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of the
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DEBATES
and
PROCEEDINGS

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, May 7, 2004

The House met at 10 a.m.

ORDERS OF THE DAY

GOVERNMENT BUSINESS

COMMITTEE OF SUPPLY (Concurrent Sections)

EDUCATION, CITIZENSHIP AND YOUTH

The Acting Chairperson (Ms. Marilyn Brick): Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 254 will now resume consideration of the Estimates for the Department of Education, Citizenship and Youth.

As has been previously agreed, questioning for this department will follow in a global manner. The floor is now open for questions.

Mr. John Loewen (Fort Whyte): Madam Chair, just for information for Hansard, unfortunately Heather Stefanson, the critic, the Member for Tuxedo, has had to stop in at the doctor on her way in, so we are kind of reorganizing ourselves on the fly. We just found that out, and I am going to have to leave soon to go over to Finance Estimates.

But I do have a few questions for the Education Minister, particularly surrounding the issue of the possible loss of the facility to the Laureate Academy. I know the minister has had some discussions individually with individuals from the academy and from the school division, and I wonder if he could just update me on the status of that issue.

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Well, certainly. Thank you for the question. First of all, with respect to my purview as minister and my role with independent schools, there is no purview for me in terms of facilities for independent schools.

But, having said that, obviously when the situation arose at the Laureate Academy, we were quite concerned that a solution needed to be worked out between the parties affected, and as such, I have met

with all parties involved in this discussion and there have been three options that have been brought forward for the Laureate Academy.

One of the options is to share the school that they are currently in with the DSFM for a couple of years until such time that another solution can be found for the Laureate Academy. Another proposal was a school called Brooklands School, which is within the St. James school division district.

Laureate Academy had some concerns about the structure itself, and as such, St. James has begun an engineering analysis, getting an analysis of the structure, and St. James would be negotiating a possible lease on that facility if that would be acceptable.

The third option is the old St. Boniface School Division office, which was a former school that has eight classrooms, office space, a gymnasium over 30 000 square feet capacity, and that is another option that has been presented to the Laureate Academy at this point.

I understand that they had not seen it when Laureate Academy representatives were on radio interview two days ago, but I understand they are going to go and take a look at that particular facility.

Mr. Loewen: The issue being, of course, that the Laureate Academy deals with a lot of students who have fallen through the cracks in the public school system, and although the minister refers to it as an independent school, it is providing a very, very valuable service.

I know first-hand through discussions I have had with the school as well as through some friends who have had students attend the school, just the value of the service that is provided. These are children that, you know, some are ADD, some just have trouble surviving in what we would call a normal classroom environment, in terms of distractions and other children around, and need this type of special attention.

I do know the school has a 10-year lease arrangement. I think they are 3 years into it with the St. James-Assiniboia School Division. Does the

minister think it is reasonable that the school divisions would simply secede to the wishes of DSFM, and cancel what is a valid, legally binding lease on this short notice?

Mr. Bjornson: First of all, let me say that I am aware of the program at the Laureate Academy and having been in the classroom for 13 years, I can picture some of these students in question that would be attending this particular school. As I said, there is really no purview for the minister to be involved in facilities for independent schools, but we are committed to finding a solution and working with the partners to find a workable solution.

With respect to the lease arrangement, that is a legal issue. That is a legal arrangement between the St. James school division and Laureate Academy, and it would not be appropriate for me to comment on that.

Mr. Loewen: The minister has identified three options that have been presented to the Laureate Academy. Can he identify what other options have been presented to DSFM?

Mr. Bjornson: That was part of the negotiations between St. James and the DSFM. I cannot tell you what options were presented to them.

Mr. Loewen: Well, the minister has indicated that he has met with all the parties. Is he saying that nobody has identified to him what other options might be available to DSFM?

Mr. Bjornson: The only options we have discussed are what options are available right now for the Laureate Academy.

Mr. Loewen: How many students would the DSFM anticipate it would have in its enrolment?

Mr. Bjornson: I understand they are anticipating 60 to start and they are also anticipating growth in the area.

Mr. Loewen: What area would the division expect that those students would travel from to attend that school division?

Mr. Bjornson: They would be drawn from the immediate area, but the DSFM will likely be drawing from some of the rural areas as well.

Mr. Loewen: The DSFM, is the minister aware if they have looked at the possibility of using the Brooklands School?

Mr. Bjornson: They had been given that option. However, the school that is currently occupied by Laureate Academy is in closer proximity to the Canadian Forces Base where they would be drawing a considerable number of their students.

Mr. Loewen: Can the minister indicate how many students would be expected to come from the forces base?

Mr. Bjornson: That would be difficult to determine at this time.

Mr. Loewen: Well, out of 60, what would the minister consider considerable?

* (10:10)

Mr. Bjornson: Again, the expectation is that the enrolment will be approximately 60 students, and they expect that enrolment to increase with drawing from neighbouring rural communities as well as the forces base.

Mr. Loewen: Well, when the minister makes statements like "to be considerable" in response to a question that there be considerable students from the forces base, and that is the reason to have the school there. I mean, what is considerable? Are you talking five students, ten students? You must have done some homework on this. If you are going to make the statement that there are sixty students and considerable numbers are coming from the forces base, what is the number?

Mr. Bjornson: Based on the makeup of the military, we can expect that there will a considerable number of French families as history has shown us through different military personnel as assigned to different bases across Canada.

Mr. Loewen: Under what basis did the minister use the word "considerable"? You said there would be considerable families from the base. I am just trying to get a feel what is considerable to you, five students, ten students. I do not know. To me, considerably well over 50 percent, I am just looking for a rough estimate. It should not be that difficult.

Mr. Bjornson: We do not have an actual breakdown of the students that would be coming from the forces base, but, historically, there has been, if you look at the patterns of Canadian forces in terms of representation by French-Canadian personnel, a high proportion and we can expect the same.

Mr. Loewen: Well, how many students from the forces base would be attending French schools today?

Mr. Bjornson: We do not have that statistic.

Mr. Loewen: What is the basis for saying that you expect it to be 60 students? What numbers are you basing that on?

Mr. Bjornson: The number is the projected enrolment as provided by the DSFM, and we expect every school division to provide projected enrolment numbers so this is consistent with practice. The DSFM has provided us with a projected enrolment of 60 for this particular school.

Mr. Loewen: I would hope the minister would do a little more thorough analysis before he forces or oversees the movement of a school that I believe houses about 80 students right now who are in challenging circumstances who, based on the issues they have had to deal with which resulted in them being at the Laureate Academy, will likely have quite a bit of difficulty adapting to change. I am sure the result will be, regardless of what happens if the school is forced to move at all, a loss factor for the Laureate Academy in terms of students that they will not be able to service because they may not be able to adapt to the change that is being forced on them.

This is a very serious issue. I wish the minister would do a little more homework on it and maybe get himself a little more informed before he simply tries to wash his hands of it. When would the minister expect that the analysis of the Brooklands School would be ready?

Mr. Bjornson: I understand that the analysis will be ready at the end of May. I will repeat for the member from Fort Whyte that this is not in my purview to look at facilities for independent schools but, having said that, we appreciate the situation that the Laureate Academy faces right now, and we are trying to find a solution even though it does not fall within our jurisdiction as it is an independent school.

We are concerned for the well-being of the students of the Laureate Academy. We would like to find the least disruptive change and, as such, we are looking and working with school divisions to help them find an option that would be suitable for the Laureate Academy.

Mr. Loewen: I remind the minister that he has not only the constitutional authority but the constitutional responsibility to look after the education of all the children in Manitoba. He cannot simply wash his hands of this issue by claiming it is an independent school.

Has the minister sat down with the Minister of Intergovernmental Affairs (Ms. Mihychuk) to determine if there is another possible solution involving the movement of the Police Academy out of Allard School, which, I believe, was DSFM's first choice?

Mr. Bjornson: No, I have not.

Mr. Loewen: Has the minister been in the room with all parties at one time to see if there is a solution that could be worked out in a collaborative manner?

Mr. Bjornson: Not at this point. We have met with all the groups individually. I was quite impressed by all the groups and believe that there was indeed the will to find a solution that would be acceptable to all parties.

Mr. Loewen: I am sure there is a will of all the parties to find an amicable solution. I just do not understand why the minister does not pull the parties together in the same room and determine to his own satisfaction whether a collaboration between the three parties, the DSFM, the Laureate Academy administrators and the minister and his staff, if he does not think that having the three parties sit together in one room might provide a relatively quick solution to this thorny issue which he seems to want to wash his hands of.

Mr. Bjornson: These three parties have met, and we believe there are workable solutions on the table at this point.

Mr. Loewen: For clarification, has the minister said that he sat in the same room at the same time with representatives of DSFM and representatives of the Laureate Academy to try and arrive at a solution?

Mr. Bjornson: No, I have not, but I know that all three groups have met and that we believe there are workable solutions on the table at this point.

There is a matter of an issue of time with respect to when the engineering report comes on the Brooklands School. There is the issue of having the representatives from Laureate Academy visit the other option that has been given to them at this point. So there are some very good options on the table and we will have to see where we go from there.

Mr. Harry Schellenberg, Chairperson, in the Chair

Mr. Loewen: Well, has the minister had correspondence from the Laureate Academy indicating that they feel these three options are very good, or is he just making the value judgment for them?

Mr. Bjornson: The Laureate Academy representatives, Mr. Chair, had expressed some concerns about Brooklands School. As such, St. James school division is conducting a study, having engineers take a look at the structure and they will be reporting back to the representatives from Laureate Academy.

As I said, with respect to the other option, the other school that has been offered to them currently has eight classrooms, it has a gymnasium, it is over 30 000 square feet. The school they are in right now is 40 000 square feet but, having said that, the representatives from Laureate Academy have said they do not use the second floor because it is not usable at this point which would suggest the 30 000-square-foot option would be a suitable option. They will be going and taking a look at that facility, and at that time I await their response on the suitability of that facility.

Mr. Loewen: Has the minister been out to visit the site of the Laureate Academy himself?

* (10:20)

Mr. Bjornson: Not at this time.

Mr. Loewen: Mr. Chair, I will have to pursue this conversation at a later time as I am due in the Estimates for Finance right now, but I would hope the minister in the very short future would maybe take the opportunity to put a little more effort into this particular file.

I hope he understands that particularly the children and the parents of the children at the Laureate Academy are feeling quite orphaned in this whole process. They have the unfortunate situation where they come from all over Winnipeg and the province, and so they do not have a particular avenue of appeal through the school division where they are not taxpayers, where they are not voters in terms of school trustees. So they are kind of left out there on their own. I think it is unfortunate that the minister has chosen to sit back and basically try and wash his hands on this file.

In any event, we will come back to this at another time, but this is a very, very serious issue. I look forward to telling the minister that a number of those families are my constituents and they are very, very concerned, as am I, for their children because they are already faced with difficult situations. The public school system has failed to meet the needs of their children. They are putting a lot of money out of their pocket to make sure that their children's needs do get met. They are to be commended for that, not punished in the sense that they are over in an independent school and the minister does not really care about that.

This is a serious, serious situation and I would hope the minister would have the courtesy to sit in the same room with both parties to see what could be worked out. If he cannot work it out, the Government does not seem to have any difficulty drawing in mediators in other situations. I would suggest to him that this would be a very worthwhile process. If he cannot take the problem upon himself, then I think he ought to look very, very closely at appointing a mediator in this situation so that some type of amicable solution could be found.

Mr. Bjornson: I would just like to say that I, too, am concerned about the children at Laureate Academy, and I am not washing my hands of this situation.

As I said before, the purview for the minister does not include facilities for independent schools. However, I recognize the issue is a very serious one and a very complicated one, and I am going beyond my purview as minister by meeting with all the affected parties. We are working to find a solution that works best for all the children that would provide the least disruption for all children.

Mrs. Bonnie Mitchelson (River East): I am going to focus on the detailed Estimates book. I am on page 23 right now and I would like to ask the minister some questions. I would presume that the Managerial staff on page 23 is the deputy minister's? Maybe the minister could confirm that.

Mr. Bjornson: That is correct.

Mrs. Mitchelson: Could the minister indicate to me what positions are included in the Professional/Technical staff, the three FTEs? What positions would they be?

Mr. Bjornson: The Professional/Technical staff include my special assistant, my executive assistant and the assistant to the deputy minister.

Mrs. Mitchelson: Mr. Chair, could the minister indicate to me who his special assistant is and his executive assistant?

Mr. Bjornson: My special assistant is Jamie Skinner, and my executive assistant is Jan Cherlet.

Mrs. Mitchelson: If I could just ask the last name of the EA.

Mr. Bjornson: Certainly. It is Jan Cherlet.

Mrs. Mitchelson: Jamie Skinner. How long has Jamie Skinner been working for ministers of Education?

Mr. Bjornson: Jamie started working for me, I believe, two weeks after I was appointed.

Mrs. Mitchelson: Could the minister indicate to me whether she was in a minister's office previous to that?

Mr. Bjornson: Yes, she was.

Mrs. Mitchelson: Could the minister indicate to me where she worked previous to working for this minister?

Mr. Bjornson: I believe it was for the Minister of Science and Technology.

Mrs. Mitchelson: Can the minister indicate to me who was in the EA position in the Department of Education before Jan Cherlet?

Mr. Bjornson: I believe the gentleman's name was Joseph Urbanski.

Mrs. Mitchelson: I would presume because quite often what happens with an executive assistant, they have a personal relationship usually with the minister of the day. Could the minister just indicate to me, Mr. Chairperson, if he knows whether Joseph moved with the former Minister of Education over to his new responsibilities?

Mr. Bjornson: He is in Intergovernmental Affairs right now.

Mrs. Mitchelson: Would that be in a position within the department or would it be a position that would be directly appointed?

Mr. Bjornson: Sorry, I really do not know what position that would be.

Mrs. Mitchelson: Mr. Chair, could the minister indicate to me what the five positions within Administrative Support are?

Mr. Bjornson: That would be my administrative secretaries, three administrative secretaries in my office, and one administrative secretary to the deputy minister, Mr. Chair, as well as an assistant to the deputy minister.

* (10:30)

Mrs. Mitchelson: Does the minister have a special adviser?

Mr. Bjornson: No, I do not.

Mrs. Mitchelson: Mr. Chair, does the minister have a communicator?

Mr. Bjornson: No, I do not.

Mrs. Mitchelson: So the minister is indicating, then, that there is no communicator specifically assigned to him. I guess he would have a communicator that comes from the central communications secretariat but there is no one in the department?

Mr. Bjornson: That is correct, no one in the department.

Mrs. Mitchelson: Does the minister have a policy analyst?

Mr. Bjornson: Within the department we have policy analysts, but not within my administrative or Executive Support.

Mrs. Mitchelson: If we turn to page 27, could the minister indicate to me what the two FTEs under managerial support would be?

Mr. Bjornson: Yes, those two positions are Helen Settee, Aboriginal Education Directorate, assistant director, and Garry Robson, Aboriginal awareness consultant and assistant director.

Mrs. Mitchelson: There has been increase of two FTEs in the next line for Professional/Technical. Could the minister indicate to me what those positions are and who might be in those positions, and why the increase of two?

Mr. Bjornson: Mr. Chairperson, at this point in time, the two positions that you have identified are vacant, but the positions are for part of the Making Education Work research project and the costs are recoverable through the Canada Millennium Scholarship Foundation.

Mrs. Mitchelson: Then where would that cost recovery show up in the minister's Estimates?

Mr. Bjornson: It would show up in the Department of Finance revenue stream.

Mrs. Mitchelson: I am looking just at the footnote at the bottom of the page then, so the increase then in expenditures under Other Expenditures is also recoverable. Maybe, could the minister just take a few moments to explain to me what the research project is all about?

Mr. Bjornson: Yes, this is a project that will be funded through the Canada Millennium Scholarship Foundation. Manitoba is the only province that is working with the foundation on an Aboriginal project at this time. The model has been developed by a consultant, and the contract for that is complete.

An evaluation model, a draft has been prepared under contract with the foundation as well, and it is being reviewed by a Manitoba academic peer group. There will be a formal research project proposal that we will be moving ahead with through this funding. It is \$6 million that will be brought forward by the

Canada Millennium Scholarship Foundation. The staff includes a co-ordinator and assistant.

Mrs. Mitchelson: I notice under Administrative Support there is an additional staff also. Can the minister indicate to me why the increase?

Mr. Bjornson: Yes. That additional staff will be cost recoverable as well as part of this five-year plan.

* (10:40)

Mrs. Mitchelson: So I guess I can understand from this that there are three FTEs associated with the research project?

Mr. Bjornson: There are two actually with this project, a curriculum consultant and administrative support.

Mrs. Mitchelson: Then my question would be: What is the other Professional/Technical position?

Mr. Bjornson: Mr. Chair, that position is part of our Aboriginal parent and community strategy. That person will be responsible to develop and co-ordinate leadership of our provincial Aboriginal parent and community strategy, getting Aboriginal parents involved in the schools.

Mrs. Mitchelson: Mr. Chair, just moving on to something else, I wonder if the minister could provide for me the final property tax increases that were levied by all the school divisions. I guess their final budgets are in. I am wondering if the minister has a list of those that could be shared.

Mr. Bjornson: While my staff is finding that information for you, yesterday the Member for Steinbach (Mr. Goertzen) had asked a question regarding the cost of the minister's working group on education finance. We had taken it as notice, so I am glad to provide those figures for you at this point.

Mr. Chairperson, the fiscal year '02-03, the cost for the working group was \$11,443.71; fiscal year '03-04, \$10,564.36, for a total of \$22,008.07; '04-05 year to date, \$1,200. I had taken that as notice yesterday. We are happy to provide those figures for you today.

Mrs. Mitchelson: Mr. Chair, I will pass that on to the Member for Steinbach (Mr. Goertzen). I may

have a couple of follow-up questions on that. Were any of the staff of the Department of Education involved in that working group?

Mr. Bjornson: We had staff provide technical support. They were not a part of the working group.

Mrs. Mitchelson: Can I ask the minister who was responsible for writing the draft report?

Mr. Bjornson: The working group was responsible for writing the draft report.

Mrs. Mitchelson: I guess if the working group was responsible, did they have a staffperson hired to write that report, or who actually would have provided that kind of expertise?

Mr. Bjornson: The MAST representative, Carolyn Duhamel, is the author of the report. The total dollars in these special levy amounts raised by school divisions, Mr. Chair, for the 2004 calendar year will be \$557,814,283.

Mrs. Mitchelson: Is it possible for the minister to provide for us the percentage increases or decreases, if there were any, in the special levies division by division?

Mr. Bjornson: The Frame Report will be released in June. That will have a detailed analysis that the member is asking for.

Mrs. Mitchelson: I know that when the Government announced with great fanfare the amalgamation of school divisions that would, in fact, achieve \$10 million in savings as a result of those amalgamations, we questioned at the time whether that would indeed be the case.

I think we have seen quite clearly that as a result of amalgamated school divisions we have seen significant increases. I wonder if the minister has any detail now, given that amalgamation is a few years old, on where the \$10 million in savings was found.

Mr. Bjornson: I am pleased to talk about the benefits that amalgamation has been providing for our students of Manitoba. I know we look back to, I believe it was 1964-65 in this province, when we had the individual schools that were combined to make the 58 school divisions at that time. As a matter of process we have gone through another modernization

of our school act that brought the number down to 38.

We have seen this happen across the country. It is consistent practice across the country. Québec, for example, in the seventies had approximately 1100 school districts. I understand Saskatchewan is going through an amalgamation process. They have 83 school districts at this time. Amalgamation is something that is not new. It is part of the evolution, if you will, of our delivery to the public school system.

There have been many benefits that have been brought forth with this initiative—improved access to programs for students and services. In most cases amalgamation offers students and their parents programming options and variety. It gives them access to a wider range of support services. One superintendent went so far as to say, "We bring what is good in each former division to a larger audience."

Mr. Chairperson, more efficient use of fiscal resources has identified from the field that many respondents, many superintendents and individuals, when asked about the benefits of amalgamation, identified economies of scale resulting from sharing resources within the amalgamated divisions, taking various forms depending on the scale of operation of the former divisions: Savings from re-examination of contracts and business practices, better pricing on computer licensing, as well as improved cost-efficiency through bulk purchasing.

Mr. Chairperson, creation of new, collaborative and principle-centred organizational cultures is also an important part of what this modernization of our schools has done. Amalgamated divisions add a rare and valuable opportunity to rejuvenate their organizational culture by articulating explicit values to provide a foundation for all future organizational development.

* (10:50)

Mr. Chairperson, re-examination contributed to enhanced communication within organizations and with the communities they served. In fact, one of the first exercises I have participated in as minister was visiting a school division that had been amalgamated and part of the visioning exercise that this brought forward.

It was a very, very empowering thing to be a part of when you could see the enthusiasm with which the

division had embraced amalgamation and how they were looking at providing new focus and direction and renewal to their school division.

One superintendent called this the vitality of change. It has had a very positive impact on the division's learning culture, as it has in many divisions, I have been hearing as I have met with several of the amalgamated divisions.

Adopting best educational practice is based on research. School divisions examined what they were doing and asking themselves why. The research requiring evaluation and reflection, the process of re-examination of past practice, one superintendent said, has led to adopt better practices. It can be beneficial for teachers and students.

In many cases the outcome is better than what either had. The process of re-examination makes people realize that there are other ways of doing things. Mr. Chair, it broadens perspectives and enhances professionalism, enhancing professional growth and sharing of expertise in amalgamated school divisions. In many divisions, the staff benefit from opportunities for professional growth and development, as I have seen in divisions where I have attended first ever professional development exercises with all staff in the newly amalgamated division being able to bring resources for that professional development that smaller divisions, arguably, would not be able to provide.

Specialization at the administration level, as well, many administrators in small divisions were quite isolated, but amalgamated divisions provided that opportunity for renewal as well and enhancing the capacity for team leadership, among other things.

A superintendent commented, saying, "Having greater specialization allows us to make further progress in areas of curriculum where in the past we lacked the manpower."

Stimulating collaborative community development using education as a catalyst is particularly beneficial in rural and northern communities, superintendents reporting a very positive effect from broadening the local perspective to a more global orientation. One superintendent stated, "To sustain education we must prepare to look at things differently. People are more open to change now."

Mr. Chairperson, expanding divisional assessment base—the changing economic circumstances of communities, especially agricultural and resource-based communities, can affect the ability to provide consistent financial support to school divisions, and amalgamation offers more consistency and less variability.

A stronger united voice for public education at a local level—amalgamated divisions are identifying needs and formulating responses on a broader basis and advocate for these needs with an extended community to support their initiatives, initiatives such as the administration cap.

Divisions that were involved in the amalgamation process have realized savings that they have put back into the classroom, where the resources were most needed.

Mrs. Mitchelson: I will be certain to share the minister's comments with those in the education system, the teachers that I have talked to, the parent councils that I have talked to and many others throughout the province that may take some exception to the glowing comments that the minister has put on the record, has read into the record, because I do know that front-line teachers in River East Transcona School Division have not shared the minister's enthusiasm, have not seen that significant increase in resources and support into the classroom as a result, despite the fact that the ratepayers in River East Transcona School Division will be seeing a 7.9% increase in their education taxes on their property tax bill, which will be coming out very shortly.

I will not take the minister's comments as sort of the general feeling throughout the education system, as those that might be echoed throughout. I am hoping that when I do provide those comments to the teachers in the classroom that if there is any criticism that comes back that the minister will take those criticisms and seriously look at the implications that forced amalgamation has had.

I asked a question in the House of the minister, and I never did get an answer. Maybe he could elaborate a little bit today or provide an answer to me.

I know that all of the amalgamated school divisions had to submit their budgets to the Minister of Education for his approval. I know that River East

school division submitted their budget for a 7.9% increase, and the minister approved that.

Could the minister indicate to me, today, and maybe explain a little bit why the funding that he provided to River East, I believe it was about 1.2 % increase overall that River East school division received as a part of the funding announcement, why, in fact, he would endorse and support a 7.9% increase in the special levy.

Mr. Bjornson: First of all, with respect to the member's suggestion that I endorsed the budget, that was not an endorsement of the budget. The intent to examine the budgets that were submitted by the amalgamated school divisions is simply to dialogue with the school divisions as they engaged in the process of amalgamation. With respect to River East Transcona, the tax increase was 7.6 mills but the increase in expenditures is 2.9 percent.

