I had 800 employees when I was in business, and the FTEs was a very insignificant number when it came down to budgeting and planning, compared to part time and term positions and full time. I would just like to see how that is managed.

**Mr. Selinger:** You are asking just for the Department of Finance, I take it? I just would like to continue. We do not usually have that many part-time employees in Finance. They are usually in line departments such as Conservation, highways and Government Services where they do a lot of seasonal-type work. So we will get that for you, but I do not anticipate a huge number of part-time employees.

**Mr. Jim Penner:** Could we receive a description of any position that has been reclassified in the Department of Finance?

**Mr. Selinger:** From what date?

**Mr. Jim Penner:** From the year 2000-2001.

**Mr. Selinger:** Do we have that? No. We will be happy to get that for you, though, any reclasses over the last fiscal year.

**Mr. Jim Penner:** We would also be very interested, since the Budget has been tightened it seems, in knowing about vacant positions.

**Mr. Selinger:** If the member is asking how many positions in Finance are vacant currently, we will identify that for you. We have it in percentage terms. We can give you a percentage. Would you also like to know the specific positions?

**Mr. Jim Penner:** I would like to know the FTs.

**Mr. Selinger:** We will get that for you. We will endeavour to provide that information.

**Mr. Jim Penner:** Could we have the number of staff years that are filled? No, that is the same question, is it not?

**Mr. Selinger:** From another direction, yes.

**Mr. Jim Penner:** Madam Chairperson, we would like some detail of how many and what type of contracts are being awarded directly, why this is happening, and how many contracts are going to tender.

**Mr. Selinger:** We will get that information.

Contracts that are awarded directly usually are for time-limited reasons. For example, I know I awarded, signed off on agreeing to a contract for the preparation of the budget documents because of the time pressure to get them done and out on time. We have a provider that has done it for 20 years. Everybody had full confidence in that provider doing it again, so we went ahead. It was not a huge amount of money, but it was one where people had a lot of confidence in the ability of that supplier to deliver on time with a quality product. When you are in time-limited situations and you have confidence in the supplier, sometimes you do not go out to tender.

As a point of information, all untendered contracts are reported on a quarterly basis on the Legislative Building Information System, so there is full disclosure on that. I think it is usually on a quarterly basis I get a report and sign off on it. That is for any contract over \$1,000.

**Mr. Jim Penner:** Those of us who have spent some of our years in rural areas know how hard it is to maintain jobs outside of Winnipeg. There

seems to be a magnet that draws them into Winnipeg. Can you tell us how many positions have been relocated since you took office, from rural or northern Manitoba into Winnipeg, or relocated around the province?

**Mr. Selinger:** We will endeavour to check on that, but I am not aware of any. I know in the first year I was in office there was a recommendation to relocate some, which I turned down, much to the chagrin of my experienced officials. They thought a rookie minister would cave on that immediately, but I wisely did not.

**Mr. Jim Penner:** So to carry on at 7.2.

**Madam Chairperson:** Are we finished with 7.1.(b)(1)? If so, can we continue to pass each line? Shall we proceed?

Line 7.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$418,200—pass.

**Mr. Peter Dyck (Pembina):** Madam Chairperson, I would assume that is under the provision that information that was going to be forthcoming will be coming.

**Madam Chairperson:** Mr. Minister?

**Mr. Selinger:** Yes, we will provide all the information we indicated.

**Madam Chairperson:** Shall 7.1. Administration and Finance (b) Executive Support (2) Other Expenditures \$85,200 pass?

**An Honourable Member:** Sorry, I lost my place there.

**Madam Chairperson:** Page 84.

\* (16:00)

**An Honourable Member:** 7.1 goes to 7.1.(b), right?

**Madam Chairperson:** Yes. We just passed 7.1(b)(1). We are now on 7.1(b)(2) Other Expenditures.

**An Honourable Member:** 7.1.(c) is Other Expenditures.

**Madam Chairperson:** No, 7.1.(b)(2) is Other Expenditures.

**An Honourable Member:** It is in your document on the left.

**Madam Chairperson:** 7.1.(b)(2) Other Expenditures \$85,200.

**Mr. Selinger:** I think, if the member from Steinbach wants to coordinate the orange book with the master, if he would turn to page 25 in the orange book, it is that 7.1(b). You can sort of get a little more detail if you want about what the breakouts of those lines are.

**Madam Chairperson:** 7.1.(b)(2), Other Expenditures, \$85,200—pass;

7.1.(c) Management Services (1) Salaries and Employee Benefits (2) Other Expenditures \$530,000—pass; (2) Other Expenditures \$69,700—pass.

**Mr. Selinger:** I would just like to point out that the salaries of the two individuals with me have now been passed for another year and that they are looking a lot more relaxed now.

**Madam Chairperson:** 7.1.(d) Tax Appeal Commission \$18,800—pass.

7.1.(e) French Language Services Secretariat (1) Salaries and Employee Benefits \$274,600—pass; (2) Other Expenditures \$27,100—pass.

**Mr. Selinger:** That would be the salary of the senior French language services advisor. He is looking extremely pleased at the back of the room as well now, because he was just hired before Christmastime. So this is his actual first full year on the job.

**Mr. Jim Penner:** We have gone through the list of employees and the general salary increase. I think we have understood that, but there is no indication of what that general salary increase is. Madam Chairperson, do we have some information on the GSI?

**Mr. Selinger:** Are you referring to a specific line?

**Mr. Jim Penner:** In previous years we have had increases in the total amount of wages, which were explained to us that this was the GSI. But this year you have some decreases in the total amounts budgeted. Like at the bottom of 7.1 you have \$317,000 gone to \$301,000; at the bottom of 7.2 you have \$563,000, and that has gone up to \$580,000. What is the reason for the increases? Is it FTEs or is it changes in rate?

**Mr. Selinger:** In just about all instances the decrease in part reflects a reduction in what we call other expenditures. They have all been pulled down in just about every line, when you look at them, by modest amounts, but they do have a cumulative impact. The other thing is that there are from time to time changes in personnel. Some of the people coming in are making less than the people who have left. So you can make an adjustment there, or you would have had a vacancy that had not been filled immediately. So there are some assumptions there about turnover allowances built into these numbers as well.

**Madam Chairperson:** I would just like to point out to the Member for Steinbach that these questions appear to be related to the lines that we have just passed. If we wish to go back to them we need leave.

**Mr. Selinger:** I think they are general purpose questions relating to the overall trend in salaries and other expenses. I would take them as referring to any other lines yet to come in the Budget. I think that was the spirit of the question. I am trying to answer it in that fashion. I do not think we have to go back and open them up, because it applies on a go-forward as well.

**Mr. Jim Penner:** I am not sure if this is going backward, but I am just wondering if the SAP system, which was not fully implemented except for payroll, is now completely on-stream?

**Mr. Selinger:** I think that question would probably come under the Comptroller division, 7.3, but, as I understand it it is now fully functional on the financial services side. It has been for I think about a year now that we brought that online. I will ask the Comptroller to come forward, but I remember we had a kind of drop-dead date that we had to meet to ensure the

payroll turned over properly. Was that just prior to Christmas, November?

**Mr. Selinger:** The payroll and financial reporting actually was implemented in April 1, '99, and since then we have been working on improvements to get better reporting information out of it. The system was working, but the ability to extract information for executive or political review needed some further upgrading. So we have been trying to make sure that we could get to the stage where we could actually get monthly reports on cash flow and what is happening with the budgets. I think we are pretty close to being able to do that now. We were not quite there last year when we asked for it, but I think this year we are all going to be able to get monthly cash flows.

**Mr. Jim Penner:** I understand, Madam Chairperson, that SAP was up to speed last year to do the T4s, and that was pretty much as far as it came last year.

**Mr. Selinger:** Yes, the T4s have been able to be done since '99 payroll, the year 2000, the year 2001 payroll and forward, but every year there have been improvements on information that would be used for management control purposes. So they have had the basics from day one, but the ability to consolidate that and get timely information to see how the budgets are rolling out and what the payroll actuals are has been improved as we have gone forward.

**Mr. Jim Penner:** Madam Chairperson, I have read in last year's records that \$62 million was spent as of about this date a year ago, invested into this system. Do we have any idea how much more has been invested into the system since that time?

\* (16:10)

**Madam Chairperson:** It appears that we have now jumped to 7.3. As I stated before, if we are going to be moving around, we need leave. Do we have leave?

**Mr. Selinger:** That we deal with 7.3, because that is where the interest is right now, and then we can return to 7.2 after.

**Madam Chairperson:** Is there leave? *[Agreed]*

**Mr. Jim Penner:** Yes, I have jumped around a little bit. The SAP system, let us say it was 100 percent up and running and everything was working on it, what percentage would you say is up and running at this point?

**Mr. Selinger:** This may come as a bit of shock to the Member for Steinbach, but these SAP systems apparently are constantly evolving. I will not say living organisms but things that continue to add functionality as you need it. The basics have been there in terms of financial reporting and payroll reporting, but it can be continuously enhanced to include inventory control, human resource planning modules. It is not a static system. It is one that allows for continuous improvement if you want to refine your ability to manage your expenses.

This year's Budget has an upgrade built into it of \$820,000 for what they call an upgrade to system 4.6C. We upgraded to 4.6, as I recall, in my first year here, which was a painful upgrade because it cost several million dollars. Now we seem to be going to 4.6C. Most of these things seem to have a life of about three years, after which they become obsolescent and you are browbeaten by the company into upgrading further. It is a bit like automobiles, except they do not seem to last seven years and they do not necessarily have a warranty on them like the current versions. I think they are in, sort of, not quite the Model T stage, but they are at the stage where three years seems to be the useful life of these. I think the life will go longer than that, but they encourage you to take upgrades about every three years to get more functionality and more capacity in the system.

**Mr. Jim Penner:** What was the cost of going from 4.1 to 4.6?

**Mr. Selinger:** The upgrade went from 3.146 to 4.6, and I think the amount was in the order of \$7,257,000 to bring it up to that level.

*Mr. Jim Rondeau, Acting Chairperson, in the Chair*

**Mr. Jim Penner:** I am just looking at last year's Hansard and it says that the minister said that it went from 4.1 to 4.6 and that it was a significant undertaking, as well, to sort of bring it up to the



next generation of software. I understand business software, of course never to this extent and this kind of money, but certainly it is a significant investment. But then it should have significant effect on bringing out budgets in a more timely way and in giving us more transparency and giving taxpayers an understanding of what is happening in a current way. I understand that the software and some of the hardware, the hardware and some of the software may only be useful for a limited number of years, you are suggesting probably three years. During what length of time do you depreciate the computer equipment?

**Mr. Selinger:** Yes, in the main Estimates book, if the member could turn to page 163, I will just show him where the amortization schedule is. This is the accounting policy for capital expenditures that we are looking at on page 163. Under the Asset Classes, if he could go down to No. 10, Computer - major applications such as the SAP system, there is an amortization schedule or an assumption that it has a useful life of 15 years. It is a straight-line amortization of about 6.67 percent a year; it is amortized out. So after 15 years it is completely covered with respect to amortization, but during the life of that 15 years there are constant opportunities to upgrade it and add new functionality.

My comptroller just reported to me, for example, they will have new tables that are made available for payroll purposes, new improved ways to record and handle payroll functions. But that SAP system has been put on the books as a 15-year major application amortization useful life as per this policy that is indicated here.

Smaller software items are listed below at four years and hardware main frame and mini computers is in No. 8. That works off a schedule of about 10 years for amortization. Personal computers, the desktop hardware that people have is amortized over four years at 25 percent a year straight line. So there is variability here. All the asset classes are supposed to be reflected in this table here.

**Mr. Jim Penner:** I would like to ask: What does it mean on page 163 of the Estimates book when it says that the major application capitalization limit is half a million dollars?

**Mr. Selinger:** It means that is the threshold of materiality for when you consider a major applicant. Once it hits over a half million dollars in cost it is considered a major application. In other words, software under a half million dollars does not fall into this category. There are many smaller programs that are purchased all the time for specific activities of government.

\* (16:20)

**Mr. Jim Penner:** Thanks for that answer. I am learning some things here. But I would ask still on the SAP and the computer systems whether anybody feels that 15 years depreciation time is not a bit unrealistic.

**Mr. Selinger:** Two points have been made. One is that this table here of accounting policy was developed in consultation with the Provincial Auditor and a private sector firm to get a sense of what a reasonable time frame is. The legacy system that the SAP system replaced had been actually in operation for 30 years now. It was admitted by everybody that it was long past its due date and that it needed to be upgraded. But given the tightness of finances in the province of Manitoba this system may have to serve more than 15 years. But we are just into the first two or three years of it right now, so it is still a relatively new and dynamic system even though there were some real challenges in putting it in place in a government environment where there is quite a bit of flexibility required that perhaps the system was not designed to handle initially when it was developed for a more centrally controlled hierarchical environment such as a major corporation that is run from the top.

