

Fourth Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
DEBATES
and
PROCEEDINGS

Official Report
(Hansard)

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

Vol. LVII No. 73 - 10 a.m., Friday, May 19, 2006

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
BRICK, Marilyn	St. Norbert	N.D.P.
CALDWELL, Drew	Brandon East	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CULLEN, Cliff	Turtle Mountain	P.C.
CUMMINGS, Glen	Ste. Rose	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
MACKINTOSH, Gord, Hon.	St. Johns	N.D.P.
MAGUIRE, Larry	Arthur-Virden	P.C.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McFADYEN, Hugh	Fort Whyte	P.C.
McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
MELNICK, Christine, Hon.	Riel	N.D.P.
MITCHELSON, Bonnie	River East	P.C.
MURRAY, Stuart	Kirkfield Park	P.C.
NEVAKSHONOFF, Tom	Interlake	N.D.P.
OSWALD, Theresa, Hon.	Seine River	N.D.P.
PENNER, Jack	Emerson	P.C.
REID, Daryl	Transcona	N.D.P.
REIMER, Jack	Southdale	P.C.
ROBINSON, Eric, Hon.	Rupertsland	N.D.P.
ROCAN, Denis	Carman	P.C.
RONDEAU, Jim, Hon.	Assiniboia	N.D.P.
ROWAT, Leanne	Minnedosa	P.C.
SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SCHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Scott, Hon.	Brandon West	N.D.P.
STEFANSON, Heather	Tuxedo	P.C.
STRUTHERS, Stan, Hon.	Dauphin-Roblin	N.D.P.
SWAN, Andrew	Minto	N.D.P.
TAILLIEU, Mavis	Morris	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, May 19, 2006

The House met at 10 a.m.

**ORDERS OF THE DAY
GOVERNMENT BUSINESS
COMMITTEE OF SUPPLY
(Concurrent Sections)
FINANCE**

* (10:00)

The Acting Chairperson (Ms. Kerri Irvin-Ross): Good morning, everyone. 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 Finance.

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

Mr. Gerald Hawranik (Lac du Bonnet): Madam Acting Chairperson, the Manitoba Chamber of Commerce, in part of their pre-budget submission, believe that there should be a strategy developed by the Province to consider moving the Province from a regime that taxes investment income to one that taxes consumption. I am wondering if there are any studies that have been done by the Department of Finance with respect to that and what the minister's view is with respect to taxing consumption rather than investment income.

Hon. Greg Selinger (Minister of Finance): The former Progressive Conservative government in the province looked at shifting to the harmonized GST-PST, which would move more taxation on to consumption versus the separate PST-GST scheme and decided not to do it because they did not want to be in a position of taxing things like food, clothing, books and other items that they thought had a high saliency to the public and there would be a negative reaction to doing that. So they did look at it before we came into government in the mid-nineties.

I believe it was under the then-Member for Kirkfield Park that that examination would have been done. I think the government of the day decided not to proceed with harmonization. Even at the time there was the potential of an incentive from the federal government to go with harmonization which

no longer exists. They could have received some cash for doing that, and I believe they felt, at that time, that they did not want to start taxing these kinds of items through consumption taxes. So that is my short answer.

Now the member knows as well that in Europe they have value-added taxes in most jurisdictions over there which are significantly higher than our sales tax, and they are probably even higher than a blended sales tax-GST approach. In Europe they also bury it in the price, like there is just one price on the sticker. When you go to the counter, you do not add the tax. It is embedded in the price. So that is a very European model of taxation as more consumption taxes, but it has not been one that this province, at that critical period in the nineties when harmonization was being promoted, decided to participate in.

Mr. Hawranik: The minister refers to the harmonization of the PST and GST system, and obviously the federal government is talking about encouraging provinces to harmonize PST and GST. I know it was rejected once. What is the minister's view in terms of the harmonization issue? Have there been any discussions? Does he plan on holding any discussions with the federal minister? What is his viewpoint on harmonization?

Mr. Selinger: There was some announcement in the federal budget on opening this question up again. There has, as yet, been no concrete specific discussions on this. There was no pre-budget consultation by the new federal government on this matter with the provinces. They just dropped it into their budget text.

I can say, however, that I think they have also muddied the waters somewhat by confusing that issue with fiscal imbalance. I have had some interviews that I have done. There seemed to be a suggestion that if, for example, the federal government vacated 2 percent of the GST, the provinces could then raise their taxes 2 percent, their PST 2 percent to take over the 2 percent reduction in the federal GST, and that would be the solution to fiscal imbalance.

I just want to take this opportunity to say that that is not a solution to fiscal imbalance because a point of PST in, for example, Prince Edward Island,

raises far less per capita than an equivalent point of PST say, in British Columbia or Alberta. So it would not actually help provinces become more competitive with each other. It would widen the disparities even if they both did it. But, even more, if one province raised their PST to backfill the GST and another province did not, the disparities would be even wider. So it is not a solution. I have stated that publicly because I think it is muddy thinking about this fiscal imbalance and not particularly helpful to resolving the real underlying questions.

Mr. Hawranik: The Premier's Economic Advisory Council, I believe, is a good organization that I think that the Premier (Mr. Doer) has set up in terms of getting advice with respect to business and so on. But, really, I think there has to be an engagement of an even broader cross section of Manitobans to make sure that the advisory council looks at all kinds of issues across the province and not just from a business perspective. Are there any plans that the minister is aware to engage a broader section of the province within that council?

Mr. Selinger: The Premier's Economic Advisory Council, as the member correctly suggests, is an innovative mechanism for a broad participation of the different sectors of the Manitoba community on a variety of questions. It is the first of its kind in the province. They themselves engage wider sectors of the community in some of their own work, and many departments have engagement strategies specific to certain types of policy questions that they are examining that goes out and consults various members of different stakeholder groups respective to the question that they are examining. So there are a variety of strategies.

We do budget consultations in every region of the province every year. We have Web site access to government for comment. On specific programs there is outreach and consultation. The Minister of Labour (Ms. Allan) consults widely with labour and business on legislation in that area. In my department, landlord-tenant relationships, there is an advisory council composed of both members. So there is an enormous variety of mechanisms for consultation with the public across all the various departments, and the boards and commissions have numerous responsibilities, some policy advice, some administrative law, and a variety of roles in between that. So it is almost an uncountable number of mechanisms for public engagement on broad issues of public policy that the Province has some responsibility and jurisdiction over.

* (10:10)

Mr. Hawranik: Getting back to the Premier's advisory council, it is still, from what I can tell, hard to determine exactly what the Premier's advisory council recommends and whether the government in fact does anything with respect to those recommendations. I believe that we need an annual report from the council in the form of ideas, targets, results and progress. Are there any plans to produce a public report, an annual report like a report card, on whether the government meets its targets and what exactly the advisory council is recommending?

Mr. Selinger: I think that question really is not within the purview of this minister. That would be a question best asked to the Premier (Mr. Doer) of the province through his Estimates for Executive Council.

Mr. Hawranik: I think we need a more detailed analysis of Manitoba's economy in partnership with the business community, the education system, labour to produce an economic vision to determine Manitoba's economic strengths. Is this something that is within the plans of the Minister of Finance, or are there any discussions with respect to that?

Mr. Selinger: As the member knows, there is an economic growth strategy for the province founded on seven key points which has in the past been published as a specific document through the budget process. The member will know that some of the elements of that are: education first, a focus on research and development, a focus on raising venture capital, a focus on increasing immigration, a focus on keeping government affordable, a focus on developing our energy advantage and, finally, a focus on keeping our community safe and secure and good quality places to live.

There is a seven-point economic growth strategy there. It is becoming better known across the province. The Premier's Economic Advisory Council played a key role in helping develop that vision for the province. It has been articulated, and we have been accountable for progress we have made under that.

Even in this year's budget speech, as in previous speeches, I have worked my way through those various topics in the actual budget text itself of the speech. If the member looks at that, he will see that I comment on immigration, education, research and innovation, promoting investment and trade, clean

energy for a green economy, protecting our water resources, natural areas, environmental stewardship, as well as a number of other topics. There is a section there on building Manitoba as well. So you can see that we use this as a guiding vision for much of the budgeting we do, as well as many other initiatives we take in the province.

Mr. Hawranik: According to the Retail Council of Canada, in 1990, Manitobans had an average disposal personal income of \$18,917 a year; the average Manitoban had that. By 2004 it only rose \$15. Does the minister dispute those numbers? If he does not, what in the budget will address the need to increase real disposal income and to ensure that we at least exceed, or at least try to exceed, the Canadian average in disposable income?

Mr. Selinger: Without overstating the case, in the nineties, personal disposable income in Manitoba declined, and since we have come into government, it has increased every single year. So we have turned a period of decline around and we are seeing more personal disposal income.

The member might recall as well a recent third-party study that came out. I will just ask my deputy if he can identify the source where we found that our family income was in the top half. I think it was in the fourth position, the fourth-best in the country, average family income. So we are finding that incomes are improving, poverty rates are declining and personal disposable income is improving in Manitoba. And we hope to build on that in future.

Mr. Hawranik: A number of groups have indicated, including the Retail Council of Canada, the Canadian Federation of Independent Business and the Chambers of Commerce, all believe that the Manitoba government should really fully index the tax brackets, the personal income tax system, to the rate of inflation.

You have not indexed it in this budget. You have taken some steps toward increasing the personal exemption as a result. Is indexation a priority for this minister? If so, will you be doing it at some time in the future, and what is its estimated cost, if you have an estimated cost, of doing that?

Mr. Selinger: We have not pursued indexation because we, in many cases, have exceeded that in the measures we have taken in budgets. For example, the reduction in the small business tax rate from 9 when we came into office: it was announced to go to 8 by the previous government, but it actually was not

implemented until we took office, down to 4.5 with a target of 3, which would be an over 64 percent decrease in business taxes. It far exceeds any indexed approach that would have occurred.

We take specific responsibility for the tax measures we take. When we improved the non-refundable tax credits, we increased them by 39 percent in one year to catch up with the fact that they had not been adjusted at all in the decade before that, so we have retained some discretion there. We have moved on reducing taxes to small business—I mean, the middle income tax rate has been reduced by over 22 percent. We have reduced the corporate tax rate by over 17 percent. Instead of indexing the threshold for small business, we have doubled it from \$200,000 to \$400,000 by over 100 percent.

All of these things would not have been possible under an indexing policy. Some groups prefer indexation after they have seen the dramatic gains that we have given them, but the reality is that we have given them increases that far exceed any kind of increases and reductions in tax thresholds, that far exceed any indexation strategy.

Mr. Hawranik: We are still one of the only jurisdictions in Canada that do not index our tax brackets to inflation. Does the minister have any information in terms of what its estimated cost would be, considering our inflation rate today, if you were to do that?

Mr. Selinger: I do not have that information available to me, and it would depend what you are proposing to index. I do, however, on the question of personal disposable income, refer the member to the budget papers, page A32. It has a chart there on disposable income and a brief discussion of it and it shows the trend line on that going up.

Mr. Hawranik: First of all, with respect to what it would cost, getting back to the indexation of the personal income tax system and the income tax brackets itself, I would ask that the minister provide that information to me in terms of what its direct cost might be to the treasury if that were done, considering today's inflation rate.

I think it is important to enhance our educational opportunities for Aboriginal people, particularly young Aboriginal people. They represent the greatest potential in terms of our workforce possibilities. I know that where businesses are constantly asking for well-trained people to work to expand their

businesses and to ensure that our economy grows into the future. Can the minister point to something in the budget that is going to be addressing the Aboriginal education issue and how he is going to try to engage more Aboriginal people in the workforce?

Mr. Selinger: It is a good question; it is an important question. We have a young demographic in the Aboriginal community. Many of these people are going to be entering the labour market as we go forward, and we want to ensure that all young people are well trained.

Several initiatives: first of all, in the financing formula for public education, we have provision for Aboriginal education, additional resources in there. So that is something that has been innovated in the core formula for how we allocate money in education.

In addition, in the Department of Education, there are specific initiatives to increase Aboriginal student participation in the education system: culturally appropriate resources, counselling resources, additional support to communities and schools that have large Aboriginal populations. So there are a number of actual cash measures, or budget measures, that are taken to allocate more resources to high-need young people of Aboriginal background that need educational opportunities. That is in the K-12 sector.

In the college and university sector, the member knows we have brought in the University College of the North. It is historic. There has never been a northern university college in the North put in this province before. It is governed by northern peoples; 60 percent of northerners are Aboriginal people. They play a leading role in the governance of the University College of the North.

*(10:20)

There have been significant additional resources put in the budget for the University College of the North. There are campuses in 12 northern communities now that never existed before that are providing opportunities for people right in their communities. They no longer have to leave their homes and their families to get an education. There are distance education opportunities that are being made available through our Broadband Initiative. We have expanded broadband from basically less than 10 percent of coverage of the population in the province to over 70 percent, with a commitment in this budget to expand broadband to even more of the remote communities that have less easily viable access to broadband

opportunities. Broadband provides a channel, a means for communications and content to be delivered to those communities.

In addition, in this budget we have money from the Labour Market Partnership Agreement that will provide further investments in literacy and job readiness training for people in high needs situations, many of them Aboriginal people. We have more money put into literacy programming generally. We have more money put into the adult education centres which helps educate young people. We have more money in the day-care program and more opportunities for people that have children in day care to search out employment while they are in day care. It used to be less than two weeks that they could get a day-care position for their child while they were looking for work so we have provided more supports there. Those are just some examples. If the member wants more information, I would be happy to get it for him.

Mr. Hawranik: Similarly it is important I believe to strengthen the province's English as a second language program. Of course, the Premier has, in fact, stated that the goal is to get to 10,000 new immigrants to Manitoba every year and part of which, of course, I think we can take credit for in terms of the immigrant program that we introduced prior to 1999. However, it seems to be working. We are getting more and more new immigrants coming to Manitoba and I think English as a second language program for new Canadians in Manitoba, I think, has to be strengthened.

Can the minister indicate how this budget has or whether this budget has addressed this particular issue?

Mr. Selinger: The Provincial Nominee Program for immigration is a very important element of our economic growth strategy and the member is right. We have targeted about 10,000 newcomers a year to the province. There are significant more resources in this budget for settlement for newcomers coming to the province. There are other supports for immigrants coming here. There is a program called PLAR, which is an acronym meaning Prior Learning Assessment review, so immigrants coming into Manitoba with foreign credentials can get those credentials assessed in order to get credit for those offshore credentials without having to re-invent and go through the same courses all over again.

Those PLAR resources are in the post-secondary institutions so that students as they go in there can

get their credentials reviewed and advance standing and then a shorter time frame to get the remaining courses they might need to get a credential done. We also have more resources for immigrant physicians and health professionals to get their credits acknowledged, and Manitoba, I think, is becoming one of the better provinces for the reduced amount of time necessary to qualify to be a doctor in the province.