We have once again lived up to our commitment as government to fund education at the rate of economic growth as we have for the last five years, putting the \$105 million in the base. We have lived up to our commitment for the third consecutive year to reduce the education support levy, saving \$37.1 million and, of course, the increase on the property tax credit has meant significant and meaningful tax relief for Manitobans.

*(11:00)

I believe I should reiterate for the record the figures that I read yesterday with respect to the impact that these measures have had on the average home of \$125,000 value. I will just be one moment; I will get those figures for you, what these measures have meant for the average homeowner.

From 1999 to 2004, it is a .5% increase in taxes compared to 1990 to 1999, the increase in taxes was, I believe—Sorry, I will just check that figure. From 1990 to 1999, on a \$125,000 home, the increase was 52 percent, compared to a .5% increase from 1999 to 2004, for a \$125,000 home in Manitoba.

Mrs. Mitchelson: I would argue with the minister. Amalgamated school divisions were required to send their budgets to the Minister of Education. Letters went back to those school divisions, and there was no direction from the minister in any way to reduce the budgets, to change the budgets, to go back to the

drawing board. So, obviously, the minister did not have any problem with a 7.9% increase in River East school division, which was an amalgamated school division.

He says he did not endorse the budget, but he did not reject that budget. So, in essence, he was indicating that River East school division had done their job and that in his mind, a 7.9% increase on the property tax bills for the education support levy in River East school division was okay with him. Recognizing the fact that the increase that was provided, and I believe the minister announced a 2% increase in education funding overall, translated into a 1.2% increase for River East Transcona School Division, below the rate of inflation.

So, in fact, they had a very difficult time trying to bring in a budget, recognizing and realizing that there were additional costs, not savings, as a result of the forced amalgamation. We have a government that ad hoc picked areas within the city and within the province that they would force amalgamation on. They took the second-largest school division, River East school division, and amalgamated it with Transcona, while they left other much smaller divisions in the city of Winnipeg untouched by amalgamations. Mr. Chair, there was no rationale, no reasoning, except I guess, meetings behind closed doors that were politically motivated and politically driven.

There has never been a rationale explained. Unless this minister has a better explanation than former ministers could provide, there was no rationale behind the forced amalgamation. We do know that many school divisions still have significant contracts that are going to have to be harmonized in divisions and that we cannot expect that there will be any significant savings. So I wonder if the minister could, again, comment on why, if he was not endorsing, as he says, the budget for River East school division, why he would have sent a letter back without some sort of direction on how they could possibly—I mean, what was the purpose of sending the budgets in if, in fact, it does not look like the minister took any action at all on any analysis or giving any direction to school divisions?

Mr. Bjornson: On March 1, I sent a letter to all the amalgamated divisions, and I encouraged the divisions that had expenditure increases of greater than

4 percent to reduce those expenditures, and asking amalgamated school divisions and surpluses of greater than 5 percent to balance longer-term needs with the interests of the ratepayers. That was the action that had been taken as a result of the submissions.

It was no secret, as the public was made aware around the funding announcement that put \$17.2 million more into the school system, that our school divisions are sitting on accumulated surpluses of \$69.9 million and we had asked school divisions to consider offsetting tax increases by looking at these, in some cases, rather exorbitant surpluses. There were several school divisions, in fact, more than half of the school divisions, had surpluses in excess of 5 percent. Every meeting that I have had with the stakeholders at that point, I had asked the question what the school divisions thought would be an appropriate operating surplus or accumulated surplus, and general accounting principles. In their opinion, 3 percent to 5 percent would be an appropriate surplus.

So, with 20 school divisions with surpluses in excess of 5 percent, that was part of the instruction, in general, to all school divisions, not just the amalgamated school divisions, to take a look at their surpluses and some of their long-term needs, and balance that against the interests of the ratepayers to try and mitigate some of the expected increases. Certainly, expenditures across the province have varied by school division, and with respect to River East school division, as I said, the expenditure increases 2.9 percent. It did not fall into the criteria of that letter sent on March 1 with respect to her requesting them to take a second look at the budget.

Mrs. Mitchelson: I guess the minister has just confirmed for me then that the 7.9% increase in River East school division was one that he thought was acceptable and if their increase and expenditures was 2.9 percent that fell within the guidelines.

So what he, in fact, is telling us today is that he did endorse the budget that was presented by River East school division and that he is, indeed, admitting that a 7.9% increase was okay, and that River East school division had done a good job based on the 1.2% increase that he provided in this year's budget; which was below the rate of inflation and below the 2 percent that he talked about as an increase in funding to school divisions. I think the record needs

to show that the result of forced amalgamation in one school division, River East Transcona School Division, one that I have some first-hand understanding of, certainly did not save money for the school division or for the ratepayers that are going to be faced with a significant increase in the education portion of their taxation as a result of his forced amalgamation.

Mr. Chairperson, I wonder if the minister could indicate to me with the amalgamated school divisions, where they are at with harmonizing their collective agreements in different areas and what the results have been of some of those agreements being settled or harmonized.

* (11:10)

Mr. Bjornson: Well, at this point some of the divisions have already settled those contract issues. Some are part of the ongoing collective bargaining process and some are in front of the labour board at this time.

Mrs. Mitchelson: Maybe we could take some time to go through one by one the amalgamated school divisions and then the minister could give me a bit of an update on how many different contracts might need to be harmonized, and maybe I could just have an update division by division and have the minister tell me where we are at and how much further it is to go.

Mr. Bjornson: Mr. Chair, we usually have informal notification from the school divisions on the status of those discussions with their bargaining units per se, and we do not have that information. It is just informal discussions where they tell us that they have agreed to contracts or whatever the case might be. I have just been advised that we had a meeting with many of the school divisions in my tenure and they have mentioned informally that that is still an ongoing process or that they are close to a settlement but we do not have all that data right now.

Mrs. Mitchelson: The minister in his meetings with those school divisions, surely they must share some information with the department. Have school divisions written to the minister expressing any concern at all about of what the cost of contract negotiations might be, when you have two different systems that might need to be amalgamated and significant discrepancies between people doing the same work

from two former school divisions that are now amalgamated?

Does the minister have information that has been provided to the department and any sense of whether there are going to be additional costs or whether the contract negotiations are going to result in decreased costs?

Mr. Bjornson: I do not.

Mrs. Mitchelson: So the minister is indicating to me that there has been no information provided. There is not any dialogue. When he sits down and meets with school divisions, there is absolutely no indication to him, or his department has no information on what contract negotiations may mean to school divisions that have been amalgamated.

Mr. Bjornson: Generally, these issues are handled internally between the school division and the bargaining units, and we do not have any indication or any information from the school boards in that area.

Mrs. Mitchelson: When the contemplation of amalgamation of school divisions was discussed internally, were any of those issues looked at when the decision was made to split up some school divisions and amalgamate them with others? Was any of that analysis or information provided or looked at before any decision was made?

Mr. Bjornson: There was a broad-level look at the information. The analysis was very broad-based on the information that was available, and the collective bargaining process is certainly unpredictable in terms of what direction it would go.

Mrs. Mitchelson: That certainly is not a very complete answer to the question that was asked. If we are looking at an initiative as significant as amalgamation of school divisions, that kind of detailed analysis must have been looked at in order to make the decision on which divisions should be amalgamated and which ones did not need to. I cannot imagine that, unless of course the Government put names in a hat and pulled them out and decided, "Oh, we will choose this one and we will choose this one to amalgamate." I mean, what kind of analysis was done to determine the best way to reduce the number of school divisions? There had been a Norrie commission that was done. Certainly,

the recommendations in that commission were not followed. So what analysis was done, and how was that information used to determine the final end product that we saw in school board amalgamations?

Mr. Bjornson: It was a very broad analysis based on the existing information. The analysis was not division by division and, of course, with respect to collective bargaining issues, the collective bargaining process is not entirely predictable. The analysis with respect to amalgamated divisions also focussed on issues of student population and geography and potential synergies that could exist between neighbouring divisions.

* (11:20)

Mrs. Mitchelson: If the amalgamation decisions were based on student population, can the minister explain to me why the second largest school division was amalgamated when others with significantly lower student population were not?

Mr. Bjornson: Enrolment was one of the factors that was taken into consideration but not the only factor that would be taken into consideration. That would not always apply to other school divisions that were looked at for amalgamation purposes.

Mr. Jack Reimer (Southdale): Mr. Chairperson, I am just going to follow up a little bit on that line of questions that the Member for River East (Mrs. Mitchelson) was pursuing in regard to the amalgamation and the comment just made by the minister in regard to reasoning behind amalgamation and the parameters that were used, and he mentioned enrolment.

In my constituency, or my end of the city if you want to call it, which is the southeast portion of Winnipeg, the urban growth there and the amount of new development in that area is the fastest growing of any place in Winnipeg. In fact the constituency of Southdale and the constituency of Seine River are two of the fastest growing constituencies, along with Fort Whyte, in regard to families moving in. In fact it is in that area of my constituency of Southdale where there has been joint funding agreements and joint development agreements, if you want to call it, between the Province of Manitoba and housing developments, developers for the expansion of homes that are in my particular area of Southdale.

Particularly, I am talking about Island Lakes and I am talking about Royalwood.

In fact, I do not know whether the minister is aware of it, but there was even an article in today's paper about the problems that the Louis Riel School Division is facing with the amount of growth in that area and the fact that schools are being pushed to the limit, if you want to call it, for enrolment. Now they are looking at busing people out of the community into other areas.

I know the argument has been made, well you have to look at the overall picture of schools in the immediate area of the Louis Riel School Division. You also have to remember that Louis Riel School Division, I would think, is one of the largest school divisions now in Manitoba because of amalgamation. It has taken into account not only the older area of St. Boniface but all the new growth.

Mr. Chair, you have a disproportionate amount of student involvement with schools in the whole school district of Louis Riel and the argument that says, well there are vacancies in the school division so we have to move the children in there.

But, when you look at the demographics, you look at the growth, you look at the traffic patterns in that particular area, you are dealing with a situation where you have—actually when they call it Island Lakes, you are talking about an island really, an island of urban growth in an area that is surrounded by three major traffic arteries, Bishop Grandin Boulevard and Lagimodiere Boulevard. You have the Seine River, also, on one side and then you have the Perimeter on the other side. So, theoretically, you do have an island there and the only school in that whole area is the Island Lakes K-to-8 school, which was built under our administration, opened up by the former Minister of Education, but at the same time it was full before it even opened.

I know the residents in the area, the parents in the area have lobbied for more space in that school. They have asked for an addition. They have asked for temporary portables, as they call them, but each time the Schools Finance Board goes back and says, "No, we have space somewhere else, so you have to fill it up."

I think there is responsibility for good government to look at a community, not the cold, hard realities of where students can be shipped out of. It

now appears that a lot of the new development in Royalwood, which is, like I say, under a joint development agreement with the Province of Manitoba and the developers in the area, the students in that area are going to be bused totally out of that whole new development. We are looking at a development of over 700 new homes in that area.

So there is a tremendous amount of growth in that area. Yet the Department of Education will hide behind the PSFB, Public Schools Finance Board, and say, "Well, it is their decision and we cannot do anything about it." They look at these things in a perspective that it is causing a lot of strain in that area. I know the minister is aware that two of the school trustees in that area have already quit, in the Louis Riel School Division. I would suggest that a lot of it is because of the frustration of not being able to properly identify with and help the people in that community with the problems that are becoming more and more paramount as time goes on.

One of the things that was brought to my attention very, very recently is the plans of the Southdale Recreation Association in that area. This is the community club that looks after the children in the area mainly for giving them the recreation. That community club is bursting also because of the new population in there. In fact, they sent me a proposal where they are looking at expanding their community club and adding on further recreation facilities because of the demand in there.

People in the community are seeing it. The parents are seeing it. But the Education Department has put their blinders on and said, "Well, you have to live within-your-means type of thing; we are going to bus the children out of the area, and the inconvenience you just have to put up with." Even though people are going into that community and spending hundreds of thousands of dollars on new homes, wanting to be close to their children as they go to school, the Education Department says, "Well, we cannot do anything about it; we are living within our budget," and all that.

There is a certain amount of responsibility that a minister has to take to look after the community. The community is saying that these things are a high priority.

I just want to ask the minister what type of direction I should be giving to the people who are phoning me or the constituents that stop and talk to

me in regard to how we are going to address the issue of education in that particular area of southeast Winnipeg. When will they look at saying that we have to give some sort of relief through expansion of the school, because when the school was built there were division plans of that school that it could be expanded? The infrastructure of the building itself, the plumbing, the heating and the electrical and everything were all designed so that if there was the wish to expand the school it could be expanded quite easily off one end of the building. There is money involved, naturally, but it is not as if this is a cannot-do situation.

The other alternative is portables. I do not know why we cannot get portables in that area. There are portables available in other areas. I am just saying that somehow this situation has to be looked at in a more constructive manner other than saying the Public Schools Finance Board has rejected it and that is the end of it, bus the children out, make the children either walk across—no, I do not think they would walk across those intersections. That seems to be the only way that the Education Department is looking at it.

I just wonder whether the minister could comment as to what type of pressure he is getting and what type of course he feels should be done in that particular area of the city.

Mr. Bjornson: First of all, let us just say that growth is a good problem to have for a school division, because we have many school divisions where we see declining enrolment. It is a good problem to have. As such, Louis Riel School Division is undertaking a division-wide space study which the Public Schools Finance Board will be cost-sharing to take a look at the concerns of this growth area. It is a good opportunity to put some of our good work on the record, as we are responsible for 707 schools in this province and there have been over 600 projects that will be complete by year-end in our five years in office.

* (11:30)

Mr. Chairman, \$288 million invested in capital is an increase of \$135 million over the previous five years. We are very proud to put those figures on record. The latest announcement of \$35 million—I will remind the member from Southdale that that being our lowest contribution in our five-year time it

still is almost double the lowest contribution of the former government, and \$288 million is a significant input in our infrastructure challenges that we have.

There is also the situation, something that we have inherited around the early, middle and senior years' concepts with respect to division scrambling with facilities in that regard, trying to honour that concept of early, middle, and senior years when that philosophy was brought to the fore without a plan to address infrastructure issues.

Yes, we do have a lot of challenges with respect to infrastructure, but this is a government that is committed to infrastructure. We have taken some initiatives with the Public Schools Finance Board by allowing early tendering which has resulted in \$2 million in savings this year alone, so we are making best use of our resources. We are making a dollar go further, and we have made \$288 million go a very long way in the last five years with respect to the improvements that we are making to provide safe and modern learning environments for our children.

As I said, Louis Riel is engaged in a space study, looking at their facilities, and Louis Riel School Division, like all school divisions in the province of Manitoba, comes forward with a five-year capital plan, they identify their priorities, and it goes through a process that is dealt with at the Public Schools Finance Board level like all school divisions submit their capital plans.

Mr. Reimer: My understanding is that over the last, at least the last two or three years, since the opening of Island Lakes School, every year the division had asked for portables in that area, and every year it has been rejected. I would think that, you know, when they are looking at where they are putting their portables, instead of the expansion, I am seeing portables in that area. Can the minister tell me how many portables are in the public school system right now?

Mr. Bjornson: Approximately 240.

Mr. Reimer: How many in the city of Winnipeg?

Mr. Bjornson: I do not have that specific number. I can take that as notice for the member and have that number on Monday.

Mr. Reimer: Just as an estimate, would there be more in the rural area than the urban area?

Mr. Bjornson: Again, we will have to have that figure for you on Monday. We will take that as notice.

Mr. Reimer: Is it right in guesstimating that your school population is declining in a percentage variation more in the rural area than in the so-called urban area of Winnipeg?

Mr. Bjornson: That would be accurate, yes.

Mr. Reimer: So we are seeing portables being used theoretically in the rural area where you have got a declining school population. You have got a situation in certain areas of the city of Winnipeg where you have an increase in school population, but the logistic of thinking saying that we will bus them out instead of putting portables into some of these schools is more logistic? Does this sound right?

Mr. Bjornson: Not all rural areas are in decline. Your question was very general in terms of rural versus urban. But there are some rural areas where the population has been increasing, enrolment has been increasing and, as such, when they are in need of portables, we address those needs, and that is part of the dynamics of population changes and population growth.

Mr. Reimer: Has there been an increase in the number of portables, say, over the last couple of years? How many portables were in use, say, two years ago compared to this year or possibly five years ago compared to now? Is there a growing reliance on more portables going into the system?

Mr. Bjornson: The requests are about the same.

Mr. Reimer: So I guess when it was mentioned, there are approximately 240 portable units in the system. This has been fairly static over the last five years?

Mr. Bjornson: Again, growth is a good problem to have. We have seen how effective our immigration program has been in the province. We had an increase in portables three years ago. Having said that, we have also, in our five years in government, now built eight new schools and eleven replacement schools as part of our effort to address this growth. He have also had over thirty major additions and renovations to the schools as we address the needs of school divisions as they identify the growth areas.

Mr. Reimer: I realize that there have been those efforts put forth by the Government in the last while and I am not criticizing that. I am concerned about the fact that we have certain areas, specifically in southeast Winnipeg, that affect not only my constituency but the Seine River constituency, that are putting a tremendous burden on parents that are going into those areas with children. The frustration and the uncertainty of where their children are going to go to school is causing a problem.

This is a problem I think that has to be looked at in a more analytical area, instead of throwing it in with the big picture. The big picture does not solve the problems for people that are buying and investing and going out and mortgaging to buy a home in certain areas that is costing hundreds of thousands of dollars because they want to live in a particular area but the Government is not giving them the comfort of them knowing that their children can stay in the neighbourhood to go to school. It causes a problem when it is thrown into the big picture of so-called educational spending. It is of no relief, it is of no comfort to those people that live on Island Shore Boulevard, or living in Royalwood, or living out in Seine River, that they can take comfort that the big picture is support for schools. I am saying that there is a problem there.

We are hearing more and more the problem of people wanting their school looked at in a more constructive manner and yet we have growth in new homes. There are going to be more new homes. I think I mentioned that I have a proposal before me from the Southdale Community Centre for their recognition that they have to provide more services to the area because of the tremendous growth in just the Southdale neighbourhood, which is a very small component of the overall picture of southeast Winnipeg. In that area, which takes in Island Lakes, Royalwood, Niakwa Park and Southdale, just in that area alone, the population for children under 19 is almost 5000 children, in my little component of where there is, and it is growing. These are consensus figures from 2001. By the time we get 500, 700 new homes in Royalwood with families it is going to be bulging in there, and yet we continue to get the comment made, "Well, you know, we have to look at the big picture and all this other kind of stuff." It is of no consolation to these people; there is no consolation.

* (11:40)

I am suggesting that there has to be a reasonable approach to this and a better understanding of the demands for the Government to provide this type of service, if you want to call it, which is education to the children in the area. The minister can talk all he wants about what they have spent on new schools and all this other kind of stuff. I am not criticizing that. I compliment him for taking credit for all this goodness that is happening. That is fine, that is good. I am just saying in the particular area that I represent, the particular area that the Member for Seine River (Ms. Oswald) represents, the people in our constituencies are saying, "We want a better access to education." The more disruptive it is for education and the early years especially K to 8, the harder it is for the family to get by.

I am just asking the minister to take a look at this in a more constructive manner and recognize that there is a problem out there.

Mr. Bjornson: The five-year capital plans that are submitted by all divisions identify the needs, immediate and long term, and that is something that the Public Schools Finance Board looks at. Part of that assessment of the five-year capital plans includes capacity of neighbouring schools, and we have to take a look at the best way to use our existing resources. When we have schools that are well below capacity five minutes away from schools that are, for lack of a better term, bursting at the seams, it makes better fiscal sense to make use of the existing facilities.

As I said, we are engaged in a process with Louis Riel where the Public Schools Finance Board has funded the space study 50-50 to assess the needs of Louis Riel School Division, and take a look at more prudent planning for the five-year capital plan. It is unfortunate that Island Lakes was built too small, that the growth was not anticipated at the time that the school was built, obviously. But these are some of the realities that many school divisions face.

We have had situations in Mitchell, a small community just south of Steinbach. I was very pleased to be there and cut the ribbon on a brand-new school in that area where the growth was incredible. There is also another school that will be built in a growth area in Winkler. We are recognizing that there is need, and part of the assessment, as I said, part of that five-year capital plan is to look at what other existing facilities there are, because there is a lot more economic sense with a school that

is well under capacity that is only five minutes away. Boy, for many rural students to be only five minutes away, that would be a dream; but, in urban centres where you have a school five minutes away from another facility, it makes good, prudent fiscal sense to turn your resources over to transportation or other such mechanisms to put students in those empty seats in these school divisions.

Mr. Reimer: They may be five minutes away as the crow flies, but if they have to take a bus to get across a major thoroughfare like Bishop Grandin or across into St. Anne's Road, we are talking about children mainly in the K-to-8 group. That is where the concern comes in, by parents. I mean, it is fine to say that, well, it is close. If it was that close, they would be walking. But they are concerned because everything has been bussed out of their area.

I wanted to ask the minister a question in regard to Schools of Choice, as to what type of response or success the Schools of Choice program has brought about.

Mr. Bjornson: Mr. Chair, I am sorry, I did not hear the question.

Mr. Reimer: Yes, the Schools of Choice program is available where students can go to other schools if there is a vacancy. I was wondering whether some of the school divisions that are experiencing vacancies are filling those seats, if you want to call them, by actively soliciting more students from outside their particular catchment area.

Mr. Bjornson: Certainly, there are some schools that promote their programs as part of the Schools of Choice model, but the Schools of Choice is not about the fact that there might be empty seats in those schools. The Schools of Choice is about providing meaningful information to parents so that they can make choices in the best interests for the educational needs of their students.

I would also like to comment on one of the comments you made earlier about the bussing issue. I too, am a parent who puts his son on the bus to go five miles down the highway for his schooling. We have taken some very, very positive steps toward ensuring more safety features are part of our transportation system, including recently we put over a quarter of a million dollars into putting strobe lights on buses, and that is very effective.

As somebody who commutes to the fine city of Winnipeg every day, I am very much aware of these school buses because of these strobe lights. We also have the arms that extend from the front of the bus and a number of other safety features that have been added to our fleet of buses to address concerns that parents might have about bus safety. It is a safe way to transport your children that five minutes as the crow flies, as the member from Southdale has said, from one neighbourhood to another. Safety on school buses is a very important issue and something that we have been taking some very tremendous steps to ensure for our students.

Mr. Reimer: That opens up a whole different approach. I am not arguing. I know in the rural area, people make a choice. They are living out there; they have to be bussed in. They have to be bussed. I am not arguing that point. I know that there are some places in the rural school divisions that, unfortunately, children are on the bus for upward of an hour. But the people have chosen to live in that particular area and they know that the school is in such and such a town and that is where their child has to go to school. That is accepted.

I am talking about people that move into Island Lakes, where you can look down the street and you can see the school and you cannot go to it because it is overcrowded. I mean there is a heck of a difference between that and someone that is living in Plumus, Manitoba, that knows their children have to be bussed for three quarters of an hour. To use that as a comparison, I am not trying to get into an argument as to the children in the country, because they are riding on a bus for an hour, are no different than the people in the city.

* (11:50)

You have a community like Island Lakes where people can look down the street, they can see their school, but the school division is saying, "Your child cannot go to that school because it is too full and we are going to bus them out." That is the problem, and that is what I am trying to tell the minister. All the safety initiatives that are on buses regarding strobe lights and wigwags and all these things, that is great. I have no problem with that. I think that is laudable. I mean, do not compare children that have to go on a bus that are living in a rural area and they know that they have to go on a bus for an hour, unfortunately, some of them do, to people that are looking down the

street and seeing their school and they cannot get into it. When they moved into that community, and you have one child that is going to that school and another one that is going out the door at the same time who has to go somewhere else because they are in another grade, that causes problems for families. That causes problems for my phone to ring. That is what I am trying to explain to this minister.

Mr. Bjornson: Certainly, just as I chose to live in rural Manitoba and I chose to live five miles away from the school, people are making that choice to live in the Island Lakes neighbourhood where they should be aware that the school is at capacity, but we are providing educational opportunities for those students where there are schools that are under capacity.