**Mr. Jim Penner:** I am sure that it is going to be difficult sometimes to reflect accurately the inventory or the amount of capital that we retain after depreciation because of changing technology. Technology is changing faster now than ever before. I know in our experience after three or four years we could buy a new computer for less money with far greater capacity. Things were changing so quickly. I do not fully understand computers, just barely know how to use a little bit of it, but it certainly must present a challenge to keep the value of those systems correct for the budget purposes or for the books, and the cost of training people to use those

computers and the cost of upgrading them is significant. If it is done correctly, I think that it is very important value to the budget process and to managing the resources of our province.

I suppose that I jumped the gun a little bit to go to 7.3. Maybe I should just continue on 7.3 and go back to 7.2.

**Mr. Selinger:** Sure.

**Mr. Jim Penner:** In the area of Legislative Building Information Systems, can you enlighten me a little bit about what you are indicating there is going to be almost \$800 thousand that is legislative building systems. In what areas are you going to be spending the \$279.8 million?

**The Acting Chairperson (Mr. Rondeau):** Before we do that, just as a point, would you like to pass 7.3.(a),(b), and (c) if we finish the discussion in those regards before the minister answers.

**Mr. Jim Penner:** Mr. Chairman, can we do (d),(e), and (f) first?

**The Acting Chairperson (Mr. Rondeau):** If there is leave. Is there leave? *[Agreed]* Proceed.

**Mr. Selinger:** In the orange book, I am on page 59. That gives the breakout of what the money is being spent on. There are several terms used. If the member wishes to get a definition of those terms, there is a glossary on page 121. They use a number of these terms repeatedly. All the terms are defined on page 121.

The breakout is \$22,000 communications; \$98,700 for supplies and services; minor capital is \$15,000; and other operating \$143,000. Other operating, for example, the definition is on page 121, is accommodations, food and beverage, computer-related charges, insurance costs, publications, allowances and other financial compensation, other personal costs, other operating fees, training, etc., imputed surcharges. All that gets covered under that other operating line there, which is the largest line in that \$279,000.

**Mr. Jim Penner:** So in the Legislative Building Information Systems, that is just the systems that

are used throughout the building, not just for one party?

**Mr. Selinger:** No. The Legislature is a bit of an island unto itself when it comes to information services. It is run by a separate manager, the manager of LBIS. It is for all elected representatives and their staff within the building. It includes deputy ministers and their staff.

Basically, this building is a bit of a castle with a moat around it when it comes to information services. It is supposed to have firewalls or moats around it to protect it from being accessed from folks outside the system. That is explained on page 58 just at the top under Objectives. The user community encompasses both government and non-government staff, Premier's secretary and Executive Council, ministers and deputy ministers offices, IG, Inter-governmental Relations, Lieutenant-Governor's office, Treasury Division, Information Services, the library, Tourism facilities, Security. Non-government staff include Legislative Assembly offices of the Speaker and Clerk's offices, Hansard, Journals, committees, Members' Allowances, the Leader of the Opposition and the caucus offices. Just about everything in this building is under that system.

Just as a point of information, when I was first elected, the manager of this organization came to see me and was concerned that some other parts of our information technology system were trying to get control over some of her technology and wanted to be protected from that, and we did do that. But there were some cyberwars going on when I arrived here. Even though I did not completely understand it, I decided to keep them all autonomous from each other.

\* (16:30)

**Mr. Jim Penner:** Is the Enterprise System Management part of that LBIS?

**Mr. Selinger:** No, it is a completely separate branch under the control of our provincial Comptroller, and it goes government-wide. It goes into all the departments and all the operating agencies. It covers the entire government entity, with the exception of Crowns. *[interjection]*

It does not cover SOAs either. It covers the entire government entity other than SOAs and Crowns, basically the operating budget of the Government.

**Mr. Jim Penner:** I think that my questions have been answered that I have at this time, and I would be prepared to pass 7.3.

**The Acting Chairperson (Mr. Rondeau):** 7.3. Comptroller (a) Comptroller's Office (1) Salaries and Employee Benefits \$146,300-pass; (2) Other Expenditures \$18,400-pass.

7.3.(b) Information Technology Services (1) Salaries and Employee Benefits \$376,000-pass; (2) Other Expenditures \$72,900-pass.

7.3.(c) Disbursements and Accounting (1) Salaries and Employee Benefits \$1,943,100-pass; (2) Other Expenditures \$826,100-pass.

7.3.(d) Legislative Building Information Systems (1) Salaries and Employee Benefits \$797,400-pass; (2) Other Expenditures \$279,800-pass.

7.3.(e) Internal Audit and Consulting Services (1) Salaries and Employee Benefits \$1,739,200-pass; (2) Other Expenditures \$208,400-pass.

7.3.(f) Enterprise System Management (1) Salaries and Employee Benefits \$2,305,400-pass; (2) Other Expenditures \$5,220,500-pass.

Resolution 7.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$13,574,900 for Finance, Comptroller, for the fiscal year ending the 31st day of March, 2003.

**Resolution agreed to.**

**The Acting Chairperson (Mr. Rondeau):** Did you want to go back to section 7.2?

**Mr. Jim Penner:** I went right by there with some of my questions, so I want to come back to 7.2 and understand a little bit more about how the Treasury manages and administers the borrowing programs and the cash resources, investment and debt activities.

Mr. Chairperson, I understand that the bank of choice is, at this time, the Royal Bank of Canada for most of the business conducted by the Manitoba government.

**The Acting Chairperson (Mr. Rondeau):** The Member for Steinbach, do you want to ask questions about the whole section 7.2 in that whole area or do you want to do it line by line?

**Mr. Jim Penner:** I will ask questions in general, and then just check the lines when we go through them.

**The Acting Chairperson (Mr. Rondeau):** Has that got leave? *[Agreed]* Okay, go ahead.

**Mr. Selinger:** Just in answer to the question, the Royal Bank is still the bank of record of the Government of Manitoba. It is the main one.

**Mr. Jim Penner:** Has the Province of Manitoba, the Government of Manitoba a contract with the main supplier being the Royal Bank of Canada?

*Madam Chairperson in the Chair*

**Mr. Selinger:** In answer to the member's question, there is not a contract with the Royal Bank right now. It is being negotiated on a year-by-year basis. Department officials decided to avoid a long-term contract in an environment where technological changes are occurring very rapidly, and a long-term contract might prevent us from capturing the efficiencies inherent in those changes if we lock in for too long a period of time. So we have the Royal Bank as our major bank, but we also engage the services of other banks. For example, 83 percent of the total that we do is with the Royal Bank, \$234 million, but we also have 3 percent with the Toronto-Dominion Bank and 10 percent with the Bank of Montreal.

The only significant increase this year was actually a smaller increase of \$45,000 with the Bank of Montreal for a specific service that they are providing, for electronic fund transfer fees. So we are trying to retain a maximum flexibility to capture any savings we can and keep the cost down, rather than lock into something that would see all the efficiency advantages going to the provider, not necessarily flowing through to

us in lower charges. This has been going on for a couple of years now, for the last two years, because of the technology environment changing so rapidly. It kind of puts them on notice. Unless they pass those efficiencies onto us, we can switch and go somewhere else if we think we have to.

**Mr. Jim Penner:** The Royal Bank was my bank for 50 years, but we are not there anymore. Certain assumptions have to be made when you put forward a budget for 12 months, and one of them, of course, would be interest rates. Can you explain to me how the government of the day establishes their assumption or forecast of interest rates?

**Mr. Selinger:** This is an area that requires review on an ongoing basis, but the Treasury officials use economists' projections on both interest rates and exchange rates to get a sense of what their assumptions will be with respect to public debt management, and they also take a look at it against benchmarks for Canada, both short- and long-term.

So, for example, on interest rates for public debt-assumption purposes, the assumption is a rate of 3.1 percent on 3-month bankers' acceptance, 3-month BAs they call them here. On Manitoba Treasury bills they have an assumption of 3.05 percent. For six months, they use a U.S. LIBOR rate of 3 percent and a 10-year bond, and I can repeat these if you wish, they use a 6.1% interest rate there. That is benchmarked against the Canada 10-year bond of 5.5 percent and a Canada 3-month Treasury bill of 3 percent. So our rates are just slightly higher than the highest rated and most senior level of government in the country. That is on interest rates. Do you want information on exchange rates?

\* (16:40)

**Mr. Jim Penner:** Yes, please.

**Mr. Selinger:** On exchange rates, we are using an assumption of \$1.62 of the ability of the American dollar to purchase Canadian goods and services. The American dollar, we are assuming, has a strength of 1.62, or going the other way, a Canadian dollar would have a value

of 0.617 or of 61.7 cents if exchanged into an American dollar going the other way. That is on a Canada-U.S. exchange rate, a benchmark here, I am assuming, of 1.62. Basically, it is the same as the benchmarks and also, going the other way, 0.617 or 61.7 cents again.

**Mr. Jim Penner:** I notice in last year's minutes that assumptions were made based on six major banks, the Conference Board of Canada, and then the Treasury officials assimilating that information to make the judgment for one year. Is that still the case, Mr. Minister?

**Mr. Selinger:** Yes. That is the case for both our projections on real economic growth which we report in the budget speech, as well as for exchange rates on currency, as well as for interest rates. We tend to use these averages as derived from the Bank of Canada and the six major banks.

I think there was one change this year. I thought there was one change. One of the major banks stopped doing an economic forecast this year. We substituted for that the Canada CMHC forecast on economic growth, but we are still using the banks for currency and interest rates. So it is essentially the same except for the economic forecast. We have substituted one bank with CMHC.

**Mr. Jim Penner:** I understand that with the fall of the dollar we eventually reduced our exposure to U.S. borrowing and that it will be reduced even more this year. Can the minister tell us what the cost of the sinking Canadian dollar was to the Manitoba province?

**Mr. Selinger:** Well, just for background, while I let my ADM get an estimate of that and pull up his officials to do it, when we came to office we had about 19% exposure in foreign currency for our debt. We brought that down last year to about 6 percent. We are hoping to get it down to about 4.5 percent by the end of this fiscal year. I think we are targeting for 4.5 percent, which would be the lowest it has been in over 30 years at least.

We did pay a price for a weaker Canadian dollar as we were going through that transition of pulling it down from 19 to 6 percent. That

was mostly reflected in the '00-01 budget. It had ballooned up somewhat, the cost. Just to give an illustration, the foreign exchange amortization expense as of March 31, 2001, was \$96 million. That was on an exchange rate of about \$1.57. That was with U.S. exposure of 13 percent. On March 31, 2002, that would be this spring, we had it down to 6 percent, and our amortization expense was \$58 million, for a saving of \$38 million. That was on an exchange rate of \$1.59. We are hoping to get it down to 4 percent by March 31, 2003—this is our projection right now—for an expense of \$40 million. We might be able to save an additional \$18 million on an assumed exchange rate of \$1.62. So there has been some pretty significant progress there over the last two years and hopefully some more going forward.

**Mr. Jim Penner:** Madam Chairperson, our dollar has come back one or two cents in the last few weeks. If we sit on it for a while are we going to be ahead instead of rushing out of it?

**Mr. Selinger:** We have a floating amount of debt. I think it is at the high end, around 20 percent right now. The sensitivity analysis that my officials have done suggests the following: going from \$1.62, which was our assumption, that an American dollar buys \$1.62, if it goes down a penny, we will save an additional \$2.6 million. Right now, we are about \$1.57 today. Unfortunately, a lot of this evaluation is done on one date at the end of the year. So there is a lot of time between here and then.

If current assumptions hold we could save \$2.6 million for every penny we come in under \$1.62. Who knows what is going to happen between here and the year end. I mean, nobody anticipated the events of last September and what that did to us. At the moment the Canadian dollar is doing better than we forecast and we hope that holds. That will be helpful to us.

**Mr. Jim Penner:** I think we are up from the 61.7 that we have been using as an assumption. We are up to 64.3 or something today, which would be quite a few millions of dollars. If we could get that up to, like 65 or 67 cents, we should not be too quick to convert and see if we

could not give our taxpayers a little bit of a break.

**Mr. Selinger:** Well, my officials on a daily, almost heartbeat-by-heartbeat basis, monitor these things and where we see a trend without taking any undue risk, they will try to maximize our advantage, but I must tell you my instructions are to provide as much stability as possible. I do not want to gamble on these markets and on these trends. Where we can lock in debt costs below our target amount, I am supportive of locking it in. If we have a target and we can come in and beat that target on a swap, a commitment on long-term debt, we will try to do that because the objective is to stabilize our finances as much as possible, not to gamble on which way things are going, because you know what, it is completely—I have never met an economist yet who has predicted this thing accurately, and I am surrounded by them. It is no knock against them. They do not have a crystal ball in terms of world events.