So more settlement resources, more education resources, more prior learning assessment resources, more ESL money is being spent, more money is being invested in ESL training, second-language training so people can get the English skills they need to participate in the labour market. There are a wide variety of initiatives there to help newcomers to Manitoba adapt and adjust to the reality of living in Manitoba and become successful contributors to our communities. As well as ESL resources in the public schools, again there is money being allocated to ESL in the schools for the children that are entering the schools as well as the adults through adult learning opportunities. More counselling resources are being added in the schools to help people make adjustments. Those are just some examples of how we are trying to help newcomers become integral.

Now I should mention as well that the non-profit sector plays a very important role here. They do a lot of work with newcomers, sometimes they sponsor them. They provide supports when they get here. We work with a variety of non-profit organizations. The member will also know we put back in place the Ethnocultural Council. They have a small grant capacity to support cultural organizations to maintain their ability to mobilize their community and strengthen and support and share their cultural as they become fully integrated into our community.

Mr. Peter Dyck (Pembina): I am not sure if the minister is going to be able to give me an answer immediately. This is case specific, but it is a letter that I wrote to the minister in the beginning of April. It has to do with North Star Fibre. It is a recycling company. Anyway, the bottom line is that they brought in equipment from the U.S., something that is not available out here, a total oversight on their part that they did not pay the PST, and through an audit, that was determined. The accountant did not catch it. He is not opposed. In fact, he immediately paid the amount owing.

His issue is that he was assessed \$28,000-and-some-odd dollars as a penalty for something that was an oversight. He paid it immediately. He was just

requesting that there be consideration given of that, again not something that he did wantonly but something that just took place.

I am just wondering if the minister can respond.

Mr. Selinger: We do not usually discuss personal tax information in the public domain, so I am not going to get into the specifics, but I can tell the member this. I am aware of the circumstances. They have been brought to my attention very recently. I have reviewed correspondence that I, at some point, will sign on that. I have asked for further clarification of some issues.

From what I have seen so far on the facts of the situation, when I finally sign off on it, I think there will be fair treatment for this person, which does not necessarily mean he will get exactly what he is requesting. But I think when I do sign the correspondence, I will copy the member, and I think we will make our best efforts to treat him fairly specific to his circumstances.

Mr. Dyck: Okay, I appreciate that, and in discussion with him, fair treatment is what he is looking for.

I have one other case, and this is sort of a generic case in the sense that I will not mention the name. We have a large company in the local area in the processing business, agriculture related, and he is really selling his product internationally. He just called me yesterday. I guess, because of the circumstances in the last two years, he is hovering on the brink of needing to shut down. His issue simply was that in the midst of this whole turmoil that somehow the auditors were really coming in and taking him apart, and he said, I really do not need that on top of this.

All I am asking for is that there be consideration. It is sort of like when you are already down and then you get kicked. So I just ask that there be consideration given to businesses that are struggling. I mean, that is something that is taking place all over the place, but in this case it is in rural Manitoba.

Mr. Selinger: If you think that any of our auditors are in any way being inappropriate, uncivil or rude to any of the taxpayers in Manitoba, I would be happy to know about that. I will follow it up. I do not believe they do that. I think for the most part—and I do get a lot of feedback about this from the community—they are well trained and are being civil to people. They do, obviously, have their job to do.

We do always look at circumstances. If somebody is under a duress situation, we can waive penalties and interest in specific circumstances, but it has to be appropriate. It cannot be an excuse for avoidance. It cannot be an attempt to get out of an obligation that they were well aware of, et cetera. We will review it on the facts.

My officials, first of all, review it. Sometimes they make remissions or interest relief on their own discretion and report it to me on a regular basis. Other times, if it is a complicated case, they will propose a solution to me for signature and response on a specific letter that may have been written to me.

But I assure you, we do try to be fair, and if the member does not feel that any specific individual or company is being treated fairly, he can approach me in my office or off the public record, and we will try to review the circumstances of that situation. It is never our objective to put anybody out of business. It is our objective to allow them to function and to be responsible taxpaying members of the community.

Mr. Dyck: I appreciate that comment. I guess all I am just saying is that there be an element of consideration given to these people. I understand that. I understand that people have a job to do and need to do it. But it is just under these circumstances.

As I say, this is two years now. As the minister is well aware, it has been pretty tough going out there. Just to give you an example, he basically got a crop in of 5 percent of what he usually did to sell, and it puts a real burden on him. That is all I am asking.

* (10:30)

Mr. Selinger: The member should approach me on the specifics and I will have them reviewed. I can assure him of that.

I just want to make another comment about his constituency. I understand it is a zero unemployment constituency. The Winkler region, as I understand it, may be one of the most prosperous in Manitoba, and it has something to do with the hard work of the individuals out there and the cultural attributes they bring to the diligence they do. As I discussed with the member yesterday, I do know some members of his community, and I have always been very impressed with the productivity and the kinds of jobs that are created out in your area.

Mr. Dyck: I appreciate the comments. We want to keep it that way. I would indicate, too, that they are

prepared to pay their fair share of taxes, but only fair. Thank you.

Mr. Hawranik: Yes, sometimes as legislators, we overemphasize the importance, I think, of heavy industry and manufacturing, and we fail to provide enough emphasis on retail businesses, the retail economy that we have in Manitoba. A retail investment, capital investment, occurs throughout the entire province, in every city, in every community, not just in a select few communities as heavy industry does. Investment in the retail industry strengthens the performance of retailers in the community itself. It can create an economy in itself. If you have enough retail, you attract people on a regional basis. It preserves and creates jobs and stimulates employment in other industries and is a whole host of benefits, I think, the retail industry.

I would like to ask the minister: What in fact is in this budget that will encourage retail growth in our retail industry in Manitoba, and what will encourage them to expand and become more competitive? Can he point to something in particular in this budget in that respect?

Mr. Selinger: Thanks for the question. The retail sector is obviously an important sector. It is a service sector. Manitoba's economy is 72 percent services, higher than the Canadian average. I am glad the member from Winkler is here. I think sometimes we think of ourselves still as a primarily agricultural economy. Actually, we are not. We are primarily a service economy now at 72 percent, well above many other jurisdictions across the country.

There are a couple of things. On the demand side, what have we done to support retail sales? Well, we have eliminated the education support levy. We have reduced personal income taxes. We have seen increases in personal disposable income. We have brought in increases to the minimum wage and The Construction Wages Act, while salaries in Manitoba are growing faster than the Canadian average. So all of that means that Manitobans have more money to participate in retail sales, retail purchases. So that is on the demand side.

On the supply side, I have already mentioned to the member that we have dramatically reduced small business taxation for retailers. We have reduced capital taxes for retailers. We have increased the threshold for small business taxation. The vast majority of businesses in Manitoba now pay the small business rate which is one of the lowest in Canada. We provide training to young people to

work in the retail sector. There are many training programs that prepare people to be cashiers, to be bank tellers, to provide service to customers. We have many, many people in Manitoba that speak a variety of languages, and they can use those languages to service the retail sector better, particularly people coming here that may not necessarily want to do retail transactions in English. So we have improved services there.

We have invested in local communities in terms of policing, dramatic increases in policing, so we have safe commercial strips. We have safer neighbourhoods. So we have done a number of things to improve the infrastructure where retail trade occurs. We have program investments outside of Winnipeg in Main Streets Manitoba, where we are investing in the business districts of the smaller towns to help them refurbish those commercial districts to be more viable and attractive in the face of increasing regional competition which pulls dollars out of those communities.

So I think the member would agree with me, retail trade is very important, and the more dollars we can get circulating in our local community and turning over, not just going in there once and then going out, say, through a Wal-Mart back down to the States, but staying in the local community where the people live, work, pay taxes and they go out, in turn, spend their money on other goods and services. We get a virtual circle going.

So there are many investments we have made that support the retail sector. It has been one of the healthiest sectors in Manitoba and across the country. Retail sales grew 6.4 percent, and have been equal to or better than Canada's retail sales for the last five straight years.

Mr. Hawranik: Well, according to the Retail Council of Canada, retail sales in Manitoba have really outpaced the growth. I know the minister had mentioned six-point-some percent, and I believe that the previous year was around a 7 percent increase. They believe that retail sales in Manitoba have outpaced the growth of Manitobans' disposable income. Consumers seem to be able to achieve purchases by increasing their debt load and possibly decreasing their savings. I think that both strategies have reached their limits. The source of spending strength may actually be diminishing.

I am wondering whether the minister has conducted any studies or whether he is aware of any studies that would show that to be the case, and the

fact that he has to possibly rethink some of his strategies in terms of tax reductions and actually offer increased tax reductions, more than he has had in the past, just to ensure that retail spending continues and that people are able to afford purchasing items within their own community.

Mr. Selinger: Well, a couple of comments. First, on a Canada-wide basis, the savings rates of Canadians have gone down and in some cases are negative. That is the negative story there. There is a dramatic reduction in the last five years of saving rates among Canadians generally.

However, the good news within that is most of that expenditure has been going into assets that are increasing in value more rapidly, in many cases, than the savings would get out of a savings account or a short-term investment. People are buying homes. They are fixing up their homes. Home sales and home construction in Manitoba is the strongest in the country. We have seen a tremendous amount of investment by Manitobans in new homes, in fixing up and renovating their homes. Recreational properties is also extremely strong in this province.

So Manitobans are making personal decisions to where to allocate their income and they are being shrewd about it. They are allocating their income into assets that are growing faster than their savings would otherwise grow. So, we have to count on Manitobans' consumer savvy. They are a pretty consumer savvy bunch.

Even though savings have declined across the country, Manitobans still have among the lowest personal debt loads of probably any province in Canada. I think more than 50 percent of Manitobans are debt free, which is a remarkable number; whereas in other jurisdictions, that is quite the opposite of that. The vast majority of people in other jurisdictions are carrying significant debt.

So I do not think we should underestimate the intelligence of Manitobans to deploy their resources wisely on consumer goods and products and assets that they think will be to the benefit of them, not only in terms of short-term consumption, but in terms of long-term asset appreciation. I know that is going on. You can see it all the time.

Now, unlike the United States, where the housing bubble is actually starting to burst somewhat and prices are going down, housing prices in Manitoba are still going up and investment in housing is still going up, higher than the Canadian

average. I think we are one of the leading provinces for housing investment across the country right now. Even though housing prices are escalating in Manitoba and affordability is going down all across the country, affordability in Manitoba still remains one of the best in the country.

Mr. Hawranik: The minister mentions that Manitobans have among the lowest debt loads in the country. However, as people upgrade to a home in a different area of the city or a different area of the province, and with increased costs of housing in the province, obviously that can change and change very quickly. In fact the debt load probably will go up as people continue to upgrade their own residence.

I do not think you can point to the increased value of homes as a way to increase disposable income, because you have to sell the home first before you can actually use it in terms of retail trade. Certainly, if you sell the home, you have to buy another one. You have to have a place to live in any event.

Manitobans seem to have, in my view in any event, because of the increased costs of homes across the province and the possibility that they, of course, may have to increase their debt in order to purchase them—I see that in my practice as a lawyer, too. What I am finding is that more people are buying homes with a mortgage than ever before. It has changed over the last five to ten years. People used to purchase many of their homes for cash and they did not have a debt load. But I am finding more often than not, in probably 95 percent or more times, what happens is that people have to borrow a substantial amount of money at this point.

* (10:40)

So they are going to have a limited scope to increase their disposable income. Certainly, to ensure that the retail trade, the retail sales do continue I think it is the obligation of the minister, as Minister of Finance, to ensure that disposable incomes are not eroded to any great extent, in spite of what is happening in the housing market.

I would like to ask the minister where he feels that budgets in the future should go to increase personal disposable incomes for Manitobans.

Mr. Selinger: First of all, I want to clarify. I hope I did not suggest that a home is a form of personal disposable income. I was trying to suggest that people are using their personal disposable income to

buy assets which are appreciating in value, such as homes, such as recreational properties. They believe those assets are good investments not only for personal use, personal consumption, but that they will have greater value as time goes along when they want to sell them at a later point. So that was really the point I was trying to make.

Just on that, in '05 there was a 6 percent increase in the number of housing unit sales reported by the Winnipeg real estate agency board, a 21 percent increase in sales for 1.62 billion, and since 2000 Manitoba housing starts have increased by 85 percent, among the best in Canada. This trend is continuing in '06. CMHC is forecasting 5,000 or more housing starts every year until 2010, starting in '07. You know, when we came to office housing starts every year were under 2,800, so they are not quite doubled but they are up 70-plus percent. As the member knows, once a person purchases a house, then they furnish it, they put appliances in and they landscape. They do all those things which continue to fuel the retail market.

Housing is a very strong driver of the retail market. I think he is right. I think people are taking out mortgages more than they used to. Not many people buy a home these days with cash. But there was a time when they used to do that, or at least half of it, they would try to get a whack of money down before they purchased a home. I think they are getting more comfortable using debt instruments now, or mortgages, to finance their homes.

We do have to be somewhat careful, we do not control the interest rates. The Bank of Canada, as the member knows, has been bringing up that interest rate every quarter by about 250 basis points, or a quarter of a percent. That is starting to build a little bit of pressure. Although, even at 5 percent to 6 percent, mortgage rates are still relatively low in historic terms, they are going up.

It is not clear where that is going in a go-forward basis. I think there is quite a bit of ambiguity about future interest rate hikes because the country is developing unevenly right now. You have the petrol dollar driving demand in certain regions, but in Ontario the high dollar is creating quite a bit of stress on the manufacturing sector. So it is not clear where the Bank of Canada is going in terms of responding on a national basis to interest rate hikes. I think they are going to have to be somewhat cautious with what is happening in the United States. The retail sector there or consumer demand there seems to be

softening a little bit right now. As the member knows, the deficits that are being incurred, the current account deficits are huge and only moderating a little bit.

But I think in Manitoba, Manitobans are still being very prudent. They are putting their money to things that they think are increasing in value. Their short-term consumer debt, I do not think is getting out of line, although there are pressures all across the country on that. Interest-rate hikes could have some significant dampening effect on demand going forward. What we will do as a government is we will continue to make sure Manitobans have an affordable cost of living, an affordable cost of government, and move forward on making sure that our total cost of living in this province is among the most affordable in Canada so that people have more personal disposable income with which they can make consumer choices.

Hon. Jon Gerrard (River Heights): Let me start by picking up on the issue of the potential for a rise in interest rates. What is the risk to the government for each 1 percent rise in interest rates in terms of additional exposure on the provincial debt and Crown corporation debt? What is the government doing in terms of managing the potential extra cost exposure?

Mr. Selinger: Just on the straightforward question, what a 1 percent interest rate increase would cost us, the rule of thumb is on a fully annualized basis that would be a cost of about \$10.5 million.

Mr. Gerrard: The second issue is what is the government doing. Say, we had a 3 percent rise in the interest rates. That would be an exposure of about \$30 million. What is the risk assessment and what is the approach the government is taking to manage that risk?