Again, the space audit that is being conducted by Louis Riel School Division is taking a look at the global needs of that division and we have responded in areas where we have seen tremendous growth. As I have said before, we have responded by building a brand-new facility in Mitchell, Manitoba. A brand-new facility is coming in Winkler. Where we see growth, we have responded, but we respect the process that the Louis Riel School Division is engaged in right now with respect to that space audit and their strategy to try and address this issue and, as I said, Louis Riel School Division, like every other school division, submits their five-year capital plan with their priorities to the Public Schools Finance Board and it is in process.

Mr. Reimer: I will accept what the minister is saying in regard to the study, and I would hope that when the study is done that there is a reasonable approach to analysing it by him and his department so that there is a recognition of what I have been trying to say in the last little while. Having said that, I think he knows my views on that. I think he does, anyway.

I was going to go back to Schools of Choice. Are there any restrictions or any guidelines that the Department of Education sets up for school divisions that are advertising for Schools of Choice in other districts?

Mr. Bjornson: With respect to Schools of Choice, students who live in the catchment area take priority. With respect to advertising, there are no guidelines around how the school divisions or individual schools might advertise the school of choice.

Mr. Reimer: I guess you would have some school divisions where you have a declining population especially in, say, some of the senior years of school, in particular, let us say, in St. James or something like that. To keep their funding levels up in a sense, what they could do, I guess, is advertise in other school divisions for students to come to their schools. So, in essence, you are taking schools out of, say, another area like Prairie Spirit and having these students come to the collegiates in St. James, and with that transfer naturally goes the funding.

In essence what you are doing is the one school division is going to be scrambling for funding because of a loss of students and the other division is going to be pumping up their funding, if you want to call it in a way. I guess what happens is you get the rural divisions trying to compete for students, not only to keep them in their schools but also with the fact that the funding is going down and it puts an adverse effect on the total funding that would go into that school division.

Has there been any type of analysis as to the effectiveness of the Schools of Choice program as to whether there has been any type of noticeable shift of funding levels between the divisions that are having students go into the various schools?

Mr. Bjornson: The Schools of Choice enrolment has remained relatively stable since the Schools of Choice was introduced under the former government in '97-98. There is a deadline in place around the application process that would not adversely impact the schools with respect to planning of staffing issues and things of that nature. The pattern of enrolment has been relatively consistent since introduced in '97-98.

Mr. Reimer: Has there been any tabulation as to the overall figures in regard to the movement of students taking advantage of this Schools of Choice program?

I guess what I am looking at is, I know you have movement in the rural areas between areas. What I am trying to do is whether there is a movement of students into, say, the Winnipeg catchment area of schools and whether the surrounding areas might be losing students to the city of Winnipeg; not the city of Winnipeg school division, but the city of Winnipeg in general, because of the different programs that are available, say, at some of the schools that specialize in some of the programming.

Mr. Chair, has there been any noticeable shifting of students taking advantage of this program that way?

Mr. Bjornson: I cannot get that specific but what I can tell you, if you would like me to, I can give you all the percentage totals from '97-98 through to '02-03-04 and the actual numbers of Choice enrolment from '97-98 through to '02-03-04 if that is what you would like.

Mr. Reimer: If the list is not too long. I am just sort of looking at the minister's book there. It does not look too long. Maybe he could just read it into the record and then I would have it.

Mr. Bjornson: I would be glad to do that. The first year of the Schools of Choice enrolment '97-98, 3533 students, 1.8 percent of total enrolment; '98-99, 4775 students, 2.4 percent of enrolment; '99-00, 4994, 2.6 percent of enrolment; 2000-2001, 5319, 2.8 percent; 2001-2002, 5386, 2.8 percent; 2002-2003, 5170, 2.7 percent; and 2003-2004, 5398 or 2.9 percent of total enrolment.

* (12:00)

Mr. Reimer: I am assuming that number is for all schools in Manitoba. It is not, as I mentioned, urban to rural or anything like that.

Mr. Bjornson: That is correct.

Mr. Reimer: Is there the availability, or has there been any type of analysis of the shift that I was referring to in regard to rural students coming into the city of Winnipeg catchment area?

Mr. Bjornson: Mr. Chairperson, what we do have is a grid and, in staff's word, it is a rather monstrous grid, but we could provide that for you. The analysis is on a division-by-division basis, but we would gladly provide the grid for you.

Mr. Reimer: I would appreciate it. I guess, if I could get it that would be fine. Thank you very much.

I guess the reasoning behind the question is that a lot of schools in the Winnipeg catchment area are becoming fairly well recognized of certain entities that they specialize in, for example, music or theatre or some of the other sciences and things like that. I am just wondering whether they are becoming more

aggressive in their competition to try to get students from outside of Winnipeg to come into the city through the Schools of Choice program. In essence, you are taking away some of the tax base or the tax revenue out of the rural area and whether this is any way recognized possibly as a problem that may be coming down the road.

Mr. Bjornson: I think the real issue around Schools of Choice is so that parents can make informed decisions about the educational choices and opportunities that are available for their children. It is not really an issue of urban or rural, per se. I know, having taught in Gimli High School for 13 years, we offered courses that many schools our size did not offer, such as I have taught psychology, I have taught sociology. Good courses indeed. We have offered political studies, offered courses in women's issues, environmental studies, a variety of different courses, and as such those courses did attract students from other schools within the division and from neighbouring divisions because of the opportunities that were afforded to students through our school.

I know, as you mentioned, there are certainly a number of schools that are known for their music programs, that are known for their arts programs. Growing up in Gimli a number of my peers chose to go to Lord Selkirk Regional Comprehensive School where they had a very broad range of options offered through their technical vocational program. So really the issue of Schools of Choice is about what the best choices are that parents can make for their children and what choices those children want to make with respect to their course selection and the opportunities that are available to them in the public school system.

One thing, after having visited 46 schools now, I have always been impressed by the variety of programs that are offered throughout the province, whether it is urban or rural. I do not see this as an urban-rural issue. I see it as what are the best opportunities that can be provided for our children. Parents will explore those options and make those choices. Some schools do not advertise that they offer this variety of programs. The reputation precedes itself and parents will seek them out, as such, because of the dialogue they have with other parents or having attended science fairs or heritage fairs or seeing other things highlighted through the public domain as far as the programs that are offered in the schools.

That is really what this issue is about: What are the best choices that parents can make and students can make with respect to their education?

Mr. Reimer: I guess what prompted the line of questioning to a degree was a fact, brought to my attention, that the St. James school division was advertising in the Prairie Spirit School Division for whether students would be interested in looking at some of the programs there. I guess what it does, like I mentioned, it does cause a problem of enrolment and possibly shifting of funding. I guess it has to come back down to whether school divisions can survive that. That is mainly the reasoning behind looking at the Schools of Choice program.

I think that my former colleague was talking a lot about the increases in school division taxes that all the divisions are facing right now. I just wanted to put it on record that, in the Louis Riel School Division, we are looking at almost a 7% increase in our property taxes because of, to a degree, the amalgamation. With amalgamation, I know that the old St. Boniface School Division was one of the first to get into the amalgamation business, if you want to call it, when the Norwood School Division came into it. It was done strictly voluntarily and strictly worked for the betterment of the community.

With the amalgamation of the St. Boniface School Division with the St. Vital School Division, I believe it is now the second-largest school division in Manitoba or in Winnipeg. It is causing problems. I believe, as I mentioned earlier, that you had two school trustees resign in that school division in the last year because of frustrations that they have encountered in various areas or whatever their reasons were. Has the minister been approached to have those two positions filled or that the school division operate under the five school trustees instead of the seven school trustees?

Mr. Bjornson: Yes, in fact there has been correspondence to that end. They have submitted that request, but I have asked staff to look into the legality of that request.

Mr. Reimer: The reason I ask, because I think it was in the paper just a little while ago, there was a comment made that with the possible by-election coming up for the mayor, whether it happens or does not happen, I guess they were speculating that they would amalgamate the election of the two vacancies

in that division, the Louis Riel division, at that time to save money.

Has the minister corresponded back to say whether they would be okay to operate with the five school trustees instead of the seven, because preparations for any type of by-election in that area has to take a little time, and there has to be made notice there is going to be a by-election and that people may come forth seeking the nomination or to run in that area. Would the minister indicate what type of time line he has put forth to get back to the school board of the Louis Riel School Division?

Mr. Bjornson: Part of your question was asking if we have corresponded with the school division on their request. Not at this point, because, as I mentioned, once we received that request I had asked staff to look into the legality of that request. So we are at that preliminary stage now looking at the legality of the request before we correspond with the school division.

* (12:10)

Mr. Reimer: I would suggest, as time is of the essence, because if things fell into place as is speculated with the mayor leaving and the fact that we are into a by-election, I believe the time frame is within the next couple of months. I would think that any type of direction given to the school trustees at Louis Riel would have to be fairly soon, because the planning process for by-elections and the notice to people who are interested in running in that area should be made fairly soon. So I would encourage the minister to look at that in a very expedient way and to try to get back to the school division with either an answer that they can go ahead with a by-election or they can operate with the existing school trustees, because it does create a bit of uncertainty in that area.

Mr. Bjornson: It is, indeed, legal for the board to operate with fewer school trustees for the time being. The request also looked at when they talked about possibly reducing the numbers or holding the by-election with the anticipated federal election where the mayor may or may not run for office as we have heard. That issue speaks to some legislative changes around the ward boundaries. There are a number of factors that are weighing into this discussion, but they can currently operate with fewer trustees for the time being. As I said, staff is looking at the other

issues and the other requests from that school division at this time.

Mr. Reimer: Mr. Chair, yes, just one final question. The member mentioned, about there having to be legislative changes to reduce the amount of school trustees from seven to five? Is that what I heard?

Mr. Bjornson: My apologies. I think I said legislative or regulatory, and it is, indeed, regulatory changes that would be made with respect to the ward boundaries if indeed the school division was to have fewer trustees.

Mr. Ralph Eichler (Lakeside): Mr. Chairman, I would like to just ask a few questions of the minister. First of all, I would like to congratulate the Member for Gimli (Mr. Bjornson) and wish him well and a long term in his educational portfolio. I know some of the other members have not been quite so fortunate, but, anyway, I wish him also well, three years.

That is a tough job. There is no doubt about it. Having said that, I do indeed wish him the best of luck. The portfolio is an important portfolio. There is no doubt about it. He has been a past administrator of Interlake School Division, and I got to know your father quite well through that particular organization. I know, just at the local level, the budget, when I first started, there was just under \$7 million back in 1972. When I left in '83, it was in excess of \$15.5 million. So you know we have a growth in the area. That is encouraging. We are fortunate enough to be close enough to the city and unfortunate as well. You get goods and bads out of both.

Having said that and talking about Interlake School Division, just for the interest, I guess, for myself, probably, more so than requested on behalf of the Interlake School Division, with our division growing, is there a long-term plan for projects within Interlake School Division that has been put forward, or are there any programs as far as building is concerned within Interlake School Division?

Mr. Bjornson: Thank you, and a welcome to a colleague of the class of 2003 to the Estimates process. It is good to see you here.

As with all school divisions, school divisions will submit their five-year capital plan and that goes

through the process, through the Public Schools Finance Board.

I believe, is it Inwood School? Inwood School is one of the capital projects. There will be a replacement school in Inwood and Lundar as well. I was recently up there with the ministerial award in Lundar. So there are a couple of schools that have been identified for replacement in Interlake School Division.

Having played basketball in Stonewall, Warren and Teulon, I am very familiar with the schools in that particular division. We will not talk about our record playing basketball there.

At any rate as per all school divisions, they engage in a process at the local level assessing the needs of the division and developing a five-year capital plan, whether that is for major projects such as replacement schools, whether it includes new schools, whether it includes roof replacements, boiler replacements, labs, the need for portables or whatnot. That is part of the dialogue around those five-year plans.

Once those five-year plans are submitted, the Public Schools Finance Board has criteria that they assess the five-year plans and award projects accordingly. Again it was very good news to be in Lundar and Inwood, and I am looking forward to cutting the ribbon on those particular schools.

Mr. Eichler: Thank you for those comments, Mr. Minister. The Town of Stonewall has just approved quite a large development within the town itself. It is a town that is growing in leaps and bounds, and I am wondering if the Department of Education, through co-operation with Municipal Affairs, are they trying to work together to try and keep ahead with school allocation sites and playground sites, that type of thing within the town of Stonewall?

Mr. Bjornson: Again, this falls under the purview of the Public Schools Finance Board. There would not be dialogue between the departments as such, but the school divisions do develop a plan. As elected officials they develop a plan, the five-year capital plan, but Public Schools Finance Board is definitely aware of the fact that Stonewall is a growth area and we are seeing increases in population in this area.

Mr. Eichler: Who is the chairman of the Public Schools Finance Board now?

Mr. Bjornson: Mr. Chair, the gentleman's name is Ben Zaidman.

Mr. Eichler: How long has he been with the board?

Mr. Bjornson: This is his second term and two terms of two years.

Mr. Eichler: Is that an appointed position or is it a posted position?

Mr. Bjornson: It is an appointed position.

* (12:20)

Mr. Eichler: Who was the previous chairman?

Mr. Bjornson: Mr. Chair, the previous chair was Barbara McFarlane.

Mr. Eichler: How long was she there?

Mr. Bjornson: We believe six years.

Mr. Eichler: Mr. Chair, the member earlier had talked regarding the Schools of Choice. Warren Collegiate is a school that was very active in soliciting students from various parts of the province under their hockey program. Has that affected the other enrolments in the other areas to a significant level that it would be of concern for the minister?

Mr. Bjornson: We have never had any communication from other schools or divisions that this has had an impact on their enrolment, that it is a problem. We have not had any communication to that effect.

Mr. Eichler: I guess my concern is that the community has been working very diligently in trying to come up with a new site for a proposed hockey arena to facilitate the hockey program that is in conjunction with the school. Has the minister or his staff had any indications that one day the Schools of Choice program may be terminated or other alternatives looked at?

Mr. Bjornson: Well, certainly, as minister I could review any program. This program was implemented by the previous government in '97-98, but we are not looking at changing the Schools of Choice at this point.

Mr. Eichler: That is very encouraging, because it does bring a large number of people to the town of Warren. In fact, the town of Warren is right behind Stonewall as far as growth is concerned within my particular riding. It is something we will work towards, trying to go ahead and get a new arena moved within that community, which serves a large area, actually, from Warren, R.M.s of Coldwell, Rosser, Woodlands. They have been working very hard to try and get that program underway to help sustain that sports program at Warren Collegiate, because it is a very old rink that is there. Part of the program is based upon that new arena being built. It would be a shame for the program to be changed and not have a new arena or have a new arena and not have a program, so vice versa.

With my experience with the school division, I guess the thing that probably bothered us the most, the minister referred to it earlier regarding students being bused. Buses were always a thing within every school division, there never seemed to be enough money for school buses. Some of the roads, and I have been harping about it in my particular constituency, we have got a lot of rocks, a lot of rough roads. It takes its toll on the school buses within the divisions. Is there a long-term plan or a vision that the minister has with transporting students within the division? Are you going to go with smaller buses, bigger buses, more buses, that type of thing?

Mr. Bjornson: Well, the trends have varied and the variations in those trends depend on many decisions that are made at the local level with respect to the size of the bus and the bus routes. Those things are changing all the time with the divisions as they recognize the changing needs within that division, but as I mentioned earlier, we are certainly aware of, as someone who rode many a bus as a coach and a player, we are certainly aware of the need for continually improving bus safety, and that is something that we have been moving forward in this Government with respect to, as I mentioned earlier, strobe lights and the extending arms, different mirrors that have been added to the buses and whatnot.

So there has certainly been a lot of progress made with respect to bus safety, but as far as long-term plans, those long-term plans are essentially the responsibility of the school divisions to assess their needs with respect to transportation and we will

continue to work with the school divisions as those needs are identified.

Mr. Eichler: With regard to the school bus driver shortage, is there a program, or does that fall under your jurisdiction?

I know, within the boundaries of Interlake School Division, we have a really hard time getting drivers. You would think with BSE and the other things that are going on within rural Manitoba, but maybe the wages are not high enough, I do not know, but does that fall under your department and is there a plan in place to try and help the school divisions alleviate the shortage for school bus drivers?

Mr. Bjornson: What we do provide is training for the bus drivers as part of our support to school divisions, but the hiring, of course, will fall under the responsibilities of the school divisions, but we are providing training for bus drivers.

Mr. Eichler: On the criteria, my understanding is, before you can get your permanent licence, one of the requirements is 300 hours of driving prior to getting your licence. Is that something that is established by the division on an individual basis or is that based upon provincial regulations?

Mr. Bjornson: I would suspect that falls under Government Services and driver training and driver regulations?

Mr. Eichler: Thank you. We will deal with that accordingly.

The student-teacher ratio, what is the current ratio under the minister's department now?

Mr. Bjornson: According to the FRAME pupil-teacher ratios for the province, regular instruction ratio is 18.1 teachers per pupil, but in terms of educators in the facility, it is 14.7.

Mr. Eichler: Thank you. We are running out of time here very quickly.

Are there any plans for the expansion of Selkirk comprehensive school or is there work on another one to be built to service the pupils of Interlake?

Mr. Bjornson: First, I should clarify. It has been pointed out that I mentioned that there were 18.1

teachers per pupil. There are 18.1 pupils per teacher. That would be quite a rich ratio.

An Honourable Member: I know what you meant.

Mr. Bjornson: Thanks for that.

Again, the question around any expansion with Lord Selkirk Regional Secondary School would be something that would be part of the Lord Selkirk School Division five-year plan, and I am not aware if that is part of their five-year capital plan at this point. I know we are looking at other facilities in Lord Selkirk School Division, but I am not aware if that is part of their five-year capital plan and priorities.

Mr. Chairperson: The hour being 12:30, committee rise.

CONSERVATION

Madam Chairperson (Bonnie Korzeniowski): Good morning. Will the Committee of Supply please come to order. This morning, this section of the Committee of Supply meeting in Room 255 will be continuing with consideration of the Estimates of the Department of Conservation. It was previously agreed to by this committee to consider this department globally. The floor is now open for questions.

Mr. Ralph Eichler (Lakeside): Madam Chair, I am filling in for Mr. Faurshou here this morning.

I would like to ask a few questions regarding the Hecla Island proposed venture as far as if the minister could bring us up to date with what is happening there.

Madam Chairperson: Mr. honourable minister of conversation, Conservation.

Hon. Stan Struthers (Minister of Conservation): Some of my friends would say that I am more suited to be the minister of conversation.

The first thing I want to make sure is clear for members is that the whole issue of Hecla is being led by the Department of Culture, Heritage, Tourism and Sport. The minister has been answering the questions in the House when they have come up. They are the body that is heading up the work that is being done on that particular file.

Mr. Eichler: The minister has no information on this. I was under the impression there was something in the book regarding Hecla Island.

Mr. Struthers: Madam Chair, the actual workings with Gull Harbour, though, are not part of the responsibility of our department. That is the Department of Culture, Heritage, Tourism and Sport. I think it would be only right on my behalf to advise the Member for Lakeside that he would get good answers and full answers from the Minister of Culture, Heritage, Tourism and Sport (Mr. Robinson) when his Estimates are available. They have been doing the work on that file. It is not something that our department has been involved with.

Mr. Eichler: Are there any plans through your department to spend any money in Hecla? Can we go at that avenue?

Mr. Struthers: In terms of the park, that is part of our responsibility. We have an ongoing commitment to providing funds for the operation of, not just that particular provincial park, but our whole family of parks in Manitoba. Madam Chair, that is a priority of our Government.

In terms of the actual dealings with the facility at Gull Harbour, that is something that is being led by a different department.

* (10:10)

Mr. Eichler: Are there going to be any grants through your department to Hecla?

Mr. Struthers: I want to draw a clear distinction. We will be putting money in to enhance the park facility. That is part of what we are going to do this year. Hecla is an important park in our whole chain of parks in Manitoba. We want to make sure we offer the best camping experiences we can for people who like to go to that very scenic part of our province, and we will be enhancing on the park side.

Any money that would flow or any decisions that would be made in terms of Gull Harbour is not being made by this minister or this department. I certainly want to make clear that our support for that particular park and the ongoing upkeep of the facilities in the park having to do with Hecla park itself is our department. As I have said, Gull

Harbour, a decision is being made by a different minister in a different department.

Mr. Eichler: Is there a line in the supplement book that deals specifically with anything in Hecla?

Mr. Struthers: I would direct the member to page 154 of the Estimates. 27.2. Venture Manitoba Tours Ltd., there is an amount of money \$675,000 listed there. As I said, we as a department are responsible for parks, but Culture, Heritage and Tourism is responsible for directing Venture Manitoba Tours the amount of money that is assigned to them. That is their file. So that is, I think, as close as I can come to accurately reflecting the decision-making process that is involved with this.

Mr. Eichler: Madam Chair, the \$675,000 then for Venture Manitoba Tours, is that going to be transferred out of your department then?

Mr. Struthers: I want to make sure that we are very clear on this. Venture Manitoba Tours Ltd. is not in our department. Venture Manitoba was moved out about two years ago. So there is nothing coming out of our department into another department. That occurred awhile ago. So Venture Manitoba Tours is not part of our Estimates themselves. It is on page 154 under the category of Other Appropriations 27, no different than the line right above it, Manitoba Potash Corporation. That is not part of our department either, but it is reflected here in terms of Other Appropriations under line 27. So we are not transferring anything out. That has occurred well before the Member for Lakeside (Mr. Eichler) was here and well before I was the minister, so that has happened already.

Mr. Eichler: So then I am led to understand that it is under Culture and Heritage?

Mr. Struthers: That is correct. Those Estimates will come up down the line here at some point. I would encourage the member to talk to my colleague, always the optimist, that is good, that is the kind of ambition that serves a politician well, and I wish him well in that endeavour. For now, the Member for Lakeside, I think, needs to approach the minister in charge of Venture Manitoba Tours. I have every confidence that my colleague, I am sure that minister will give him very good answers to his very good questions.

Mr. Eichler: Assuming that money and your information is right, and we will find out in Estimates on the other departments, the roads that are going to be built in Hecla, does that fall under your department?

Mr. Struthers: I think I can partially help the Member for Lakeside on that one. The roads that are contained within the park, we are responsible for the maintenance, the road maintenance within Hecla Park. That may be a little more helpful than I was on the file for Venture. It is the road maintenance that we are responsible for.

Mr. Eichler: Maintenance, define that for me. Is that paving? Is that gravel? Is that blowing snow off the sidewalk, or what are you talking about when it comes to maintenance?

Mr. Struthers: All of the above.

Mr. Eichler: Can you show me the line where how much money you are going to be spending on maintenance is for Hecla?

Mr. Struthers: I refer the member to page 47 of the Estimates, 12.4.(c)(4) Park Operations and Maintenance. The grand total there is \$15,881,400. That is the figure for the entire parks network that we have and that includes all of the activities that the member had referred to in his previous question. That does not break down his specific question about Hecla but gives him an idea of our commitment to road maintenance within our park system in all the parks right across the province.

Mr. Eichler: Well, then, you have your staff here. Can you find out how much is going to be spent out of that \$15 million in Hecla?

Mr. Struthers: Yes, I meant to say that in the first question. I would follow up and try to provide for the member a breakout for Hecla and if there are others in his area that he is interested in, I can undertake that as well.

Mr. Eichler: The gate revenue that is collected there, where does that money go and is there an allocation for that?

* (10:20)

Mr. Struthers: Madam Chair, for the Member for Lakeside, we collect in the province just in excess of

\$10 million in revenue through the gates, through the park fees. That money goes to general revenue, and of course the member knows the process from there. Then we allocate the money from there back into the park system for all of the very good programs that this department is involved with.

I cannot right now give him a specific number for Hecla, but I will undertake to get a breakout of that for the member. If there are other parks in his area that he is interested in, then we can attempt to do that.