**Mr. Jim Penner:** I agree with the minister. It is a guessing game and certainly, if you hit it dead on, it is pure luck, but at the same time if we are not gambling, are we locked in to all of our financing, long term?

**Mr. Selinger:** Most of the currency for servicing the debt this year has been purchased. Where we have uncertainty or volatility is when you look at the amortization cost on March 31 at the end of the fiscal year, and we really have no control over that, but that is reflected in those quarterly reports where you see those obscure tables on what the debt was a year ago, and what the debt is now and the conversions. So our officials have moved on locking debt in at below target rates or target rates wherever they get an opportunity, and we might get a break on the amortization by the end of the year, but where we can get good currency deals, we have been taking them.

**Mr. Jim Penner:** The rates are very good and at the same time my experience has been in the last year that floating rates are better, at least for business. Is this the case for government?

\* (16:50)

**Mr. Selinger:** The member is right. Short-term rates are advantageous at the moment. We have a band of what we call floating money out there in debt that we can—it varies on a day-to-day basis how much it cost us, and that is a band of 15 percent to 20 percent. Right now we are close to the top end of that, around 20 percent. So we are taking advantage of the low current rates right now, and it is being monitored on a regular basis. They would go to the other end of the band if they thought that was going to work against us and the rates were going to increase. They would take it down to 15 percent.

**Mr. Jim Penner:** Now, while we are paying maybe an average of under 3 percent, is it \$19 billion on the provincial debt?

**Mr. Selinger:** We do talk about our debt on a net basis, not a gross basis in terms of tax-supported debt, and that is in the order of \$6.1 billion. There is a gross amount of debt which includes all the Crowns and that is a larger number, but the number that we used in the March 31 quarterly was \$6.4 billion for general government programs, and then there was \$6.2 billion for Manitoba Hydro, \$244 million for capital investments, \$390 million for hospital facilities, and a billion for other, for a total of \$14.4 billion net of sinking funds. If you take the sinking funds out, you would be up around your 19 or 20, but the sinking funds are deducted against that to get it down to \$14 billion.

**Mr. Jim Penner:** So the interest calculation is based on—the debt service cost, then, is interest only. Debt service is interest only based on the 6 billion of general debt or the 12 billion including Hydro or—*[interjection]* Just the 6 billion of general debt.

**Mr. Selinger:** We are looking at page 89 in the general Estimates book. If the Member for Steinbach would look at the Public Debt section, whatever that is, it looks like an 8. Is it? Statutory, sorry, "S," section 11, on page 89, he will see that the total interest costs are \$1.254 billion and change, plus interest on trust and special funds of \$41 million for \$1.29 billion; then netted out against that is revenues from sinking funds and other organizations, broader organizations of government, which then takes it down to \$473 million and change. So we take a

total amount, and then we reduce from that recoveries from other agencies of \$927 million.

**Madam Chairperson:** Once again, I would like to remind the member that we have jumped from 7.2 to 7.11, and if we are going to continue on this line of questioning, we will require leave from the committee.

**Some Honourable Members:** Leave.

**Mr. Selinger:** So, if you take the 927 in recoveries from the 1.296, you get the Public Debt cost statutory amount of \$368 million at the top of that section. That is the number we plugged into the Budget this year.

**Mr. Jim Penner:** You know the Public Debt is part of the challenge to the Treasury, so I think it is under 7.2. Under 7.2, it says the Treasury "manages and administers the borrowing programs, cash resources and investment and debt activities of government." We are talking about the debt activities of the Government. I do not see why that is not relevant to 7.2. It should not require leave.

Madam Chairperson, I would like to ask the minister and his staff, we hear that the exposure to foreign funds is decreasing. At the same time I hear that we are marketing our needs to several European countries, I think Japan, I am not sure about that, and the U.S., but we are operating in Canadian dollars when we are doing that in the future? Okay, help me understand how that works that we can do U.S. financing in the future with Canadian dollars.

**Madam Chairperson:** I would just like to point out the relevance of 7.11 to 7.2 and apologize to the Member for Steinbach. *[interjection]* Well, it was astute. Good for you.

**Mr. Selinger:** I take the Member for Steinbach's point about 7.2 and 11. It does seem incongruous that you cannot discuss both of those together. Item 7.2 is the resources dedicated to managing the debt and section 11 is the debt itself. I am quite comfortable discussing both of them at the same time. It makes sense to me.

What happens is that we will go into the Japanese market or the American market to

refinance or to finance some debt and then swap it back into Canadian dollars. This is actually a skill that our Treasury officials are quite excellent at and I think among the best in Canada. They will bring it back into Canadian dollars through a standard swap agreement. That stabilizes it and reduces our risk of foreign currency exposure.

But they might get a better price in those markets in the first instance. So they might go into the American market to get the best price possible on the debt in terms of interest rates and other conditions, and then they will swap that all back into Canadian dollars to stabilize it. They have been doing that to great advantage for how many years now? *[interjection]* About a decade they have been following those practices as—this is sort of a subset of derivatives, et cetera.

It requires a fair amount of sophistication in the execution of these swaps, and our people over the last 10 years have become more and more expert at it to get those advantages for us.

**Mr. Jim Penner:** I have always had bank accounts in Canada that were operating in U.S. dollars, so I would like to understand. When we get the Quarterly Reports, are the assumptions always the same for four quarters, or do they differ with what is happening?

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

### EXECUTIVE COUNCIL

\* (14:50)

**Mr. Chairperson (Conrad Santos):** Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates for the Executive Council. Does the honourable Premier have an opening statement?

**Hon. Gary Doer (Premier):** Yes, I do, Mr. Chairperson. In light of the arrangements that have been made by the House leaders, I will take longer, if that is possible, than usual and hopefully answer some of the anticipated questions from my honourable friends. I understand the

Leader of the Opposition (Mr. Murray) will defer his response until tomorrow, un petit peu, and the Leader of the Liberal Party (Mr. Gerrard) is available for making a response as well today. Then I understand the House leaders have agreed to allow for the Estimates to be tabled until tomorrow after Members' Statements.

First of all, Mr. Chairperson, I know all members of the House will join me in recognizing the very important and effective work in chairing the Committee of Supply. I want to again congratulate you on that task. I would like to thank my colleague the Leader of the Opposition and my colleague the Member for River Heights (Mr. Gerrard) in maintaining the tradition of doing the Executive Council Estimates early. I think it is an important advantage for all of our scheduling demands, and I know there are demands on all of us, having filled the role of leader of the second party before and Leader of the Opposition before.

I know there are demands on all of our time no matter what our role of the day is. I always know and am aware of the fact that with former Premier Filmon, he and I, I think generally, always did the Estimates early and allowed him to represent the province of Manitoba in a more predictable way as our Premier. So I want to thank members opposite for this courtesy. I think it has become a convention in Manitoba, and I think it is an appropriate convention with these demands.

Mr. Chairperson, the Estimates book will indicate the Executive Council Estimates are at \$3.435 billion. That is down about \$136,000 or 3.8 percent from the Estimates of 2001-02. We have reduced some items in the Budget that we think is appropriate to reduce. Some of the positions actually go right back to an administrative support staff position for Mr. Lyle back in the late 80s, early 90s. You might remember Mr. Greg Lyle. Maybe you do not know the member, but his ghost lives in the halls of this Legislative Building. I understand he is working in Ontario right now. I am sure he has his work cut out for him with the Ontario power corporation issue of the day and the new Speech from the Throne scheduled on Thursday. I would like to

congratulate the new premier of Ontario while I am mentioning the Ontario government, Mr. Eves. I have sent along a note to him on our behalf. I know that our Minister of Finance (Mr. Selinger) had a very good relationship with Mr. Eves when he was Finance Minister, with his election and the by-election last week, and we congratulate him on that election. We will certainly be dealing with the province of Ontario in other federal-provincial issues.

As I have said, there has been a reduction in all lines in our Budget except for Federal Provincial Relations, a modest increase in that line, for primarily travel, of about \$11,000. We are finding some of the costs have gone up on travel in the Federal Provincial Relations office, but it remains, I think, a very competent office. The federal-provincial staff, Ms. Gray, was working in that office when we came into office from the previous administration. We have confirmed her position now that Mr. Eldridge has been confirmed in as Clerk of Cabinet and Deputy Minister of Federal Provincial Relations. Both Mr. Eldridge and Ms. Gray and all the staff in the Federal Provincial office give us a very, very competent and effective staff that are very good for the government of the day in Manitoba, and they remain very competent and meritorious public employees. Mr. Eldridge, of course, goes back to former Premier Roblin's days, when he first started in the public service and the federal-provincial relations, and so he has gone back—

**An Honourable Member:** He is here.

**Mr. Doer:** Oh, there, I did not know they were there. He started when he was 14 years of age, so I know he got special permission from the Labour Department of the day, Mr. Obie Baizley, a fine man. I know his sons. He received that special permission to come on, and I know he has not turned 50 yet, so it is good to have his long-term expertise in federal-provincial relations.

The international development program, under the administration of Manitoba Council for International Cooperation, remains at \$500,000. We know that from the presentation made by former Premier Filmon, to this House, about his visit to Brazil, I think it was 1992 because it was dealing with the REAL

agreement. Mr. Filmon was part of the Canadian delegation for REAL, and he described in a great amount of detail, in this House, the tremendous amount of success that had taken place under this agreement, that many of the dollars that were being invested, were being invested many times over with the Community Economic Development money that is raised. Ten or twelve times more money is raised by the community groups here in Manitoba. An example of that, of course, is the Mennonite Central Committee and other very, very important organizations. YM-YWCA and many of the church groups, they raised a considerable amount of money. So this money really gets about 10 or 12 or 13 times more invested in projects that are primarily projects, to use the old adage, that are not projects that give a person a fish so they can eat for a day but rather teach a person to fish so they can have a livelihood for their lifetime. I want to applaud the volunteers and members of that community for this very, very important project, and we certainly support their development work around the world. I know members opposite did in government as well.

We are also supporting the agreement reached by former Premier Filmon with the northwest province of South Africa, which has been Manitoba's partner for the last seven years. We think it has been very, very useful to have many provinces work with the federal government under CIDA grants and now, to some degree, on our own, with partners in various countries. I know that the former Premier and Mrs. Filmon attended the northwest province of South Africa. I know the people there, Mr. Leach and Mr. Eldridge, have visited there as well. I have hosted the northwest province here, but I certainly know they have informed us that the partnership is very, very valuable. The Premier was here and visiting Texas which is their other partnership. They had a relationship with George Bush when he was governor and now President, of course, and with Manitoba.

\* (15:00)

Our staff complement remains at existing levels. We sometimes second staff for various projects into Executive Council, but the total staff years plus any seconded staff do not go



over the number that we have had in the past years, and, obviously, we are pretty careful to make sure that we do not have staffing levels in the Executive Council beyond what we took over when we came into office.

I want to thank members of the Opposition for joining us in the last few months. As most members know, Jeannette Lanthier was a staff member with me in opposition and worked as a long-time employee in French language services. She died tragically at a very early age, before she was 50. She had friends on both sides of the aisle. She had personal relationships with staff who worked with the former government, and I know that at the funeral and the prayers, all members of the House expressed their condolences to the family. Just as a colleague of hers, I want to say that she will be greatly missed in this building by her colleagues across all the aisles and by her friends.

The staff of Executive Council work long hours, demanding hours. Just to give you another example, over the weekend, this weekend, the Clerk of Cabinet was briefing me on an ongoing basis on the situation in Firdale, Manitoba, with the derailment. He was getting briefings from the Deputy Minister of Conservation, the head of EMO, the head of highways, the head of Transportation. We, in fact, were having a presence in that community with Cabinet ministers. Mr. Smith was there on Friday and Mr. Ashton on Saturday, but we were consulted on decisions like having water bombers with different chemicals to suppress the fire going in there.

It means that oftentimes time that is set aside for weekends to be with your friends and family is taken up with circumstances and events that one, of course, has no control over, and I just know that on an ongoing basis the staff of Executive Council are hardworking individuals. I want to praise them for that because it is important for the people of Manitoba to have people at the centre who understand that when there is an emergency or urgent situation or an unpredictable situation that Manitoba's priorities must be their priorities and that whatever their personal plans are, those must be deferred or cancelled for the benefit of Manitoba citizens.

This is often a contribution that people do not get a lot of credit for, but I think it is important in my Estimates that I pay credit to the individuals who do that work.