Mr. Selinger: Through the wisdom of our professional staff we make an assumption in the budget on what the interest rate costs will be and budget for that. Currently, our budget assumptions are very congruent with where the market is at the moment.

Mr. Gerrard: The budget assumption would be based on an expectation that the interest rates for the next year are going to stay the same or are going to go up, and may go up how much?

Mr. Selinger: From last year to this year, we assumed about a 10-basis point or about one-tenth of

a percent increase in interest rates, and we pretty much called it right.

We usually do not disclose publicly what we think the future interest rates are going to be. We do not want any governors of the Bank of Canada to assume they can get away with anything in terms of increasing interest rates, but we have made prudent assumptions there.

But as the member knows, we are not really that enamoured with having dramatic increases in interest rates right now. We think that there are some significant issues in the manufacturing sector with the high dollar that increased interest rates would aggravate.

Mr. Gerrard: The roughly \$10-million cost on an annual basis, is that for just those debt instruments which are coming up for renewal, and I would guess that that does not include Crown corporation borrowing.

Mr. Selinger: I did not entirely hear the member's question, but before I try to respond to it, I ask him for clarification.

I should also mention to him that another tactic that we have used to manage interest rate issues is that our amount of floating money has been reduced. Where we have gotten favourable rates, we have locked in more money for longer periods of time, so that we have reduced that zone of risk.

It is not directly related to his question, but the member should also know that we have eliminated foreign currency exchange risk as well. We have brought all of our debt back into Canadian dollars, so we do not have that exposure. But we have reduced that amount of floating as we have seen opportunities to lock in debt at very good rates for long periods of time.

Could the member clarify his last question, please?

Mr. Gerrard: The minister has quoted a number of about \$10 million per 1 percent increase in interest rates that would be the cost. Is that based on the debt instruments which are coming up for renewal? Does that include Crown corporation borrowing as well as the general operation borrowing?

Mr. Selinger: The short answer is that we have on this one. Yes, it is in place for current borrowings, as the member asked.

* (10:50)

Does it include Crown corporation borrowings? They do their own planning in that regard. We work with them on that, but they have their own in-house capacity for that.

The biggest Crown corporation that does borrowing is Manitoba Hydro. They hedge their risk there with foreign revenues. They work out a long-term hedge to manage risk there, so they are in pretty good shape that way. In terms of go-forward positions, we all have sort of prudent assumptions of what can be done. Most of the Hydro borrowing, it is not short-term money. Most of it they try to lock in for reasonably long periods of time at good rates, and we have gotten some very favourable rates in the last few years.

Mr. Gerrard: I would like to move on to ask you a question about the provincial commitments and expected expenditures by the provincial government if the OlyWest hog processing and rendering plant goes ahead as planned. What is the commitment from the provincial government? What is the exposure? What are the potential costs?

Mr. Selinger: To be fair, this is really not my Estimates topic. This is for the Minister of Industry, trade and economic development, and I think that would be better directed there where he is responsible for the MIOP loans. There has been a MIOP commitment made. I do actually have a number in my mind, but I would prefer that the member direct it to the minister responsible for that.

There has been, I believe as well, some additional money made available for some infrastructure improvements. Most of the commitment is through a MIOP loan which would have a rate of interest on it that would generate some small benefits for the province. It is not a money-losing proposition. It is a loan that allows them to build the facility to the high standards that we think will be required, but the specifics of that I would encourage the member to pursue with the Minister of Industry (Mr. Rondeau).

Mr. Gerrard: I would imagine that the Minister of Finance would have some general overview of costs on a project of this size. In addition to the costs which the minister has mentioned, I would presume there would be a cost in relationship to the operation of the Clean Environment Commission and review, that there may be some other road, et cetera, infrastructure costs, training costs, costs related to immigrants coming to Manitoba.

Can the Minister of Finance at least, without giving numbers necessarily, give us some estimate of the areas where his department would expect there is some exposure in costs from the provincial perspective?

Mr. Selinger: Well, again, it is a broad question. The Clean Environment Commission, just to take one example, will recover some of its costs from the applicant. Intervener costs will be provided by the applicant. The Clean Environment Commission has a core budget and then, depending on the nature of the topic at hand, they do quite a bit of recovery of costs. So that is looked after.

Immigration I have talked about earlier with the Member for Lac du Bonnet (Mr. Hawranik). We do have a specific target we are working towards of 10,000 immigrants a year. Some of those people would be available and might be interested in working in a facility like this.

Training costs, we have a variety of training programs. I do not have the information in front of me. I am not clear in my own mind at this moment whether we had a specific allocation for training on this project. I would have to check the facts on that. I would encourage the member to pursue that with the Minister of Industry but we do have training budgets available. They are in the Estimates. The ministers responsible for those training budgets are happy to answer questions on that.

We are not putting aside a significant pile of money somewhere to support this project, other than what has been announced in terms of the MIOP loan. Once again, I would have to check the facts on what we did announce in our announcement there. I was not involved directly in the announcement. So I do not want to speak until I get the facts in front of me.

Mr. Gerrard: Let me ask another question which is related in a sense because it deals with hog processing plant and sewage treatment infrastructure. I was in Neepawa Monday morning. They have a hog plant, as the minister well knows, in Neepawa.

My understanding is that, right from the beginning—I think it goes back to about 1988, the sewage treatment infrastructure, the industrial lagoons and so on—there have been problems with this. Even after over that long period of time these issues have never been fixed. So my question to the minister: Is there a capital allocation in the budget to fix that problem?

Mr. Selinger: Well, once again, I am almost certain it is handled through the infrastructure agreement between the federal, provincial and municipal governments. Those kinds of projects come forward in that envelope.

That envelope is under the Minister of Intergovernmental Affairs (Mr. Smith). The member may wish to take up the specifics of that with him, but that is the place where those kinds of needs can be addressed for those specific types of projects.

Mr. Gerrard: In The Sustainable Development Act, there are some specific items which relate to procurement and sustainable development expenditures. I wonder if the Minister of Finance can give us an update on how his department is involved in that process, both on the assessment valuation of sustainable development budgeting and procurement.

Mr. Selinger: The Sustainable Development Act, as the member knows, is the responsibility of the Minister of Conservation (Mr. Struthers). Our department participates in that according to the guidelines. My department, in particular, is not a huge procuring department. We do not really consume enormous amounts of anything but paper, computers, printer ink and things like that. So we participate according to the guidelines.

On the broader question, there are specific policies and guidelines put in place for, say, purchases. That would be under the Minister of Government Services (Mr. Lemieux) that does the life-cycle purchasing policy for a sustainable decision-making process there. We know that they work on that and they have resources dedicated to that, but the broader act's objectives and guidelines are under the responsibility of the Minister of Conservation.

Mr. Gerrard: On the issue of life-cycle purchases and ensuring that the government gets best value for a dollar spent, I would presume that the Minister of Finance would have a significant input in this area. Maybe I am wrong. Maybe the Minister of Finance does not have a role in that at all, but maybe the Minister of Finance could at least explain what his role is and his department's role.

Mr. Selinger: Well, it is through Treasury Board. We ask them and discuss with them whether they have their policies in place. They are responsible for them. We do not try to run everything centrally. They have assured us that they have good policies in place to handle these kinds of sustainable

development initiatives in a way that will help us advance our progress in this area.

So it is really the main department itself that takes the primary responsibility for this. Just generally on issues of the environment, I wanted to draw the member's attention to the document that we put out last summer, Reporting to Manitobans on Performance. We have a discussion document, and in there, one of the areas of discussion is the environment.

Has the member received a copy? Okay, so we can make another copy available to him if he wishes.

What we have tried to do on a broad basis at my level is to start putting indicators in place of how we are advancing in a variety of areas, one of them being the environment. If the member has feedback on that or other suggestions, we are open to that. We put this out as a discussion document to seek public comment from a variety of folks all throughout Manitoba about how we can increase our reporting in this area.

* (11:00)

Mr. Gerrard: Let me pursue an item which I found was missing in that document. I have raised this with the minister before, so he is well aware of it. That is the issue of environmental liabilities to the Province. Clearly, this is an important area for a Minister of Finance to be aware of. What are the environmental liabilities going forward? Can the minister give us an update in terms of where things are and whether, by the next budget, there would be a statement of environmental liabilities?

Mr. Selinger: We are currently in the process, through the Comptroller's department, as well as Treasury Board, at recognizing and identifying our environmental liabilities in the province. We do not have a finalized number yet. I would draw the member's attention to page B45 in the budget document, the smaller one. I think it is under your papers there. Okay. On B45 in '05-06, we will be recording the environmental liabilities for any contaminated sites for which the government is obligated, or likely to become obligated, to incur related remediation costs, when these liabilities can be reasonably estimated. This improvement is as a result of the adoption of new accounting standards for the recognition of liabilities in a government's financial statements. That is a statement I made under improved reporting. Every year I try to identify things that we have done to improve our public

accountability and transparency on accounting and reporting. So, hopefully by year-end, we will have finalized that, and I can probably, in the fall, give the member an update with a number attached to it.

Mr. Gerrard: Well, I look forward to that, and I am sure that the minister will look at the situation in Neepawa and the hog lagoon there and the sewage treatment as an issue where there is an outstanding environmental liability and that here is an area where, if the problem is not attended to, the costs go up as you go down the line. So we need to know what the costs are now, but if you do not look after these things, your costs go up and you end up with higher expenditures. So, clearly, we look forward to the minister's report and see how the minister has done and what the total numbers are in terms of the environmental liabilities.

Last year—let me move on to another area—the minister included a chart in the budget document showing the effect of marginal tax rates for, I think it was, a single individual with a child, and that document was not in this year's budget. The other thing that one would have hoped, that the assessment would have been done again, and that it would have been extended to other categories of individuals so that one could have a look at what this is, not only for mother and children but also for single individuals, et cetera.

Mr. Selinger: The member was referring to a budget paper that we published last year. Every year we develop different budget papers on different topics, and we try to cover a wide area. This year's budget papers, some of the new ones are on community economic development, modernizing government, making government more efficient. Then we have some of the standard ones on the economy and financial statistics, and we have a very good discussion paper, I believe this year on the new focus on fiscal arrangements.

So, with respect to the paper where we had a discussion on poverty last year—I think that was the paper the member is referring to—one of the issues was high tax-back rates for low-income people as they move from various forms of assistance and subsidy into labour market income that they lose income. One of the measures we have already announced this year that helps reduce that high marginal tax-back rate is the new universal child care benefit in the federal budget. We have already said we will not be clawing that back for people on social assistance, so that will help eliminate a high tax-back

rate there. So we are very conscious of that issue in terms of our strategy of trying to lift the floor for all Manitobans to have more income, less poverty, so we have addressed that already this year with respect to the federal budget.

Mr. Gerrard: So it would have been very valuable to have that chart again this year, not only for the individuals from last year, but for other groups and individuals. I hope the minister will consider providing that information next year.

Let me move on. On page 54 of the Estimates, there is a reference to the information technology and consulting services provided by the department. Can the minister tell us whom those services are provided to? Is that within the department, around the government, outside of government?

Mr. Selinger: Was it this document?

Mr. Gerrard: Yes, page 54 on the left side, under Activity Identification, it says: "Provision of information technology expertise and consulting services." So I am just asking about the consulting services being provided.

Mr. Selinger: This is the Information Technology Services that we require to allow the department to function. If the member looks at the document there, he will notice that one of the various significant improvements that we have made to the way we collect taxes, for example, is we have brought in software that allows for a common business number. So, instead of having various tax statutes with different numbers for each tax statute that you have to comply with, we have one number now, so that you can use the same number for compliance with all the various tax statutes.

The member might also remember that last year we brought in a very significant bill that brought all of our tax statutes administration into one place. We have reduced the amount of paper burden for compliance with tax statutes by 44 percent. It was a huge bill that I introduced in the Legislature in the latter part of the session. A huge amount of work went into that.

So right here, these are the specific consultants, for example, on the GenTax, which is a very specific piece of software for administering the tax statutes. The company that provided that software is also the company that provides the consulting services to upgrade it and keep it working effectively as it gets reformed and improved. As you know, the shelf life of a lot of these pieces of software involves upgrades

every three to four years. So, because it is a proprietary piece of software, it is really the people that have developed it that are in the best position to service it.

That would be an example. If the member wants other specific consulting firms, I would have to get the names for them. I do not see them here. I note that, for example, some of our software is getting somewhat outdated here. For example, Visual Basic 6.0 architecture, no longer supported by Microsoft, so we will be looking at an upgrade there. The INET upgrade includes new features for search tools, reallocation of payments and enhances reporting to managers. An upgrade is required to INET to enable on-line filing and paying of provincial taxes. That is a module currently being considered.

So every year we are looking at ways to increase our ability to make it user-friendly for people to meet their tax obligations in an efficient manner with less paperwork. We have an international regime for the collecting of motive fuel tax on trucking that we share among a variety of North American jurisdictions. We have a module there, so we need upgrades there as we go forward with other jurisdictions all coming on-line at the same time. So the IT infrastructure allows us to operate a modern tax system.

The other thing I can say to the member is that he may recall that we have set up a new Department of Energy, Science and Technology, and we have made that department the lead on technology matters, so we will be transferring some of the FTEs that are working in Finance over to that department to provide enterprise support services across the wider government entity. Some of those services used to be provided in the Department of Finance, but with the reorganization, we are making that the locus for technology expertise. Departments retain some of their own capacity but the system-wide functions will be located within that department.

*(11:10)

Mr. Gerrard: In the case of the GenTax package, that is an outside company which is actually providing the consulting services. I had the impression from the way this is worded that the Department of Finance was actually providing consulting services.

Mr. Selinger: With respect to the SAP system, which is a huge back-office piece of software in the government, at one point we used to provide all of that service out of Finance. But we have transferred

the FTEs for that to the new Department of EST to look after that. So at one point, we had in-house capacity which served a variety of departments, but we have now re-allocated that to that new department so we can get more critical mass there and a tighter focus on that.

Mr. Gerrard: So I presume, I mean, you may be looking at whether in fact this "and consulting services" is relevant or whether that activity has actually been transferred out.

Mr. Selinger: The member is right. We are in a situation of transition right now, and it is located here for now. We will see how rapidly the transition proceeds. At a certain point, it will make sense to re-allocate that to the other department.

Mr. Gerrard: I note in the revenue forecast that the revenue for tobacco tax is expected to be down this year compared with last year. That is consistent with the trend to decreased smoking in Manitoba. I just want to ask (a) the minister's view of the accuracy of the forecast here, and (b) can the minister provide an explanation of what is happening and what are his plans with regard to taxation of tobacco sales in First Nations community? I know there have been some issues around that.