Mr. Eichler: Thank you. On the parks, before we leave them, Madam Chairperson, I wrote a letter back a number of weeks ago to the minister, asking that the minister look at extending the opening and closing dates for the park. Out of this \$10 million, has there been any idea of the minister looking at this to recommend that the parks be open earlier in the spring, providing the weather is there, and later in the fall? Last year was a prime example whereby people were wanting to go camping, and the parks were closed

Mr. Struthers: Madam Chairperson, my goal as minister is to maximize the number of opportunities that Manitobans have to enjoy the excellent parks that we have, the excellent campsites that we have. I think this is a priority for Manitobans, so this minister is going to, as little as he can, get in the way of Manitobans having some fun out in our parks. You know, it is great to see families out there and enjoying those parks as much as we can all through the summer months.

I want to point out to my friend across the way that there are some sorts of natural limitations to what we can do when it comes to extending our camping seasons. One is good old Mother Nature. Two years ago my family and I were out camping and pretty near froze ourselves on the May long weekend. A lot of this is dependent on what kind of weather we receive from Mother Earth. That is naturally one limitation that we do have. We also are governed by the amount of money that we can dedicate toward extending park seasons. Things we do cost money. There are price tags to decisions that we make in government. We have to make sure that we offer the best possible opportunities for at least what is considered the normal kind of summer camping season, and that is what we have tried to do in the Budget this year. We are doing though a

five-year management plan in terms of parks. We will consider the information that has been volunteered by the Member for Lakeside (Mr. Eichler). That will be part of the discussions and part of the mix.

I want to say that I think one of the more popular things we have done in the last four years is extend that summer camping season past the Labour Day long weekend. I can remember the headlines in the *Free Press* about the NDP government extending summer. What better headline could we have hoped for in Manitoba, where we spend—[interjection] I am right up on that soapbox now, am I not? But what better headline could you get in Manitoba where so many of our months are spent battling snow and shovelling snow off our driveways and pushing cars out of ditches than to have summer extended?

Having said that, though, one of the things I am really quite keen on is to promote not just the summer possibilities in this province in our parks but even a wider, broader range of camping, winter camping opportunities, winter activity opportunities. We cannot just get ourselves into thinking that the only fun we can have in this province in our parks is in the summer when you are enjoying our parks from one end of this province to the next. So I would also be open to some suggestions from my friend across the way, in terms of winter, fall, spring, all those other possibilities that we have in our parks.

Mr. Eichler: Yes, there are lots of opportunities for growth. Of course, Birds Hill Park is one to definitely fall upon with their cross-country trails, with the increase of tourism and bringing extra dollars into the province. I would definitely be happy to sit down with the minister, probably not through Estimates. There are a lot of questions we need to ask, but I would be happy to assist the minister in that. [interjection] We will do coffee some day, yes.

Thank you for those questions. One last question for the record before we leave Hecla. The \$675,000, since it is not under your department, is that just a kind of a ploy to set it up to sell it?

* (10:30)

Mr. Struthers: I want to make sure that the Member for Lakeside understands that is outside of this department. That is a file the Minister of Culture, Heritage, Tourism and Sport (Mr. Robinson) is

dealing with and will be available in his Estimates time to explore some of the questions that are being posed by the Member for Lakeside (Mr. Eichler). I want to point out, however, that that amount and that line has been in that appropriation for a number of years. Not only does it predate his tenure in the Legislature, it predates my tenure as the minister, and I think it predates the NDP being in government. That has been a line that was there for a long time. So, if it is a ploy at all, it started well before 1999.

Mr. Eichler: Thank you for that. We will move on. I did think of one more question. Are there any settlements that are outstanding as far as the claims are concerned for Hecla that Conservation is dealing with, or is that under Venture Tours?

Mr. Struthers: I assume that the Member for Lakeside is talking about the Hecla Island part of this, not Gull Harbour. I am sure he has been following the file on this. The Auditor General has made his report. Part of his recommendations was that we seek some legal advice in terms of this whole issue. We did that. We employed Mr. Martin Hak to do that work for us, to make some recommendations to us.

His advice to us was that we do not have further obligations in terms of that issue and also that there is still some outstanding work being done by the RCMP in investigating some of the happenings that have occurred in terms of the Hecla Island issue. But our information is that we do not have the obligations that the member is asking about.

Mr. Eichler: Is there a line budgeted for the cost to clear this up in your Estimates book?

Mr. Struthers: I would like to get a little bit of clarification from the Member for Lakeside. When he asks about cost, is he talking about the obligations that he thinks we might be obligated to pay, or is he talking about legal costs that we have incurred as a result of looking into the whole Hecla Island issue?

Mr. Eichler: The whole cost basically is what I am concerned about. In particular I guess my main concern is legal cost or something we would never have a real good handle on, but liquidation damages or damages for people that have to be evicted or property bought back, that type of thing.

Mr. Struthers: Madam Chairperson, the advice that we received was that we do not have the obligations that the Member for Lakeside is speaking of, so we are under no obligations. We do not believe that we are responsible for any of the damages that the member speaks of. So, given that, there is not the need to have that covered in the Budget.

Mr. Drew Caldwell, Acting Chairperson, in the Chair

Mr. Eichler: I would like to move over to Livestock Operations Support on page 64 of your Supplementary Information Review. Could the minister explain? The budget is almost double there. What are your plans here for having an almost half-a-million-dollar increase?

Madam Chairperson in the Chair

Mr. Struthers: Madam Chair, the first thing I wanted to say, and I know my friend across the other side of the table will agree with me, is that some of the most outstanding environmental practices are initiated and practised by the farm community in our province.

I think it wears well on our province and the agricultural industry. Many of the practices that have been adopted throughout the years in terms of protecting water, protecting air and trees and our whole environment, and I do not think the farm community gets enough credit for some of the very good things, very progressive things they have been doing in that whole field.

Having said that, both people from the general public and people from the farm communities and farmers themselves have indicated to us that as we expand our livestock industry, whether that be cattle or poultry or hogs or bison, whatever it is that we are looking at, that we have to do it in a sustainable way, that we have to do it in such a way that we do not damage the environment.

To that end, we have been working in a very coordinated approach with The Water Protection Act, The Planning Act, and particular to this department is the manure management and mortalities regulation that we brought forward here a month ago, somewhere there. A matter of weeks to a month ago, we brought forward the manure management and

mortalities regulation that I think will help a lot in terms of protecting our environment.

The thing is, though, that whenever you bring forward a regulation or whenever we deal with programs, they cost money. So, this program, we have assigned in the budget document \$600,000. It is page 65 in the Supplementary Estimates for the Member for Lakeside if he wanted to see that listed.

So what we have done is we have added those funds to our approach to the livestock program. We have put more people, enabled more people to work with farmers to make sure that we are making good decisions in terms of manure management, in terms of making sure that storage tanks are adequate.

Our goal is to work with the farm community in order to make sure that we prevent accidents from happening, that we prevent damage to the environment. It is very much my desire to work on a prevention side rather than running around later trying to clean up messes and point blame at people. If there are people out there, this is just human nature, who find themselves in trouble or they do not want to comply to regulations, then we need to make sure we have the ability to enforce the regulations that we have put forward.

My experience, however, is that the farm community has taken great strides in terms of protecting the environment. We are really going to take a co-operative approach with people to make sure that all of the regulations and all of the protections for the environment are there, and that they are enforced.

*(10:40)

Just quickly, I want to talk about some of our other partners involved in this too. I am going to give one specific example. The Intermountain Conservation District has done a lot of very good work, as have all the conservations districts around the province, in terms of working with farmers in moving cattle out from watering in rivers and creeks back up onto dry land where they do not contribute to water quality problems. Now, the conservation districts have not moved in with a big stick, they have moved in in a co-operative way, neighbour working with neighbour, and there are some very good examples of farmers moving cattle up out of the rivers, being watered.

I am very impressed with Intermountain Conservation District. They had actually designed quite a system, I think. There was a beaver dam on the creek. It was about just a couple or three feet high. They used the power being generated from that little dam to run a pump, pumping the water up onto the bank into a trough and there was a bunch of cattle up there drinking out of the trough instead of wallowing down in the river. It was done totally with the co-operation of the producer, totally in co-operation with the conservation district and people from, at that time, our department. The solution was great. Down the creek they had another one being powered by a solar panel, and down further, they had another pump being powered by a windmill.

So, those are the kinds of creative solutions that I am interested in working toward, and to do that, you need to have the budget there. I think the member can see that we have committed ourselves to that, and making sure we move forward in a positive way with this manure management and mortalities regulation. The \$600,000 of which I speak will help with staff to inspect and to work with farm communities and pay for travel and those sorts of things. It would pay for research initiatives. I think there is a whole exciting field out there in terms of research and using manure in creative ways that solve problems and help the producer.

Always, always important, I think, is collecting the data out there, collecting good, honest, accurate data that we can make decisions on, because that is the basis of our decision-making whether it is this department or another. We have to have good data in order to make good decisions. So I hope that kind of encapsulates our approach to the whole livestock program, there I am promoting you. You say it often enough, it comes true.

So that, I hope, encapsulates for the member our approach to livestock.

Mr. Eichler: I actually have listened to your comments. I am becoming a bit concerned from what you are saying and where you are going: \$600,000 is showing six professional staff and technical staff. How many people are you going to hire out of this \$600,000, and where are you going to be going with it? Is this the police task force, the 12 that I understood to be coming under the Department of Water Stewardship or the Department of Agriculture, but is it, in fact, coming out of Conservation?

Mr. Struthers: Just so the member knows, we are far from just dreaming up what we are going to do in terms of the livestock program. This is a product of a thorough consultation with farm groups such as the Keystone Agricultural Producers, the Association of Manitoba Municipalities, a great deal of co-operation between our department and the Department of Agriculture. We have moved forward in a way that is consultative and we have moved forward in a way knowing that what we want to do is co-operate with the producer, co-operate with the groups that represent producers and do it in a preventative way. I know that the member across the way is not suggesting that we should not be doing these. Everything should be unfettered, that we should not have regard for lakes, creeks and rivers. I know that the member does not think we should abandon the environment.

So that means that what we have to do is find the best way to move forward. The best way to move forward is not to hit every farmer over the head with a big stick. The best way to move forward is to prevent damage from happening in the first place. That is what we want to do with this livestock program, and that is what we want to do with our manure management and mortalities regulation.

The member asked about staff. What it is reflected is the staff of six in our department dealing with policy and how to move forward in a co-operative, preventative way, that is in addition to people we have in the regions of this department. I think one of the real strengths of this department is how well connected we are to the ground floor, to the grass roots and we do that through people in our regions being in connection with real, live people out there and throughout the province of Manitoba. So we have, I believe, 10 people at the regional level who work in this area, who know the operations in their parts of the province, who have established a good working relationship with producers in those areas.

My experience is that producers understand that these are not people who are hiding behind every rock and tree ready to pounce as soon as they make a little mistake. These are people who are there from the beginning, who are there to help the farmer, and who are going to work with the farmer to make sure that the management of manure and mortalities is thought about, that there are plans in place to take care of that particular aspect of their farm operation.

I believe farmers know that we are there to help them help the environment. How is that, Denis? Have I talked you into it, Denis?

* (10:50)

Mr. Denis Rocan (Carman): I want to thank the minister for his answer that he was responding to the Member for Lakeside (Mr. Eichler). It is not hypothetical, and the minister talks about mortality and manure and debt management and these individuals who are working on behalf of the province to guarantee a good stewardship in the environment, conservation.

An individual in one of my R.M.s lost six cows this past winter and has buried them under a snowbank. What would this minister recommend to this individual? Of all these fine people that you are talking about and their job is to work with the farmer, I am not one to pounce on them.

What is the role and the responsibility of said department to this particular individual?

Mr. Struthers: To begin with, if there is a specific case that the Member for Carman is bringing forward, I would recommend that the specifics of that case be conveyed to people in our department so that we can follow up on a specific case. The member asked in a general way what our approach would be. What I can tell the member is that we have in each region, people, for example environment officers, who have been trained. It is not like the old days. An environment officer is very specifically trained for a very specific job. We have environment officers located around the province who have been trained in a broader fashion, who very much know what they are doing and have been working hard to make sure they are connected with local farm operations so that we know the environment in which we find ourselves.

If it was a major incident, it was hog barn burned, then we would know. We would know that happens and we would be on-site quickly to work with the farmer to make sure that the environmental damage is minimized. We would work with the farmer to make sure that that kind of a major event would be taken care of in an appropriate fashion. In terms of six dead cows being stored under a snowbank for the winter, we would make sure that we would work with the farmer. He would contact

us, contact our environment officers in the regions. We would help him find the best disposal site that is closest to him. We would help him locate a disposal site for those carcasses or we would work with the farmer to find on his property a burial site that would be acceptable. By acceptable, it would depend on the ground water of that area and it would depend on the soil type of that area.

Our environment officers are very well trained and experienced, and, quite frankly, sometimes the best information comes from the farmer himself. He knows his land, and together with the environment officer, I think, can come up with the best decision as to where those burial sites would be.

So that is how I would see this scenario playing out, but if the member has any specifics I would encourage him to contact our people in his region. Those kinds of situations are taken very seriously. I appreciate his co-operation.

Mr. Rocan: I thank the minister for his response. The latter part of his answer is actually, I guess, the part that I would like to dwell upon. An officer, and I am assuming it is one of these 10 that you are putting in, has already been on the farmer's land, and because you have instructed them to stop their pick-ups of these dead animals—you no longer apparently pick these up—and he has asked himself, like, what am I supposed to do with that? He has not been encouraged whatsoever by your officer to help locate a particular spot on his land or somewhere else in the vicinity where he could dispose of these dead cows. You are telling me now that we are supposed to be working with our farmers to try. This one individual who has been instructed by your staff, the onus is on him to get rid of these animals, and he is saying, "well, how and where, and who is going to pay?" Apparently, they used to pay at one time. Did you use to pay this at one time, to move them off? No, they never paid, okay.

An Honourable Member: Yes, they did. They had the pick-up program, which has since been cancelled.

Mr. Rocan: But they do not do that anymore? They just cancelled that.

Mr. Struthers: First of all, I know that the Member for Carman (Mr. Rocan) realizes how difficult it is to deal with a specific case without having all of the specific facts, so I would encourage him to make

sure that he contacts my office. We will make sure we follow up on the specifics of this one case. I also want to say that our department never picked up carcasses for free. Rothesay used to. Rothesay used to pay. What Rothesay does now is they pick up the carcass and then charge back the farmer for that service. That has changed. I believe about three or four years ago Rothesay made that change in their policy. But that is not our department. That is from their end of this.

Mr. Rocan: Now I am really confused. I mean, do we or do we not support that program anymore, very clearly put, where we used to pay for the pick-up?

Mr. Struthers: Let us be clear, we never used to pay. Rothesay used to. That was not this department. That was not the provincial government. So it is not a change in our policy; it is a change outside of the provincial government. That was Rothesay who used to do that. They made that change three to four years ago.

* (11:00)

Mr. Rocan: Picking up on the minister's response once again, and I will say it quite publicly: this minister has been very easy to work with. This particular instance that I am talking about, sir, is one that I received yesterday in the mail. I quickly glanced at it about seven o'clock last night before I walked out the door. I was not even sure where I was supposed to go with it. And then when you just happened to be dealing with the issue now, I was quickly trying to remember exactly what I had read. But because you are a minister that is very open with the members that are here, I will bring this forward with you, sir, in the next few days, in the Chamber. Then I will let you have to deal with that particular situation.

But it is like my colleague here had just mentioned, oh, but that is my particular instance. There are dead cows all over the province. I mean, it is just a regular occurrence. I should not put it on the public record, but I mean when we used to move cows we would hook a tractor onto the back leg or something and drag her down by the creek or some piece of property that we never used. There it would be left for the wolves and the coyotes to kind of clean up for us, and they did a damn good job of it, I tell you.

But there was a program, and I believe it to be funded and paid for by the Government to help a farmer to clear off all these dead animals. So I will be coming forward to the minister with this one particular instance that I have and I just hope we have a good result to that situation.

Mr. Struthers: I want to say publicly that the Member for Carman (Mr. Rocan) is very diligent in bringing forward the interests of his constituents, and this is no exception. So my commitment to him is that when he brings forward the specifics of the case, our department will work diligently to make sure that all the good decisions are made and that we work cooperatively with people in this instance.

You know, the Member for Carman puts his finger on a very, very real issue. Just about a year ago now we had our border closed to beef going to our biggest market in the world for beef, that being the United States. From that we have seen, the latest number I saw, a 16% increase in the Manitoba cattle herd. You know that, when those kinds of things are happening, we are going to have challenges in terms of disposing of cattle. I think all MLAs from around the province have had the experience of talking with farmers who have got some very real challenges ahead of them in terms of this.

I know that we are all committed to making the best possible environmental decisions, and that we are not wanting to compound one problem with another by not doing the right thing when it comes to disposal of carcasses. I want to say that the Department of Agriculture, like my colleague the Minister of Agriculture (Ms. Wowchuk), has been working very hard on this very issue. I know that they are working on our disposal strategy, and I know that they are working cooperatively with Rothesay and with farm groups to make sure that we move forward in a sure-footed way in terms of disposal of cattle.

Given the market conditions that we are in, we know that we are going to have to put some thought into this, and we know there will be instances like the one that the Member for Carman referenced happening throughout rural Manitoba, throughout cattle country. So we need to be thinking about this and establishing the contacts that we need with all of the stakeholders to make sure that good decisions are made.

Mr. Eichler: I guess my concern here with this, the main thing, just zeroing in on the cattle between my constituency and the minister, 60 percent of the cattle are in that area of the whole province. We also have a huge lake between us. I guess my concern is the plan which the minister is going to bring forward with these 10 officers, and what developments. Are you going to table a program in the House, or how are we going to try and work with the farmers? You said earlier in your comments you worked with KAP and AMM. I have met with those same groups, and they have mentioned nothing to me about this, so this is entirely new and, I think, very important information that is going to be affective on all these cattle operations. I am just a bit concerned, extremely concerned actually, because of the number of cattle that are in between these areas. Could the minister respond to that, Madam Chairperson?

Mr. Struthers: I know of what the Member for Lakeside speaks. I know his part of the world is very much involved in the cattle industry. I know that many of his constituents have been speaking to him and other MLAs throughout the Interlake area. Even in my own backyard. Ste. Rose, not my constituency but our neighbouring community, is the cattle capital of Manitoba according to the sign as you drive into Ste. Rose.

I used to be the school principal at Rorketon 30 miles north of Ste. Rose. The land at Rorketon is not conducive to Canola and wheat, but it is good cattle country. There are people living in my constituency who derive their entire income through the cattle that they buy and sell.

I know it is a big issue. I know it is huge for our provincial economy. We have seen, in a bigger way, what happens to our provincial economy and our revenues when the cattle industry gets kicked up the side of the head like it has been since the border has closed. It has huge ramifications for our provincial government and our budgetary considerations. It has huge ramifications for little communities like Rorketon, Ste. Rose, Warren, St. Laurent, a lot of communities right across this province.

It has a huge impact on families who live in parts of our province where you cannot diversify into something else. It is one thing to have a farm operation that if cattle is down, then grain is okay. Well, there are those that will tell you that grain has never been okay, but at least you have some other

stream of income. I know the Member for Lakeside (Mr. Eichler) and I, as MLAs, deal with farm families who are in the predicament of having their only stream of revenue clobbered by the fact that the border is closed.

What we are dealing with as a department is the day-to-day operation and implementation of the manure management and mortalities regulation. It is the responsible thing for us to do as government to make sure that we do not compound an already-tough situation with environmental problems on top of that. My commitment to the member across the way, in earlier responses and again now, is that our department is going to work with farmers to make sure that we are not surprising people, that we are co-operative, that we are working in a way to prevent impacts on our environment and that we are not going to make a bad situation worse by acting like, you know, investigators popping up behind rocks and trees.

We are going to make sure that we work to prevent damage to the environment, understanding the whole climate, the whole environmental climate, that we are in. So it becomes a process that is dependent on co-operation with farmers and farm groups, and it is not a process of hitting people over the head with a stick. It is very much working in a co-operative, preventative way.

Mr. Eichler: These 10 officers that I understand are under this \$600,000 that you are proposing, have they been hired yet?

* (11:10)

Mr. Struthers: Madam Chairperson, the 10 people who are situated within the regions are all in place. The Member for Lakeside is correct. They are in place.

Mr. Eichler: Is there support staff and offices, of which will be taken into account as well, on top of the 10 officers?

Mr. Struthers: The 10 people that the member was asking about, they are in place and they will be using the support staff that are already there in the regions. What we have been working on for a number of years in this department is an integrated resource management approach. We do not want to end up with all of our people out in the regions stuck in their

own little silos not knowing what everybody else is doing.

Madam Chairperson, we are really determined and I think this is a good approach that was initiated well before I sat in this seat as the minister, a good approach to make sure that there is an integrated approach in terms of everything that we do, whether it is policy, whether it is day-to-day management, whether it is enforcement.

We want a holistic approach because I think there are some very talented people out there. These ten people that we talk about here, they know their jobs, they have been trained in, I think, a very holistic way.

When one of my Conservation people, when they go into a situation, I want them to be able to see the big picture, to see it in terms of broad strokes, rather than just simply being specific to very much their little narrow angle on a certain issue. We want to make sure that they have the ability and the tools necessary to go into a situation and see it in a broad way so that they can make some good recommendations and good decisions.

Mr. Eichler: I was only supposed to be here for an hour, the Member for Portage is actually the critic, but these officers, what training? You said they were highly skilled. I mean, these are new positions. How did they come about? What were the criteria for hiring them, and what was the process when you put these people into place for their credentials?

I guess the other, part two of my question would be, I had asked you earlier about a plan, and I was wondering if the minister could table that plan so that we could have a look at it.

Mr. Struthers: The member has referenced, kind of, two parts to that question.

In the first instance he talked about the qualifications of the officers in the department who carry out these duties. I want to proudly say that these folks are very well qualified. They have worked for a number of years. A typical officer would have a combination of the textbook knowledge and the real live, out-in-the-farm experience. In my previous lifetime as a teacher, I always thought that that was the best combination. I was never too good at the textbook side of things. I always thought that my

strength is more on the side of real-life experiences, but I always knew that the best possible combination was to have, not only the textbook smarts but the street smarts.

I can say that these folks that we have performing these duties, there are university grads, they may have an engineering degree or a Bachelor of Science degree in environmental management, so that gives them a broad spectrum of knowledge to work from, but it is also in combination with real-life experiences, working with farmers, working in different parts of rural Manitoba to understand the lay of the land. I am very pleased with that kind of a combination of expertise that these people bring to the job.

The member also asked about what plan we would bring forward. As soon as he says the word "plan," I am very pleased because a plan suggests that there is some foresight, a plan suggests that there are people thinking about how this is going to play out and how we are going to manage manure, manage mortalities, manage our impact on Mother Earth.

One of the very useful things that these officers will be doing is working with farmers in order to plan for that. As I have been saying, we want to make sure we co-operate with the farmer so the farmer at least has the sense that we are on his side and that we are trying to keep the farmer from making an impact on the environment. I believe the farm community does not want to have a negative impact on our water and our environment.

So we will work together with farmers, we will conduct field audits, those sorts of things, to help farmers put a plan together to manage the manure. We will work together with farmers to develop a water quality data base.

Again, it would be unfair to ask farmers to make good environmental decisions without working with them in terms of getting a good set of numbers, good data to make decisions on. Our commitment is clear, that these well-qualified people are there to work with the farm community to manage the manure and mortalities that we no doubt will be having to deal with.

Mr. Eichler: Could I get a copy of your plan, then? Would that be available?

Mr. Struthers: The plan that I referred to was the individual plans that farmers have to manage their manure and to manage the mortalities that occur on their farm operations. Those are the ones that our officers sit down with and work on. That was the plan that I had referred to.

From our perspective, we are simply doing our job with the daily operation, the daily work that we have to do in terms of implementing the manure management regulation. The plan on that is to make sure that we work in a co-operative, preventative fashion with farmers to avoid having negative impacts on the environment and to do that in a co-operative way working with farmers. Should the incident arise where we have to come in and take a more firm approach if there are clear instances where that is necessary, then that regulation is adequate for that as well. But the more work we do to prevent those kinds of impacts on our environment, the less we will need to order certain actions on an individual basis. So that is our plan. That is how I see this unfolding.

* (11:20)

Mr. Eichler: So, obviously, then, we do not have a plan that we can get in writing from the minister. Could we also ask, and it does not need to be today: Could your staff supply us with a list of the names of the 10 officers and their locations?