I would like to thank the staff from other departments in helping us achieve certain objectives. We certainly want to thank all the staff, as I mentioned, with the last emergency situation. We had a number of staff who helped us from different departments.

On top of the duties of premier, of course, is federal-provincial and interprovincial and international relations. These same responsibilities have been held by all premiers going back to the government of Premier Duff Roblin. It is interesting that one of Mr. Roblin's most important projects, of course, was flood protection, and he campaigned, I believe, in 1958 on the floodway and flood protection for the city of Winnipeg. As in the past, today this is one of the largest priorities for government, that is, the issue of flood protection and measures to deal with the events of 1997. As a status report on that issue, I am sure members opposite would ask me this question. Given the short-term voice challenges that I probably will not be able to enjoy much longer, I would like to give just a brief update on the flood protection measures.

First of all, the International Joint Commission report was commissioned by former Premier Filmon, former Foreign Affairs Minister Axworthy. The terms of reference on flood protection post-'97 were established by that administration. We certainly honoured those terms of reference when we came into office, when the IJC provided their interim report in December of 1999. The final report was produced and released in 2000-2001. We discussed the report in 1999 and 2000 with former Foreign Affairs Minister Axworthy, who was quite supportive of the recommendations of the IJC, and former Minister Duhamel, whom I had a very good relationship with and have a lot of respect for his talents and abilities. We had a working arrangement with him.

We, in fact, had proceeded with two notches on the floodway. He had made public comments about the detention centre option south of Ste. Agathe. We were operating in a pretty consistent

way and jointly funding the federal and provincial governments, the KGS report on the recommendations of the IJC. The IJC did not cost the options. The KGS did. They costed the two options recommended by the IJC and we now have the KGS report that has been tabled with members opposite and released to the public and is on the Net. It is available for public debate.

There is a fairly strong consensus on proceeding with the flood protection measures for the city of Winnipeg as outlined as the floodway expansion alternative as opposed to the Ste. Agathe. We have had discussions again with our third federal cabinet minister, Dr. Rey Pagtakhan. On our initial meeting with him we went over a number of items. One of them was the floodway and flood protection. He is going to study the reports himself. We have had discussions and we have written to John Manley on this project, because there are going to be 25 infrastructure projects approved in Manitoba or in Canada. We have raised this issue as well. Along with that we have had discussions with the City of Winnipeg.

Each year we have continued to do work to improve the capacity of the floodway. We have improved the capacity of the floodway by about 6 percent since we were elected. With each amount of capital expenditures we will continue to improve the floodway capacity.

That is another advantage of the floodway expansion option. It does not require all the capital to get any of the benefits. As you proceed along with bridge work, for example, you get benefits as you proceed along with dredging. You get advantages as you proceed with widening. You get advantages when you increase the CFS volume. We certainly recognize that the protocols that were amended in 1997-98 must have further public debate. The protocols must be based on new CFS flows of water, because obviously a changed CFS flow might affect the protocols. We are committed to doing that. It has been recommended to us that we do that.

We are continuing dialogues north of the floodway outlet and south of the floodway outlet. We certainly believe that we need a

strong federal partner to get on with it. The federal partner has to agree. The next step is for the federal government to agree to releasing the protocol discussions with the public. We are committed to that, because they are a joint signatory of the protocols, but the federal government has to decide: (a) are they going to build more flood protection for the city of Winnipeg and (b) is it going to be the floodway expansion option, or is it going to be the Ste. Agathe detention option? We have already indicated our preference in the committee, in the House, and in the public.

\* (15:10)

On health care, the premiers held a special federal-provincial meeting or dare I say provincial meeting in January this year. We put forward a seven-point plan which is largely adopted in the communiqué from Vancouver, not totally, but a lot of the elements of the plan were adopted by the other premiers. We had met also with Premier Lord of New Brunswick, whom I know met with members opposite on some ideas that he had.

We were dealing with trade and subsidies and call centres, but we were also dealing with health care because it was shortly before the premiers' meeting, or the day before, and we came out with a seven-point plan. Many elements are in the agreement reached by premiers. I think it is safe to say that we were told that there was no more money left from the federal government on health care. We regret that that was a statement made by the federal government. They said they did not want to forward more money into health care and have a result of running a deficit. We predicted in January that they would have no deficit; they would have a surplus. Now we are hearing anywhere from \$10 billion to \$12 billion.

The provinces have suggested that we go back to the rate and ratio of funding as a first step that was there when the Chrétien government was elected in 1993. The funding was 18 percent from the federal government and 82 percent from the provincial government. It is now up to about 86 percent from the provincial government and 14 percent from the federal government. In some provinces now, it is 13 percent.

We think that the Canada Health Act and the Canada health care system is not sustainable with a federal partner that is so much a minority payer at this important priority for Canadians. We are trying to deal with the fiscal imbalance of federal-provincial funding. I know former Premier Filmon had to deal with this when the '95 Martin budget had most of the tax, most of the spending reductions were on the provinces' behalf. Most of them took place in health, education and social services at the provincial level.

That is not to say we do not believe in innovation ourselves. We are now training more staff across the country. We are co-ordinating our efforts in a more effective way across the country. We will have a further meeting in Halifax that will be dominated by health care at the premiers' meeting. We will continue to work on innovation. We have an idea in western Canada. All the health authorities in urban centres met here in Winnipeg a couple of months ago. The idea of having co-operation, say, on neurosurgical operations here in Manitoba and Alberta providing, for example, children's cardiac services, we think, makes a lot of sense. All of us are committed to reducing administrative costs.

We do, however, wait for the Romanow Commission which, I believe, members opposite had the opportunity to present to the Romanow Commission. The Romanow Commission will deal with what areas the federal government and provincial governments can sustain and what areas they cannot sustain. Many provinces are reducing some of the services, changing some of the ways health care is delivered. We are, as well, with telemedicine and other things, but we think that this is very, very important.

We also indicated that Aboriginal health care has to be changed. We are spending too much money on medivacs and not enough money on direct services. We believe that important improvements have to be made in this regard, as well, and we are putting forward some ideas to the federal government and other provinces on the issue of Aboriginal health.

There are other very important issues of international importance that have provincial

impacts. For example, the Kyoto protocol. A year ago when we had the western premiers' meeting in Moose Jaw, we actually were told that we did not have very much input into these issues subsequent to the Bonn agreement last summer. We were still told that the federal government is the signatory to this agreement, that they would consult with the provinces subsequent to the Bonn agreement.

We think that Canada got some really important measures in the agreement. We have the sink house treatment of agricultural credits and reforestation. There was initially a draft that had renewable export credits for items like hydro-electric power. We still think that that must be a condition of our agreement under a NAFTA agreement with our partners on getting credits for renewable energy. We generally support the principles of Kyoto. We think that with Manitoba being an exporter displacing 10 million tonnes of carbon dioxide emissions a year that we could look at Kyoto in a positive way, but we recognize that this is a real challenge for the national government given the American position.

The premiers apparently have been told now that they will have a more direct say with the federal government. I expect that this will be a major item at the western premiers' meeting in the Yukon later this year, and then, of course, the premiers' meeting in Halifax. I think it is sufficient to say that there is not a consensus from provincial governments on Kyoto, and I am not sure whether there is a consensus inside the Chrétien cabinet on this same very important issue of climate change.

On international issues, I am sure that in the Yukon we will be discussing again the U.S. farm bill. We have raised this in Washington, as the Leader of the Opposition is aware. We, of course, have raised the issue of American subsidies and European subsidies in other trade meetings we have had.

I note that the premier of Saskatchewan is meeting with the governor of North Dakota today. I had discussions with the governor of North Dakota last summer at the western governors' meeting in August, and certainly his position is basically, the more in that U.S. farm

bill as subsidies, the better off North Dakota was. Our position was, the worse we are. They feel it is an absolute requirement to deal with the European subsidies. Having said that, we have articulated our view to the Canadian government that they either have to get rid of the subsidies in the United States or Europe, or bridge them, but the worst possible situation is for our farmers to be the victims of an intellectual argument that results in a huge income discrepancy for western Canadian farmers.

We have a number of meetings on federal and provincial issues with various ministers. All ministers have meetings with their counterparts, and I am sure that they will want to discuss those items in other sets of estimates.

Other issues of international importance, we continue to oppose water projects in North Dakota. The Leader of the Opposition attended meetings with our lawyers and the ambassador on both Devils Lake and the NAWs project. We are at a position of making a decision on NAWs on a legal effort, one way or the other, very shortly. On the issue of Devils Lake, the member opposite will be aware of the U.S. Corps of Engineers' report which indicated that the water quality would suffer at the Canadian-U.S. border, that the water quality would suffer in Devils Lake, that other alternatives like upper basin storage of water had not been fully canvassed, that there had to be more discussions with Canada on Devils Lake, and that there had to be a full environmental assessment of that project.

We are still very worried about North Dakota proceeding on a unilateral basis. There is a lot tied up with the U.S. elections, the mid-term elections, in 2002. The member opposite will know that, from his days in the past, working with the federal government. Both the congressional and the Senate seats are very tight and, regrettably, just like the original impeachment votes, water quality and appropriations are sometimes tied more to domestic U.S. politics than they are to Canadian water quality. This is a similar situation the former Premier Filmon was in when they announced unilaterally in July of 1999 that they were proceeding with their own outlet. We have been able to try to stop that option so far, but we live, as they say, year by

year on this issue. The water levels, up until the last couple of weeks, were down from a year ago, predicted to be down when the ice came off the lake. It was a dry year, a dry winter, just like it was in Manitoba, but the last couple of weeks, two or three weeks, precipitation levels have been high in Manitoba and high in Minnesota and North Dakota.

\* (15:20)

We are certainly working with our federal and provincial counterparts and our state counterparts on events, post-September 11. We are continuing to get closer relationships with the western governors on cross-border issues. We are finding that we can solve some of these issues. For example, when the federal government is reluctant to deal with the zone of comfort, the provinces have been much more involved and engaged with our trading partners directly south of us. That has enabled, we think, the Canadian government to have a more reality-based policy on the basis of trade and security. I think that the relationship we have had with our governors and with the governor of Minnesota, I think, has been fairly positive, in this regard, for border security issues. We are working now on energy strategies with our American counterparts, our western governors, and a forest fire protection plan for all of western Canada and western United States. I understand the next meeting of governors will also include governors from western states in Mexico for the first time ever. It will be interesting to talk about issues in a North American setting.

We want to thank members for participating in some of the all-party task force. I think a year after the military all-party task force we see the results as positive. The all-party efforts in agriculture have not produced results, but at least it is important to be working together. I thought the committee did some very good work. Of course, working together as an all-party group on trans-boundary water issues, I think, at the end of the day, is still the best way to have non-partisan approaches to issues that have faced all Manitobans.

We are obviously very concerned about the issues of trade in United States. The U.S. farm subsidy bill is clearly a massive distortion of

NAFTA. We would argue a violation of NAFTA. The softwood lumber issue, we have had frank discussions with our American counterparts. Clearly, this is local politics, not international trade. Obviously, the Kyoto accord is an issue of trade because in the European common union there is agreement on environmental standards, where those are not in place in the NAFTA agreement, per se.

We are working on our north-south trade corridor route, the mid-corridor route. We tied in the visit of the ballet to Texas with truckers meeting in Laredo, their truckers and tutus, I argued. We had good meetings with the Secretary of State, Gwyn Shea from Texas. She is coming to Manitoba in September, and I will make sure that members opposite have an opportunity to meet her. We had good meetings with the mayor of San Antonio, the mayor of Laredo. We had trucking representatives and chambers of commerce representatives. We actually got Texas to talk about the mid-continent corridor through an agreement we had with the state of Texas, that the local Texas transportation people were not able to get for the last few years. We think this is positive.

We also spoke about Highway 83, and the fact that it ended up in Manitoba as well, because of course Highway 83 goes to El Paso, I believe, I am just going by memory. So we actually have two of the major Texas routes, but particularly the mid-continent corridor is so, so important for us. We are really promoting it with other governors and other states because, with transportation, comes more value-added manufacturing, more on-time delivery, and 7500 trucks a day go through Laredo in Mexico, a little bit more than go through Emerson and Winnipeg, but Emerson and Pembina is still a huge route. It is becoming more knowledgeable that this route is more reliable than other routes.

Actually, our weather, we have less blizzards and storms and more reliability in Manitoba south to Mexico than you do, say, in the Montana-Alberta route, but you have to go out and say that because intuitively people think the opposite. So we have a lot of marketing to do.

Former Mayor Thompson did an excellent job in this regard. Mayor Murray is doing an excellent job. We have really good people in the Department of Transportation. Mr. Norquay is an excellent representative of Manitoba and Canada. We thought that we should use the cultural opportunity to feature our transportation goals, and we thought it went well. In fact, the Texas representatives are going to come here in September.