Mr. Selinger: I am referring to the detailed revenue Estimates, this document, the member has it. I am on page 5; I am assuming the member is there as well. As the member can see, we see a decline there of about \$8 million and change, \$8.7 million, in tobacco taxes. There is a combination of factors to that. We have seen a dramatic decline in smoking in Manitoba, which is a good-news story, particularly among young people. I believe the amount of young people participating in smoking now is less than 20 percent. I think it is around 16 to 18 percent. We have seen an over 20 percent reduction in consumption generally. I think it is even, is it 21, 22 percent now, a 21 percent decline in gross tobacco consumption in the province, which I think the member would agree is also a positive trend.

With respect to First Nations, we did have some issues there. We have a very unique system in Manitoba which, I think, has been very positive for First Nations communities. As the member knows, they have rights under the Indian Act and, in some cases, treaty rights which allow them to sell tobacco to their own members without levying the provincial tax on it. We have an arrangement in Manitoba since the second half of the nineties whereby if they levy the tax, we rebate that tax to them. It is called band

assessment system. We do that for tobacco as well as for gasoline. That system has generated over \$87 million of taxation for First Nations communities since the inception of the program, which has allowed them to invest that money in things they need: infrastructure, housing, services, et cetera, in their communities once they decide to take the responsibility to tax their own members for these products.

We did have some concerns about that. Some of those tax-out sales in some First Nations communities, we saw trends where those sales were dramatically increasing, and we believe some of that tobacco was being resold to non-Aboriginal people which was in violation of our own legislation. So, unlike every other province, we have now had to bring in some caps on sales that seem to dramatically increase above the historic trend for the needs of that community.

So we have brought in a cap that reflects double the historic use pattern to be fair, to make sure nobody feels that we are trying to over-regulate them. But we also have to protect our own laws about not allowing tax-out sales, which are then quickly resold outside of Aboriginal communities and undermine all the other retailers that sell tax-in. We do not want them to be in a position where they are uncompetitive because of these illicit sales, so we have brought that system into place.

There has been a tremendous amount of work done on that by my officials, including the proper legal consultations with respect to ensuring that the rights of First Nations, treaty rights and other rights under the Indian Act are respected. So we have been very careful to do that and at the same time ensure the integrity of own system.

We have implemented that now, those new regulatory requirements. As far as we can tell so far, they are going reasonably well. I do not think there are any significant problems with the implementation of those new regulations.

Mr. Gerrard: As the minister knows, there is a class action suit for something like \$200 million that is now before the court. So what is the minister doing from the Finance perspective in managing the risk of this action?

Mr. Selinger: I take it the member is referring to the Crocus class action lawsuit? *[interjection]* Okay. I thought he might be referring to something with respect to tobacco that I was not aware of.

On the Crocus matter, we, in all of these cases, have legal advice as to what they think our risks are. We have taken that firmly into account. The member will know that the first class action lawsuit did not name the Government of Manitoba. The second class action lawsuit has now named the Government of Manitoba as a government, no specific individuals, but the government in its collective identity.

We have internal advice on the risk that we face there. We are comfortable, very comfortable that we are managing that risk appropriately.

Mr. Gerrard: The minister has a responsibility in some respects with regard to tenancy-landlord issues. I have heard from quite a number of people about increases in rents which seem out of line with the renovations being done. Can the minister indicate what he and his department are doing about this?

Mr. Selinger: The member is correct, the department of consumer and corporate affairs was integrated into the Department of Finance a few years ago, and one of the dimensions of that is residential tenancies legislation and the administration of that. There is provision in the legislation for property owners or landlords to have increases in rent above the guideline when they make investments in upgrading their apartment stock. When they can show specific investments, they have the right to raise the rent to recover the cost of that investment.

If tenants feel aggrieved by that, they have a right to appeal that, in the first instance to the Residential Tenancies Branch, and I guess in the second instance to the Residential Tenancies Commission. The branch, when they receive these applications from landlords to increase rent above the guidelines—they have to make an application to do that—that application is given due diligence review by the members of the branch to see if it is appropriate and reasonable. When they think it is, they allow a larger than guideline increase. The tenants often are not happy about those increases because they are more than they might have expected. They are given notice of that and they are supposed to see improvements to their buildings which allows them to live with a greater degree of comfort and security.

So rent regulation in Manitoba has become a more flexible instrument to provide protection to consumers at the same time as it is intended to allow landlords to have an adequate return and an adequate return specific to making improvements in their

buildings, which are to the benefit of tenants, as well, and to the community at large.

So we have tried to develop a flexible rent regulation scheme to avoid some of the problems of rigid schemes in other jurisdictions where landlords on older properties will start abandoning those properties because they cannot get the right rate of return commensurate with the investment they need to make to keep the property up-to-date. So it is a balancing act of having good quality properties available for tenants at a price that is reasonable and affordable and that does not allow them to be taken advantage of when market conditions are tight. Just to give the member an example, from January '01 to April of '06, we have seen \$110 million of capital investment in various apartment blocks inside this jurisdiction.

* (11:20)

Mr. Gerrard: The concerns that have been brought to me are that the government is not enforcing the existing regulations and that it is sort of a wild West out there and that people can increase virtually as they want in terms of the landlords. So how many actions has the department taken against landlords for inappropriately increasing rents in the last year?

Mr. Selinger: We are going to try and get those stats for the member as quickly as possible. We do keep records on that. It is sometimes the case. First of all, any apartment with less than three units does not fall under rent regulation. So the member needs to be aware of that. That is a completely open market situation where there is no regulatory regime that applies to it. For units with larger than three units, if a tenant believes that they are being the subject of an increase in rent not related to renovations, but just a market increase in rent, above the guideline, they have full access to the Residential Tenancies Branch where they can file a complaint and it will be investigated.

We do get complaints and we do investigate them, but they have to be brought forward through a complaint. It is a complaint-driven system. So it is important that if you know of any people that feel they are having this negative experience that they bring it to the attention of Residential Tenancies Branch who, I believe, has very good administration there, and they will follow up on those complaints. Sometimes MLAs and members of the community write me directly and I refer it to the branch. We can

follow it up that way as well if there is a specific concern you have.

Mr. Gerrard: No, I just wondered whether the minister had been able to obtain the number of actions brought against.

Mr. Selinger: This year's annual report is not completed yet, but the '04-05 annual report is available, and I am going to give the member just some material to illustrate what is made available in the reports, bearing in mind that it is the '04-05 report. I can make a copy of this available to the member.

I am referring to the '04-05 Annual Report of Finance, page 79, the Activity Report on Appeals, and this is with respect to the commission. There is a variety of different appeals that are made. The rent regulation appeals received were 154 and 104 were processed. But there are a variety of other appeals that came in there. There is claims appeals; 153, 123 processed. There is orders of possession; 139 received, 107 processed. There is a total of tenancy agreements security deposit Issues; 46 received, 46 processed. Repair appeals; 21 received, 16 processed. Of the various different types of activity, there were 524 various forms of appeals made in that year of which the landlords initiated 197 of them and the tenants initiated 322. Interestingly enough, five were done by both parties.

There is quite a lot of information here if the member wishes to peruse it. I can make a copy available to him. As soon as the annual report is out this year we will have updated information on that.

Mr. Gerrard: The government or the minister has talked a fair bit about high tech and biotech. As the minister well knows, this whole field of biotechnology, a lot of it relates to what has happened in the advancing of understanding of genetics and molecular biology. One of the areas which probably in terms of what we should be doing may rank close to the bottom in Canada, but it is clearly an important area, is the area of funding of genetics and clinical genetics and so on. This has clearly been a problem in Manitoba because for whatever reason, in spite of a lot of talk in terms of the biotech and the biotech industry, the basic clinical genetics and the clinical genetics labs have been underfunded. That is sort of a disconnect in a sense between the talk and the action of the government.

So I would just ask the minister to comment on what he plans to do in the area of support for genetics in Manitoba.

Mr. Selinger: Before I do that, I would like to return to page 65 of the annual report where the number of complaints received about unauthorized rent increases in '04-05 were 425 which was actually a decline from the year before of 725. But that information is on that page if he wishes to review that.

On the issue of genetics specifically, as the member knows, I do not directly fund genetics research through the Department of Finance, but we do have a research and development tax credit which we have increased by 33 percent from 15 percent to 20 percent and which piggybacks on a federal research and development tax credit so that somebody putting money into any kind of research and development work gets a very significant benefit off that. I am going to get you a table in a heartbeat that shows the benefit of that.

So we have tried to structure our research and development incentives in Manitoba to incent a variety of different forms of research and development work. Then there is also participation on the spending side with the federal government on various forms of grants that can be made available. In the Department of Agriculture, there is actually R&D research grants that are made available every year. A lot of those grants are lodged with non-profit agricultural societies and can be made available through an application process. So genetics research can be applied for through a variety of mechanisms.

The member might recall a few years ago I committed to publishing a table on tax expenditures. I think it was at the member's request and I have been doing that for the last few years. On the R&D tax credit, the tax expenditure value is about \$15 million in the province. In the budget discussion document, on page A48, I show the after-tax cost of \$100 of R&D expenditure in '06 for a small and large corporation. It varies between \$40.50 roughly and \$42.84 so for \$100 invested in an R&D, the cost is about \$40 to \$42. So it is a very significant benefit for people who invest in R&D activity for a tax expenditure of about \$15 million. So those are the broad outlines. I honestly cannot comment on the specific investments in genetics research. That would be something we would have to investigate through the Department of Industry again what specific activity they are supporting there.

* (11:30)

Mr. Gerrard: Actually, what I was referring to was the basic provision of clinical genetics services that probably are primarily through the Department of Health. This is testing and genetic services, but the fact of the matter is that this forms a base of development of skilled people making sure that tests in the area of clinical genetics tests which are available elsewhere in the country are also available here. We used to have with Dr. John Hamerton, who actually died in the last year, one of the leading clinical genetics units in the whole country but because this area has not received attention, in fact, we are now the laggards. When you are looking at the whole area of biotech and the biotech industry, this is one of those fundamental things in terms of the provision of clinical services, just because it ties in and provides an important role service in terms of health care, but it also provides a critical area where there is training and testing and service for Manitobans which links into the development of new areas as well.

Mr. Selinger: Well, I thank the member for providing me with that insight and information. I think he is correct that the basic provision of clinical genetic services is a Department of Health question. My deputy minister is glazing his eyes on his information with respect to genetics services in the province. I will not ask Treasury Board because I do not think they know a heck of a lot more on this specific topic. But it is an important question.

I think the point the member is making is that there are some basic services that we provide that are our foundation for further efforts and research in development for the biotech sector. The member knows that we have 8 percent of the biotech activity in the country for 4 percent of the population and 41 active companies working in that field right now with lots of promising innovations coming forward there, which the member also knows requires lots of investment at different stages of development as they bring it through various clinical trials to commercial viability.

So I will take the information the member has provided to me as valuable information, but I would encourage him to pursue this line of questioning with the Minister of Health as well.

Mr. Gerrard: Now, asking on a question, an issue which in my understanding has been brought to the minister's attention, has to do with some significant

financial irregularities in terms of the use of government funds by one of the cultural associations, the Indo-Caribbean Cultural Association. I would ask what the Minister of Finance is doing in the case of the financial irregularities which have been brought forward and the concerns which have been raised.

Mr. Selinger: As I call my staff forward from the Comptroller's branch, could the member identify the organization? Does he remember the amount of money that was in question here?

Mr. Gerrard: I cannot remember the amount of money that is at issue, but it is an issue of inappropriate spending of government funds and grants provided to a cultural association and has been brought forward by credible individuals, you know, raised, and clearly it is an issue.

Mr. Selinger: I think the organization the member has raised with me is an organization that has received a relatively modest grant through the Department of Labour and Immigration. I remember it got a little bit of media attention at one point when some of the concerned members of the organization raised public issues with it. The role that we have played at the finance level is through our Comptroller's division and through comptrollership functions in the various departments we have put a set of guidelines together for grant accountability. We would work with departments to follow up on ensuring that those tools are put in place.

Now, I think in this case I would have to take the specifics of the question as notice. My officials are not aware of the specifics of that investigation or follow-up at this stage of the game, so I would have to take that as notice, but to simply let the member know that there has been a lot of effort put into developing increased accountability guidelines and mechanisms for all the grants that we disburse across government.

Mr. Gerrard: Would the minister also provide the tabling of those guidelines?

Mr. Selinger: Yes.

Mr. Kevin Lamoureux (Inkster): I do have a number of questions that I am hoping to get on the record with the minister, but just to pick up on a particular point that my leader just commented on, is that it is important that when members ask questions and the minister takes a question as notice that we do in fact get some sort of a response. I say that because one of the issues that I had brought up in committee

with the Minister of Finance (Mr. Selinger) was the issue of taxes on gas and providing some sort of a simplistic—if a litre of gas was \$1 a litre, how much would be provincial tax? How much would be federal tax? So that I could inform my constituents in essence in a very simplistic way what money is going towards tax, what money is going towards gas.

Well, the good news, Madam Acting Chairperson, is that the minister does not have to get that information because I had to go out and I got it myself. I just thought it would have been more appropriate because I think that we want to be accurate and it is a little bit easier, the minister has a whole lot more resources, and he did indicate that he would get it to me not once, but twice.

So, I would very much appreciate that if the minister does decide to take a question as notice that I do get a response in a reasonable time frame. I noted when I walked in, the minister has some fairly highly educated staff that have a great deal of expertise, and there is no shortage in terms of numbers that are even here this morning. I mean that in a complimentary way, I must say. So, I would very much appreciate, if the minister is going to take some questions as notice, that I get a response in a very short time frame.

The first question I have for the minister is in regard to the Crocus Fund. Can the minister indicate how many tax dollars through the tax credits in total have been issued as a result of the Crocus Investment Fund and those that decided to take advantage of the tax break?

Mr. Selinger: I take the member's comments seriously about when I say I will provide him with the information and will follow up on it. My staff thought they had mustered that information together, and we do have quite a bit of information we have provided back to various members.

On the gas tax one, specifically, I am glad to hear the member undertook his own research. I take it he drove up to a pump and looked on the pump and sees how much tax they charge. I know he would not want to burden our highly skilled and trained bureaucracy with simple questions that he can answer for himself when he fills up. So, I want to commend the member for taking that initiative to do his own research on that, and I know he would not want to burden us with questions that he could answer himself through his own field work in the community.

On the other question about the amount of tax credits provided to Crocus, we do not have that information at our fingertips, but we will compile that for him. Because it is not available on the gas pumps, I will make a specific effort to get that back to him.

Mr. Lamoureux: Madam Acting Chair, I think that we can both learn a little bit here. If you go and you take a look at the gas pump prices, you will find that those figures are wrong. I did look at the gas pump. Consumers look at the gas pumps, and they are told one thing. In reality, it is totally different, and that is the point. That is the reason why it is that I asked the Minister of Finance because of his highly educated staff and their understanding of tax laws and so forth. The pump price that they advertise is wrong, and I believe that our constituents, Manitobans, should know what percentage—if they are putting \$50 of gas in their vehicle, I estimated it to be approximately \$13.75. If you go by what it says on the pump—and that is based on a buck a litre—if you go by what it says on the pump, it is considerably more than that. So there is misinformation that is out there. We are going into the summer, and it seems that whenever we get into these long weekends, the price of gas shoots up. Manitobans should be aware of exactly how much is tax. So I say that. I did research, and it was a little bit more than just looking at a pump because the pump price was wrong. That is where we bring in the need for diligence.