Mr. Struthers: Yes, that should not be a problem. We can accommodate the Member for Lakeside on that. The other thing that I can commit to doing is providing the member with an overview of the activities that will take place under the auspices of the livestock program. I think that would be useful for the member as well.

Mr. Eichler: I just want to thank the minister; I went way over my time limit here, but it was actually the Member for Carman (Mr. Rocan) who interrupted me, otherwise I would have been out on time. Having said that, thank you for your upfront answers and we will look forward to working with you. There is a lot more in here and with the time allocation that we have been allocated, makes it very hard to do. But we would like the opportunity to meet with you, and as we said on the park issue, there are several suggestions that we would like to maybe sit down with a cup of coffee and go over. I will turn back

over to the Member for Portage and we will go on from there. So thank you.

Mr. David Faurshou (Portage la Prairie): I think the honourable Member for Lakeside (Mr. Eichler) gave a heads-up to the minister that he can expect some significant time and concurrence.

I appreciate the line of questioning that the Member for Lakeside has entered into, and we do have the gravest concerns that the department may not perhaps be making preparations as quite extensively as perhaps should take place in regard to the landfill sites; on the cattle side of things, to potentially dispose of culled animal herds that are right now on just subsistence feeding because of the slaughter capacity here in the province and in western Canada specifically. The value of those animals essentially is not there to sustain any recovery whatsoever through a slaughter process and could potentially have a significant impact on the landfill sites here in the province of Manitoba. I hope that the minister is cognizant of that and has a plan either in the design stages or has at least been undertaken.

I want to ask the minister is the minister's department involved with the waste water treatment plant in Portage la Prairie that has undertaken a collaborative posture with PAMI, Prairie Agriculture Machinery Institute, a private entity, to potentially take on the renderings disposal that currently is causing significant financial burden to the producers here in the province, in the cattle industry especially, whereby the cross rendering process now is impossible. I speak specifically between cattle and hogs. One plant now has to be dedicated to one or the other, and obviously there is almost no value coming out of the rendering of cattle and ruminant animals.

This undertaking is to take those renderings and hopefully with the technology that they are employing with PAMI's expertise that there will be a significant value. I speak specifically of the process that they are undertaking in composting that generates methane-type gases that ultimately can be used in providing the energy source that will see steam generation and ultimate electrical generation. Are you familiar with that undertaking?

Mr. Struthers: The specific proposal that the Member for Portage la Prairie (Mr. Faurshou) references is not something that has been brought to our

attention specifically. I do want to, I think, concur with what the member from Portage has been talking about in terms of the challenge that we are facing as a province. Earlier in the morning we were talking about the fact that the cattle herd in Manitoba is at least 16 percent higher now than it was before the border was closed and that that will present us with a variety of challenges in moving forward in terms of the whole cattle industry.

The member from Portage talked about planning and making sure that in terms of disposal and management of this whole area that we are putting some forethought into where we are headed with this. In that regard, I want the member to know that there is a BSE group that has been assembled. It is being led by Agriculture. That group, of which we are a part, is involved in planning for tackling of these challenges that we will be facing. That group has talked about a wide variety of different issues, including increasing the slaughter capacity in our province. You know, whether the border opens or closes, whether BSE is here or not, all the immediate crisis aspects or not, we should have a better capacity to slaughter cattle in our province. It is good economics. It creates jobs. It lessens the costs that are associated in shipping for the producer. I think the BSE crisis and the closure of the border has probably accelerated the move, not only in this province but others, to increase that slaughter capacity.

So I think there are some good suggestions out there. Some people have been approaching the Minister of Agriculture (Ms. Wowchuk) specifically about this and that that group led by Agriculture has been looking at those sort of solutions, not only for this crisis that we are in now, but for the long-term economic viability in the agriculture community.

We have been part of that BSE group and contributed to it. So from that angle I want to ensure the member that there is forethought going into this, there is planning that is happening. But that is being led by my colleague the Minister of Agriculture. To, just if I could, I have been a little bit—

* (11:30)

An Honourable Member: Long-winded?

Mr. Struthers: Long-winded. The Member for Portage has known me long enough to know that if

he gets me cranked-up, I tend to turn into the department of conversation rather than conservation, but that may not be such a bad thing.

I was remiss in not introducing one my very capable, very talented directors. I have asked Steve Davis, who is the director of Regional Operations in the Northwest Region located in the beautiful city of The Pas, Manitoba, to join us here today. Steve is well tuned in to the integrated approach that we want to employ in our department, so I have asked him to join us here today.

Mr. Faurchou: I would hope that the minister and some departmental staff do take the opportunity to diverse themselves with this project that PAMI has undertaken. It has significant impact. I know the slaughter capacity is important in the province of Manitoba but let us take, for instance, the cull-cow herd coming from the dairy industry here in the province of Manitoba, which numbers about 15 000 on an annual basis. Now, in recognition of the abundance of cattle meat products coming forward, the actual price of those products has made the dress out, which is much lower in the cull dairy herd than it is in other herds of different cattle types and breeds. I want to say that that is something that could lend very strongly to the challenges that your department faces. Rather than massive landfills, potentially these compost rendering and ultimately energy generation, could potentially be of significant benefit to the department.

I will change gears. I know this is a fair distance from The Pas. I had the opportunity to serve with the RCMP in The Pas, so I know the road very well and the area of The Pas, so I know the time required to join us here this morning.

In regard to, and we are getting a global perspective on here, so I will go to the consideration of Clearwater Lake. I know that in the planning and in the government affairs department the transfer of lands that had previously been federal Crown lands to the town of The Pas, involving the airport, has properties that extend north of the airport right to the shoreline of Clearwater Lake. I know your department had extensively reviewed the potential development that OCN had proposed on Crown lands in about the lake area.

Now that this land transfer has taken place, I believe that the town is exploring the ideas of

potential development on their newly acquired properties which are on the lakeshore of Clearwater Lake. I would like to ask the minister whether the department is continuing to maintain its very definitive position that that lake has had 100% allocation of the desired development and that any further development would not be approved by the department?

Mr. Struthers: To begin with, the first reassurance that I want to give the people of Manitoba through the MLA from Portage la Prairie is that our commitment is to the quality of the water on that exceptional lake, Clearwater. I had a friend of mine one time scientifically try to explain to me why it is that Clearwater Lake is the bluest, greenest, clearest lake in the whole province, or the world, maybe, the Member for Portage la Prairie (Mr. Faurchou) indicates. The friend of mine was a professor who is used to big, long, scientific words, so I am afraid I could not explain it to the Member for Portage now, just why that lake is so crystal clear. But I do know from experiences that I have had in the area that it is crystal clear, that it is worth—*[interjection]* I do know that it is absolutely crystal clear, and a beautiful lake.

I also want to be crystal clear that we are going to do everything we can to keep it that way, which means that, in parklands, in areas that we do have authority to make decisions on, that we are going to be very surefooted in doing our homework to make sure that decisions we make do not have a negative impact.

There are a number of cottage lots that are there that are available. I am told that the uptake on the cottage lots has been slow, but that they are there and available for people to access.

An Honourable Member: A million dollars each.

Mr. Struthers: Put your name on one, Denis.

Mr. Faurchou: Now, that leads me into another area that I want to cover off here. When you say cottage lots, are these available through the department, or are they available through the Municipality of The Pas, or is it essentially just to be leased and not purchased?

* (11:40)

Mr. Struthers: Those cottage lots are available through our department.

The other thing that I wanted to do, I intended to do this on my answer to the last question. I know I am mixing up a previous topic in this one, but I do want to make it clear that, in terms of the cattle issue, I want to be clear, if there are innovative approaches, we are open to that. So, if the Member for Portage la Prairie (Mr. Faurschou) wants to come forward with the ideas that he has brought forward here at this table, in conjunction with my staff, I would certainly be open to that. Others have come forward with other proposals that we have been supportive of so, in terms, of the disposal of cattle and those sorts of things, I want to make sure that we know that we are open to those kinds of suggestions. I appreciate that from the Member for Portage.

With the cottage lots at Clear Lake, those are available through our department on a leased basis.

Mr. Faurschou: Long-term lease of the properties will then remain with the department, but what of the acquired properties by The Pas? Are those being considered for development which would add to the inventory of available lots?

Mr. Struthers: The lots that are referenced by the Member for Portage, he was under barrage right now from the Member for Carman (Mr. Rocan), the lots that he references are not within the park. That is a private matter that we do not have the authority to speak on. The lots within our provincial park, that we referenced before, are available on a leased basis. I believe we signed 21-year leases and those are the 12 there that I can definitively speak on. What he asks is not anything that our department has the authority to just make decisions upon.

Mr. Faurschou: I am a little bit confused in regard to any development that, effectively, is taking properties previously undeveloped. Your department has input on as to whether or not it complies with the mandate that you are responsible for, and that is protection of the natural resources in our province. So, in that light, I ask the question again: Is your department considering the potential development plans of the The Pas municipality and is the department's position that was previously expressed to OCN, is it maintained?

Mr. Struthers: Yes, Madam Chair, in terms of the impact on Clearwater Lake, our department, yes, definitely has a role to play in protecting the ecosystem there.

What I believe the member was talking about was actually the authority of moving forward in terms of a private sale of cottage lots. If there is a private sale of cottage lots, we would definitely put any proposal like that through the rigours of environmental protection.

Every lake in this province has a certain carrying capacity, and we do not want to get ourselves into a position of overloading lakes, overdeveloping lakes, putting too much stress on the water and the rest of the environment. That is where we would come in as a department.

Ms. Marilyn Brick, Acting Chairperson, in the Chair

We would need to understand exactly what the impact would be of a development, whether it would be through the 12 cottage lots that are under our auspices in the provincial park, or something outside of the provincial park that could potentially, negatively impact the environment in that area.

The other thing that I would like to point out too is that whatever decisions are made, they would be subject to I think a pretty good piece of legislation moved forward by this department, the on-site sewage regulations that we put in place that will provide the level of protection that I think we all understand needs to be provided for no matter what lake we are talking about in this province, including Clearwater Lake.

So I want to make sure that the department gets the good credit it deserves for that kind of a progressive step forward in terms of the on-site regulations.

Mr. Faurschou: I appreciate what the minister is saying and I commend the department for what he has said on the record today, but I want to stress the point that the former minister, the MLA for The Pas, I know it was extraordinarily difficult on him to bring the message forward to his own constituents so that effectively there would be no further development on Clearwater Lake.

So that stand was taken and I do want to make the point this morning that if the department is going to be considering allowing the development plans to go ahead by a different proponent, that potentially a precedent for reopening this whole issue is set, and that is something that we heard overwhelmingly

from across the province, not only stakeholders in the immediate vicinity, that any further development in and about Clearwater Lake was not on, cut and dried.

Mr. Struthers: Well, the first thing I want to make clear is that there has not been a proposal land on my desk in terms of what the member has been talking about here this morning. Until such a proposal, that I see it in front of me, I would be in a very precarious position saying thumbs up or thumbs down, but what I want to assure the member is exactly what I assured him in previous questions is that my goal is not to negatively impact Clearwater Lake or any other lake in this province.

My job as Conservation Minister is to conserve, is to make sure that we have available for this generation and those that follow us a crystal clear Clearwater Lake, and we are not going to agree to proposals that negatively impact on that resource.

Those are the guiding principles for me as the Conservation Minister. When anybody brings forward a proposal, when we look at developing cottage lots in that area of which we have 12 there now, whether it is us or somebody privately coming forward, that still has to be the overarching principle that I, as the minister, am guided by. If I do not think 12 or 24 or 36 cottages are sustainable, then we are not going to proceed with 12, 24 or 36. We have to think our way through this. We have to make sure that we are not overloading and overstressing our lakes around the province.

Mr. Faurshou: Far be it from me to be political, but the department was very clear. The position was that this lake was at capacity with existing allocated lots for development. Unless there is substantive, new, technological, science-based information that has come forward, why do you not save any proponent a heck of a lot of time, effort and money, and just say it is not on, and the position is not changing. I think that is a pretty clear position to take.

Mr. Minister, unless the department has told you there is something that has changed from two years ago when the previous minister made a very difficult call because it involved his own constituents, that is what I am asking you today. Have you received substantive scientific, technological information that this position should be revisited?

Otherwise, I believe you should be in correspondence with the municipal officials and save their time and effort.

* (11:50)

Mr. Struthers: I think what we need to establish is that Clearwater Lake is one very beautiful lake within a whole lot of beautiful lakes in parks all across Manitoba. Our licence plates say 100 000 lakes. I do not want to put myself in the position where I rule out proposals on Clearwater or any of the other 100 000 that our licence plate says. I do not want to rule them out or automatically give the thumbs up. What I need to do is make sure, and people putting proposals forward understand, they put a proposal forward, and it is evaluated in terms of its environmental impact on our lakes, trees and wildlife, and everything else. I think proponents understand that. I think they know that puts some of the responsibility on them to make sure that their proposals take that into account even before it hits my desk. My preference is to make sure that people understand that my job is to protect the environment, and they put forward proposals knowing that is the environment in which I make decisions.

Mr. Faurshou: I just want to say to the minister, I do not want to see him get into a position where, effectively, he changes the position that was very difficult for the former minister to arrive at. Madam Acting Chair, unless some substantial technological, science-proven advances in either development or consideration toward additional capacity of that lake that should save everyone a whole lot of problems in time and effort and money, and just say that this lake, this lake and this lake are at capacity. End it with, "Sorry, do not waste your time or mine," and be clear and definitive on it.

That leads me into the next question. With the change to a Crown-owned corporation or a special operating agency, I do not know which you are referring to, that will now be one-stop shopping as far as leasing, rentals, sale of Crown lands. I know there were various departments such as Agriculture that had their own Crown Lands Branch, and you, Mr. Minister, and other departments as well. So I ask you: Is the mandate of this new agency in your jurisdiction and potentially the functionality of that? In a very short explanation.

Mr. Struthers: First of all, I want to close off the discussion on cottage owning. I thank the member for his advice on that in terms of Clearwater, and I am open to suggestions that he may have outside of this Estimates process that we go through. So thank you for that.

On the special operating agency for Crown lands, we want to put in place a system that is fair. We want to put in place a system that is consistent. We want to put in place a system that is transparent. I think Manitobans want us to do that, so that is what we have embarked on. We recognize that there were problems that surfaced in terms of Crown lands over a period of a whole number of years. We are determined to make sure that we deal with the problems that came forward. We also want to do it in a way that is not piecemeal, not kind of lurching from one problem to the next. We want to take a holistic approach to this and make sure that transparency and fairness, those principles are reflected in the SOA that we eventually do put in place.

I am thinking that this is going to take us in around a year to accomplish. This is a big undertaking, and we want to make sure that we do it right. So we have put together of deputy ministers, very ably chaired by my deputy, Mr. Don Potter. It involves a whole number of different deputy ministers. One of the things that we came across was that there was, I believe, nine departments involved in Crown lands and about 14 pieces of legislation. It was all over the place, all over the map. What we are trying to do is streamline that into one very efficient, open, transparent process that can provide consistency and fairness to Manitobans. Madam Acting Chairperson, it involves deputy ministers from Aboriginal and Northern Affairs; Agriculture, Food and Rural Initiatives; Government Services; Industry, Economic Development and Mines; Intergovernmental Affairs and Trade; Transportation; and Water Stewardship. In that way, I think that we can make sure that we bring together all of the activities that have been going on in the provincial government as a whole and, I think, very much improve the system that we have now.

The deputy minister's committee will deal with implementation of the Government's strategy, implementation of the Government's goals. They will steer this initiative. The one thing that I want to assure the member is that it is not like we are going to sit in limbo for a year and wait for things to happen. We

are going to be moving on this front but we are also—the existing process continues as we reorganize ourselves so that we are not leaving Manitobans in a lurch with no process to fall back on.

The other thing I want to make clear is that as of yet no decisions on reporting lines have been worked out. The member had asked if this would remain within the purview of the Conservation Minister. Those decisions have not been taken yet so I would ask him to stay tuned on that score. I have been informed that the deputy's committee will be making recommendations in terms of reporting lines and then decisions will be made from there.

Mr. Faurschou: I appreciate it, as does the minister, and I do believe there will be a better management of Crown-owned lands through this undertaking, as it was all over the map, pardon the pun, in management, leasing and arrangements in the various departments. So I appreciate that there will be a consistent set of guidelines, principles, even the form will be the same, regardless of where it will be in the province or under one mandate for respective individuals seeking to strike arrangements with the province.

It is something that I would like to pursue a little bit further and just ask one constituency question on the Crown Lands area. Have you forwarded renewal of the lease to the University of Manitoba for their wetlands environmental studies campus that they have at Delta?

* (12:00)

Mr. Struthers: Just off the top of my head I cannot give that answer just now, but what I will undertake is to investigate and get back to the member as quick as I can, if that is okay.

Madam Chairperson in the Chair

Mr. Faurschou: Thank you very much. Now, still on Crown lands and, certainly, there have been added initiatives in regard to protection within those Crown lands of areas that have been deemed of unique habitat or wildlife, but I do want to come back to my previous critic's role, that being in Transportation.

If the member is familiar with Provincial Road 430 which heads south from Douglas off the

Trans-Canada Highway and is a primary access route to Shilo Canadian Forces Base, that the highways department was approached in light of the transferral of significant numbers of DND personnel from Winnipeg to Shilo in the Princess Patricia's Canadian Light Infantry Brigade.

That existing provincial road, fortunately or unfortunately, depends upon whose perspective you are looking at, traverses an area that has been deemed a unique habitat area for endangered species and limits the redevelopment of that roadway.

Now, I want to ask the minister in regard to this new fund that has been set-up here to add resources for these areas, the Protected Areas Initiative, that is there some common-sense element to all of this? Potentially, in the example I cite, if there is an acknowledged endangered species inhabiting a particular area, that, potentially, this endangered species could be relocated.

Let us be very straightforward, you are going to have thousands and thousands of Department of National Defence personnel now travelling this roadway that was designed with 1940s specifications, a 10-foot hard surface for either direction of travel. We all know that the Department of National Defence equipment, how large and how wide it is, and for the equipment to be going in and out of that base on various manoeuvres to various parts of the area's reserve for the DND activities, that there is significant potential for collision and ultimately loss of life or an injury.

If all of these additional dangers, in light of preserving, perhaps, a very, very small area, and I am just going to dig a burrowing owl, you know, is this really equated in this scenario as to the best interest of everyone concerned? If there is a family travelling there that has a loss of life, children, mothers, fathers, lose lives because of this, I will say, sub-standard provincial road not being improved, because of your department's consideration

So I ask the minister: Is there going to be some degree of common sense, some degree of resources allocated to provide balance in a common-sense fashion?

Mr. Struthers: When the member started to ask this question, what was running through my head was why he is asking me a Transportation question when

I am the Minister of Conservation and I was going to get into all the arguments that I use when constituents come to talk to me about the poor condition of the roads all over rural Manitoba. I was going to give him the speech about how our Province puts every single nickel of gas tax that we collect into the roads and the feds are not doing it. I was going to give him credit for when he and his colleagues were in government, how they pressed the feds to get that money. Then I thought, well, maybe he is heading down the road—bit of a pun there too, I guess—down Provincial Road 430. Maybe he is telling me about how you can use that road to get to our brand-new Criddle/Vane Homestead Park, and that was the connection between protected areas and the road that he was going down, but now I understand that it is the species at risk that he is asking about.

When he was talking about the burrowing owl, I thought, gee, that is going to be tough. I do not want to be the minister that picks up a whole bunch of burrowing owls and try to move them. They are way too tough a bird for that. I do not want to make them mad at me, and that would be somewhat impractical in terms of moving species at risk. They are at risk I think because we have tried to move them around in the past too much anyway.

What I want the member to understand is that, yes, we want to use common sense. He used the word "balance," and that is always a good word. We want to do that. Our federal partners in this, I am convinced, want to do that. We have to balance out the need to move, not in this case maybe, the Department of National Defence people up and down the road or farmers up and down the road. We want those sorts of activities to be satisfied, but we are going to balance that off against the very real conditions out there for certain species. We do have an obligation to try to attain the very balance that the Member for Portage referenced in his question.

* (12:10)

Madam Chair, with that in mind, we do have a Shilo Environmental Advisory Board that we participate in along with the federal government. That advisory board assesses species at risk in that area, in that part of the province. I would point to the establishment of the Douglas Marsh, for example. I am sure the Member for Portage la Prairie (Mr. Faurshou) is aware of the progress that has been made in terms of that initiative. There have been

success stories that we can point to where common sense has prevailed, the balance has been achieved. We have been able to work between the needs of stakeholders such as the Department of National Defence, the farm community and others that need to use our highways along with balancing that need to protect certain species that are at risk. Whenever we move forward on a protected area, which I want to make mention that it is a priority of this department from the 49th parallel to the 60th. We have a hundred-thousand additional dollars in this Budget to realize our goals for the protected areas. An extra hundred-thousand dollars to achieve our goals of protecting more areas in our province. Along with that there are criteria that we want to fulfil as well.

We want to make sure in Manitoba that all of the geographic characteristics of our province are captured within our Protected Areas Initiative. I am quite proud to say that over a period of years, I believe the Protected Areas Initiative is 1992—in the period of say a dozen years this initiative has been very successful in capturing all of the geographic characteristics of our province. We have some success stories in terms of new federal parks that we have worked with the federal government on, Wapusk up north, and we have signed an MOU for the Lowlands National Park that still requires a lot of work with local stakeholders in that.

I committed to doing the work that needs to be done to make that park a reality as long as our local partners, chief in council and mayor in council are supportive. In terms of protected areas, we have been moving progressively. We have been moving in, I think, a speedy way to make sure that we are capturing parts of our province before those parts of our province disappear.

Tall grass prairie is a good example that a characteristic that I think many have seen in the wrong terms for too many years, I think they have just seen it as grassland that we can cultivate, to the point where there is not much of it left and that we do have to take some steps to make sure that we protect that.

I do not want to be the minister that presides over the extinction of certain species in Manitoba. So that is why we need to have the balance achieved, exactly what the Member for Portage has been talking about. Use common sense, achieve that balance and do it within the process that we have

available; and do it in co-operation with the federal government and the kind of processes that we go through at the local level as well, to make sure that we have consulted with people.

Mr. Faurschou: I appreciate all of what the minister says and the need to preserve and come to the aid and defence of species that are at risk, without question.

I also would not like to see you, as the minister, having to attend funerals to bury family members of the Department of National Defence staff because you preserved a few blades of grass and let a substantially substandard road have to be the only entrance and exit of this Department of National Defence base. So I really want to stress that the highways department did want to upgrade this road. As you are well aware, the transfer and closure of the base here in Winnipeg is going to see thousands of Department of National Defence personnel and their dependants move to that area.

It is incumbent on us to strike a balance and use our common sense to provide for and recognize the needed upgrade to a provincial roadway and not to stand in the way of what I deem common sense. If there are additional dollars that need to be directed as a one-time only effort to accomplish this project, I think the department should be considerate of it. I know. I have grown up on a farm and I will be the first to want to come to the aid of wildlife. I do not hunt, and I do not fish, because I am just of that nature. I have planted tens of thousands of trees and grassed waterways. I really, truly believe in protecting and enhancing our environment and living in harmony with nature.

When it comes to a situation to which I have explained today, really, sir, I think it needs to be revisited and to work co-operatively with your colleague the minister of highways. I leave you with that unless you have further comment to that.

Mr. Struthers: Madam Chairperson, I have found the Minister of Transportation is a very co-operative guy. We are both Dauphin boys. We have known each other for quite a long time. I can assure the Member for Portage the level of co-operation, he will be very impressed with, between the minister and I.

I also wanted to express my appreciation to the Member for Portage la Prairie (Mr. Faurschou) for taking into consideration my aversion to going to

funerals. Nobody wants to end up at a situation where people get hurt or injured or worse on our highway system in Manitoba. I want to also say to the member that he talked about his commitment to the environment and I want to acknowledge that by noting his family's participation in our woodlot program. When I make statements here, I never intend them to be a reflection on the members opposite. I always believe that I should give credit where credit is due, so his commitment to the environment is not under question here. No matter what advice he gives me on this particular issue, I do not question that.