We want to finally say that we are delighted to have in early October a visit of Her Majesty on her golden jubilee year. Our protocol staff are working with the British protocol staff

I think I have said in the newspapers that you get a lot of people asking you to make sure the Queen comes to their event. It is not my job nor my role nor my station in life to suggest to the Queen where exactly she should go. I think the discussion has been from the other direction, but we have tried to suggest some ideas.

The one thing we have asked Her Majesty's staff to consider is a way in which all Manitobans, and youth in particular, could have some access to her, and so we are looking for events like the legislative grounds or The Forks that would allow people of Manitoba to have access to the Queen and the—[interjection] I think there will be a different election in Minnesota at that time.

I would like to thank members opposite. I could not quite go as long as they wanted me to go in terms of a statement because I do not want to. That is all I think I should be discussing, and the rest can be saved for questions or statements in response to that.

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Chairperson, I also would like to take the opportunity to acknowledge the Premier (Mr. Doer) to go through this process, because I think it is a very good process. It is one that obviously has great history and tradition. I think also coming out of it there is an ability which I think is important for leaders in my position today, as Leader of the Opposition and also for the leader of the third party, to be able to have the opportunities to speak directly

with the premier of the day. I think those are important initiatives.

So I would like to say to the Premier, thank you for the opportunity to have this Question Period. We clearly will be welcoming the Premier's staff into the Chamber at the appropriate time. He mentioned that they were a hard-working group, and we take him at his word on that. I know that he mentioned Jim Eldridge. I am delighted to know that Jim Eldridge does not have a grey hair on his head, and certainly it is not from age. I think it is just from all the work that this Premier and other premiers have made him go through.

Mr. Chairperson, I am interested to listen to the opening comments from the Premier, which I took some notes on and clearly will have some questions to follow, but one of the things that I found fascinating was that, of all of the comments that were made, the majority of his opening statement was on issues like how hard-working the staff was and what they have done and certainly his role in being the Premier but also having the responsibility for federal-provincial relations and international relations as well and some of the jurisdiction that falls under that.

\* (15:30)

I was interested to note that he has had some dialogue with John Manley with respect to the floodway, of course I would hope during questions, but I would hope that he would table that letter so that we would be made aware of what is transpiring there.

The other area I thought was interesting is that the Premier mentioned that there was a meeting on health care that took place in Vancouver, I believe. It was on the west coast. It might have been Victoria. The issue that came up was that this First Minister had presented a seven-point plan to the other first ministers. I thought it was quite fascinating, because I believe that the seven-point plan that appeared in one of the national newspapers was certainly I believe news to most Manitobans. Nobody had seen it, nobody was aware of it. I do not know if his colleagues in Cabinet were aware of it. I have to assume that they had seen it.

But I thought it was fascinating that he referenced the premier of New Brunswick, Mr. Lord, who in fact we did meet with. What I found interesting in the conversation was I believe they spent somewhere in the neighbourhood of two years with a group of numerous, I cannot recall off the top of my head, but there was I think in excess of 20 members that were involved in health care hearings and consultations that went across the province. What I thought was fascinating was that here was a premier, the premier from New Brunswick, who had clearly gone out and done some questioning of his province, the people in his province, those people who would be requiring the use of the health care system and had done some actual homework and research and was going out to the west coast to meet with other first ministers to have a discussion on health care and what they believed was the way to deliver health care to their citizens in the province of New Brunswick.

We had a premier from Manitoba who was going out and had really sort of fashioned up seven points kind of overnight to then present to the other first ministers. Now he is saying that they basically are adopting his plan. You know, Mr. Chairperson, I would be fascinated, because I must remind the First Minister, again, I always think it is important to stick to the facts. Clearly he would acknowledge that he did say to all of Manitobans during an election campaign that if he were elected, that his commitment as promised to Manitobans would be that he had the solutions for health care. In particular this hallway medicine issue was such an important issue that members opposite continually reminded Manitobans that they would solve that, they would end it, it would be done in six months. It would be done and over with, completely wrapped up, and the kinds of care that Manitobans expect from a government, the NDP would do that. It was as if it was already crafted, well thought out. So after the election Manitobans said, well, I guess the one thing that might happen of the election of September of 1999 is that we are going to see the end of hallway medicine.

Now we are well into two and a half years. Again, I think it is important that we deal with the facts. We know that the First Minister, the

Premier, has failed in that promise to end hallway medicine, so we see it thriving and continuing. But yet apparently there is a seven-point plan now that somewhere at some point will be shared with Manitobans. We hope at some point that the commitments that the First Minister has made that he will be able to live up to those commitments, because we know up until now that he has failed miserably on that.

I am also delighted that the First Minister (Mr. Doer) makes reference to the '95 Budget that Mr. Martin introduced federally. I am delighted, and I am sure, when the First Minister sees the former premier, Premier Filmon, that he will apologize to all of the references that he attacked the premier at that time, Mr. Filmon. He attacked him on how he was decimating health care. I am delighted to hear the First Minister stand in this House and admit that what he has done is understand a little bit what it is like when you are the premier and you have to make some tough decisions, as Mr. Filmon did, because the federal government and Mr. Martin decided that they were going to absolutely reduce transfer payments to the provinces.

So that, I think, is something that, well, I will clip it out, and I will send it to Mr. Filmon just to make sure that he gets a chance to see exactly that now the current Premier has an understanding of how tough it was in 1995, as opposed to when he stood and just railed on the First Minister, at that particular time, because he did not seem to understand how important health care was and the decisions that that member made.

I also think that the First Minister made a comment about Aboriginal health care. I will be delighted to hear what their direction is on that. He basically made a comment about less on medivac and more on front-line service. Again, that very eerily reminds me, I guess, of the 1999 election campaign, where he basically looked at Manitobans and said, you know, elect me, and I will end hallway medicine in six months; you need more full-time nurses; we will do it. That was the direction. So now we hear a little bit more on the rhetoric side of Aboriginal health care. During this process, maybe there is another seven-point plan that will magically appear on

the back of a napkin or something. We do hope that there will be an opportunity to hear from that plan as we go through the process.

The other part of it is that, in his comments, he mentioned about the Kyoto Protocol. Certainly, we would be interested to get a little bit more definitive information from the First Minister (Mr. Doer) about where he does stand on the Kyoto Protocol. I do know, when they were with the Prime Minister over in Russia, that the premier of Alberta came forward with a plan. It looked as if, at that time, the First Minister was very supportive of what it was that Premier Klein was doing at that time. I read the next day in one of the national newspapers that the Premier, he was holding hands with the premier of Saskatchewan, that they were not 100 percent sure, but there might of been some issues that they were not quite in agreement with, from what Mr. Klein had brought forward, so they changed their position a day later. I hope that, during the course of Estimates, we will be able to get a little bit more detail as to exactly where this Premier stands with respect to Kyoto.

I do think again, and I will basically make a couple of other comments, that what we have heard from the Premier (Mr. Doer) in his opening statement was a lot of interesting information about how much time he is spending, if I could say, globetrotting around the United States. What I found fascinating was very little comment, well, no comment whatsoever, about spending time in all of those other jurisdictions, all those jurisdictions that have a competitive environment, that are making initiatives and bringing legislation obviously to create opportunities for business. I heard nothing at all from the First Minister about that. I mean, it is all fine to go out and travel around and see what other jurisdictions are doing, but not a word about the future and competitiveness of the province of Manitoba.

\* (15:40)

So we know full well, Mr. Chairperson, we have seen it during the debate on the Budget, that what we have seen is we have a government that has an insatiable appetite for spending. But we all know that. It is the NDP way. It is tax and spend. We know that, and it is proven again from what we see in this Budget, that not only is

the NDP able to balance their books from last year, but already we see another deficit budget being proposed.

So they go in and they raid Hydro to the tune of \$288 million, and \$150 million of that, Manitobans know what it was used for, Mr. Chairperson. It was used to balance last year's books. They came to the end of the year \$150 million short. So what did they do? Well, clearly, they know that the minute that they take one nickel out of the rainy day fund, there is the reminiscence of the tax-and-spend NDP. They know full well where it is going. So what is happening is they decided that they cannot do that, so now they are going to have to raid a Crown corporation.

We know, Mr. Chairperson, that 40 years ago, people who had vision, premiers who had vision for this province set aside legislation that was very clear, and in that legislation it made a commitment that no matter who was in government—maybe they were thinking that it was going to be the New Democrats—but no matter who was in government, that you could not go in and raid the profits out of Manitoba Hydro. That was, in essence, the law.

Well, we know that this Government, when they have something they do not like, particularly if it happens to curtail their spending problem, Mr. Chairperson, well, they are going to go in and change it. They are just going to undo it and change the law, so that they can raid a Crown corporation and take the revenue and put it into general revenues, so that the Government can again spend and spend and spend.

I thought it was interesting that one of our members was having coffee with somebody this morning, and they just made a comment on the NDP. The comment was typical of the NDP. They take in one dollar and they spend two. Well, we have seen that. Typically, what this Government is all about, what the Doer government is all about, it is all about pay more and get less.

Well, we know that the First Minister has no vision for Manitoba Hydro. We know that he has no long-term vision. As a matter of fact, I will

quote from the Winnipeg Chamber of Commerce, Chairman Wally Hill. He said, and I quote: The Manitoba government is scraping the sides of the barrel for more revenue in the absence of a long-term economic strategy.

Well, how is it that a middle-income family in Manitoba can go from paying \$253 less in personal income tax than Saskatchewan did in 1999 to paying almost \$800 more in 2002? How is that, Mr. Chairperson? Well, it is because you have a government that has spending out of control.

Shelly Wiseman from the CFIB said, and I quote: There is nothing in this Budget for business to make Manitoba more competitive. Well, you know, there is the Premier (Mr. Doer), travelling in all of these jurisdictions that have a competitive environment, Mr. Chair. I am hoping that he understands and will learn from some of those other jurisdictions in which he speaks, whether it is from Canada or the United States, that there is more opportunity to drive businesses, keep businesses in Manitoba and have them grow here, if they have the environment to do so. I would say that this Premier, unfortunately, does not understand that.

Manitobans are really wondering how this Premier can boast about dollars that his Government has spent on health care when he knows full well that, under this Government, health care is in chaos.

How can the Premier justify having the highest murder rate in Canada? How is it that Manitobans can feel safe in their communities? I noticed in his opening comments there was nothing about justice. There was nothing about keeping Manitobans safe right here at home.

On education, I did not hear the First Minister say anything about education for our young people. Nothing about the importance of providing an education for the young men and women in Manitoba that allows them not to fall below national average testing. I think that is deplorable, and I think that is happening under this First Minister's watch. It might be good enough for the Minister of Education (Mr. Caldwell), it might be good enough for the First



Minister, but I submit to Manitobans that it is not good enough for the parents or their children.

So I welcome the opportunity to ask the Premier some questions. I welcome the opportunity to have some discussion about some issues that are, obviously, very, very important to Manitobans, to where the future is for this province and what the Premier's comments will be, with respect to those questions. I specifically will be wondering what the Premier will be doing to ensure that there is the future in Manitoba for our children. So I welcome this process, and I look forward to it.

I thank the First Minister, if he went on to give me a little opportunity to just make some brief comments. But I thank him very much and I look forward to the process. Thank you, Mr. Chairperson.

**Mr. Chairperson:** Honourable Member for River Heights.

The honourable member has the leave of the House to make an opening statement? Is there leave? *[Agreed]*

**Hon. Jon Gerrard (River Heights):** I would like to put on record a few comments related to the work that the Executive Council and the role in particular in establishment of all-party task forces, of which we have participated in a number; also the issues with which the Premier has been involved, in particular through the Executive Committee.

Let me, first of all, comment on the All-Party Task Force on Security Issues. I think it is an example, we can agree, of a task force which worked well in an emergency situation and provided opportunity for input from the members. I think that one of the things that was demonstrated as we discussed various matters around the table was the very considerable importance of health issues in the security arena, health issues as they applied to anthrax, as one example, but a number of other diseases which are transmissible and could end up, in essence, being used almost as weapons or causing a lot of trouble to the security and the well-being of citizens here or elsewhere. I would like to pay tribute to the many members both on the

political side and from the civil service who contributed to that, people like Joel Kettner who were extraordinarily knowledgeable on the health issues and made a major contribution in helping us all gain a better awareness of the critical role of health and public health when we are dealing with security issues.

\* (15:50)

I would like to comment, secondly, on the flood protection task force which we are involved with at the moment. This is clearly a very, very important issue for Manitobans. We would expect some time in the next little while, whether it is months or years, potentially to be spending somewhere between half a billion and a billion dollars on an expanded floodway or other developments that will provide protection, not just for the citizens in Winnipeg, but indeed, as we have discussed, for people who live all the way up and down the Red River Valley. I think that the forums at least provide a venue for dialogue, and I would again like to compliment those in the civil service who have provided support to this task force as it considers important issues.