Having said that, can the minister give an indication as to when—because timing is very important on the Crocus file, Madam Acting Chair, go ahead.

* (11:40)

Mr. Selinger: If we could stay with the gas subject for a second. In the budget document, we do publish a table of the taxes that the province collects on gas, and the member, if he looks at page D14, the 11.5 cents is the amount. So, for his information: on the excise, the federal tax, the regular gasoline and aviation gasoline is 11 cents; unleaded gasoline and aviation is 10 cents; regular gasoline and aviation is 11 cents; diesel and aviation fuel is 4 cents. *[interjection]* The GST, yes, well, I cannot believe that any government would put a GST on top of their excise tax, but some federal governments do that. We do not do that provincially, I can assure him of that.

The Acting Chairperson (Ms. Irvin-Ross): I would just like to make a reminder that one speaker at a time, please. Are you ready, Member for Inkster?

Mr. Lamoureux: Madam Acting Chair, I would ask the Minister of Finance: Does he put any sort of a tax on a telephone bill?

Mr. Selinger: I am going to ask the ADM of Taxation to come forward and to give me his best information on telephone taxation. I believe there is some form of PST on there. I just want to make sure that I understand the basis upon which it is levied. If you just give me a moment, the ADM is coming.

Mr. Lamoureux: I just want to see if there is a tax on the tax; that is why I ask.

Mr. Selinger: Yes. But on the gas tax, we do not have a provincial sales tax on top of the provincial 11.5 cent tax, unlike the federal government, and it is the second-lowest in the country.

Mr. Lamoureux: But, if you read Hansard, remember what you said in the answer before: We do not do that.

Mr. Selinger: No, we do not do it on gas tax. *[interjection]*

The Acting Chairperson (Ms. Irvin-Ross): One person at a time, please. It confuses Hansard and me.

Mr. Selinger: Now just to answer the member's question about telephones. We do have one tax on the telephone, it is the PST. Every province does the same thing, but there is no tax on tax that I am aware of. It is just straight tax on the bill, the cost of the service. So I would not want the member to walk away with the mistaken notion that we are putting tax on top of tax even for telephones.

Mr. Lamoureux: I am glad to hear that, Mr. Minister.

I am going to move on then in terms of Crocus. Can the minister give an indication as to how much time it is going to take for him to get me the information regarding the tax credit and the amount of money?

Mr. Selinger: The member informs me that he believes he can get that information to the member within the next 10 days.

Mr. Lamoureux: I appreciate that because we will still be in session 10 days from now. I do appreciate that and I look forward to seeing the actual numbers.

The Province has had a number of increases in different areas. You know, it was the cattle industry with a \$2—I know you do not like to call it a tax, but many perceive it as a tax. One of the taxes that has really offended a great number of people that the government says, well, it is about safety and this is the reason why we allow for it to happen is that on fines, traffic violation fines.

The question I have for the minister is: Is it his department that is responsible for associating the actual dollar value of a particular fine or does that come through the Department of Transportation? Who determines that?

Mr. Selinger: Is the question, who determines the level of the fines?

Mr. Lamoureux: Right, yes.

Mr. Selinger: The Justice Department makes recommendations as to what they think the fines should be for various infractions.

Mr. Lamoureux: So the Department of Justice would bring it to the Minister of Finance, as opposed to the Minister of Finance going to Justice. If I were to ask a question of a speeding fine of 10 kilometres or 15 kilometres an hour more than the speed limit, would you have access to what the fine would have been in 1999 compared to today? I know there was very recent increases in that fining category.

Mr. Selinger: We could endeavour to get that information for the member.

Mr. Lamoureux: Yes, I would very much appreciate that information. If you can do that somehow in 10 days, that would be great, too.

I would like to—

The Acting Chairperson (Ms. Irvin-Ross): The Minister of Finance, sorry.

Mr. Selinger: I gave a commitment to one for 10 days. I did not give a commitment to the second one, because I really would like to get the homework done on the first assignment before I put the additional onus on the members for the second assignment. That may require some interdepartmental collaboration as well, so I cannot give the same 10-day guarantee of service for an area that I am not directly responsible for. We will do our best.

Mr. Lamoureux: Madam Acting Chair, I believe the Minister of Finance will do his best, and I do appreciate that.

Here is a question that I was handed by someone from within our department, from our limited research capabilities in the Liberal caucus. I thought it was actually quite well worded, and as opposed to me trying to reword it, I would like to read it verbatim and give credit to Shane: Budget 2006 has clearly demonstrated that the NDP government is more reliant today on transfer payments from the federal government than last year. Is this due to an addiction by the current NDP government to federal dollars, or is it due to its failure to generate enough economic growth to keep up with the rest of the country?

I think that it highlights a very serious issue in the province of Manitoba: We are now the only have-not province in western Canada and our reliance on the federal government continues to grow. I am wondering if the Minister of Finance can indicate in a very simplistic way whether or not he sees a growing reliance on federal transfer payments as a positive thing or as a negative thing for the province.

Mr. Selinger: First of all, I do not know how the member defines have-not province, if he defines have-not provinces as those that receive some form of equalization. Is that sort of his thinking? Then, actually, three western provinces are in receipt of equalization: British Columbia, Saskatchewan and Manitoba.

An Honourable Member: Equalization payments.

Mr. Selinger: Equalization payments.

An Honourable Member: Strictly equalization payments.

Mr. Selinger: Strictly equalization payments. There are three provinces in western Canada that are in receipt of equalization payments, only one that is not, Alberta. That is just to set the record straight, so that the member in his future enunciations in the Legislature will be accurate about that. I know the member will be faithful to the information I have given him and be accurate about that. So that is No. 1.

Our dependence, our reliance upon equalization has actually slightly declined. I would not say it is dramatic, but it is slightly declined. In '99-2000, it was over 20 percent. It is now down to about 19.5 percent. All provinces have received more transfers as there has been restoration of health care funding,

and, as the member knows, without being too partisan about it, it was that evil '95-96 budget of the former Minister of Finance that cut transfer payments to the provinces by 39 percent.

So there has been some restoration of that, and just for the record, the growth in transfer payments among the western provinces, just over the last five years, I will just give some examples. It has gone up by over 30 percent in British Columbia. In Alberta, it has gone up by over 50 percent. It starts from a lower base, but the transfer payments reliance has gone up by 50 percent. In Saskatchewan, it has actually slightly declined as resource revenues have generated more income for them, and in Manitoba it has gone up by about 3 percent, maybe 3 to 3.5 percent.

So, in percentage terms, the growth in reliance has been more dramatic for provinces like Alberta and British Columbia than it has for Manitoba, although they have started from a much lower base of receiving those transfer payments. That is because they have had, on a per capita basis, their health transfers restored all across Canada, on a per capita basis, whether they are provinces with more of their own revenues or not. Ontario, similarly, just to the west of us, has gone up by I would say about 65 to 70 percent, their reliance on federal transfers.

So our actual increase in reliance on federal transfers is among the lowest of the jurisdictions I have just discussed. The only one that has reduced its reliance in an absolute way is Saskatchewan, because of their loss of equalization payments with their dramatic increase in resource revenues.

* (11:50)

Mr. Lamoureux: I am very much aware of how stats can sometimes be manipulated to the degree in which you can try to shed a positive light on what it is that you are seeing. One could ultimately maybe even accuse me of doing that at times.

A very precise question to the Minister of Finance: What is the actual percentage of the provincial budget that comes in terms of revenue, in whatever form, from the federal government today?

Mr. Selinger: First of all, the information I just gave to the member was not information that we developed inside of the government. The member seems to be sceptical about that. He believes that people are manipulating information. It is not the case. This is information provided by the Dominion Bond Rating Service fact sheets. The amount of

revenue that we get, according to them, not us, is about 32.8 percent. Well, they say, in '05-06, 32.8 percent of our revenue came through various forms of federal transfers. In '99-2000, it was 31.9 percent. So we have gone from 31.9 to 32.8. We have gone up 0.9.

Mr. Lamoureux: How would those percentages then apply to Saskatchewan and Alberta?

Mr. Selinger: Saskatchewan, because of their dramatic growth in resource revenues has gone from 19.5 percent down to 17.3, Alberta has gone from 8.1 to 12.9, and B.C. has gone from 11.9 to 16.5. That is why I was making the point to the member that they have seen dramatic increases in the percentage of revenue that they rely on from the federal government. But the member will note I said they started from a far smaller base which these numbers confirm.

So Manitoba has been relatively flat in its increase on federal revenues. It has gone down slightly on equalization. It has gone up more on the health care side. Whereas the other provinces have been the big windfall beneficiaries starting from a smaller base.

Mr. Lamoureux: But, again, in terms of the percentage of overall government expenditure, Manitoba is considerably higher. As a result, that means that we are more dependent on Ottawa. Since the government has taken office in '99, that dependency has grown. So is it accurate for me to make that statement?

Mr. Selinger: It is, but it would be a mistake for the member to over-exaggerate that. I know he would not do that here, but he might in the House. It has gone from 31.9 to 32.8, 0.9 percent increase on reliance. This is probably, other than Saskatchewan, the lowest increase in the west. The only other province which is similar to us is New Brunswick. They have seen a pretty flat increase too. Newfoundland shows a decline, but they are not counting the 2-billion windfall they got that they sort of parked in the bank, and Nova Scotia is not counting their over \$900-million windfall, because that was done sort of outside the system, as you will recall. So we have been relatively flat is what it really comes down to.

Mr. Lamoureux: That 0.9 percent probably equates to somewhere around about \$30 million approximately?

Mr. Selinger: One percent of our total revenue is \$80 million. A 1 percent increase in transfers could be about a third of \$80 million. Let us say for argument's sake, \$30 million.

Mr. Lamoureux: I think \$30 million is a significant amount of money. If it was to be reversed, you know, I have heard Conservative policy platforms that saw transfer payments, equalization payments being proposed to be decreased in previous federal elections. Ultimately, it would have a very profound impact on the province of Manitoba, more so than other western provinces. Is that not a fair comment?

Mr. Selinger: It would depend how it is done. I mean, obviously, nobody would want to lose 30 million bucks. So I would agree with the member on that. We do face, actually, the prospect in the next year of losing about \$23 million for day care alone.

Mr. Lamoureux: I do not have very much more time, so I am going to be very short on the questions. In 1999, what was the Fiscal Stabilization Fund at?

Mr. Selinger: In 1999, I am referring to pages B32 through B33 in the budget document, \$264 million. Last year we had a forecast of \$414 million, so it is up.

Mr. Lamoureux: Can you indicate what you anticipate at the end of the fiscal year where the Fiscal Stabilization Fund will be at?

Mr. Selinger: In the budget we projected to going to 345. It is on page B32, again.

Mr. Gregory Dewar, Acting Chairperson, in the Chair

Mr. Lamoureux: If you take a look at the overall government expenditures since you have taken office, government expenditures have increased by well over \$2 billion. If you take a look at the economic performance of Manitoba, which this minister and the Premier (Mr. Doer) have espoused how wonderful things are going in the province of Manitoba economically, the question that I have to the minister is in regard, I guess, to just some broader economic policy.

Would the minister not acknowledge that the Fiscal Stabilization Fund, as a concept, can work well, if in fact you have a responsible government, so that, during good times, relative good times, economic good times, that fund should be increasing? Ultimately, to have gone through six or seven years of what he would argue are economic good times, to

have \$60 million or \$80 million more in the Fiscal Stabilization Fund just is not good enough.

Mr. Selinger: It is a judgment call. The good news is it is up, but the member will recall there have been lots of ups and downs in the last five or six years. The Manitoba economy has performed very well, but he will remember September 11, '01. We took \$150-million reduction in a year of corporate tax revenues, not anticipated. He will remember the federal accounting error where I had \$150 million taken off the bottom line, and then a phone call to inform me that they had done that, no notice, with a threat to take an addition \$700 million until we negotiated a solution and brought it down to \$90 million paid over 10 years without interest. The member will remember the second worst forest fire experience we have had in the history of the province for which there is no federal disaster assistance cost-sharing program. They exclude that from their costs. The member will remember the BSE crisis and the incredible pressure that put on the Manitoba economy for which there was no federal offset in the short run.

These are all very important events that occur every year which are not, obviously, forecastable, and we have managed around that, and we have managed to balance the budget every year, increase the Fiscal Stabilization Fund, continued to make investments in key programs and reduce taxes. I do not think it is a bad record.

* (12:00)

Mr. Lamoureux: But, at the same time, you have increased overall government expenditure by in excess of \$2 billion, which is far more than what Gary Filmon would have done in 11 years in governing. If you are going to be increasing government expenditures to that degree during economic good times, would it not make more sense to allocate maybe it is a percentage of increase toward the Fiscal Stabilization Fund, because, if you are not doing it responsibly today, what is going to happen when the economy does become more stagnant? Some people are already indicating that it could get worse in the province of Manitoba. Are you not putting social programming at risk by not having more control over your spending?

Mr. Selinger: Well, I think if the member would look—and I ask him to do this at pages B34 and B35. If the member would look at pages B34 and B35 in the budget book, he will note that total expenditure

as a percentage of our economy, GDP, in '99-2000 was 24.4 percent. In this budget, our total expenditure is 19.6 percent. So, as a proportion of the economy, our expenditure is relatively constant. There are some minor changes there. So he tries to suggest that there has been a dramatic growth in expenditure. He shares that perspective with the Member for Lac du Bonnet (Mr. Hawranik).

In reality, the amount of money that we spent on programs in the provincial economy is relatively constant as a proportion of the economy. The economy has grown over \$12 billion since we have been in office, and there has been some growth in program expenditure. As the member knows, there has been significant re-investment in a variety of key areas: Education, K to 12, post-secondary; dramatic expansion of community colleges; in infrastructure; in health care obviously. These are all areas of reinvestment.

We get questions every day about other forms of deficits that have to be addressed, whether they are social and poverty deficits, whether they are infrastructure deficits, whether they are technology deficits. We bring forward a balanced program that addresses all the areas that we need to invest in, including having money for a rainy day; including paying down debt, which we are doing every year; including for the first time in 40 years, having a specific plan to retire the pension liability, which had grown to \$3 billion. It was projected to grow to over \$8 billion in the next 25 to 30 years. We have a plan in place to reduce that, so there are a number of things you have to do to manage public finances while growing the economy and making sure Manitobans have a higher quality of life and more people get educated and can generate an income for themselves.

We have done all of those things, and I think the member has to put in perspective the numbers that he is using, the \$2 billion. He has to put it in perspective with the growth in the economy, and program expenditures are actually relatively constant.