I do want to say that the balance that he talks about is what we want to achieve. We want to do that in such a way that we protect species that are at risk, and that we do not end up in a situation where we have unsafe highway conditions. I can guarantee that the appropriate level of co-operation does and will exist with me and the Minister of Transportation and Government Services (Mr. Lemieux).

* (12:20)

Mr. Faurichou: I thank the minister for that, and I do believe he appreciates the discussion we have had this morning on this topic. I did say to the highways minister, knowing that you are coming from the same neck of the woods, that he should go into the corner as he has had opportunity to in his NHL days. I said, "Keep his elbows up," and the Minister of Conservation (Mr. Struthers) is listening to this topic.

I want to ask a very specific question. I know we only have about 12 minutes left this morning. In one area that is a carryover from previous legislation which the member's government passed and that was to ban what was preserve hunting, more commonly known in the press as penned hunting. There were three specific operations where, effectively, that was their main stay, their livelihood, and their lifesavings were invested in these operations, which were licensed by the Province. Granted the Province gave two years of exit time, but one must appreciate that once the legislation was passed, making the asset value almost worthless or salvaged-based value at best. These individuals lost their life savings, and in one particular case, which I am very familiar with, their livelihood, and caused extreme family duress. Relocation was required, because their principal livelihood no longer was available to them. They continued on into the life and career path that they

enjoy and bought an existing outfitters business up in your neck of the woods, so to speak, and continued on. I know now having made the move, the minister is now causing, again, the outfitters a little bit of concern, more than a little bit of concern regarding the culling of animals out of the Riding Mountain Park area.

I want to come back to the original passage of the legislation. I would like to state, quite emphatically, that although the previous minister responsible for the passage of the legislation was reluctant to meet with individuals directly impacted with it, I want to ask the minister whether or not he would consider meeting with the individuals who were extensively impacted by this legislation and, potentially, offering to them some type of legitimate compensation package that recognizes the impact that legislation had upon their livelihood, their careers and their well-being financially. If the minister wants to get into detail, I would be able to afford that at a subsequent meeting, but on the record I want to bring to the minister's attention that there are individuals out there who are still dealing with the duress caused by this legislation. I believe personally that it was grossly unfair to take one's livelihood completely. That was legal under one jurisdiction and made illegal under another government, but I would hope that he would have a favourable reaction to this question.

Mr. Struthers: I remember the debates well, that this is an issue I believe that predates the Member for Portage la Prairie's (Mr. Faurichou) tenure in this House, the passage of legislation in the mid-1990s, probably 1996-97, somewhere in there. My memory on that date may not be absolutely clear but I sure remember the debate that took place. I was actually the natural resources critic when that legislation was rammed through the House under the cover of the sale of the Manitoba Telephone System, I might add. The bill passed under the cover of that debate in the Legislature. Madam Chair, I think it was actually the same day, if I remember correctly, making a speech, given unlimited time by my leader to speak on that, and having to take well over the 40 minutes that we were allowed at the time because members of the government in opposition to me were so agitated that they tried to very loudly shout me down as I pointed out the folly of the legislation of The Livestock Industry Diversification Act that took a beautiful, wild animal and turned it into a domestic piece of livestock.

Our party at the time opposed that legislation. We made it clear that if we were elected we were going to first of all, put an end to the capture of wild elk that was taking place in and around Duck Mountain and Riding Mountain. That was a five-year capturing program that we ended after the fourth year. We did not get elected in time to scrap the last two years of that capture program. We believed at the time that legislation was misguided and we voted against that legislation. We made it clear to everyone that we would do what we could to undo the damage of that legislation. We were elected on that basis. We moved quickly once we became government to end what I think is the abhorrent practice of penned hunting.

I looked at other jurisdictions, mostly in the United States. This is where this whole idea of what sprung from the legislation brought forward by the previous government leads to. There were instances that I saw where you could actually put a catalogue down in front of you, go through the catalogue, pick out the elk that you wanted, fill out an order form, indicate which elk you wanted to have released on what day into which pen, and travel to this penned hunt site, decked out in all your camouflage and with a big rifle and your mirrored sunglasses and pretend that you are a hunter of some sort, jump out of your truck, shoot the elk and put it up on top of your fireplace back home when you returned from this so-called hunt.

I think that the people of Manitoba agreed with me. I just did not think that was the route that this Province wanted to go. We made it clear from day one that this Government was not going to allow that to happen in Manitoba. My predecessor, the current Minister for Aboriginal and Northern Affairs (Mr. Lathlin), I think, quite properly put an end to the practice of penned hunting. We have no intention of reinstating penned hunting in this province.

I would like to think that, as a minister, I meet with whoever wants to meet with me, but I also want to make sure that I am not leading anybody down the garden path. I will meet with anybody, but I want people to know exactly what I think of penned hunting. I want people to know that they had fair warning that we were going to make our move to get rid of penned hunting. I am glad that the people involved in penned hunting, for the most part, have moved on to other sources of income. I know, as the member has referenced, that one in particular has

moved into outfitting. I know others who have made that move from penned hunting to outfitting. Outfitting I think is a very acceptable way to make a living and to provide a service, to be involved in hunting and fishing and all the ecotourism opportunities we have in this province. I encourage that to happen. I encourage that kind of a transition into another profession to occur because we are not going to reinstate penned hunting and I do not want to leave the impression with his constituent or anybody else's constituent that we have to compensate for that. We have not taken the approach of compensating people who were involved in penned hunting, and I, quite frankly, do not foresee a change in that approach either.

Madam Chair, the member mentioned outfitters and the problems that they are having with culling that is taking place around Riding Mountain National Park. I know the Member for Portage understands the importance of dealing with and hopefully eradicating bovine tuberculosis. I know that he has been supportive of actions that have taken place in terms of some of the things that we have been doing to eradicate that disease and, of course, I am always open to suggestions that he may have to help us with that goal.

Madam Chair, we did a cull of white-tailed deer several months ago and we, I think, were very successful. The idea itself actually came from producers in the area, people from the Manitoba Cattle Producers Association. Municipal people involved in municipalities around the Riding Mountain National Park came forward with an idea that they could work with our Conservation staff in order to get some fresh samples. CFIA, Canadian Food Inspection Agency, wants fresh samples. So we went out and we made the decision that we were going to do this.

Somebody thought, and one of the outfitters was concerned that we were only targeting bucks, which was not the case. It was a broad cull and a small percentage of the total cull was bucks but we needed to have the fresh samples so that we could make some decisions in terms of tuberculosis in terms of white-tailed deer. That was in addition to the really good co-operation we have had with hunters and outfitters and guides and different people in getting fresh samples brought forward. So that deer cull—

Madam Chairperson: The hour being 12:30 p.m., committee rise.

FINANCE

* (10:00)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply come to order please. This section of the Committee of Supply will be dealing with the Estimates of the Department of Finance.

Would the minister's staff please enter the Chamber now. If the minister has not introduced the staff, he can.

Hon. Greg Selinger (Minister of Finance): Yes. I have with me my Deputy Minister of Finance, Pat Gannon; the Assistant Deputy Minister responsible for Consumer and Corporate Affairs, Alex Morton; and the Director of Administration, Erroll Kavanagh.

Mr. David Faurshou (Portage la Prairie): I would like to ask questions in the Consumer and Corporate section of the Minister of Finance's portfolio, beginning essentially with the designation of revenues from areas of responsibility within this section, Automobile Injury Compensation Appeal Commission Cost Recovery. In regard to activities of that entity, it is looking like you are expected to double your recovery from that area. Perhaps you could enlighten me as to the significance of a 100% increase in revenue expected from that Automobile Injury Compensation Appeal Commission.

Mr. Selinger: Mr. Chairperson, the member is asking me why the Automobile Injury Compensation Appeal Commission Cost Recovery has gone up as much as it has. It relates directly to program activity levels having increased dramatically. There have been, since '98-99, increases in workloads, in terms of files opened and hearings, of 33 percent. It went up in '99-2000, 38 percent; in 2001, 36 percent; in '01-02, 41 percent; '02-03, 35 percent; and '03-04, 20 percent.

I am sorry I should correct that. The number of cases has grown in '99-2000 from 164 to last year 234. The increases are 34 percent, 59 percent, 20 percent and 25 percent over the last four years so it was deemed necessary to increase the number of staff in the AICAC organization to handle the increased workloads and, there are some proposals to streamline some of the hearing processes. Right now you have to have three commissioners hearing an appeal. That is the bulk of the appeals, but in some

cases when we bring in the legislation, we will allow a single-person appeal panel for the less complex cases. The short answer is dramatically increased workloads of people feeling that they are aggrieved and wanting to have a quasi-judicial process to address their concerns.

Mr. Faurshou: Does the minister not feel that this continued escalation of referrals or requests to appear before either a single commissioner or a three-commissioner panel to resolve issues with MPIC—does the minister not consider this as alarming and look further into reasonings as to why this continues to escalate?

Mr. Selinger: I think if you looked at the trend line, I would agree with the member that the growth does sort of raise questions, but when we look at the absolute numbers of files opened, it is about 234. There was sort of a slow buildup of the capacity of the organization to deal with appeals, basically so 234 claims was what was originally projected when the process was put in place back in '94-95. It started out extremely slowly, 6, the first year, 37 in '95-96, 92 in '96-97 and then it jumped to 164 in '97-98. It stayed around 159 the following year. It went back to 164 in '99-2000 and stayed about 161 in '00-01, and then it actually declined in '01-02. In '02-03 it went up to 197 and then in '03-04 it went to 234. This reflects the increase in the people seeking internal review before they go to appeal.

* (10:10)

I do not have a definitive analysis about why there has been that increase, but my staff inform me that they had always anticipated that there would be about 230, 250-plus appeals on an annual basis, given the size of the population and the fact that it covers everybody in Manitoba who drives. What is that, 600 000-some folks? What is 1 percent of 600 000? That is about, oh, 600 would be 1 percent, so it is about one third of 1 percent, maybe a little bit more than that, of the people that are covered, that are using this vehicle for redress. I am just doing this off the top of my head, I have not really got a definitive analysis from my staff or from MPIC.

We anticipate that it will probably level out in this range now that we are moving forward. I think that the appeal process has matured. There is greater public awareness of it, and as you know, we are going to bring in the advisory service, as well, which

should add some—I know the member, in principle, supports that. I think that will add some, what can I say, greater substance to the process, in terms of advocacy for people that will be exercising their rights. That might cause a few more to do it, but also give them better advice about whether doing it or not is the right route to take. They will not be just doing it because it is there. They will be getting better advice as to their rights and whether or not they can be pursued through this vehicle.

It will probably increase the complexity of the hearings themselves because you will have better prepared briefs, and the commissioners will have to probably deal with more material. I think we are going to see a qualitative shift as opposed to a quantitative shift going forward in the quality of the appeals and the complexity of them and hopefully maybe some levelling out of the numbers as people understand more clearly what their opportunities are or are not as they go through this process.

Mr. Faurichou: I appreciate the minister's understanding of the operations of the Automobile Injury Compensation Appeals Commission. It is just as the minister outlines. I think that with the advocacy office there will be more balance between the resources afforded MPIC versus resources available to claimants.

I would request of the minister to ask of the Chief Commissioner, I believe it is Mel Myers, for a debriefing because this process does shine lights on potential areas that could be followed up with policy changes or procedural changes within MPIC. I would hope that the minister takes the opportunity to do so. I am very much supportive of the advocacy office and the operations of the commission. I have had opportunities to witness the operations and to get to know Mr. Myers and the challenges that he faces day in and day out, and quite correct in saying that the preparedness now with the resources available for both the claimant and MPIC will indeed get more complex and the work will increase. I just say that it is a substantive increase.

Mr. Selinger: If I could give just a little bit more information which I think would support the view that both the member from Portage la Prairie and myself have. The average size of a file to review for indexing has grown from 400 pages per file in '97-98 to 650 pages in '02-03. That is more than a 50% increase in just the volume of material you have to

read, and as the member knows, some of these cases are incredibly detailed, every little piece of correspondence, doctor's reports, et cetera. In '98, the average size of an index read by the panel—that file that is 650 pages is read by the appeals officer. The panel is reading now 300 pages in '02-03, whereas in '97-98 they read 180 pages.

It just gives you an idea of how much demand there is on people's intellectual and emotional resources to sort through the specifics of an appeal. The member knows that it is not just the details. It is also the emotional issues you are dealing with as you work with folks going through this process. It is actually quite demanding. It drains a lot out of you to do a good job and to stay open-minded and to hear people and then sort out all the issues related to it. I also agree with the member that MPIC has long been perceived as having all the weight of technical resources on its side of the table, and the individual is kind of going in there alone unless they can afford a lawyer. This advocacy service, I think, will help level the playing field.

Experience from Workers Compensation shows that these people get pretty good after a while knowing what makes sense and what does not. They develop some credibility with the commission in terms of their ability to present a case. Even though it will add more substance and maybe increase the complexity over time, it will probably increase the merit of the case that is being put forward and the ability to bring them to a constructive resolution. I think it is going to be a constructive process, but we have got to get there. The evidence I am presenting here shows that with the increase in the size of these files and complexity, we have to bring that advocacy system into place so we can get these things more efficiently handled.

Mr. Faurichou: Mr. Chair, I do appreciate the minister's response. It does, though, highlight the importance of my suggestion to look at debriefing because, as has been indicated here, if there is a policy or procedural changes that can head off at the pass prior to an appeals hearing it would be, I believe, appreciated by all parties. I hope the minister can continue with that.

Moving on to the Companies Office, again there is significant increase, once again, in the expected returns from that entity within the Consumer and Corporate Affairs area. Are there specific new fees,

or is it just across-the-board increase for various licensing and registrations and that?

Mr. Selinger: Just while my staff is pulling up the specifics for the member, I think the member knows in the previous topic we just discussed and that is a full recovery from MPIC itself.

By way of background, I am informed that the last time there was a significant adjustment in fees here was in 1993. So it seemed time to adjust them, in view of the fact that they have taken on quite a bit of technological change and fiscal responsibility I guess in the sense they are carrying some of the costs of that. The fees, for example, probably the most significant one is the incorporation fee. Share capital has gone from \$250 to \$300. But it compares quite favourably with most jurisdictions. Ontario is \$300 or \$360. Québec is \$300. Others: Saskatchewan is \$260; New Brunswick, \$250; B.C. is \$300.

So you know it is sort of in the range of what other fees are. Some of them are lower. I guess the lowest one here would be our friends in Alberta at \$100. Some of the other ones have gone up. Incorporation without share capital, I think that refers to nonprofits usually does it not, \$70 to \$100. But, again, it has been unchanged for 11 years.

*(10:20)

Canada charges \$200 for the same thing. Then it varies quite markedly across the country from \$35 to \$155 in Ontario, or \$255. So it was a long overdue adjustment to reflect the fact that their cost of business has gone up and they have been carrying some amortization and interest costs for some of the new technology that they are using to make improved customer service.

There have been some other fees that have increased since '93, minor ones, but the ones I am giving you are sort of the indications of the ones that were 11 years stale dated, in effect.

The amalgamation fee has gone from \$250 to \$300. That is sort of in the range of the rest of the country. When we look at these, we try to keep them in the range of what other jurisdictions are doing and also to reflect the business case.

It is a special operating agency, so we want all these agencies to have a bottom line that shows black

not red, and the biggest pressure they have had on them is the BSI project allocated significant cost to the Companies branch.

The Manitoba Business Links system, we have got this new piece of information technology that allows people to get computer access to the Companies branch for searches, et cetera. So, if there are any other questions.

Mr. Faurschou: Mr. Chairperson, I appreciate the minister recognizing the bottom line. Special operating agencies should be using black ink rather than red, but we want to also though recognize that we are cost-effective with the services delivered, because this is the starting point for the economic engine of our province and does, as I appreciate, a very good job, but we do have to recognize that we offer this service at the most cost-effective level.

I would like to ask a little bit of the same on the Vital Statistics Agency. It has been now recognized that our travel in and about our province, as we border that of the United States, that photo identification is going to be required.

Now, the department of highways and driver licensing has been transferred to Manitoba Public Insurance corporation. Leading up to almost the current day, photo ID, afforded drivers here in the province, was recognized as legitimate identification by customs officials of the United States who have now been served notice that it will no longer be available.

The department of Driver and Vehicle Licensing is attempting to work out an acceptable identification, but, obviously, if one is not a vehicle driver's licence holder, the Department of Transportation or even MPIC will not have the information.

So I am wondering whether or not the minister is in correspondence with his colleague in development of this type of identification that will be recognized by Canada Customs but also, too, recognizing that the Department of Transportation and MPIC do not cover all Manitobans, because, as was recognized, only perhaps 600 000 to 650 000 Manitobans have a driver's licence.

We are looking at a significant segment of the population that will require some identification which is acceptable by U.S. Customs. So I am

wondering if the minister could update me as to whether there is this dialogue going on, or has the minister even been aware of this development?

Mr. Selinger: The Member for Portage la Prairie (Mr. Faurischou), I just want to be a little clearer about the question. Were you asking me what ID we will be providing people without driver's licences who have to cross borders?

I thought I detected you were asking also a second question about what relationship I had with the Minister of Transportation and Government Services (Mr. Lemieux) vis-à-vis the new merger proposal, and that part I am a little fuzzy about, what you were trying to get at there.

Mr. Faurischou: Yes, it is a confusing situation to say the least. As the Minister of Finance, you are responsible for the special operating agency that carries all of the responsibility of vital statistics on all Manitobans. Essentially, what is in the development stages right at the present time is some way of providing photo identification that will be recognized by U.S. Customs.

The reason I specified from the Department of Transportation and, ultimately MPIC once the merger goes through is that they have the offices effectively where the rubber hits the road. They have the cameras, they have the staff in place throughout the province that affords the storefront access Manitobans will have to this service. I am asking him to see if there is some correspondence. I believe the minister got his.

Mr. Selinger: He is asking me will there be a co-ordination between the new merged driver vehicle licensing entity and Vital Statistics to co-ordinate Manitobans whether they have a licence or not getting the proper ID for cross-border activity.

The question the member asked is a good question. It is a question that sort of reaches beyond the borders of Manitoba. Our director of the Vital Statistics Agency is the Manitoba representative on a national or a pan-Canadian committee which is looking at issues of Canadian identification means for cross-border movements. Right now, the bottom line is a passport, and that is a federal service because a passport gives you all your ID with a photo. We are participating in that process on this national committee. Our director liaises with the

vehicle driver's licensing operation and through that, to MPI as it merges, but she is our representative on that committee to come up with an approach that works for all Canadians vis-à-vis their desire to enter the United States in a way that the Americans feel comfortable with the ID that they put in front of them at the border.

* (10:30)

We are not going on this alone, and we are not trying to develop a unique response in Manitoba. We are trying to develop a response in partnership with the federal and all the other provincial jurisdictions. The default position right now, and I do not know about you, but when I travel that way, I just take my passport now. I even take my passport, quite frankly, within Canada when I am jumping on a plane because it gives the photo and it just sort of satisfies the problem. That is sort of the default position right now.

There has been discussion by the former Minister of Immigration, Denis Coderre. He tried to launch the notion of a national ID card. The member might remember it ran into quite a bit of resistance and I think he ultimately dropped it, even though he pushed it as hard as he could. I think it was ultimately dropped, at least in the short run, so the default position is going to become passports.

Mr. Faurischou: Mr. Chair, I appreciate the minister recognizing the passport is the ultimate means of identification, but I will say that for all Canadians insofar as that we are not looking for duplication of documentation as well as renewal and costs related to renewals, if we can have an identification that essentially covers two thirds of Manitoba's population, that is effectively recognized with the United States, that we are going to have a much more cost-effective and non-duplicated—I do not know if the minister is sitting on one's wallet, but it is getting pretty fat with all the documentation that we carry, identification that we carry all the time, and throw in a passport, in addition, into another pocket—we want to try and get away from as much duplication as we can.

Mr. Selinger: The member makes an important point. We are certainly not advocating on this national committee any new device for identification. I mean, most Manitobans use a driver's licence when it is convenient for them and most that do not have a

driver's licence use a passport. Those two are probably the best vehicles to identify yourself. Perhaps other means could be used, but I think those are the two most commonly accepted pieces of legitimate ID for the cross-border movement of Canadians.

Our driver's licence, as you know, is quite a good document because it does have a photo and a lot of the essential information on it. I think for a customs officer at the border they would see that—my ADM informs me that some seniors use the photo ID issued by the Liquor Commission, but you have to think they are not really in a position to do all the vitals that are required on that. The driver's licence does require you to clearly—it is a more thorough process putting you through a driver's licence-issuing procedure.

I have not thought about this a lot, because I have not had the question raised to me yet at the ministerial level, but if the member were to hypothetically ask me if would we be supportive of a new piece of ID for all Canadians, probably not at this stage of the game. I do not know that we need a third one. I think we would try to work off of what we have, the passports and the driver's licences, and see how we could make those stronger and more useful.

Mr. Faurichou: Mr. Chair, I think the minister understands where I am coming from. Just looking at the documentation I have in my own personal possession, issued by the Province of Manitoba. If we could combine our driver's licence, our birth certificate, our health cards and our photo identification as well onto something that serves a dual, triple or quadruple purpose, I think most Manitobans would be appreciative as to that type.

I would like to move on to another area and that is the Residential Tenancies Commission. Although the activity of that commission looks to be fairly static year over year, I still would like to ask the minister a similar question to that of the Automobile Injury Compensation Appeals Commission and that is to garner debriefing from that agency because that agency again has the ability to see where areas are that continue to be problematic.

I would ask the minister if, in fact, that has been done or whether he considers that something of merit.

Mr. Selinger: I think the member is asking me whether I get feedback from either the Appeals Commission there and/or the administration on which we can improve the services there. The short answer is yes. I think the member knows the director for the Residential Tenancies Branch. He is in my view very able and experienced at his job.

We are bringing forward legislation to streamline the Residential Tenancies process to make it more efficient from both the point of view of landlords and tenants. We have a short bill that I have already tabled in the Legislature which I think reflects some of those feedback loops resulting in improvements that we can make in the process. There is sort of ongoing work going on in this area; quite a bit of work actually on how we can make a regulation regime in this province do a number of things. Give some consumer protection, but also be flexible enough to promote rehabilitation and new opportunities for housing in the province.

So we can go to that bill, if you wish, at some point. Most of the items in that bill where I would call it administrative in nature, they were not significant policy changes. But for example, we reduced the amount of time that a landlord has to retain the property of a former tenant before he or she can dispose of it so that we do not have a lot of storage charges building up. Things like that just to make the process more effective and efficient and not be as bureaucratic. So we are looking at ways to do that all the time.

The other thing that is in this branch that the member might know, I think we discussed it before, is there has been, and I discussed it with the member from Fort Whyte the other day. We are putting some technology improvements into the operation because the staff there really has a tremendous amount of demands on them. You can see from the Budget it is fairly flat, so we are trying to increase productivity there with some technologies to allow them to process more concerns more rapidly. Some of the new technology I think is going to be very helpful there.

Mr. Faurichou: Mr. Chair, I will yield the floor to my honourable colleague from Fort Whyte. I just want to leave with the minister this morning, being that you have basically an overview and responsibility of a number of agencies protecting the rights of consumers and Manitobans in general, that

you take consideration of the Ombudsman's office recommendations, and also to recognize the number of cases coming forward to the Ombudsman's office. Once again, Mr. Chair, the Ombudsman appealed to the Assembly for further resources this year. To me, that is saying that we need to look at the system because ultimately the Ombudsman is the independent, impartial party that all disputes end up at. When his office is in need of significantly more resources, then something is wrong. So I leave the minister with that consideration and hope that his department can look into it. Thank you very much.

Mr. Selinger: I am noting the member's comments from Portage la Prairie. I just have to make a distinction. The Ombudsman's office is under the management of the Legislative Assembly Management Commission and I do not play a direct role in that, so I cannot get directly involved in the resource questions there. The number does have to go into the Budget globally. But the member is right. If we see a dramatic increase of complaints in the Ombudsman's office, and some of those relate to administrative practices, in any of the agencies that are under my purview, we do take note of that through the Ombudsman's report. If the Ombudsman indicates that one of the agencies under my ministerial responsibility needs to improve some performance, some measure of administrative performance, then we, of course, will take that very seriously.