The third task force I would like to speak to is the one dealing with water issues, Devils Lake and the NAWS, ones which are clearly important to this province, have been for many years in the past, ensuring that we do not have problems with imported organisms or biota coming from the Missouri Basin, from outside of the province and causing problems to our fisheries or to our river systems. This task force has been a useful approach to demonstrate that all three party leaders are united in their concerns. Our visit to Ottawa, for example, I think was quite useful in demonstrating both to our colleagues at the federal level and to the United States ambassador there, the importance which we give this issue.

The task force in agriculture: Like the Premier (Mr. Doer), I am a little disappointed that we did not have more in the way of output at the end of that task force. We spent many not only evenings but nights on the road, and there was a lot of very valuable input from members of the agricultural and the rural communities in particular. I think that, as I would see it, it was

not just a question of trying to get more money from Ottawa, although that was part of what this was about, but it was trying to look at how we could create a business plan for agriculture and the development of the agricultural industry in this province. I, as well as the Premier, have stated I was a little disappointed that we did not, in fact, have more progress.

One of the areas which I have mentioned to the Premier, quite a number of months ago at this point, where there is the potential for all parties to work together and show a common front to Ottawa is, in fact, the situation and the future of the community of Pinawa. As the Premier knows, he has spoken in this House to politicize this issue to a considerable degree, but I would suggest, as I have previously to the Premier, that in fact there is an opportunity for us to work together for the betterment of the people of Pinawa and the future of that community. Indeed, one of the areas that the Premier himself has talked about is the development of a hydrogen economy in the research capacity. I believe that with a common front we might be able to get a significant boost not only to Pinawa but to some of the research and development in other areas that are needed to bring more activity to Manitoba in the area of developing the potential for our province to participate in producing hydrogen and in producing the infrastructure and the other components that may be needed at some point in the future in an economy which uses more hydrogen and less in the way of fossil fuels, which produce carbon dioxide.

I would also comment briefly on the meetings that we have had with states south of the border, South Dakota, North Dakota, Minnesota. I think that this was a useful exchange of views. There were some very helpful ideas that all of us learned from the participation of legislators and leaders in North Dakota, South Dakota, and Minnesota.

I would mention perhaps one example, the efforts in South Dakota as a state to develop a plan to deal with a contagious disease, foot and mouth disease, and their efforts in how that could be a model for some of the things that we may do here, perhaps not only with respect to foot and mouth disease, but also to tuberculosis.

We have had some discussion of that earlier today. The concept of being able to localize or regionalize the problem so that the livestock all over the province are not subjected to very harsh and severe economic measures is an important one. That is a concept which clearly was important and discussed at that meeting of legislators.

Issues that were brought up by the Premier and the Leader of the Opposition, an example, Aboriginal health care, is clearly an important one. There may be a potential role for some co-operative efforts in the future as well as the efforts that we have in Question Period and other venues to hold the Government accountable for its efforts in this area, an effort which is very important, I would suggest, to health care in this province, but also involves various levels of government in the First Nations communities, in nearby municipalities, in regional health authorities, in the provincial government and the federal government. If we are going to meaningfully approach this problem there may be an approach which can look at how legislators at various levels can co-operate in finding some novel solutions.

Lastly, I would like to mention briefly, as the Leader of the Opposition did, the Kyoto Protocol. I would like to compliment the Premier in the choice of Lloyd Axworthy to lead the task force and to produce a report with a substantial number of recommendations for how the province of Manitoba could more effectively meet the challenge of a sustainable future and of meeting the problems, the challenges, the future of a world where, whether it is in the short run or the long run, we will need to follow the kinds of directions which are outlined within the Kyoto Protocol, and that is reducing greenhouse gases. In Manitoba this may have some particular relevance, because the models of global warming as they have got better and better have in fact shown that one of the accompaniments of global warming, as they have got better and better, have in fact shown that one of the accompaniments of global warming is likely to be wetter springs in southern Manitoba. This is one of the factors which clearly we may have to deal with in terms of dealing with flood problems, and adds importance to the task force which is dealing with flood protection to the city

of Winnipeg and to people all the way along the Red River Valley.

\* (16:00)

I think I will close my comments at this point. I would compliment the Premier, (Mr. Doer) in some areas, for leadership in getting people to work together, but I suggest to the Premier that clearly this is domain where there is a lot more to do and a lot of things yet left undone. Thank you.

**Mr. Chairperson:** Does the committee wish to continue through with the Estimates proceedings or, as previously suggested by agreement, to take a recess up to private members' hour? What is the pleasure of the committee? *[Agreed]* We will then take a recess until private members' hour.

#### PRIVATE MEMBERS' BUSINESS

**Mr. Speaker:** Order. Five p.m., time for private members' hour.

\* (17:00)

#### PROPOSED RESOLUTIONS

##### Res. 2— Long-Term Water Use Strategy for Manitoba

**Mr. Larry Maguire (Arthur-Virden):** It is my pleasure, as Member for Arthur-Virden, to stand this afternoon to move the private member's resolution, Long-Term Water Use Strategy for Manitoba, to be seconded by the member from Morris. I move, seconded by the Member for Morris (Mr. Pitura), the following private member's resolution:

WHEREAS diversification and value-added activities are ensuring Manitoba's agricultural economy remains competitive in the new environment that has been created by the federal government's elimination of the Crow rate; and

WHEREAS these activities place a heavy demand on the province's water supply and necessitate sustainable water management practices; and

WHEREAS the conservation of the province's water supply is vital to Manitoba's

economy and is therefore in every Manitobans interest; and

WHEREAS some Manitoba communities lie in flood prone areas that are periodically threatened by excessive water levels; and

WHEREAS some Manitoba communities have been the subject of prolonged droughts, thereby negatively affecting not only individuals, but also agricultural producers and the industrial and tourism sectors; and

WHEREAS Manitobans have repeatedly expressed a strong interest in issues related to drainage, irrigation, water storage, flood mitigation and in examining an extended approach to dealing with drainage and water management; and

WHEREAS Manitobans are interested in establishing a process that could ultimately lead to the more effective use of our water resources, thereby ensuring the sustainability of this most important natural resource; and

WHEREAS in order to ensure future availability, high quality and proper drainage of water, the provincial government must implement a long-term strategy that adequately addresses these important issues.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba encourage the Minister of Conservation to consider following through in a timely fashion on his commitment to develop and implement a comprehensive long-term water strategy for Manitoba; and

BE IT FURTHER RESOLVED that the Legislative Assembly of Manitoba urge the provincial government to consider ensuring long-term flood protection to flood prone areas and limiting the negative effects of drought by using proper upstream storage of excess water that would then be available for drought proofing in years of need.

**Mr. Speaker:** It has been moved by the honourable Member for Arthur-Virden (Mr. Maguire), seconded by the honourable Member for Morris (Mr. Pitura).

WHEREAS diversification—

**An Honourable Member:** Dispense.

**Mr. Speaker:** Dispense? Dispense.

**Mr. Larry Maguire:** It is my pleasure to rise to speak to this private member's resolution today and try to encourage the provincial government of Manitoba to come forth with a long-term strategy on water management. We know that there has been—

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

**Mr. Maguire:** Mr. Speaker, we have not even discussed the title of the bill and they are excited.

*Building a Sustainable Future* has been quite a document. *Water: A Proposed Strategic Plan for Manitoba*, a discussion paper that was put out in October that was supposed to have received input by the end of February that we have heard nothing from yet. It is so historic of this Government's mandate that while they have put forward a number of discussion papers, releases, to talk about water strategy in the province of Manitoba, there seems to be lacking a very sound, any kind of plan to a long-term strategy around making sure that many industries in Manitoba remain viable because they obviously require a sound strategy in regard to the handling of our water, not only from the volumes of it, but the quality of it, as well, is most important to every Manitoban that lives here. We must make sure that the quality of that water is not put in danger in any future kinds of programs that we do develop.

Many things have happened over the years in rural Manitoba, as well as in all of Manitoba, in regard to water strategy, but one of the things that has probably impacted the most in the rural areas, as far as development of industries, has been the Crow benefit and the removal of that and the forcing of farmers to pay the freight on products. Of course, that has brought forward many changes in the rural economy, and farmers are adapting. Our industry is adapting to that as well. It has spurred on other industries in Manitoba, secondary industries in processing and equipment manufacturing to meet the

changes of the changing marketplace that are required today, as we get into more edible beans and forage production and a number of areas in those rural areas that sustain the development of our economy and help the agricultural industry provide somewhat more of a stable base and solid base for the rest of the province to work on.

But we do need a long-term water strategy. As I mentioned in the resolution, we need it for not only the times of flooding, like happened in the Red River Valley in 1997, but also the flooding of southeast Manitoba last year, southwest Manitoba in 1999. We have also, of course, seen the converse of that in some of the '88, '89, '90 period as the most sustained, that I can remember in recent history, where we have had extreme drought conditions. So, Mr. Speaker, it is not just a matter of how do we get water off the land in times of flooding and those circumstances which are very important and how do we deal with those, but, also, how do we manage the resource? How do we store water in times of need, so that we have it when we have the occasion to build industries like the potato industry, like the forage industry and a number of others that can be built and expanded? They are already here, but being expanded in Manitoba. We think that there is good opportunity in those sectors.

Things like the dam facilities on some of the rivers that we have today that have been planned and talked about for decades today, we know that these require some funds. They require a commitment, as well, from a government that needs to at least first make the commitment. Then, we need to put the long-term plan in place and then begin to find the approach that will be required in order to finance these kinds of endeavours. That is what requires more long-term strategy than going ahead with no strategy at all and losing the opportunity to allow these businesses to expand to their potential in Manitoba.

\* (17:10)

One of the prime areas that we need to look at, and this year perhaps might be one of the most important to look at, is an opportunity to have used stored water. There is very little water in the Souris River this year. There is hardly any

water coming down the Assiniboine River. The Red River has not risen excessively at all. The river is able to take all the water that has come forward this year, and so, in times like this, it would be ultimately upon Manitoba to make sure that we put water retention mechanisms in place so that we can sustain the industries that I have talked about, as well as having the opportunity to make sure that there is flow in those rivers so that the other opportunities that we have in processing are not put in danger by minimal flows coming down those facilities and that we, in fact, are looking at a long-term approach.

Of course, one of those areas would be the international water supplies that we are looking at, as well, with our neighbours to the south. We do need a much more secure and longer-term outlook for issues like Devils Lake and the Garrison reservoir in that area than what the Government has come up with today. We have indicated or seen that there will be no water coming, of course, from the Red River-Devils Lake Basin through the Red River. It was one of the Premier's promises and his mandate as it began. Remember the stop signs on the American border.

Well, Mr. Speaker, it looks like the Hudson Bay watershed management area, water out of that particular area is water that is still going to be coming into Manitoba. There has been no guarantees from the Americans of any removal of biota along that particular stream, like they say they have given over in the Garrison Diversion and perhaps looking at the Garrison Diversion with some screening of the situation there of the water supply that would be coming in through Minot and into the northwest state of North Dakota, part of that area, for not only irrigation but community use and water reserves in those areas, as well.

We certainly do not have any problem with the state of North Dakota trying to do what it can to provide water for its own people in those areas, but we feel on this side of the House that the Government should be taking a stronger stand in regard to the purification and testing and screening of that water as it comes into the city of Minot and will ultimately flow into the Souris River, which ends up in the Hudson Bay watershed district, as well.

We are concerned that even though they know or have indicated that, if they were to spend in the neighbourhood of \$15 million to \$18 million more in the project that they already have underway, they could raise the purification levels from the 90% level to 97, 98 percent, and working co-operatively with our neighbours in that kind of a fashion to provide irrigation and water management into those communities. We know how important the water management is in our own communities in Manitoba and would encourage this Government to take a stronger stand in regard to the purification issues on the Souris River and the water that would come in through that area to the Assiniboine and ultimately into Lake Winnipeg and the Hudson Bay Basin.

Mr. Speaker, diversification is, of course, a catch phrase, but it is also an activity. There is action in that area, whether it is in the expansion of the hog industry, the beef industry, some other minor industries, in livestock such as sheep and elk, bison and other areas of development. We need water for those areas. Manitoba is the capital in edible bean production in Canada now, moving quickly within two years to become the capital of potato production in Canada, as well. If we are going to be sustainable in those types of industries, then we very clearly have to have a water strategy that will allow us to have water in years like this when there is not water in sloughs in the spring, when there is not water in the rivers to be utilized in these particular circumstances.