Mr. Lamoureux: I think that the next question I suspect the minister is probably not going to be able to provide me the answer, but I do believe there would be some benefit in terms of finding out what the answer is, and I would welcome the minister to share it with me once he does get the necessary information on it.

Can the minister indicate if there is another province in Canada, in particular western Canada, on a per capita basis of people, that has had a higher increase in overall government expenditure than the province of Manitoba?

Mr. Selinger: The highest spending province anywhere in Canada is Alberta.

Mr. Lamoureux: On a per capita basis?

Mr. Selinger: Absolutely. On any measure you want to look at. They spend more than any other province in the country.

Mr. Lamoureux: Mr. Acting Chairperson, I am talking about increase in like the percentage of the budget increase.

Mr. Selinger: Well, once again, proportionally, because of the massive resource revenues being received in Alberta right now, they have a surplus larger than our entire budget. Their spending increase per capita is probably the highest in the country, but as a proportion of their growth in the economy, it might actually be shrinking because their economy is booming. I would have to take a look at the facts on that.

But, in terms of expenditure on a per capita basis, our per capita expenditure is the second lowest in the country on a per capita basis. Alberta's is the highest per capita, and it has been growing quite dramatically. You take a look at their year over year budget increases, they are far higher than ours every year.

Mr. Hawranik: Yes, my question relates to one of the questions posed by the Member for River Heights (Mr. Gerrard) with respect to what the effect of a 1 percent increase would be in interest rates on the province. The answer, from what I recall the minister giving, is that it is a \$10.5-million annual increase, to a 1 percent increase in interest rates. I would like the minister to clarify that. That is in respect of the operating debt of the province.

Mr. Selinger: It is specific to the general purpose debt of the province. It is 100 basis points, or one-tenth of a percent, across the entire yield curve for the year.

The member knows that interest rate increases tend not to occur at the beginning of the fiscal year. They tend to occur every quarter, so there would obviously be adjustments in real time for what the cost would be.

Mr. Hawranik: I would like clarification, in terms of that that would include, for instance, that estimate would include an interest rate hike of 1 percent on January 1 and continuing on to December 31, it includes all debt within that general purpose debt. Would that be accurate?

Ms. Kerri Irvin-Ross, Acting Chairperson, in the Chair

Mr. Selinger: Our fiscal year goes from April 1 to March 31, so I was thinking of that year, the budget year, but I have had a clarification from my officials; it is \$10.5 million on the short-term rates. On the long-term rates, the sensitivity would be an additional \$3 million because a certain amount of that rolls over every year.

Mr. Hawranik: Okay. Getting back to retail sales, and I know that is kind of where I left off before the Member for River Heights asked questions, retail is really a narrow margin business, where the smallest increase in costs can impact employment levels. The province, once again, increased the minimum wage level in Manitoba and many retailers believe that the difference, because of that increased minimum wage level, the difference to them will have to be accommodated elsewhere. It obviously has to come out of profit in order to pay increased minimum wages. Either you have fewer jobs in the retail sector or perhaps fewer hours of work for employees.

I am wondering whether the minister has considered the impact of the increase in minimum wages that has been implemented on retail businesses. Have you analyzed that issue prior to recommending an increase to the minimum wage?

Mr. Selinger: First of all, the member knows there is a Minimum Wage Board that makes recommendations on increases. It is composed of members of the business and the labour community, so they try to achieve a consensus. I believe the increases have been a consensus recommendation. So business itself has a direct say in the setting of the minimum wage.

The member will also know that 5 percent of Manitoba workers work for minimum wage, but minimum wage puts more purchasing power in the hands of Manitobans, who then go to small business and purchase goods and services. So, there can be a very positive effect in increasing minimum wage, when the overwhelming majority of minimum-wage workers, I would venture to say, just about all of their expenditure occurs in Manitoba, and many of those expenditures would be rendered at small

business locations. They are not the ones that take the big trips out of the country if they are making minimum wage.

So that is the positive effect. The other thing is that the small business sector has seen a doubling of the threshold under which the pay taxation from \$200,000 to \$400,000. They have seen a reduction of over 50 percent in their small business taxation rate, and they have seen reductions in any capital taxes that they have to pay. They used to have to pay, once they hit \$5 million in capital, they used to have to pay capital tax on the first dollar, right up to \$5 million. We exempt entirely the first \$5 million of capital tax in Manitoba now, with plans to exempt the entire \$10 million of taxes now. So they have gained significantly there.

Then the other thing we have done in terms of small business is we have reduced some of the paper burden requirements for them. They do not have to file as frequently now. When we came into office, I believe, small businesses had to file monthly their sales tax remissions, et cetera. Now, I think it is half-yearly, if I am correct. So we have tried to reduce the paper burden for small business, so that they have less overhead costs with respect to government compliance on tax statutes than they used to have.

* (12:10)

So reduced paper burden, reduced taxes, increased the threshold and put more purchasing power into the hands of Manitobans, who spend that money on small business. That is why retail sales have been very strong here for the last several years, in part. Interest rates are a big factor, as well.

Mr. Hawranik: I know the minister details a number of tax reductions in terms of corporate tax reductions, in terms of capital tax and small business tax rates and so on, but the fact remains that most small businesses are unincorporated. As a result of that, clearly, there has to be a balance between corporate tax reductions and personal tax reductions, because those small businesses that are unincorporated are taxed at personal income tax rates.

Has the minister considered that particular imbalance in terms of tax reductions, that he should be, perhaps, putting a little more emphasis on personal tax reductions to at least help those businesses that are unincorporated?

Mr. Selinger: I thank the member for the question. First of all, any small-business person, if they think they can get a tax advantage by incorporating, they

are entirely able to do that. I am sure the member might actually be involved in providing advice on whether or not it makes more sense to tax on the personal side versus the small business side.

Secondly, we have, as the member knows, increased the non-refundable tax credits dramatically. In our first budget we increased them by 39 percent, which creates a higher ceiling under which people have tax-free income before any taxes apply.

Thirdly, we have reduced personal income tax rates, and we have increased the thresholds. So we have done a number of things on the personal income tax side, as well, to make it more affordable if a person decides to pay tax on the personal income tax side versus the small business tax side. Those are strategic decisions they can make and we have given them good opportunities in both sectors.

Mr. Hawranik: I would advise the minister that there may be some tax advantages to incorporating as a small business, but the fact remains most small businesses do not incorporate, and for the very reason that the tax advantages in a small business corporation are only there if there is excess money that the individual owner does not take out. When a small-business person takes money out of a corporation, they get taxed at personal rates. The only real tax advantage is if you are making too much as a small business and you leave some money in the corporation. So, in reality, we will not have many small businesses incorporating for tax reasons.

They may incorporate for a variety of other reasons. I believe that there is an imbalance, that on the one hand, you are decreasing tax rates for corporations. I acknowledge that, although I have said in the past that we are not doing enough in that respect because I believe that we are not really keeping up with other provinces in terms of our competitive position in corporate tax rates. On the other hand, I do not believe that first of all, if you are, when you are reducing tax rates for corporations, for small business corporations, I do not believe that you are doing enough in terms of individual income tax reductions to correspond with that.

Have you studied this imbalance? I am wondering whether the minister had some analysis done in terms of what impact perhaps a greater reduction of corporate tax rates has on the economy versus a reduction of personal income tax rates and how that affects our economy and businesses throughout the province.

Mr. Selinger: My officials inform me that the specific kind of analysis the member asks for has not been done. As the member knows, we have allowed for a lot more small business professionals to incorporate if they wish in order to take advantage of sheltering income at business rates through incorporation procedures. So there have been a lot of possibilities opened up there for individuals that are earning income as a small business person or a professional. But, generally, I think the member is suggesting or sort of alluding to the fact that he thinks more dramatic reductions in personal income tax would be better for small business, or the retail sector more generally. I think that would be the argument that the member is trying to question me around. The answer is that our retail sales have been among the strongest in the country, year over year.

I think there are a number of factors that go into people's purchasing decisions. First of all, how much disposal income do they have and how secure is it, do they think that their job is going to last, because even if people are making a lot of income if they do not think their jobs are very secure they tend to hang on to it for a rainy day. So I think the strong retail sales in Manitoba indicate that people feel pretty confident that they are going to keep their job or are able to get a job if they need one. I think that is evidenced by having the second- lowest unemployment rate in the country and a very high participation rate in the economy of over 58 percent.

So I think we have been able to generate a greater sense of well-being and security in the labour market for people through measures we have taken, including measures around labour legislation, it gives people a greater sense that they are going to be able to stay at work, including measures around safety legislation for the workplace where people are feeling—we know there is a dramatic reduction in injuries at work, of over 21 percent. So people are not losing employment income due to injury as much as they used to by over one-fifth less injuries. I think it is very, very significant. I think it is very helpful for the health care system as well.

So I think what we have tried to do is build in Manitoba a climate where people can get educated and access to education if they want to upgrade their skills. They can get decent wages, including minimum wages, when they want to participate in the labour market. They have got good prospects for getting and keeping their employment. They are properly protected while they are working from workplace injuries. So I think those are all factors

that go into people's sense of well-being and whether they want to spend money in the retail sector, whether it is for things like housing or recreational properties or furniture or other big ticket items or on culture or on other forms of entertainment.

I think the story in Manitoba, I think the sense of optimism among Manitobans has been pretty strong for the last several years. I think interest rates are a factor as well in terms of big purchases. We do not control that, as I have indicated. But I think the low interest rate environment has stimulated a lot of consumer spending in the last several years and I think that is what the intention of it was, as a matter of fact.

So there are a whole number of factors. Taxation is one of them, but not the only one by any means.

Mr. Hawranik: I have a question with regard to the property registry system. I note that over the last year or more, I cannot recall exactly when it started happening, but in the Personal Property Registry we have gone to on-line registrations which clearly helps in terms of completing security requirements for clients, for Manitobans.

I have noticed that, just looking at page 150 of your Supplementary Estimates booklet, indicates that land titles registrations are now roughly about five days for electronic and seven days for surveys registration. Clearly, that is an improvement over what has been happening in the past. It is getting better, there is no doubt about it. But at the same time, what I find as a rural practitioner, and it is not just myself. I am speaking for others, hundreds of rural practitioners in Manitoba, particularly who are serviced by the Winnipeg Land Titles Office, that complain to me. Of course, I am complaining here, not only on their behalf, but on my own behalf. I still wait two to three weeks till I get documents back from the Land Titles Office, in spite of the fact that I may courier documents to the Land Titles Office and get it there the next day and practitioners within the city of Winnipeg need to get a five day turnaround time, but I am still waiting two to three weeks. That is not any real great improvement over what had been happening even 10 years ago.

*(12:20)

I guess my question is, having said that, when can we expect on-line registration of documents in the Land Titles Office like we do right now in the Personal Property Registry. Are there plans to have that happen? Other provinces do that, British

Columbia, Ontario, and other provinces. When people come here from other provinces, I can tell you that they are kind of in shock when I tell them it takes three weeks to get through the Land Titles Office.

So I am wondering what plans do we have in the future in that respect.

Mr. Selinger: The member asks some interesting questions. My staff inform me that they do not believe that their internal work on processing Land Titles documents takes three weeks. The complicating factor for the member might be the mailing time after the work is completed. It might add three or four days. I am not sure the exact amount. But, also, he can check on-line to see if his processing is completed so he can get a greater sense of how timely that work is being done. I think he probably knows that, that he can do that checking to make sure that he gets it done and if the mail service is a complicating factor, as he indicated, the courier service is available. I know that is an additional cost, especially if it is going a farther distance.

In terms of upgrading it to on-line capacity for Land Titles, we have engaged a consultant to start the planning to look at doing that. It is a medium-term process. It is not something that will be done immediately. First of all, it is just the early stage of the consulting process on that to see what it would cost and how much capital would be required. But that is the intention, to move in that direction over time. I think the member is right; it would be very helpful for all the transactions done.

For that area there has been an allocation of over a million dollars to undertake system redevelopment, but they have to develop a formal business case as well, and it has to compete with other claims on capital for priority. But I think the member would agree with me that that agency does a pretty good job. They are quite professional there. They do lots of work, and they are dealing very high volumes right now, too, because there are a lot of transactions going on in our jurisdiction.

The only other thing I can say to the member is that there are also plans underway to relocate that agency to better premises inside of Winnipeg. I do not know if the member has had the opportunity to attend at their location, but it is an unsuitable location for a variety of reasons, some of them including personal workplace health issues. So we are actively engaged in relocating them to a more

healthy work environment in a more visible location, more accessible to many practitioners that need their services.

But we are going to look at how we can upgrade that system. I just cannot give him a hard timeline because it is too early in the process to see what, realistically, the time line is going to be. We are not at the stage yet where we can forecast how long it would take or even how much money it would cost at this stage. But there has been a significant allocation towards looking at modernizing that system.

Mr. Hawranik: Just as a general comment to the minister, I courier, but the Land Titles Office does not. They send it back by mail. He is quite right. Part of the problem, though, is that I think it is probably only sent out once a week, would be my guess, because it still takes me three weeks to get documents and lots of other lawyers as well in rural Manitoba. So, while it is nice to be just down the street from the Land Titles Office to pick up your mail, that is just not the case in rural Manitoba, and that is an issue.

Just so you are aware, I do want to pass the Estimates today, so we will proceed on a line-by-line basis unless you have a further comment with respect to that.

The Acting Chairperson (Ms. Irvin-Ross): As it was agreed at the outset to consider this department in a global manner, I will call the resolutions commencing with Resolution 7.2.

Resolution 7.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,826,400 for Finance, Treasury, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,132,200 for Finance, Comptroller, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$16,088,800 for Finance, Taxation, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.5: RESOLVED that there be granted to Her Majesty a sum not exceeding

\$3,297,400 for Finance, Federal-Provincial Relations and Research, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$411,200 for Finance, Insurance and Risk Management, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.7: RESOLVED that there be granted to Her Majesty a sum not exceeding \$6,016,000 for Finance, Treasury Board Secretariat, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.8: RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,685,900 for Finance, Consumer and Corporate Affairs, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.9: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4,196,200 for Finance, Costs Related to Capital Assets, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

Resolution 7.10: RESOLVED that there be granted to Her Majesty a sum not exceeding \$50,136,400 for Finance, Net Tax Credit Payments, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

The last item to be considered for the Estimates of this department is Item 7.1, the Minister's Salary, contained in Resolution 7.1.

At this point, we request that the minister's staff leave the table for the consideration of this last item. Are there any closing comments?

Resolution 7.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,218,600 for Finance, Administration and Finance, for the fiscal year ending the 31st day of March, 2007.

Resolution agreed to.

* (12:30)

This completes the Estimates for Finance. This also concludes our consideration of the Estimates in this section of the Committee of Supply, meeting in Room 254.

The next Estimates that will be here will be Aboriginal and Northern Affairs.

I would like to thank the ministers, the critics and all the honourable members for their dedication during this process.

Committee rise.