Mr. John Loewen (Fort Whyte): I would like to advise the minister. I would like to go back to the Comptroller section. So if we could ask that staff to come? In the meantime, while they are making their way down here, I have got a couple of questions I think that could likely be answered.

*(10:40)

Mr. Selinger: Does the Member for Fort Whyte have any questions of Consumer and Corporate Affairs, while the staff is here? Okay. Thank you.

I have with me now the Comptroller for the province of Manitoba, Mr. Gaudreau.

Mr. Loewen: With regard to the Estimates for individual income tax, can the minister indicate how much it would cost the Province if they had adjusted the various tax exemptions and levels to the rate of inflation?

Mr. Selinger: Actually, that comes under the, and I know we are in the Chamber again, so we do not have as much flexibility, but that is Federal-Provincial Relations, and if you want to go there, they are in the audience, and I can bring them down.

Mr. Loewen: No thanks, I will come back to that point. With regard to the increases showing in the Estimates for the PST, and I know the minister talked a little bit about this with the member from River Heights during our last session, but I have not been able to get Hansard yet. Could he just update me on the rate of retail sales growth that has been projected in that particular area?

Mr. Selinger: I am happy to answer these questions. If the member has a number of questions on revenues, I am going to have to bring down my Federal-Provincial Relations folks who do the Estimates for that.

Do you want to pursue that area for a while? *[interjection]* Okay, then I am going to ask Gerry Gaudreau to retire shortly and we will bring down the folks from Federal-Provincial Relations.

Mr. Chairperson: If the minister wishes to do so, he may introduce the new members of the staff who just joined us.

Mr. Selinger: Thank you, Mr. Chairperson. I have with me the Assistant Deputy Minister for Federal-Provincial Relations, Ewald Boschmann, and the Manager for Personal Taxation, Gordon Greasley.

Were you probing the Estimates around growth and the retail sales tax? Was that the area you wanted to pursue?

Mr. Loewen: Mr. Chair, now that we have these individuals at the table, maybe we can go back to the individual income tax question first, just to start from there, just the cost to the provincial government to have adjusted the exemptions and the tax brackets?

Mr. Selinger: What would the cost be for lifting the thresholds and the non-refundable tax credits?

The numbers I am going to provide the member are for last year, '03-04. For the thresholds, if we had moved them with Manitoba inflation of about 1.7 percent it would have cost about \$6.5 million.

Mr. Loewen: Would the minister have expected it to be of a wider gap if he had chosen to do that this year? Does he have any research on that?

Mr. Selinger: We think the cost would have been just about the same.

Mr. Loewen: With regard to the Estimates for the individual income tax, the estimate of revenues for '04-05 is up in terms of real dollars almost double from what the actual real dollar increase was from '02-03 to '03-04. Can the minister give me some of the background in terms of the assumptions that were used to generate that much of an increase?

Mr. Selinger: Read into the record the number he is working off of.

Mr. Loewen: I have taken the estimate, the number from the fourth-quarter estimate, so it may be a little bit off from '02-03 of roughly \$1.680 million. The forecast in this year's Budget, I think, is \$1.715 million. That is where I am getting the roughly \$35 million on that. The Estimate for this year is \$1.788 million roughly, which is about a \$63-million increase. I am just wondering what is—

* (10:50)

Mr. Selinger: The member is trying to understand why the estimate seems to have doubled in dollar amounts from last year's estimate to this year's estimate.

The answer relates back to the issue we discussed a little bit the other day. It sort of hinges upon the rebound in economic growth that is being projected for this year of the 2.9 and the numbers we take from the Conference Board of Canada essentially. Then we simulate the taxes that would be generated off of that kind of economic growth in gross incomes in Manitoba.

Mr. Loewen: Can the minister indicate what the risk would be if the growth, say, remained at this year's level, which I understand Manitoba Finance is—sorry, last year's level of 1.9 percent. I am just trying to get a determination for the risk there.

Mr. Selinger: My officials, being ever cautious, actually want me to take this as notice, but I am going to give you an estimate based on our back-of-

the-envelope calculations here. I think it is really the point the member himself made.

There was about a \$35-million growth at 1.9 last year and there is about a \$68-million growth at 2.9. So if we fell back to 1.9, we would probably have an exposure of somewhere between, say, \$30 million to \$40 million. But we would have to do a little bit more due diligence on the analytics of that if you want further clarification.

Mr. Loewen: No, that is fine. I am just looking for ballpark and what the relative exposure could be if growth targets are not met. With regard to the corporation income tax, I note a couple of years ago there were some one-time adjustments in there. But again, the numbers are going up from last year by about \$25 million or so. Is that just based on, again, estimates for GDP? Or are there any other factors in there?

Mr. Selinger: This one we, quote, "run the numbers off the federal estimates." They pretty much project what the corporate income taxes will be on a national basis and then we take our proportionate share of that.

Mr. Loewen: Would that also generate the numbers for the capital tax?

Mr. Selinger: I am assuming the member is working off the 138-153.5 number there. That number tends to be more stable, but reflected in there is the changing methodology that we level capital tax for banks by. As you will note in the Budget, we now include the subordinated debt in the calculation of the capital tax for banks and that is reflected in that number there.

Mr. Loewen: Has the minister had any feedback from the banks on how that might affect their operations in Manitoba?

Mr. Selinger: I did spend quite an evening with a huge room of these bankers after the Budget, and they seemed remarkably jovial and indicated no negative impacts to me, at least that evening. This methodology that we are using now is pretty much standard across the country.

We were sort of the laggard in terms of using this approach that we have now implemented in this

Budget, so I do not think it was a surprise to them what we did in terms of the methodology we used.

Mr. Loewen: With regard to the gasoline tax, I am curious as to the assumptions behind that tax actually falling, given the increase in gas prices that we are seeing.

Mr. Selinger: That is a good question. I ask the member to look at that gasoline tax line in relation to the motor fuel tax line. There has been a shift of propane from the gasoline tax category to the motor fuel tax category, which explains the decline and the increase in those two lines in part.

Mr. Loewen: With regard to the gasoline taxes, are there any assumptions in there with regard to increased ethanol use during this year? Ethanol?

Mr. Selinger: It is considered a minor factor for this year's Estimates.

Mr. Loewen: With regard to the payroll tax, one of the primary job-killing taxes that the business community complains about, could you give me the assumptions behind the significant increase there?

Mr. Selinger: Just to be clear, I think the member is referring from the growth from 270 to 280. I think it simply reflects projections on levels of employment within the province and participation rates in the economy as well as income growth with those people working.

Mr. Loewen: Could you give a little more detail in terms of the projected income growth rates that have been factored into that?

Mr. Selinger: A most helpful statistic that would explain the growth in the payroll levy would be the table on page A25 in the budget papers. There is the Manitoba Outlook at a Glance. You can see the employment growth from '03 to '04 has gone from 0.3 to 1.2 and projected at, in '05, 1.1. So that is probably the primary statistic driving the growth in the payroll tax. Of course, that is combined with the overall growth in salaries in the province.

Mr. Loewen: Does the minister have a little more information on the particular sectors that he feels will show that type of growth this year in employment in particular? I mean, the manufacturers from what I understand are still suffering very

substantially as a result of increases in the dollar as well as other things. I am just curious what sector that is going to be attributed to.

* (11:00)

Mr. Selinger: Before I answer that, I am just going to give the member the growth from 2002-2003 to 2003-2004 in the levy for health and education as it is called, was 4.3 percent. Where is the activity occurring? Well, obviously, quite a bit in the residential and commercial construction sector. There is quite a lot going on there. Retail sales are reasonably strong. We are spending more money on infrastructure. That generates direct employment. Manufacturing, I think, is actually picking up, quite frankly. We see a rebound in the manufacturing sector. My ADM, chief economist, informs me that just virtually all sectors in the economy are showing an uptake for the coming year.

Mr. Loewen: With regard to the insurance corporations' tax, can the minister indicate how much of that comes from the private sector.

Mr. Selinger: Just for the clarification of my officials, is the member asking on the insurance corporation tax what portion is from business versus individuals or public versus private sector?

We do not have a breakout of that here. We have 2 percent of the net amount of premiums payable under life and accident and sickness contracts is a tax, and 3 percent of the net amount of the premiums payable under any other contract of insurance, but we do not have a further breakdown. If he wants me to take that as notice and try to get a little more information on that, I would be happy to do that.

Mr. Loewen: Yes, I would appreciate a little more information on that.

Could the minister indicate, in terms of the mining tax, what has again rebounded quite a bit there?

Mr. Selinger: Mining tax is, for the most part, nickel, and it is, for the most part, a number given to us by the industry itself. It just reflects higher nickel prices in the world commodities markets right now.

Mr. Loewen: With regard to the retail sales tax, could the minister just give me again the

assumptions behind the projection there, both in terms of retail sales growth and in terms of—

Mr. Selinger: Just to bring in the person that prepared the analysis of that to the table, so we can review it. I read into the Hansard last time, and I am hoping the member of the staff has brought you a copy today, but we will see right away.

The assumptions that we were using behind the PST increase, I am going to provide a copy to the member. I undertook to do that last time. Normally, we like to scrape off the identifiers, but I am just going to give it to you on faith here. Maybe we could provide that through the Chair.

Just to summarize. We started with the base assumption that there would be a rebound in the economy this year essentially at about 50 percent higher than last year's growth, with nominal growth being in the range of 5 percent, reflecting some major projects that are underway or about to begin. Public and private investment is forecast by the Conference Board of Canada to increase almost 7 percent and business purchases are about half of the PST base, along with continuing low interest rates, Manitobans' high savings and low debt levels; these factors can support strong growth in housing construction, renovation and the purchase of big-ticket consumer items.

All of these factors indicate or lead to the conclusion that PST growth will exceed nominal growth in the economy and year-to-date retail growth trade has been strong: 7 percent versus February '03, the second-highest in Canada.

In the first two months of '04 Manitoba retail sales increased 5.7 percent versus January-February '03, also the second-best among provinces. Even with all the disasters and other issues we had in Manitoba last year, we had 4% growth in nominal terms. PST grew by over 5 percent in '03, whereas retail trade only grew by 2.3 percent.

In '03-04 revenue was 5 million above the forecast in '03. That leads to the conclusion that the projection here looks attainable under current economic outlook and that is the old "all things being equal" assumption.

Mr. Loewen: Any concern that the Retail Council is predicting retail sales at a lower level, I think about

3.5, I have not got the numbers right in front of me, and The Conference Board is I think down around 3. I may have those reversed. But they are, anyway, substantially lower, I think, than the numbers that you are indicating. Have they revised those numbers?

Mr. Selinger: The Conference Board of Canada, I am informed, was around 5.1 percent. That was their projection.

Mr. Loewen: I think the Retail Council was about 3.5. Any concerns there with regard to their projections? Is that something that normally fluctuates that much?

Mr. Selinger: The number from the Retail Council includes a lot of non-taxable items such as food and it does not include business transactions that generate sales tax. So the assumptions on which they make their estimates, which we have not examined and we are not clear how they do it, we think might be narrower than the fundamentals we use in the numbers we are putting forward in the Budget.

* (11:10)

Mr. Loewen: With regard to the Estimates forecast for the investment, I notice from the April 29 Economic Highlights report that in year-to-date private sector, it is up a little, but it was down 3.3 percent last year, up 2.2 percent this year, but it is primarily the public-sector investment that, I presume, the minister is relying on in terms of his gross. Could you give me some indication of which projects have got factored in there from the public-sector investment?

Mr. Selinger: This data is received from Stats Canada, and they do not actually zero in on specific projects. It is their projections that we take into account when we give you these numbers.

Mr. Loewen: Just for clarification, because I thought you had said that, in talking about the reasons for the PST increase, you had considered in there the fact that there are a number of public-sector investment projects on line this year. I am just trying to get a handle for which ones you are considering.

Mr. Selinger: I did say, and it is on the fourth bulletin on the talking points that I handed out to the member, that the Conference Board projected an

increase, reflecting several major projects under way or are about to begin, of about 7 percent. Their model, really, is driven by the macro model itself and then my economist informs me that they do sort of a check against headlines and stuff to see what is actually happening in the community, but they do not sort of put a basket of specific projects together upon which they base their calculation. It is a modelling approach, and then it is referenced against what is available out there in terms of press releases and announcements to see if it actually has some congruence to it and stands up to sort of empirical verification, but it is model driven.

Mr. Loewen: Well, would there be concerns with the minister, regarding the fact that they are projecting 7 percent and the latest indicators indicate it is 5.4 percent?

Mr. Selinger: There are two different sources of information. The 7 percent is the Conference Board of Canada; the 5.4 is Statistics Canada. It was a late 2003 estimate. It does not really function as a forecast. It is not considered to be a primary forecasting tool.

Mr. Loewen: Once again, I am just trying to get at the risk factor there, in terms of making these revenue targets because they certainly seem aggressive given the state of economic growth that we have seen, and a lot of other factors in my mind. If the 7% number was reduced to 5 percent, would that have a significant impact in terms of that revenue line?

Mr. Selinger: Two points: The methodology used is pretty much the methodology used in all provinces. It is model driven. In terms of the risk factors, I mean, we do monitor these things, obviously, to see if there is a slowdown and we monitor in real time through taxation division in terms of revenues coming in against budget, and then our economists are constantly sort of involved in forecast revisions as they go forward from the banks and other sources of information. But at this stage we do not see a risk emerging in terms of any of the new data we are getting. At this stage of the game it looks all right. Now, it is fairly early in the year, but, at this point, it looks like it is holding. My Taxation ADM indicates to me that April is a little bit stronger than actually forecast.

Mr. Loewen: Always good to hear the good news. I am just wondering if a model was run at 5 percent—I would assume that the model gets run at various numbers before the Budget is published—what the difference would show.

Mr. Selinger: Just for further clarification, the macro-economic growth forecast is based on the Conference Board of Canada. Then our officials take that information and do the revenue forecast for taxation revenues based on that. They do not get more than one set of data from the Conference Board of Canada for purposes of risk analysis, but as the year goes along, if the Conference Board puts out data revisions or forecast revisions, then our folks further compute what that would mean in terms of revenues for the province. At this stage of the game, the forecast seems to be reasonably accurate. If there are some revised forecast numbers, then our officials would do the computations that arise from that, but they do not have anything hard right now in terms of risk analysis.

I know what the member is asking. He is trying to say that if it was not 7, if it was 6, or 5.4, what would it mean in terms of shifts downward in revenue? We do not have a hard number. We, at this stage of the game, would have to take that as notice and do some work on that if he wanted to pursue that.

Mr. Loewen: I would be looking, at some point, to get a ballpark number. I do not want to put the staff through six weeks of work to get it. If it is simply a matter of plugging in a computer model and having it run over the weekend so it spews out the paper Monday morning, I would look to the minister for some advice, but I would be very interested in what the risk factor is here because it is, certainly, a substantial increase.

Mr. Selinger: It is actually not that simple. There is a fair amount of judgment in entering the data, but if you look at that retail sales tax line, in the '03-04 Budget it was projected at 1.57 billion and change, and that was at about a 2.9% economic growth projection. Even though growth came in at least a point below that, the retail sales tax actually beat that number. So there is a fair amount of give here in terms of what the local experience turns out to be.

* (11:20)

Mr. Loewen: Can the minister indicate how much tax was collected as a result of the broadening of the PST to the mechanical and electrical tax that was made in last year's Budget?

Mr. Selinger: My ADM of Taxation informs me that the forecast for revenue was pretty much as expected, except for the adjustment of a stronger construction season than originally forecast, and that did generate some additional revenue.

Mr. Loewen: I was looking for a harder number.

Mr. Selinger: So was I. I am threatening to reveal the home address of my ADM of Taxation unless he comes up with something a little harder, but so far he is resisting. He informs me he will get back to us.

An Honourable Member: I am just trying to verify what was projected in the Budget—

Mr. Chairperson: The honourable Member for Fort Whyte. Do you want that recorded?

Mr. Loewen: Everything I say from now on will be recorded. That is just satisfactory. Thanks.

I am just trying to, again, get a hard comparison, a little harder comparison. I realize it may not be 100 percent, but in terms of what the projections were and what was actually achieved. I would hope that would not be too difficult for the ADM and the minister to provide.

Mr. Selinger: Given that the member is aware of the recreational activities of the ADM in Taxation, we will see if he can generate that without changing his lifestyle.

Mr. Loewen: I appreciate that. We can joke about it a bit in here, but it is a very serious issue for a lot of the contractors that I have heard from throughout the year and have met with a few. So that would be helpful.

I would also ask the minister if he could indicate whether—and he mentioned again to the member from River Heights the other day with regard to the expansion of the PST to include accounting, architectural, and other legal and other services, that the numbers were primarily based on information that they had received from Saskatchewan.

I wonder if there is any information that they have garnered from Saskatchewan that would indicate whether there might have been and, to be frank, I am not sure when it was introduced in Saskatchewan, but, certainly, rumblings in the business community are indicating that there will be a considerable increase in consulting fees this year, possibly at the expense of other fees. I am just wondering if that has been factored into the equation when the estimates were done.

Mr. Selinger: Just before I return to the question immediately in front of us, on the electrical-mechanical tax, our tax officials have actually surveyed a hundred participants in the industry that were affected by that tax. The feedback has, for the most part, been very positive. They feel it is a level playing field, a more understandable application methodology, and they have been very satisfied with the outcomes of that approach. So we are getting positive feedback on that simplification and clarification of how that should go. I just want to remind the member that that was actually the industry that approached us to sort of straighten that out.

On the topic at hand, the retail sales tax extension to professional services, the experience in Saskatchewan has been that the revenue projections have been met. They have not done a huge amount of auditing yet; it has only been in place for a couple of years, but the revenue targets, as projected, have been met, which leads them to conclude, prior to extensive auditing, that there has not been a lot of shifting. I think the member is suggesting that there might be a lot of shifting of activity into the consulting side to avoid the taxation, and when the tax, I understand, was put in place and constructed for Saskatchewan, they wanted to exempt, you know, estate planners, CFPs, that type of activity, but we have no reason to believe at this stage that it will cause distortions in the way people receive services.

Mr. Loewen: Is there going to be a tracking system put in place so at this time next year we will know what the results have been of the expansion of that PST?

Mr. Selinger: As we discussed the other day, there is a sort of common coding system called NAICS, North American Industrial Code, and "S", we are not clear what that stands for, system, code system, North American industrial classification system sounds about right. That system will be used here to

track the experience of the extension of the retail sales tax.

Mr. Loewen: I would like to move on to some of the other revenue figures now, and there is a substantial increase forecast in the Refund of Prior Years' Expenditures section with regard to Finance. Could I get a little more background, and I am on the Estimates of Revenue book, page 7, under Finance?

Mr. Selinger: Just because of the complexities of our situation, I am going to have to just wait until the official comes down that knows the specifics of that line, but if you want to move on, I will get that for you as soon as I can.

Mr. Loewen: I appreciate that, and perhaps that official would have the information on the increase in Sundry revenue in that section as well at the same time.

I am going to move on to Other Revenue, Justice, on page 8 then. With regard to the Escheats to the Crown, about a \$10-million increase there. Could I get some background information on that? *[interjection]* I am on page 8, Other Revenue, 2, under Justice (d).

* (11:30)

Mr. Selinger: All those questions can be answered when we get the Treasury Board officials in the room.

Mr. Loewen: Just before the existing staff leaves, I do have a couple more questions, I think, just on items. Sorry, I did not realize that we were going to do a complete changeover.

Mr. Selinger: Just for further information, to explain some of the revenue increases, housing starts in Winnipeg were up 16.3 percent last year, and 40 percent of new homes built in Winnipeg last year were over \$200,000 or higher. So that is a bit of an explanation why some of the revenues might be a little bit higher on sales taxes, et cetera.

Mr. Loewen: Further to that, a lot of those houses were built in Fort Whyte. There is not a whole lot of room left. So, hopefully, that will not have too big of an impact in terms of the numbers that have been forecast, because, I can tell you from personal experience, they are running out of lots pretty quick.

With regard to the advertising for this year's Budget, could I get a number?

Mr. Selinger: The advertising for this year's Budget was in the order of about \$130,000.

Mr. Loewen: How would that compare to previous years?

Mr. Selinger: It is a little bit lower. Starting from '99-2000, the last budget of the former government, I think they came in around \$240,000. I think we have been running around, I would say an average for when we have been in government would be about 150. I do not have the exact number in front of me but it is running around, say between 150 and 160. This year is a little lower.

Mr. Loewen: Without going through each individual sub-appropriation, could I get an identification of how many vacancies are in the department?

Mr. Selinger: The Estimates are showing vacancies of about 12 FTEs.

Mr. Loewen: Does the minister expect that to continue throughout the year?

Mr. Selinger: It is not entirely clear because it depends on the retirement patterns for the year, but, given the age of the workforce, my ADM informs me he does expect further retirements throughout the year, and then some of those positions will be filled. There is no hard number, but 12 now and retirements to come and some filling required.

Mr. Loewen: Mr. Chair, with regard to the Tobacco Interdiction, is it expected that there be any more resources needed here as a result of the increase in the tobacco tax?

Mr. Selinger: Our investigators at this stage feel they can maintain the integrity of the laws with the resources they have.

Mr. Loewen: With regard, again, to the revenue number that has been associated with tobacco tax, it would seem the assumption has been, in spite of the smoking bans that have been enforced in Winnipeg and presumably the province-wide one that will come into effect this year, in addition to the extra tax that has been put on cigarettes, that there will not be a steep decline in terms of the number of smokers.

Mr. Selinger: The points you raised, the changes in the regulatory environment, plus the disincentive from raising the price, were taken into account in the number projected here in the Budget.

Mr. Loewen: I would be looking for a little more detail. The number, it is a fairly significant increase in terms of the Budget, in terms of total dollars. Can you give me a little more detail behind some of those assumptions? Are we anticipating that the smoking rate will continue to drop as a result of a tax increase and the remainder is to be made up by just the increase in the tax revenue?

If you have that percentage, that would be great, too.

Mr. Selinger: Every year that there is an increase in tobacco tax there is an assumption that there will be a decline in overall consumption of tobacco products. That rationale was again incorporated into the Estimates this year.

Previous years' forecasts have come pretty close in actual terms to what was projected at the beginning of the year in the budget. At this stage of the game, we do not see any reason why we should be that far off again this year. We think when you calculate in reduced consumption plus increased price that there still will be net revenue growth.

Mr. Loewen: In previous years, the minister has had a little harder statistics in terms of where the percentages of the smoking population are. Do you have any more detail than that?

Mr. Selinger: I think we have seen a 17% decline in consumption over the last few years. I do not have the data right in front of me. We have seen a decline among young folks taking up the consumption of tobacco. Obviously, the new variable coming forward for this year is what happens when the October 1 law comes into place.

In our Budget, we said smoking in Manitoba has decreased approximately 19 percent from January '01 to June '03, according to Health Canada. That was the stat we used in the Budget.

* (11:40)

Mr. Loewen: With regard to the number of smuggling offences or the amount of recoveries, has there

been any significant fluctuation over the course of the last two years?

Mr. Selinger: There was one notable seizure of fine cut this spring. I think it was in the West Hawk Lake area. I do not know if the member saw it in the news. It was about \$1 million, I believe.

Generally, to date, since 1994 there has been a recovery of 77 000 cartons of smuggled cigarettes, 3.47 million grams of fine-cut tobacco, and 26 000 cigars. The folks who administer this Tobacco Interdiction program are fairly effective at determining if there is illegal activity going on. The feeling is that most of this product is really not destined for Manitoba; it is passing through the province from the east often to the west and we happen to be in a position to capture a lot of it.

Mr. Loewen: What I was really looking for is if there has been any significant increase in the last one or two years in terms of either the number of cartons that have been confiscated or the fines. Is that information available?

Mr. Selinger: The trend is showing no dramatic increases. As a matter of fact, my officials inform me there has been a slight downward trend, with that notable exception I mentioned this spring in the West Hawk Lake area.

Mr. Loewen: With regard to sub-appropriation 7.4.(c) Audit, has there been any noticeable variation in activities, or outstanding audits in this particular area? Again, if you have some hard number comparison, that would be good.

Mr. Selinger: It seems steady as she goes in terms of audit activity. Revenue targets are being met, in terms of that activity.