Of course, the water will not be any higher in the years when there is flooding circumstance. In fact, if there was a strategy put in place and the dams were built in the strategic places, we could actually save and lower the peaks of some of these flooding conditions, and therefore we would not need to be looking at spending perhaps as many dollars in the floodway situations that we are looking at, and I do not mean just the floodway around the city of Winnipeg, Mr. Speaker, that I would like to talk of in a minute, but for all of the towns and communities in Manitoba that have flooding that can impact them, some of the smaller communities in my area like Deloraine and Waskada, along creeks coming out of the Turtle Mountains where water has entered the Souris

River. This is considered to be relatively flat country, yet these communities need a strategy in regard to the provision of moving water and storing water and managing it, so that the runways that are there today do not rip and tear as they drop closer to these rivers.

There are many circumstances that I have been working on personally or across the province in regard to this, circumstances that come up, and our conservation districts and our watershed management districts are the main players, along with the Association of Manitoba Municipalities and our regions in regard to the development of these plans. We need to work strongly with them to have these plans implemented for the long-term good of our province.

Stewardship is a main necessity in a resource such as water in Manitoba, because, of course, it is used as a resource in the management of our lagoons and the infrastructure in regard to the towns and cities that we have. Of course, the governments have limited funds, but there still needs to be a strategy in place in regard to the kinds of planning that goes into these resources in our communities for the long-term sustainability and health of our communities. We certainly do not want to end up with situations where we have any more boil-water orders than we have across the province of Manitoba.

I would urge that this Government is not moving fast enough in some of those areas to try to take care of the purification and clear up some of the circumstances that some of our small communities have. They are just trying to be viable and are just trying to supply what many other jurisdictions in Manitoba have in the larger centres. They deserve the right to be able to live in the surroundings that they are in at the present time as well, Mr. Speaker. We look forward to the Government moving on some of those issues, although I have not seen a strategic plan come out of it. There has been no action on that, and it has been parallel to a number of the things that they have talked about.

They have given lip-service to increasing the drainage budgets in Manitoba and this is not, as I said, just about—it has to be a combination of drainage and storage, but there needs to be a

management program put in place. That is what has been lacking in this whole document that we may have had as far as proposed strategy. I do not know how long you can propose something without doing something for action to put it into place.

There have been some small projects announced. There is no doubt about that. There have been some small projects undertaken. The Government comes out and gives lip-service to some of those from time to time, but we really clearly need to have a strategy as to how we can develop long-term plans around some of these kinds of facilities, so that we have long-term business opportunities for citizens to live and raise their families in our local communities.

Of course, other members of our caucus I am sure will expand on this, but the fishing industry today in Manitoba, it is not just the agricultural industry or the farming industry. It is, of course, also making sure that we manage the water resource that we have in the North to keep it pure and pristine as well as developing and cleaning some of it up in the other areas of the province to make sure that we have the ecosystem in place that will allow for sport fishermen and tourism to continue to come to Manitoba, so that we can continue to develop that industry in Manitoba without having it spuriously taken away from us without any plan and long-term goals and without actually the Government coming forth with a plan to restrict some of the activities that have been taking place today, and of course, some of those were around the issues of Question Period today as well.

So, Mr. Speaker, with those being the issues that I feel most concerned with, I would urge this Government to have a commitment to develop and implement a comprehensive long-term water strategy for Manitoba and to include not only the long-term flood protection needs for those flood-prone areas but also a program that is going to limit the negative effects of drought by using proper upstream storage of excess water for dealing with the situations of drought-proofing that can occur. If I may say so, we could be very well in the middle of it because, of course, in the last two years we have seen that drought effect and the hazardous impact that it has had on the provinces of Alberta and

Saskatchewan with people moving their cattle this way. So I urge the Government to move on this long-term strategy and put it in place as quickly as they can.

\* (17:20)

**Hon. Oscar Lathlin (Minister of Conservation):** Mr. Speaker, I am pleased to be able to speak to this resolution, because it gives me an opportunity to share with the Assembly here all of the positive things that this Government has done in water protection and in water management.

Water is a very precious resource that is essential for life. It is also a major priority of this Government and my ministry in particular. I am very happy to say that we have taken action where the previous government did not take any action whatsoever. We have increased the resources provided for maintaining and developing our drainage infrastructure in this province. We have banned the bulk removal of water from Manitoba in order to ensure that this resource is available for future generations and not sold to the highest bidder in the open market. We have put in place the Office of Drinking Water to ensure that there is a centralized office that will co-ordinate and maintain potable drinking water supplies for all Manitobans.

Having said this, I would now like to focus on one specific project that my department is currently undertaking. This is the development of a province-wide water strategy. In October of 2001, this Government released a discussion paper entitled *Water: A Proposed Strategic Plan for Manitoba*. Since that time, a steering committee representing the major organizations affected by, or involved in, water management has been consulting with a broad-based advisory committee about this plan. Using the COSDI model they have reviewed a discussion paper and made suggestions for changes and recommendations for an implementation process.

The steering committee includes representatives from a broad cross section of stakeholders, including the Association of Municipalities of Manitoba, the KAP, the First Nations, the Manitoba Chamber of Commerce, Ducks Unlimited, conservation districts and the academic community. Currently, the steering

committee is in the process of submitting its report. Following a review, the committee will revise the water strategy accordingly and initiate the implementation process.

In addition to looking at all of the current water issues, the strategy contains three fundamental principles for ensuring a long-term sustainable approach to water management in this province: number one, a comprehensive water act which will modernize and combine all water legislation; number two, an integrated watershed base community provincial partnership for water planning and management; and thirdly, the development of a sustainable approach to the maintenance and financing of water infrastructure.

As we continue to develop this sustainable approach to water management, we have been addressing all of the water policy areas through a specific initiative such as implementing the recommendations of the Drinking Water Advisory Committee; providing water management support for the expansion of the food processing industry and related irrigation expansion; reviewing Lake Manitoba regulation; increasing drainage funding for two consecutive years; increasing the level of flood protection for the Red River Valley; and initiating a significant increase in the level of protection for the city of Winnipeg. With the appropriate legislation, funding structure, planning and management framework in place, this integrated approach to water management will address the issues of protecting our drinking water, crops, property, infrastructure, citizens and ecosystems from excess water. It would also ensure adequate water supplies are maintained for our communities, agricultural producers, industry and tourism operators. These are the important items that we are taking action on because the people of Manitoba want their water protected and properly managed.

I am proud of our achievements, and I am sure all members of this House will support the accomplishments to date, which I have listed. Those are my remarks on the resolution, Mr. Speaker.

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, I was just thinking as I was listening to the

minister speak, it sort of felt like some of the Manitoba junior hockey teams when there should have been a mercy rule. But I did want to put a couple of words on the record regarding this resolution because, no matter how we cut it in rural Manitoba or in Manitoba population as a whole, water is a reality of our lives. It has a significant impact, whether you live in downtown Winnipeg and you are protected by the floodway, or whether you are in southwestern Manitoba and you more often suffer drought than flood, although do not ask them about 1999. The fact is that Manitoba is the end point for one huge watershed that ends up in Churchill in Hudson Bay.

One of the things that concerns me most about water management in this province is that the Minister of Conservation or the government of the day, has to deal with both ends of the spectrum, and they have to do it in the best way that they are capable of in terms of putting forward a policy and putting forward proposals to make this functional and make it so that it has built-in protection both ways, flood or drought. I would like to just say a couple of words about the drought aspect of it because, well, I saw the flood of '97 and part of the flood of '96 and certainly saw the flood of '99 in western Manitoba. Now it appears that we are going to see the other end of the spectrum unless some of the predictions change very quickly on the amount of water that is going to fall on western Canada this year. One of the most important things that the government of the day can do is to look at dual-purpose structures. Certainly, we currently have the Lake of the Prairies dam site, which is one of the most important structures in terms of agricultural rural Manitoba, not just because it assists us in terms of flood control but because it is there to hold water and to augment the flow to the Assiniboine River.

The Assiniboine River is the water highway across southern Manitoba. There are great rivers in the North that we can also talk about being the highways for the water flow in the North and the power that is generated there. In terms of the resources of southern Manitoba, the Red River but in a greater sense, considering the extent of the prairie that it flows across, the Assiniboine is an even bigger resource and one that we need to

be looking at in terms of augmentation in terms of restoration of appropriate flows.

I would say to the minister only a couple of things that I think he needs to keep in mind. One is that as Minister of Conservation he has a far bigger impact and a far greater responsibility in terms of the success of agriculture in this province than he might at first glance consider, because the Assiniboine is that water highway across southern Manitoba.

Secondly, I would say to the minister that there was an Assiniboine advisory committee that was in place for a number of years going back I would think to the early to mid-'90s when it was first established. That advisory board was largely voluntary. They did an awful lot of good work. They made a lot of progress in discussing with people who depend on or are affected by the Assiniboine River. They made a number of reflections on a good policy around water quality, water quantity in the Assiniboine.

I would suggest to this Government, in particular the Minister of Conservation, he needs to look back at some of the work that was done by those people on that study board, because it reflected in a large measure the municipal people, it reflected agriculture, it reflected industry, it reflected the processors in the wet industries across southern Manitoba as well.

Because I know we have a number of my rural colleagues who want to have an opportunity to put something on the record regarding this resolution, I will leave the minister with that thought.

\* (17:30)

**Mr. Tom Nevakshonoff (Interlake):** I welcome the opportunity to rise today and speak on this most important issue, proper water management in the province. I would like to begin by complimenting the Member for Arthur-Virden (Mr. Maguire) for drafting a rather well-thought-out and articulate resolution here.

What strikes me most about this resolution—I am going to use a religious term to describe it. I am not overly religious myself. I go to church occasionally, but there is one term that I did



learn years ago to basically describe what I see here today, what now appears to be the Tory platform or way of thinking in terms of water resources. That word is "epiphany," which means to suddenly see the light all of a sudden. Suddenly, once they are over on the opposition benches, now they see the way, but meanwhile for the past decade or so, if they had actually implemented a strategy that is laid out here as it is then we would not be in the terrible situation that we are today in terms of proper water management. Unfortunately, that was not the case. *[interjection]*

Well, the Member for Lakeside says: What is the terrible situation? I would invite him to come up a little further north into the Interlake beyond the borders of Lakeside into the Interlake proper. I could show him numerous examples of neglect, where the provincial drains have silted up and are full of brush and so on and so forth. I think if he came and consulted with some of the agricultural producers in my constituency that, yes, he might find out that people do think that we are dealing with a crisis situation.

Unfortunately, while they were in office, though, they did not take the necessary steps, and we find ourselves in difficulty. As I gave a historical perspective in terms of hydro development last week when I had the opportunity to respond to the Budget, I would like to take us back a few years and just look at how the former Conservative administration dealt with proper water management in this province. They were elected in, what, 1990, I believe it was. The first thing they did was implement a study, and the conclusions that they came to were that the Government was spending way too much money on proper water management. They had way too many staff people out there. The department was cluttered with employees. There were drainage managers sitting idly in their offices doing nothing. The end result being that the budget was cut dramatically in 1993, I believe it was, and roughly 70 percent of the staff within the department were let go. Imagine that, 70 percent of the staff let go, the capital works budget reduced from, what was it, approximately \$10 million reduced to roughly \$3 million, as I recall. So you do the math. From 1993 until 1999, roughly \$7 million a year not spent on capital upgrades or capital construction in this

province. Do the math. You are looking at roughly a \$50 million infrastructure deficit that our Government inherited when we came back into office.

Now we are playing catch up. We have increased funding to the department to deal with some of the drainage problems. We would like to do more, I am sure, but given the limitations imposed upon us by the balanced budget legislation, unfortunately, increases are going to be incremental as opposed to the giant leaps that are certainly necessary in some areas, and the Interlake comes to mind.

There is a lot of talk in this resolution about watershed management and putting in strategic controls, and all that. I do not see much about enforcement and controls. That leads me to one point that I would like to raise, and that was the amendment to The Water Rights Act that this Government put in place immediately in our first session. Let me tell you about that.

What led up to this amendment? The fact that enforcement had deteriorated to such a degree that there was no rhyme or reason, there was no sound monitoring in place. Anybody that felt like digging a drain, go ahead dig it. There is no problem. Rural municipal governments were doing the same thing to the point where people were being flooded out all over the place. One individual in particular, a man named Hildebrandt, I believe, finally had to challenge the system. It went to the court, and he won. The judge agreed that the situation had deteriorated to such a point that the Province essentially had no position, had no business even ruling on provincial drains. I do not blame the judge in that case, and I do not blame the private citizen for going to such a degree.