FAMILY SERVICES AND HOUSING

*(10:00)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. This section of the Committee of Supply meeting in Room 255 will now resume consideration of the Estimates for the Department of Family Services and Housing.

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

Mr. Peter Dyck (Pembina): Well, thank you very much and good morning. I am going to get right to the questions that I have here, and this is, of course, regarding Gateway. I think the minister is familiar with the area there.

My first question is regarding residential per diems. Are they consistent between Winkler, Morden, Altona, other areas in rural Manitoba? I know they are quite different from what they are in Winnipeg, although I have concerns about that as well, but I am just wondering as to consistency out there.

Hon. Christine Melnick (Minister of Family Services and Housing): On the question of per diems, we are at this time reviewing the funding formula both for residential care and for day services. So that will be a provincial review. Specific to Gateway, we are in a review of per diems, which, I think, you might know. The most recent meeting was with the board on the 18th of April. There was an agreement at that meeting to have the review. It will be a joint review with the board and with the folks from Gateway working with the department. There was agreement at that meeting to have that review completed by September of this year.

Mr. Dyck: I would just like to refer back to September 23 of 2003. It was a different minister at

that time, and the comment that was made was: I want to advise you that the request regarding per diems is being looked at, and, certainly, we have an audit under way, and we are going to be pursuing that. I could refer to Thursday, May 20, where the minister said: I am very much aware of the situation at Gateway. My understanding is that there is a meeting with the board chair on June 7, and, very soon after that, we are going to be coming up with a recommendation. We are now in 2006, and we are still doing reviews.

I would just like to know how long it takes to do a review.

Ms. Melnick: Well, again, as you know, members of boards change, so some board members have changed, and so sometimes reviews can take a bit longer. I think it is very good that both the department and Gateway have agreed to a September '06 time for completion. We are hopeful that that date will be met. We know that there has been commitment on both sides to agree to this date, and so we will look to keep both sides working on it. Certainly, if there are any concerns that arise from you during that time, I would appreciate knowing about them.

Mr. Dyck: I guess my point is that we have been doing reviews here now for the last three, four years, and, somehow, we cannot come to any conclusion as to the direction that we want to take. So I just find it interesting. As I say, you indicated as minister last year that you would be meeting with the board chair on June 7. That is 2004, pardon me, in May. That is a fair time ago. So, you know, nothing has happened.

*(10:10)

The other comment I wanted to make, and that has to do, again, with the day program rates. I know that we are talking about residential per diems, but, also, on day program rates, I find it interesting. My understanding is that they get \$12.79 per day, and that is for the day program. You take a pet to the shelter and they get \$15 a day. We are talking now with people who have intellectual disabilities, and, I mean, I have to put it the way it is, the pets get more money per day than the residential people do. I just find this rather interesting. I mean, we are looking after those with disabilities, and I would just encourage the department to try to meet the needs of these people. These are the vulnerable ones within our community. I feel very, very strongly that, as a community, but, certainly, as a government, we do have a responsibility to try and look after their needs as best we can.

Ms. Melnick: I had mentioned in my initial response that there is a provincial-wide review going on. I had mentioned that it was for residential care and day services.

Mr. Dyck: Okay, then, I want to move just to another area, and, again, I am just going to encourage the minister to try and get some consistency in there. I mean we were dealing with the same level of disabilities. I recognize there are different levels, but, if we are looking at the same level of disability within a region, there should be some consistency, and I know that it is not the case. I know that Gateway has been arguing this for years already, and, basically the same answer comes back. It seems the more they probe, the more there seems to be a resistance to doing that. But I just would encourage that there be a consistent form of funding available for those who have disabilities from one region to another because they are aware of the issues.

The other one is regarding affordable housing. I know that I have talked to you as minister about that. I know that Morden has received some assistance in the affordable housing area. Winkler is in desperate need of that as well. I think if the minister has read the newspaper as of about a week ago, the *Free Press* had, actually, as one of their leading stories, the fast growth of Winkler, Morden, the southern part of the province. So there is a real need for affordable housing. I am just asking the minister where they are at with assisting these communities. I believe that, as we continue to applaud the area for the fast growth that they have, we need to put some resources in there to assist them.

Ms. Melnick: Certainly, this is a government who has proven its commitment to affordable and low-income housing. It is a shame that, in the nineties, both the federal government of the day and the provincial government of the day walked away from social housing.

So we should have been building across the country every year during that lost decade some 30,000 units of social housing. Now, this could be in the form of provincial government housing. It could be co-operative housing. It could be the not-for-profit, sponsored housing such as a lot of the housing that we have been putting up lately. Because there was a lost decade in social housing in the country and in the province of Manitoba, across this country, now, we should be building approximately 50,000 units.

So I would greatly credit my predecessor, the current Minister of Health (Mr. Sale), for bringing Canada back to social housing, for really putting social housing on the national agenda. I know our federal leader has done a lot of work in housing as well. In 2002, this government signed the Affordable Housing Initiative. Now, there have been Phases I and II. We have not heard from the current federal government a commitment to Phase III of the Affordable Housing Initiative, and I am really concerned about that because money from the Phase II will run out in March 31, 2007. I know that the member has a commitment to affordable housing. We went to a very nice announcement, I think it was August 26, 2005, or thereabouts.

An Honourable Member: Better memory than I have.

Ms. Melnick: Yes. I was asked if I liked golfing that day. I replied: I do not know; I never have golfed. So, if you have another announcement, maybe we can try a round of golf down there as well, because I know there is a great course.

But you and I went to that really good announcement. It was Phase I, the first 30 units, and, I think, they have planned two more phases. What I thought was absolutely brilliant in the design there is that they are building units that either will be accessible now or can be easily converted. So I thought that was a really wonderful design.

We had that announcement. I would like to have more announcements. We need the federal government in for the long term. This government is very committed to it, but we need to begin to negotiate Phase III of the Affordable Housing Initiative. With that, we also need to have a very flexible set of parameters so that housing can be developed so that it meets the needs of the people in the communities.

Phase I was very, very flexible, and so it allowed a lot of not-for-profit groups and some for-profit groups to talk about what they really needed in their communities. Phase II was much more restrictive in that it was directed to urban areas. So what we did as a government was we took what was available from Phase I, made sure that that was distributed throughout the province and focussed, as the former federal government had wanted us to do for Phase II, on more urban projects. But Phase III, which we need, must have the flexibility, if not more, that the first phase had, so that we make sure that we are working with communities as we worked with your community. We had a nice announcement up in

Woodlands also last summer, and making sure that we are meeting the needs of the community as they need to be.

So I am glad to hear that the member is so supportive of affordable housing, and hope that we can work together to get Phase III on the go.

Mr. Dyck: A very simple question: Where are they at with the Winkler project?

Ms. Melnick: We are working with the community. That is the low-income housing project that they want. We are working with the community on that. There are still some discussions over the proposal. But, again, we need Phase III of the Affordable Housing Initiative. There has been a tremendous response throughout the province to the Affordable Housing Initiative, and we need to keep it going.

Again, if the member could promote the idea of Phase III in the Affordable Housing Initiative, we will continue to have the ability to work with communities, not only in your community, but throughout the province as we have been doing to create the sort of housing that each community needs. Sometimes, it is low-income family housing; sometimes, it is affordable housing with persons with disabilities; sometimes, it is senior housing.

We announced the Aging in Place strategy. I believe it was in February of this year. That has also been very well received. We know that, as a result of that, we will get more housing proposals, and we want very much to work with those proposals. But, again, we need the federal government in for the long-term commitment on social housing, not only in this province, but I know that the Affordable Housing Initiative has been very well received across the country. So Phase III and a long-term commitment to housing, I believe, is the way to go.

*(10:20)

Also, we know that there has been a commitment by the federal government to Aboriginal housing. We support that as well. Of course, we negotiated with the Grand Chief of Swampy Cree Nation and Chief of the Grand Rapids First Nation, Chief Mercredi; the mayor of the Town of Grand Rapids, Mayor Buck; the federal housing minister, and the Province around a new model for Aboriginal housing both on and off reserve. We are hoping that this will be a successful model, and we are hoping that it will be a model that will be seen by

others as a model to work with, but, again, we need the federal government in for the long term. We need the provincial government, and this government is in for the long term on affordable housing, and we need to be working with the Aboriginal people both on and off reserves. So we have been able to be very creative with a lot of the funds that we have received through the Affordable Housing Initiative, and look forward in further phases to continue that creativity and continue to work with the people of Manitoba.

Mr. Ralph Eichler (Lakeside): I am glad he just referenced Winkler. We got into another issue there altogether, but a very interesting concept.

First of all, I want to compliment the staff on the job that they are doing. I know their workload is very heavy, and that is what I want to talk about here this morning. I know in Lakeside and a lot of the other areas, up in the Interlake region as well and in Winnipeg, I am really concerned about the time it has taken to replace staff that have left or moved on to another party or department. My concern there is the workload that is involved. I mean, I know of some workers who have anywhere from 70 to 100 different clients, and there is no transition period from the time that person leaves until such time that a new person is hired. Sometimes it takes a year; sometimes it take two years. I just would like to get the minister's response to that particular issue.

Ms. Melnick: Well, I would like to thank the Member for Lakeside for his kind words to the staff. I, too, have great admiration for the staff in our department. There are a million great things that happen every day in this province because of the work that they do in some very trying situations.

I just wanted to recognize Martin Billinkoff, who is our ADM in the Community Services area. He has had a very long and very positive career in our department. He has worked for many, many years on programs for persons with disabilities. He was instrumental in the post-'99 movement around the development of programs for persons with disabilities, and has really helped this government move forward on a lot of the very important areas for us, and continues to do an exemplary job in his current position working with the front-line people in EIA.

I also want to recognize Grant Doak, who is also a long-term member of our department, who has worked in the capacity of finance and administration. You know, when we are working with a department which contains so many issues around vulnerability

of people, individuals, children, adults, persons with disabilities, housing, there are a lot of very compassionate decisions to be made around funding, and I know that Grant has been very, very thoughtful in his deliberations. So I would like to, again, thank you for recognition of the whole department and let you know that I share in that as well.

The position that you are speaking of, specifically, we do not have the details on right now. So I am wondering if you might care to share those. Perhaps, if you are not comfortable in this forum, share the details in a letter or in a phone call, and we will have a look at that. There are no hiring restrictions or hiring restraints right now. It can take a while to recruit four positions. When there is a position open in a rural area, to find a qualified person who is in the area can take a little longer than, perhaps, in an urban area such as Winnipeg or Brandon. If the Member for Lakeside would like to share more information, perhaps later, if he needs to gather some information, we would be certainly interested in hearing about that.

Mr. Eichler: I do not think we need to put on record the particular individuals that are involved through the department. We can do that through correspondence.

My concern is still addressing the staff shortage that is out there. Does the minister feel that the caseload, the way it sits now, is acceptable on a per-client basis?

Ms. Melnick: Again, I think we have to look at the recruitment process. I know that staff, when there are vacancies, there is a sharing of the workload. There is a co-operation. Again, where we do not have any hiring restrictions, recruitment is ongoing, but I do look forward to some correspondence from the Member for Lakeside.

I agree with him that, as I had said before, if he does not feel comfortable sharing that information in this forum, to be sharing it in correspondence, and we will have a look at the specifics of the situation then.

Mr. Eichler: Thank you. I will move over to another area. I just want to talk about the number of people with disabilities that have been identified throughout the province. I know the estimation, at least in my area. I have talked to some of the other people in the other areas throughout the province, but, what are the housing proposals for looking after these people

within the next five years? Do you have a long-term plan?

I know the government has been talking about their 14 percent increase in your budget, and we need to get it passed so we can get this money out to them. What portion of that money is labelled for housing?

Ms. Melnick: I just want clarification. Are you talking about development of new housing?

Mr. Eichler: That is correct.

Ms. Melnick: Well, again, I was referring to the Affordable Housing Initiative, and it is a proposal-based program. I was referring to the need to begin to negotiate Phase III of that initiative.

Whenever we receive a proposal, the first review that is done is a technical review, and there are several components of a technical review. I have directed that the department would weigh accessibility or visitability as one of the main, most heavily weighted elements of a technical proposal.

* (10:30)

I know that they have done that. I think it is important to recognize the response of Manitobans to accessible or visitable housing in that, when we first began to receive proposals, there were very few units that had the accessibility or the visitability. When I talk about visitable housing, I am talking about houses that have the characteristics of a level entrance into a home. They have much bigger bathrooms so that a person in a wheelchair would be able to navigate very comfortably. Perhaps, we would have lower shelving units, lower countertops. There would be the levered handles rather than the handles that one would have to grip and turn, and there were very, very few of these units in proposals. I am very pleased that Manitobans have really responded well to the challenge of visitability and accessibility. I believe the vast majority of our proposals, when we receive them for the first time—so we do not have to go back and discuss it—when we receive them for the first time, they have, if not all units accessible, they have a large percentage or a certain percentage of accessible units. So I want to applaud Manitobans for recognizing the inclusivity in housing that is needed for persons with disabilities.

The other area that we have worked in is, of course, we have hired for the first time in the history of the province visitable housing consultants. Their services are available to all Manitobans, whether they be renovating, rehabilitating, or building from

the ground up, literally, accessible housing. Those services are available for free from this Province, because we want to make sure that we are creating a more inclusive society, and a society that says to persons with disabilities that there is a place for you, and we recognize you as equal partners in this community of Manitoba.

Last year, I was very, very pleased to co-host with the City of Winnipeg and the Faculty of Architecture, school of architecture, the first ever visitable housing seminar here in the province of Manitoba, and that was very, very well attended. There were, I believe, over 120 people there. It was very interesting because we had people from the Manitoba Home Builders'; we had people from the not-for-profits; and we even had people, I remember a couple coming in, they were actually in the process of building their own home. They were, I think, probably in their early fifties and were building their retirement home, and they wanted to make sure that they were building the home that they could really retire in. So they were there to learn about what characteristics visitable housing had in case they needed it.

Again, I have talked about our Aging in Place policy, which is all about having people live in their homes for as long as they can, primarily out of dignity and respect for people, but also making sure that people are able to live with comfort in their homes.

I also wanted to acknowledge today that we have David Martin, who is our executive director of the Disabilities Issues Office. David has been with us for, I think, just over a year now, and I want to thank David for his dedication and his expertise. Again, he provides excellent advice, and I try to follow it, David. David has, for a very long time, been an advocate in the community as well as nationally, and I feel that we are very lucky to have David working with us today.

So, when we talk about monies for housing for persons with disabilities, if the Member for Lakeside (Mr. Eichler) has, and I know that you have an active community who are concerned about these issues within your constituency, to encourage them. I think there might be Phase II starting of the announcement that we had in Woodlands last summer. We would be very happy to be working with these groups.

When we talk about supported living, since 1999-2000, we have seen an increase of 132 percent. In real dollars, that equals some \$80.2 million. So,

again, this is a government that is committed to inclusion of persons with disabilities through supported living, through housing and through many, many other channels as well.