Mr. Loewen: Are you going to have to bring in separate staff for the Insurance and Risk Management area?

An Honourable Member: Yes.

Mr. Loewen: Well, perhaps if we could go back to my questions on the revenue and get that out of the way.

Mr. Selinger: Mr. Chairperson, on the line under Finance, Refund of Prior Years' Expenditures, that

reflects the employer's portion of surplus in group life insurance. The Sundry line, does the member want me to repeat that? *[interjection]* On the line referring to Refund of Prior Years' Expenditures, 2.(g) in Finance, that reflects the employer's portion of surplus in the group insurance fund. The Sundry line reflects some modest fees for registration of tax rebate discounters, a modest amount of money for salary recoveries from the federal government, clearance certificate charges, RST refund processing fee, originally approved in '02-03, and a revenue-sharing payment from the Manitoba Gaming Control Commission, of which the revenue-sharing payment is \$1 million. All the rest is everything else.

Mr. Loewen: Mr. Chair, could I get a few more specifics on that \$1 million from the Gaming Control Commission?

Mr. Selinger: As I understood it, when we review the special operating agency, the feeling was they could provide that revenue-sharing payment, which all special operating agencies, with a few exceptions, do provide a dividend to government based on their business activity. Mr. Chair, the judgment was they could provide that revenue-sharing payment this year.

Mr. Loewen: Well, specific to that issue, I know the hotels and other licensees paid I think what amounts to basically a rental fee to the Government, which was sitting in an account. Is this a reduction of that account specifically?

Mr. Selinger: I would have to check the specifics on that for the member and get back to him on that. I do not have the staff here right now who can answer that, but I will get the information for him.

Mr. Loewen: Okay. I think we will probably wrap up these Estimates on Monday. I would appreciate it if I could get an answer for then.

Again, it is such a large variance in the insurance. Could the minister indicate if that is unusual, or I guess what the specifics are of that rather unusual amount this year?

Mr. Selinger: As I understand it, it was a surplus that had accumulated over a period of time in the group life insurance fund. With the assent of the employees that surplus is available to the employer, being the Government of Manitoba.

Mr. Loewen: Is that analysis based on historical use? If so, is that over a long term, over a short term?

Mr. Selinger: Again, I think the short answer is, yes, that it is based on analysis of what the fund needs, but I will have to get specifics for him for Monday if he wants a little more detail on that.

Mr. Loewen: Yes, I would appreciate that. I am moving back to the Justice, I guess, in terms of other revenue; item (d), which has gone from '04 Estimates of \$11 million to \$21 million.

Mr. Selinger: I will have to take that up with the member when we get Treasury Board in front of us. I do not have a specific briefing note or information on that in front of me at the moment.

Mr. Loewen: I have just noticed in my notes, I think I have missed one question as well. Hopefully, we have the right people at the table to still answer that. It has to do with regard to the land transfer tax, again, a very significant increase there, some of which is as the result of a tax change as indicated in the Budget. Is this simply a reflection of more transactions anticipated this year?

* (11:50)

Mr. Selinger: The short answer is it is volume and the modest increase as indicated in the Budget.

Mr. Loewen: Again, the increase in the Budget indicates that it will be about, well, close to \$1 million this year, whereas the estimate is going from \$14 million to \$21 million, an increase of almost 50 percent over and above that tax increase. I am just wondering what is driving that.

I know most of the people I talk to in rural Manitoba are not hopeful that they will sell much land this year.

Mr. Selinger: It is volume-driven. If the member would turn to page B9 in the budget papers, the forecast for '03-04 compared to budget is about 3.3 million up. It is strictly because of the amount of residential activity going on, and some commercial activity as well. So you can see that it was up 3 million over what the Budget projected. It has projected 4 million more based over forecast, not the 7 but 4 million over actual for next year, based on strong commercial and residential real estate activity.

Mr. Loewen: Well, again, just for clarification, we certainly have had a strong increase in the housing market, but the economic indicator report I had for March—I have not had an opportunity to check it for April yet—does not indicate quite as strong a growth so far this year. I realize it is early, but is the minister saying they are expecting a very large ramp-up over the summer months?

Mr. Selinger: Again, we are expecting a strong construction season. For clarification, if farmland is turned over and retained for farmland use, the land transfer tax does not apply, so it would be non-agricultural, land-based transactions. Mr. Chair, the market remains buoyant.

Mr. Loewen: So no concerns showing up so far this year that would make that number unattainable.

Mr. Selinger: The collective wisdom of my officials is that there are no concerns yet.

Mr. Loewen: The increase in the Transportation and Government Services area, particularly the licence fees, I gather, is strictly the result of the \$23 increase?

Mr. Selinger: That is my understanding.

Mr. Loewen: Again, with regard to the Water Stewardship section and, in particular, the Water Power Rentals—

Mr. Selinger: That projection is essentially based on a return to normal levels of activity.

Mr. Loewen: Is the minister comfortable that is an assumption that would still be valid today?

Mr. Selinger: So far this year it looks okay.

Mr. Loewen: With regard to the Sale of Government Assets, the \$4.4 million that is budgeted there, would that include the possible sale of Hecla Island Resort?

Mr. Selinger: I do not think the number is based on that assumption, that there necessarily will have to be a sale of that asset this year to meet that target. There are a variety of possible government assets that are in a position where they might be disposed of. Now I do not think that was actually factored into the assumptions. That would be my guess, subject to correction on that. I do not have the Treasury Board

officials here. My understanding is that was not part of the assumptions made on that revenue projection number.

Mr. Loewen: Well, is the minister indicating that is a question that should be asked when we have the Treasury Board officials at the table?

Mr. Selinger: I will stay with my answer for now. I do not think that the Hecla Island situation was factored into any revenue number that the member referred to.

Mr. Loewen: If you can bear with me for a minute, I am just trying to make sure we have finished off everything. What I would like to do is just finish every area except the Treasury Board today so that we do not have to use up staff time unnecessarily. I know my colleague from Inkster has some questions for the day as well.

Mr. Chair, with regard to the Insurance and Risk Management, any unusual activities expected there or anticipated there as a result of the federal government's recent announcement regarding the steps they are going to take to beef up security, or are you anticipating that that will have any impact on the activities in this department.

Mr. Selinger: From an insurance perspective, we are not anticipating any dramatic increases in premiums. In terms of security activity, that is handled by Transportation and Government Services.

Mr. Loewen: Well, based on that, I do believe that when we come back on Monday, the only staff that I will require will be for the Treasury Board Secretariat, at that point.

Mr. Selinger: We can pull in the Treasury Board officials now if you want to get started on that.

Mr. Loewen: Well, I had agreed that the member from Inkster could take up about a half an hour to finish off their questions. If there is anything else I have, I will jump in before he is done, hopefully.

Just in case they do not come back on Monday, I would just like to pass on my thanks to all the staff for the information they have provided during this round of Estimates.

Mr. Selinger: Duly noted, and we are ready for questions from the member from Inkster if he wants to proceed.

Mr. Kevin Lamoureux (Inkster): I do have a number of questions that I was wanting to ask related to revenues. I am trying to get a bit better of an understanding to start off with, in terms of the retail sales tax. I know there is a \$92-million difference between 2003-2004, 2004-2005 Estimate documents on page B9. In order to try to assist me on this, maybe if the minister could give me some sort of an indication of what would be a typical increase year over year in retail sales tax. So, for example, let us say, four years ago, how much money would we have received in retail sales tax and then the following years?

Mr. Selinger: First of all, I am going to have to say that I do not think there is such a thing as a typical year in retail sales tax. Local activity in the retail sales tax market is a function of the growth in people's income, their comfort level in terms of job security and how they feel generally in terms of consumer optimism, and there are surveys done of consumer intentions and optimism on an annual basis and within-year as well. I do not know if the member was here earlier but I have given a fairly detailed explanation of how that revenue number was arrived at. If he wants me to go back into the explanation for why we are projecting \$92 million more, we would be happy to do that.

*(12:00)

In terms of recent experience in retail sales tax growth, from 1995-1996 to 1996-1997, it grew 5.5 percent; from that year to 1997-1998, it grew 9 percent; from 1998-1999, it grew 6.3 percent; in 1999-2000, it grew 4 percent; in 2000-2001, it grew 1.6 percent. You will remember the events of that year. In '01-02, it grew 3.4 percent; in '02-03, it grew 4.4 percent; and in '03-04, it grew 5.6 percent. If the member would like me to repeat any of that I would be happy to.

Mr. Lamoureux: Could the minister give an indication of, with the new taxes that have been put on the services in this particular budget, what percentage of that \$92 million would be derived from those new taxes? Is it \$21 million?

Mr. Selinger: The projection for this fiscal year is about \$17 million.

Mr. Lamoureux: Mr. Chairperson, I realize that. That is actually a part of the document that the

minister provides, but in any fiscal year I understand that using this document, is it \$21 million that they expect to receive?

Mr. Selinger: The experience for the '04-05 year is 17.2, as I indicated, and we think it will annualize out, as indicated on D1 in the budget papers, to 23.9 on a full-year basis.

Mr. Lamoureux: We had discussions with some members from the Law Society, and they anticipate somewhere between 17, right around that \$17 million to \$20 million in terms of revenue towards the PST that could in fact be generated. Is that a fair number that we are being told from the Law Society?

Mr. Selinger: My officials are standing by the numbers I have just indicated to the member, 17 million within year, this year, and 23.9, next. There have been conversations with the Law Society and our officials. They understood the tax to be much broader than in fact it is going to be in terms of its application, and they may have well revised their thinking now, given that they have more accurate information on the application of the tax.

Mr. Lamoureux: Mr. Chair, how much tax does this minister believe that he will generate through lawyer services?

Mr. Selinger: We spent a little time on this the other day with the member's colleague from River Heights, and the assumptions made are metricked off of confidential information provided through the government of Saskatchewan, through an exchange of information agreement, tax information exchange agreement. We looked at their experience and then resized it for the size of the Manitoba market. So I cannot give him a specific number at this stage, but I am trying to explain the methodology that was used. It was what was the experience in Saskatchewan, and then resizing it to fit the Manitoba legal base of activity in those areas to which the tax would apply.

Mr. Lamoureux: I do not quite understand why it is you cannot tell us how much you think you are going to generate through the lawyers. I understand that you talked with Saskatchewan officials, and there is some element of need apparently to be somewhat confidential. But, surely to goodness, you should be able to tell us how much money, not in terms of the great details that you might have had with the Department of Finance there, even when you

indicated that you met with possibly the Law Society or representatives from the Law Society, you must have told them something to be able to counter that their numbers were wrong. Am I correct in understanding that the minister knows the number but that he is not prepared to share that number with us?

Mr. Chairperson: Order, please. The member is encouraged to ask the question through the Chair so that there will be no direct confrontation.

Mr. Selinger: My officials inform me that the numbers they got from Saskatchewan, upon which they based their Estimates, were bulk numbers, in other words, for all the professions to which the tax was applied out there in the last two years. Mr. Chairperson, they do not have permission from the government of Saskatchewan to further disaggregate that by the specific professions because it would allow for a further analysis of what the professions in Saskatchewan were yielding in terms of those numbers, which is information that they currently keep confidential. I know it is a bit awkward, but that is the status of the information we have had shared with us. It had been shared with us on a confidential basis.

Mr. Lamoureux: Would it be the intention, Mr. Chairperson, of the Government, then, that at no point would it be prepared, even in future budgets, to share with the Chamber that this amount of tax dollars were generated from the accounting industry or from the lawyers' services, that it has to be bunched together? Can we not expect more detail as to what sort of tax dollars we are getting from what sort of industries?

Mr. Selinger: Mr. Chair, as we go through the actual experience of collecting revenue under the coding system that is used, I do not know if the member was here when I mentioned this NAICS, North American Industry Classification System codes, we will be able to, probably, share information on an aggregate basis by code number. For example, lawyers' RST generated in Manitoba, we likely would be able to share with you going forward, because it would be our own data.

Mr. Lamoureux: Would the Saskatchewan government have that system in place now?

Mr. Selinger: My officials do not feel that they are in a position to comment on what Saskatchewan does in terms of this behaviour.

Mr. Lamoureux: Do your officials have any sense in terms of how much would have come from those different sectors, or would it just have been an all-in-one number that would have been provided to them?

Mr. Selinger: I am informed that we got an all-in-one number from Saskatchewan.

Mr. Lamoureux: Did the department at all consult with Ottawa, in particular? Ottawa has a GST with which we are all familiar. I believe those services that the minister has put on, as a new tax, are already being taxed through GST. Are there areas in law where the GST is applied and the new provincial tax is not going to be applied?

Mr. Selinger: The answer to the member's question is yes.

Mr. Lamoureux: What sort of a variation do you expect to see?

Mr. Selinger: For example, the GST only exempts legal aid. We exempt a variety of other legal services in the application of the PST based on the Saskatchewan experience. There is quite a difference in the base against which the respective GST and PST taxes are applied.

* (12:10)

Mr. Lamoureux: Mr. Chairperson, I suspect it is fair to say that that has actually been costed out.

Mr. Selinger: Just on the specific legal services exempted, under the application of the PST, the legal services in the Budget. Of course, legal aid services would be excluded. Legal services related to liability insurance policy, legal services related to a collective agreement or collected bargaining relationship, both for employers and employees. The member might recall the little flurry we had on that.

Services provided by a notary public or a public officer are exempted as well; services provided by a person to their employer in the course of their employment, so an employee; services performed by a person preparing a document for his own use or acting on his own behalf in an action or proceeding; services provided to a status Indian or Indian Band, if the services relate to property, a business or activity on a reserve.

Services provided to corporations owned by a status Indian or Indian Band are taxable. Services provided to a status Indian or Indian Band relating to Aboriginal treaty or land claims issues are exempt. Services provided to the federal government on condition an RST number is provided are exempt. Legal services provided to federal Crown corps and provincial government department agencies and Crown corps are taxable.

The following services provided by lawyers and law firms are not subject to the RST when segregated from taxable legal services on the client's invoice. Those include providing advice relating to investments, financial planning or estate planning; acting as a trustee, executor, director or administrator of an estate; acting as a commissioner for oaths; providing mediation services; acting as a member of a tribunal; providing immigration or emigration services; teaching and providing courses or seminars; acting as an officer or a director of a corporation, and maintaining the records of a corporation.

That gives you the idea of the services exempted which are presently taxed under the GST. The only one that is exempt under the GST is legal aid services. Mr. Chair, all those other ones I have read into the record are services exempt under our PST application.

Mr. Lamoureux: Now, that would be the reason why the Law Society would have been out with its numbers when they had told us \$17 million to \$20 million?

Mr. Selinger: I would believe that would be a partial explanation for their number, which was at variance with our number.

Mr. Lamoureux: I suspect that having factored that out, the department would have realized how much or had a sense of how much it would have cost by factoring that out. Would that be a fair comment in terms of the tax they would have forgone?

Mr. Selinger: My ADM informs me that that would not be a fair comment.

Mr. Lamoureux: Mr. Chair, has the department had any discussions with Revenue Canada in regard to the GST that it applies to lawyers and the fees that they would have generated in regard to the GST?

Mr. Selinger: My ADM informs me that it is a completely different tax base. He goes on to suggest that it might be irrelevant. I would like to put an adjective in there and say largely irrelevant.

Mr. Lamoureux: The minister could possibly be right. Maybe I am not quite as educated as he is on actuary numbers and so forth. I look at it from a fairly simplistic point of view of GST, PST, 7 percent. If the Government starts excluding things, they should have a sense in terms of what sort of cost benefits are going to be derived by excluding those things or tax relief benefit by excluding those things.

I am not as convinced as his deputy minister and the minister is. I think that there might have been some benefit in checking with Revenue Canada to get a sense of how much they were generating using this tax. Does the minister know, or the department know, if they are aware of whether or not Revenue Canada could even provide a number of that nature? Could they say this is how much GST we collected from the legal profession?

Mr. Selinger: The methodology used to arrive at a revenue estimate did not involve any interaction with the federal government with respect to their GST collections on a much broader base of services. That was just simply not the methodology used. So I understand what the member is doing, he is trying to figure out, you know, get an idea, a ballpark, but they simply used the experience of Saskatchewan which was a directly transferable experience. We have exchange agreements of information with other governments, and that was the basis upon which they made their forecast.

I do want to point out to the member, I do not know if he was in the room the other day when his colleague from River Heights was there. I made a commitment in last year's Estimates, that I would publish tax expenditure information. It does show up on page D16 in the budget papers. You know, it is a similar kind of conversation: "How much does this tax break cost you?" Rather than give inaccurate information, we took last year to do accurate analysis, an assessment of what the tax expenditures forego in revenues in this province. I have listed on those pages, D16 and 17, all the various tax expenditures in this province and what the foregone revenue is for having those expenditures excluded from provincial taxation in this province.

In the future, we will try to continue this practice of publishing tax expenditure information, which had not been published for over a decade. That, I think, would help the member get closer to the kind of information he is looking for on specific items on a go-forward basis.

Mr. Lamoureux: Mr. Chairperson, I appreciate the latter comment. I am wondering if the minister can indicate what percentage of the new tax that is being applied to the service industry is going to be coming from lawyers, if he was to give us just a ballpark figure versus, let us say, the accounting industry and security services.

Mr. Selinger: My ADM, once again, believes that if a percentage was given, Mr. Chair, that could be traced back to the confidential information shared from Saskatchewan. I would not say that he would be running into a brick wall, but he is running into a fairly strong wall of confidentiality on inter-provincial tax sharing information. It is, simply, not to be difficult for the member, but next year we will have actual experience based on the coding system I indicated. I see no reason that I am getting from my officials why I will not be able to share that with you. What we are trying to do is make sure that we do not have other governments feeling that we are violating the agreements we have entered into with them, because it does flow both ways. They ask us for information on our tax experience in certain areas; we share that with them on a confidential basis.

As I indicated here, this is the first time in over a decade that we have got tax expenditure information quantified in the Budget. I have made a commitment to try and continue this practice. I will share with the member next year our actual experience in Manitoba in a way that does not impact negatively on any other jurisdiction.

Mr. Lamoureux: Mr. Chairperson, the other day during Question Period, I had asked the minister with the support staff here, what I had indicated is, that I am not buying into the numbers that are here, based on some of the discussions that I have had. I had indicated during Question Period that if I am wrong, that I would apologize for being wrong. The difference is that if I am wrong an apology will deal with it. If you are wrong, you could potentially be in violation of the balanced budget legislation,

depending in terms as to what degree you are wrong, and I think that—

Mr. Chairperson: Order, please. Do not say "you." You have to address a question to the Chair.

* (12:20)

Mr. Selinger: Mr. Chair, I got the gist of the member's comments. I think he has taken your notice that you would like him not to use those pronouns, but to address questions through the Chair.

You are right. All estimates of revenue in the Budget have risk attached to them, and expenditures with respect to whether we balance the Budget in any given year. I can tell the member that in the four, five budgets that I have been involved, in there are significant in-year variances on both revenues and estimates due to circumstances and events which occur that are not predictable. I can go through it in painful detail how we have had to adjust to that. Starting with the events in New York, the tragic events in New York in 2001, that resulted in a dramatic reduction in corporate income tax revenues to us, in-year.

Then we had the federal accounting error, which the member might recall, where I had the pleasant experience of having a phone call from a national minister of revenue informing me that the day before they had deducted \$168 million of revenue off of us, and that perhaps I would like to engage with him in how to solve the \$700 million she believed we owed them.

You do get these changes in-year and then you have a responsibility to cope with them. The member is very aware of the last year's experience on forest fires, the second-worst in history in the province.

Then on the expenditures side, we have some significant pressures in the health care sector as well. On an almost annual basis, we have had some significant pressures there.

We managed the Budget based on real data that comes in, both on revenue and expenditure side. It is an ongoing process to manage within the balanced budget legislation and the budget parameters that we set out in the spring. We try to come as close as possible to the budget forecast for both revenue and expenditures every year. Our experience has been

reasonably good. We have actually come pretty close in some years. We have actually beat the budget forecast for revenue and expenditures in a couple of years.

It is not a science. Unfortunately, the world does not conform to budgets. Budgets have to adapt to real-world events as they unfold.

Mr. Lamoureux: It is interesting listening to the Minister of Finance as he tries to gain a sympathetic ear. I would like to think that at times I can be sympathetic.

Having said that, I would ask him to be sympathetic to what it is that I am looking at. I look at a budget document in which it says, well, in any given year we are anticipating about \$23 million if it would have been a full year. Then, on the other hand, we have others that are saying well, in one sector of that, it is going to be somewhere between \$17 million to \$20 million. We try to draw out more information to legitimize the numbers that the minister is providing us and we are not able to get those numbers. My leader asked questions the other day in regard to this and some of the answers were somewhat similar.

The confidentiality, maybe it would be worth my quarter or paying the long distance fee or having the taxpayers pay the long distance fee and find out if we could actually get some of the answers from the Department of Finance there. I do not want to say that you have to break the law in terms of confidentiality, I am just surprised with the little bit of information that we can actually be provided so that we can actually see how that number was justified.

Why it is important, Mr. Chairperson? I look to the Minister of Finance to try to get a sympathetic ear, as he tried, for me in regard to this \$4 million difference. If there is more than \$4 million there is a valid argument to be said that it would not have been revenue-neutral. That is why, in my opinion, it is a very important issue and I do not quite understand, and even though we are in the Finance Estimates, I am not being given an explanation other than, well, this is the number. We got it from Saskatchewan. We cannot tell you because it is in confidence.

I ask about the GST and, well, it is not really relevant, the GST, the PST sales tax. So what are we to do, as members of the Opposition, to try to give

legitimacy to numbers which we suspect could be out, Mr. Chairperson? I think it is a fair question, and I am sure the minister can appreciate why it is that we would, maybe, ask for a little bit of his sympathy and co-operation in providing even, as I say, some of these percentages.

If the lawyer service fees make up 50 percent, well, then, we have a fairly good sense that his number could be wrong. We cannot even find out what percentage they anticipate. I did not finish my degree in Economics, I guess, or, if I could employ a couple of actuaries, maybe I would be able to draw some conclusions, but where the Government is a little tight is on ensuring that the Opposition has limited resources, so we do not have the resources we would like to be able to do.

I am hoping by me saying what I have said, maybe I got a little bit of sympathy from the Minister of Finance. Maybe then the minister will understand why it is we suggested, well, look, maybe what we need is something that is more of an independent review, something that is outside of the minister's office, just to give us comfort, because the minister himself is not prepared to give us that comfort.

Mr. Selinger: When it comes to sympathy, I do, actually, have a lot of sympathy for the member's perspective and position. We are aware of his bill in front of the House, in terms of what constitutes a political party and all the perks that attend to that.

All bills are under consideration in the House, as we speak. I can tell the member that, in previous years, his colleague has asked for greater information on tax expenditures, and when you take a look at them here, you can see how extensive they are. I have always endeavoured to provide more information to the public about how tax dollars are spent or not spent, collected or not collected, so I have made that information available for the first time in over a decade. I am going to endeavour next year, as I have indicated to the member, to give him an accurate breakout of how this new extension or broadening of the sales tax will apply in these areas of professional services we have identified.

I will give him that information, and I will try to do it in such a way that the vigorous and rigorous officials in Finance do not feel that they are violating any exchange agreements they have with other jurisdictions.

Mr. Chair, I can tell you, when it comes to sharing information on taxation, particularly individual taxation issues, we have a very strong confidentiality policy, and that is to protect the public and to protect the Government from unnecessary lawsuits and litigation.

I know where you are coming from. I am trying to explain the methodology. We have real time experience in Saskatchewan that we have reconfigured to meet the reality of Manitoba's composition of those professional groups and activity levels, and we have given them a gross number. We will be accountable for that number as we go forward. There are a number of variables that could affect the actual outcomes by the end of the year. We are working

through those now in terms of implementation with those professional groups. There have been several meetings with those professional groups since the day of the Budget. We did some immediate faxes out to them, and my officials have met with them on a regular basis, and we will carry this conversation on next time.

Mr. Chairperson: The hour being 12:30 p.m., committee rise. Call in the Speaker.

IN SESSION

Mr. Deputy Speaker (Conrad Santos): This House is adjourned and stands adjourned until 1:30 p.m. on Monday.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, May 7, 2004

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