But our Government recognized that there was a problem here. We recognized that in order to have sound management, first and foremost, the Province has to have the power to regulate and control over provincial drains. That is a no-brainer. If you cannot control the amount of water coming into your provincial drains from the municipal drainage system, then you are looking at a recipe for disaster. I cannot recall, the members opposite, did they not support us in that amendment in the end or not? Perhaps—

**An Honourable Member:** They did.

**Mr. Nevakshonoff:** Did they? Did they reach another epiphany in that sense, or not? No, I do not think they did. They certainly do not sound very supportive of it today. But that was a critical step, a critical move that was taken by our Minister of Conservation, (Mr. Lathlin), the Member for The Pas. We have reconstituted the provincial control over drainage. That was an essential first step, and I compliment the minister on taking that step. There are a few other things, you know, a few other things that our minister has done. For instance, I rose in this Chamber not too long ago to ask a question of the Minister of Conservation, I am sure you will all recall. I wanted to know what our Government was doing in terms of the problem beavers that we are facing in our province here. What was the result? What was the response of the members opposite here? They broke out into loud guffaws. They thought that was just a big joke, and ever since then, I have been dubbed beaver boy in this Chamber. I am proud to be titled beaver boy in this Chamber because—*[interjection]* Well, I will drink to that—beavers are a very serious problem in this province.

\* (17:40)

I can sympathize with the animals, a very industrious animal, hard-working, fantastic engineers, but that has been the root of its downfall in the sense that they plug up a lot of drains. They plug up the ditches. They cause damage to our roads and all that, so we have to deal with them. I, for one, do not think it is a laughing matter that the beavers have gotten out of control in this province. This is just another example of inaction on the part of members opposite. They let this program slide. They probably reduced the budget to it. There was not a lot in the pot when we came in, so, simple thing, our minister increased the funding to it and added a winter season into the program, which is such a simple thing, but did they do it? No, it never even occurred to them. Defenders of the farming community aside, it still never occurred to them to take that simple step, to trap beavers in the wintertime when it is a lot easier. You can go up the creeks and rivers by snowmobile. You are not fighting with the mosquitoes and the black flies and the horseflies

and all that. Plus, you get good furs. The furs are of decent quality. That is when you are supposed to trap beavers, is in the wintertime. So a simple little step like that is setting us off back on the correct course, and I applaud our Minister of Conservation for taking that simple but crucial step to rectify what is a very serious problem faced by the farming community in this province.

Another very important thing, in particular, for my constituents was the assignment of a number of qualified individuals to do a comprehensive review of how Lake Manitoba is regulated in this province. It is of particular interest to me in that all of Lake Manitoba, as well as all Lake Winnipeg, lies within the Interlake constituency, so I am faced with all these problems, with fisheries problems, with water quality problems, with flooded communities, unless that structure at Fairford is regulated properly. I have probably 3000 to 4000 constituents downstream of that dam in the Fairford First Nation, Lake St. Martin, Little Saskatchewan and even right down to the mouth at Dauphin River, all of those people negatively affected by the operation of that structure. So certainly this was something that was long overdue, to study this dam, and maybe once we have heard what the public has to say about it because that is one thing that we do on this side, on the government side: we go out and we consult the people of Manitoba and find out what they think so that we can do the best for them. I am certainly looking forward to the report, and I am sure that many of my constituents, as well as constituents from the Member for Ste. Rose (Mr. Cummings) or the Member for Lakeside (Mr. Enns) here, all of these people who border on this lake are affected by how this body of water is regulated. This was a fine move to set in place a consultative process to see what the public has to say about how this structure is functioned.

There are a number of other issues I would like to go into, just to look at some of the problems that, as I said earlier, I am facing in my constituency. You do not have to look very far from my home town of Fisher Branch to see how poor regulation and lack of control can have a negative impact on downstream farmers. I have a prime example west of Fisher Branch,

southwest of Fisher Branch where a number of drains were put in place, and the next thing you know all the water was coming out of the wildlife management area, of all places landing up on the good farmland. Good crop land was being flooded unnecessarily as far as I am concerned.

For years, the water has been coming out of that rural municipality onto the Peguis First Nation, the Fisher River First Nation downstream of that R.M., and we are all familiar with it. We are all familiar what happens there. Every one year in three those people are being flooded out. They are dealing with numerous mold problems. They are displaced from their community. The property damage is horrendous.

Sure, it is time to start thinking in terms of proper storage and staged release and all that, and I am glad that members opposite have finally realized that and they have now put it together in a resolution here. Certainly, we will take it into consideration and do what we can in this respect. I am speaking largely in favour of this. I just wish that when they had the opportunity they would have put some of these noble thoughts into practice. Unfortunately, that was not the case, and that among other reasons is why they are sitting in the opposition benches today.

Now, I could go on. We have numerous problems, and I could even go beyond the borders of the Interlake into lakes where—

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

**Mr. Jack Penner (Emerson):** Mr. Speaker, I just want to put a few words on the record to ask the question of our Premier and his Cabinet. Devils Lake. The Premier (Mr. Doer) has said a lot of things about why we would not allow Devils Lake water into Manitoba.

Garrison. He has made many trips to Washington and back to make sure that Garrison would not happen. Yet a week ago we saw the ground-breaking ceremonies to bring Garrison water into Devils Lake, into the Souris River and indeed into our system. They tell us that 90

percent of the water will be treated. What about the 10 percent that is not?

The whole matter of not having a plan for the floodway. The Pembina dam that needs to be done. What action has this Government taken on it? Then there is the member for north Interlake that says this Government never did anything in regard to drainage. Well, let me remind the honourable member that the floodway in this province was built by the Duff Roblin regime. The Asessippi Shellmouth Dam was built by the Duff Roblin government. The Polder project in the honourable minister of resources' backyard was done by the Filmon administration. The Riverton project in the north Interlake, which had drainage problems year after year, drowned out, was done by the Filmon administration. The Cooks Creek project was done by the Filmon administration. The Carman floodway was done by the Filmon administration. The Vita drain was done by the Filmon administration. The Almerly drain was done by the Filmon administration. The Buffalo Creek project was done by the Filmon administration. The Pembina Valley Water Co-op was done by the Filmon administration.

I could go on and on and this minister and the honorable member for Riverton says the previous administration did nothing. Well, let me say to you this, Mr. Speaker, when you look at the Budget, or the natural resource budget, it is for the drainage budget. The whole matter has not deviated more than a million dollars a year from 20 years ago until today. I say that is a credit to the department for having maintained the drainage part of the water resource budget. I think we need to be a little more astute when we make statements in this House that the previous government did not do anything for drainage.

So I congratulate our former ministers for having driven that kind of program, which has spent millions and millions of dollars to upgrade the water. What I would suggest to this Government is that they get busy and discuss with North Dakota the opportunity of building the Pembilier dams in conjunction with North Dakota and with the U.S. government, in light of the fact that they are going to put Garrison water into Manitoba whether we like it or not. I would suggest to you that they are going to put Garrison or Devils

Lake water into Manitoba whether we like it or not. So let us go sit down in co-operation with North Dakota, with Minnesota and South Dakota, and get on with providing proper water storage for the Red River Valley.

**Mr. Stan Struthers (Dauphin-Roblin):** Mr. Speaker, it is indeed an honor to stand and debate the resolution brought forward by our colleague who represents the constituency of Arthur-Virden. I want to say that the speaker that just preceded me here on today's roster exemplifies that age-old saying about water, that water is either "for drinkin' or for fightin'." We all take part in the drinking part of the water—*[interjection]* Not many people participate in the fightin' part of the water better than the Member for Emerson.

But I want to know is this the same Member for Emerson who, back in the 1990s, criticized the Filmon administration for its lack of support for cleaning out drainage ditches in this province. Is this the same Member for Emerson, the same Member for Emerson back then, who was very critical of the Filmon administration that he just tried to defend in this Legislature today? I think it is the same person. I think it is the exact same person. It is amazing what happens when members, who were formerly on this side of the House, end up on that side of the House and how they can change their story just a little bit here and there, to make it fit more to what they want to get across here in their arguments.

\* (17:50)

The other point that I thought of as the Member for Emerson, the current Member for Emerson, was talking about just a few minutes ago, was the Garrison Diversion and the projects that are threatening the water quality here in Manitoba. I am very proud to be part of a government, and to support a Premier, who has taken such an active role, such a pro-active role in dealing with this issue. And not just the Premier, although the Premier has taken this on and has done a good job in bringing these issues to the fore, but I also want to say our Minister of Conservation (Mr. Lathlin) has also been working on that exact project, the projects that are mentioned by the Member for Emerson, and

working in the defence of our water system here in Manitoba.

It makes no sense to us to introduce water from a totally separate watershed than the Hudson Bay watershed which flows right through my constituency and their constituencies. That is something we have taken on as a government. That is something we have been working on and we will continue to work on. This Government's approach to water and to water management is not just one narrowly defined as drainage. It is not one narrowly defined as anything. It is a watershed approach. It is a common sense watershed approach, not mixing two watersheds together, not mixing them together, but using the watershed approach, even on a smaller level.

In this instance, I am going to give a little bit of credit to the members opposite who continued on the movement towards watershed management through the furthering of the conservation district movement, a conservation district movement that has its beginnings in the 1970s in Whitemud. The first conservation district was the Whitemud conservation district which was put forward in approximately 1975. The Member for Lakeside (Mr. Enns) across can check that to see if that is indeed correct, and I believe it is. A movement that was begun in those days to look at the complete watershed disregarding arbitrary lines drawn on a map. Water does not know if it is crossing from one R.M. to the next. Water does not know if it is crossing from one province to the next. Those lines do not mean much when it comes to watershed management. Conservation districts understand that.

Their government, I give them credit for encouraging municipalities and towns and cities into conservation districts, and I want to commend our minister, the Minister for Intergovernmental Affairs (Ms. Friesen), and our Government for continuing that along, as well, and, in fact, enhancing the rate at which municipalities are looking at entering conservation districts and the whole planning movement, not just in conservation districts, but with planning by-laws and planning districts, because we have to understand how important water is in rural Manitoba, especially for our economic

development, for our growth economically. It is the basis upon which we live in this province.

In Manitoba, we have, I think, used a great deal of common sense in accepting the premise that forms the basis of conservation districts. We, as a government, have decided that water management is important enough to rate funding increases in our budgets, not just this past Budget, but the budget before. We have put money into the water management in Manitoba. We have put money into, not just water management, but we have funnelled the money through conservation districts so that we could take advantage of all those benefits, all those advantages that conservation districts give us.

The first one I want to talk about, the first advantage of a conservation district, is that it is actually based on a watershed, and that in order to get a project approved within an area, we need to have a watershed approach. We need to know what the impacts of any decisions in water, whether that be draining water off fields, or retaining water in ponds, we have to understand what the impact of our decisions are going to be on our neighbors downstream. So, Mr. Speaker, it is very important that we understand how our decisions affect the watershed that we are dealing with in all parts of Manitoba. Second of all, it is very important—and conservation districts allow us to do this—that, when making these decisions, we include the local landowners and that we include local groups. The people who, I think, know best how water flows from one area to the next in parts of our province are those people who are directly affected by it, right at the grassroots level.

Conservation districts, which are composed of subdistricts within the larger framework of the conservation district, draw upon people who live in the area, and those people have a say in what projects are approved, what projects come forward, what projects make sense, what projects do not fit into the mandate of the conservation district or the goals of the conservation district. So, in that way, we are a lot more sure that we will be making good decisions, that we will not be making decisions

that are counter-productive to the watershed basis upon which we decide.

The advantage of doing it in this way, I think, everybody understands, given the track record of the previous government in terms of conservation districts, that we will continue to produce good decision making and decisions that will enable us to manage watersheds in a very common sense fashion. As an example, in Intermountain Conservation District, we have always had problems and we have talked a lot about the effect of beaver and others on the water management in our province. I also want to point out the problems that we have encountered with cattle that go down to rivers, cattle that, in the process of watering, break up the banks, destabilize banks and end up, in some cases in rivers in our area, actually changing the flow of a river.

Well, the Intermountain Conservation District decided to take on this problem in our area. The process that they had before was not really being that effective, but, in the Intermountain Conservation District, we have a group of people that have taken on this problem on the Wilson River. On the Wilson River, I want to tell you, they have been very, very creative in their approach. I want to give you an example. When they hosted all of the conservation districts from all around the province last summer, out of Ethelbert we toured our whole area and we went to the Wilson River where some cattle had been doing damage to the riverbank. What they have done is they have set up three troughs on the bank of the river and they have begun pumping that water up into the trough on the farmer's land. They are doing this three ways: one is just using the power generated from a beaver dam on its own; two, using solar panels to run the battery that pumps the water—

**Mr. Speaker:** Order. When this matter is again before the House, the honourable member will have three minutes remaining.

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

# LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 6, 2002

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