Mr. Eichler: Without getting into too much detail, maybe you could just give me the name of the housing consultant.

Ms. Melnick: It is about four names, and we want to get them in the right order for you.

Mr. Eichler: Maybe the staff could just hand it to me later, and we can move on, rather than take a whole bunch of time, because we are running short on time already.

Ms. Melnick: We have it for you.

It is Hilderman Thomas Frank Cram Landscape Architecture and Planning. So Hilderman Thomas Frank Cram Landscape Architecture and Planning.

Mrs. Mavis Taillieu (Morris): I have some questions around housing. First of all, I would like to know who is on the MHRC board.

Ms. Melnick: The members of the committee are the deputy minister of Family Services and Housing, the assistant deputy ministers of the department, the Chief Executive Officer of the Manitoba Housing and Renewal Corporation, and the director of HR in the Department of Family Services and Housing.

Mrs. Taillieu: So this is not an independent board, then; this is a board of the department?

Ms. Melnick: Yes.

Mrs. Taillieu: Can the minister tell me, then, who is on the MHA board?

Ms. Melnick: The members of the Manitoba Housing Authority board are the deputy minister of the Department of Family Services and Housing, the assistant deputy ministers of the department, the CEO of MHRC, and the director of HR from the Department of Family Services and Housing.

Mrs. Taillieu: From the Estimates book, just on page 49, I am wondering, there is an increase of operating expenditures from \$76 million last year to \$87 million this year. I am just seeking some explanation for the increase there.

* (10:40)

Ms. Melnick: Yes, I would like to recognize that we have Brian Brown at the table. He is the Manager of Financial Planning and Systems within Housing. I

would also like to recognize Joy Cramer, who is the ADM for Housing and ENIA, and also recognize the contribution that Joy has made to the Child Protection Branch. It was within the department. She has many, many years of experience, and has worked very, very hard on behalf of vulnerable children and vulnerable families. I was very, very pleased when Joy agreed to take the position of assistant deputy minister in our department.

I also want to recognize Brian Brown. He has been with the department for many years as well. When we are talking about funding around Housing, there are many, many components to that. We have had some discussion this morning around the development, the renovation and the rehabilitation of housing under the Affordable Housing Initiative. That is one area of financial management around housing.

Another area is the maintenance of the provincial housing stock, if you will. As we all know, most of us, if we do not own our own homes, have at some time or might in the future, and, when you are owning your own homes, there is a lot of maintenance. Sometimes, you are aware of it; sometimes you are not, but there is maintenance that needs to occur.

When the Member for Morris asked the question on page 49 of the Estimates for this year, the difference in the Operating Expenditures, we have what is called the Modernization and Improvement Program. The total amount for this year will be \$12 million. We needed to put in an increase of some \$7.5 million. Unfortunately, housing stock was not always maintained as it should have been during the nineties, which is very unfortunate because we are having to do sort of pickup from what was lost during that time. So our Modernization and Improvement Program has seen increases. This year there is an increase of 7.5 million.

Also, we have the increase in utility costs, and this increase is largely due to the increase in fuel costs. The repair and maintenance costs have also been raised by \$1 million, and we have also had to put in more money for insurance premiums; that is roughly \$5 million. So that would be the breakdown that would show the differentiation between the Estimates of Expenditure for 2005-06 and Estimates of Expenditure between '06-07.

Apparently, I may have said \$5 million for insurance premiums. I meant to say 0.5. It is not as bad as it seemed.

Mrs. Taillieu: Could you clarify what, under MHRC Housing Operations, Former Federal Portfolio, could you explain that?

Ms. Melnick: Do you want an explanation of the increase, or what is included, or just what those words mean?

Mrs. Taillieu: What is Former Federal Portfolio? There is actually a decrease.

Ms. Melnick: The Former Federal Portfolio is made up of co-ops, private non-profits pre-'86 and the urban native housing. So this was when the federal government said we have no responsibility for social housing. So that is what that phrase refers to. Are you wanting to talk about the numbers as well?

Mrs. Taillieu: I understand that, in 1998, there was a social housing agreement between the then-Government of Canada and the government of Manitoba at the time, which took effect in the spring of April of 1999.

At that time, there were 17,000 CMHC federal housing units transferred to the care of MHRC and the Province of Manitoba. How many of these 17,000 are still in the portfolio?

Ms. Melnick: Basically, all of the units are still within the portfolio.

Mrs. Taillieu: In 1999, in the annual report from the department of the Manitoba Housing and Renewal Corporation balance sheets under Deferred Federal Contributions, there was \$6.3 million in 1999 and \$57.2 million in 2005. Could you explain that?

It is in the annual report beginning from 1999 to 2005.

Ms. Melnick: Do you have the page number for that?

Mrs. Taillieu: From 1999, it is page 36, and, from 2000, well, it just says one. It starts out as Deferred Federal Contributions in 1999, but I notice that by 1995 it is just called Deferred Contributions.

* (10:50)

Mr. Andrew Swan, Acting Chairperson, in the Chair

Ms. Melnick: The question that the Member for Morris had dealt with, the deferred contributions from the social housing agreement of 1998, the government negotiated, based on expenditures for '95-96, what they thought would be the cost of running housing up to the year, we believe it is 2025.

They were fixed contributions, but they were declining over time as costs of operating the housing have gone up.

The department attempted to stretch the monies as far as they could so, when there was a difference between what the federal government had provided and monies that had not been spent, they put those unspent monies into a savings account. That is why the member is seeing the differentiation in numbers. It is an attempt to stretch the deferred contributions from the social housing agreement as long as we can, hopefully, up to the year 2025, but, if the funding does run out, then there will be concerns around the maintenance of the housing that was inherited from the federal government. I think the Member for Morris herself quoted some 17,000 units.

Mrs. Taillieu: It is my understanding that the funding was to decline over a period until 2031. I am wondering if the minister can say, if this money is in a savings account, how much money is actually in that savings account.

Ms. Melnick: The last finalized number we have is from the year '04-05. The deferred contributions are \$57,234,663.

Mrs. Taillieu: In 1999, there was investment in land and housing on the assets on the balance sheet of \$334 million, but, by 2005, the investment in land and housing on the balance sheet is at \$78 million. Can the minister explain what happened to these assets?

Ms. Melnick: My understanding, and we are going to check this out, but we think that the numbers have changed based on the recommendation from the OAG on the difference in the accounting methods. But we are going to have to look at that and get back on that.

Mrs. Taillieu: Can the minister explain what difference in accounting methods?

Ms. Melnick: We are going to look into that, but I know that the OAG has made recommendations on provincial accounting. We are going to check and just see what those recommendations were and get back on that.

Mrs. Taillieu: In 1999, there was housing investment of \$18.6 million, and, by 2005, there is only a housing investment of \$1.9 million. What has happened to the investment in housing in Manitoba?

* (11:00)

Ms. Melnick: Again, this could be acting on a recommendation from the OAG, which could be tied to the previous question as well, so I will take this under advisement, and we will get back.

Mrs. Taillieu: Mr. Chair, there seem to be a lot of serious questions here around the money, and, if it is an accounting of how it changed, I am sure that the department is quite aware because they would have done the change in accounting, so they would be quite familiar with what has happened here. Whether or not it was a recommendation by the Auditor General, that may be, but, if that was, perhaps, there could be an explanation provided.

Ms. Melnick: Again, I will give the same response I have given to the last two questions from the Member for Morris. We will take the question under advisement. We believe that the change may be a result of the recommendations from the OAG on accounting practices, and we will get back on that.

Mrs. Taillieu: I recognize that that may have been the case. I am simply asking for an explanation as to what changed in the accounting practices. I know that all the financial statements are prepared by the department, and there would be a knowledge of how those changes did occur. I do note as well that the Manitoba Housing and Renewal deficit in 1999 was \$50 million, and, by 2005, the deficit in Housing and Renewal was \$245 million. So that is a \$230-million difference in deficit. I know that if there was—I do believe there was a change in accounting sometime between the years of 2003 and 2004, but I am asking for an explanation as to why the change in accounting and what it was.

Ms. Melnick: I will give the same answer that I have given to, I believe, the last four questions from the Member for Morris. The department has advised me that they believe that this is due to recommendations from the OAG on accounting practices. It is unfortunate that the Member for Morris is not respecting the advice given by the department. We will get back on any of the questions that she has around this. I would ask the Member for Morris to just be patient. We will get the answers, and we will be bringing them back.

Mrs. Taillieu: I do respect the work that the department is doing. I know that they are familiar with what I am talking about because, in the annual report from 2003 and 2004 for Manitoba Family Services and Housing, there is a change in the accounting policy. So I know that the department is familiar with this because it is in the annual return; it

is in the annual report. It is quite convoluted. So I am simply asking for an explanation as to, if there is a change in the accounting policy on the 2004 annual report regarding the financial statement for Manitoba Housing and Renewal Corporation, if they could provide an explanation as to why there was a change in accounting policies, and, if it was a recommendation from the Auditor General to change the accounting policies, or they changed the accounting policies for some other reason, but I am simply asking for an account of the \$230 million. I think it is a valid question. That is a serious amount of money.

Ms. Melnick: I have answered that question five times now. I would encourage the Member for Morris to listen.

Mrs. Taillieu: I simply believe that I am asking some legitimate questions here because there is a change in an accounting policy. I know that you do not change an accounting policy without knowledge of having done it. So it does not really make a lot of sense to me. But I want to also say that, under the commitments portion of the annual report, as a result of the public housing agreement with the federal government, the MHRC had control of this money, I believe, coming from the federal government. It was to be staggered over a period of time until 2031. I know that, just from looking at these commitments, from what I can determine, it started out as \$48.4 million in 2000, and is now down to \$18 million in 2004, but it looks like it is starting to go back up again. It seems to me there has been a drawdown on these commitments, and I am simply asking if there is an explanation for the drawdown on the commitments.

Ms. Melnick: Could the Member for Morris provide more specific information as to where she is seeing those numbers?

Mrs. Taillieu: Yes, Mr. Acting Chair, it is in the annual reports from Family Services and Housing, beginning from the year 2000 to 2004, and it is on the Assets and Balance Sheet at the bottom. There is a note; commitments, note 26; it was in 1999. It was still note 26 in 2000. It became note 24 in 2001; note 23 in 2002; also, in 2003. It became note 24 in 2004; note 23 in 2005. In these commitments, there are projections as to the commitments for future years. There is an awful change, though, in the commitments, how they, first of all, appear to be going down, and then they go way down to—just a sec.

Just to continue on that, in 2000 commitments were \$48 million. They look to be going up in

projections for the future years, and then slightly going down. But projections were always around the \$48 million, \$47 million, \$46 million. But there was a change. Then, all of a sudden, the commitments in 2002, before the change in accounting, those commitments dropped down to 31; then, the future commitments stayed at around 31, or projections; but, then, in 2003 the commitments become \$24 million, but with future commitments projected to go up. However, in 2004 commitments went to \$19 million with a projection for the next year of \$29 million, but, by 2005 that projection of \$29 million actually became \$18 million, so those commitments have continually gone down. So I am just simply asking for an explanation as to why those commitments, although there were projections originally in 2000—the original projection from 2000 for what those commitments would be in 2005 was \$45.9 million. However, the actual commitment in 2005 is \$18.2 million. So, therefore, there is a big difference in the amount that was projected for 2005 and, actually, is there now in 2005. I would just like an explanation of that.

Madam Chairperson in the Chair

* (11:10)

Ms. Melnick: Well, again, the member has asked a question going back a number of years, so we are going to have a look at this. There were a lot of specific questions that she had in her last question. We will look over the years that she has referred to, and we will come back.

Mrs. Taillieu: The minister says we will come back. Will I be getting an explanation of this during the Estimates process?

Ms. Melnick: Well, yes, we will be, first of all, re-reading the question that she asked. There were a lot of bits and pieces in it. She was going back and forth between this year and that year. So we will have to see what the questions actually are, and then we will come back with the years that she is requesting information on.

Mrs. Taillieu: I would like to request that I receive this information in a letter to myself, as well as in Estimates. But, specifically, I would like it in writing, a letter to myself.

Ms. Melnick: Well, we have already said that we will come back during Estimates and we will present it there. If the member is not happy with the presentation, we can discuss it further.

Mrs. Taillieu: Madam Chair, excuse me, but then is the minister denying that she will provide the information to me in a letter?

Ms. Melnick: No, not at all. I said that we will look into, first of all, what her questions are in this area. We will come back during Estimates. She has requested a letter. We will bring that forward. We know that the member has received information in the past that she has not acknowledged, so I think it would be very important that, when the member receives this, that she acknowledges receiving the information, and that we will look at it there.

Mrs. Taillieu: I would specifically request that I receive this information in the form of a letter from the minister, in light of the fact that we may not be able to finish the Estimates process.

Ms. Melnick: The member, again, has asked a couple of different things, a couple of different questions received this during Estimates, which I said we would do, then, in the form of a letter, because we may not finish Estimates.

So, again, as with the question previous, the Member for Morris is going in many different directions at the same time. It is quite a skill. I have committed to bringing the information back to Estimates. I have committed to the form of a letter to her. I have also acknowledged that, in the past, when we have given her information, she has not always been aware she has received it.

So that is where I think it would be important to have discussion within the Estimates, as she has requested, about the information that has been brought back. Then she will know because she will be able to read in Hansard that she, in fact, did receive this information.

Mrs. Taillieu: It is interesting, always, when the minister starts making these kinds of comments, that she is obviously feeling a little pressured and a little fearful of the questions that I am asking. We always see that from this minister. Whenever she cannot answer the questions or will not answer the questions, she starts to get backed into a corner and starts to lash out. It is simply a tactic that we see fairly often, time and time again, in the House, on the street, in the hallways of this building—

Point of Order

Madam Chairperson: On a point of order, Member for Minto (Mr. Swan).

Mr. Andrew Swan (Minto): I listened to the question that was posed by the Member for Morris, which, I believe, lasted about five or six minutes and consisted of, I believe, three run-on sentences. I believe the minister has made a very reasonable response in light of the circumstances.

Her staff is working very hard to comprehend the question, let alone provide the answer, and I believe the minister is certainly, within the usual practice of the Estimates process, providing a very reasonable response.

Madam Chairperson: Member for Morris, on the same point of order.

Mrs. Taillieu: On the same point of order, Madam Chair, that is not a point of order and the member knows it.

Madam Chairperson: This is not a point of order. It is a dispute of the facts, but I would remind all members to, once again, try to maintain a tone of respect for each other. Let us carry on and get some constructive work done here. Thank you.

* * *

Mrs. Taillieu: Thank you, Madam Chair. Can the minister tell me if the social housing agreement signed on September 3, 1998, and which took effect on April 1 of 1999, has that agreement ever been revisited between the years of 1999 and 2005?

Ms. Melnick: The agreement has not been revisited. It was an agreement that was signed by the previous government. We have moved forward in bringing Canada back to social housing through the Affordable Housing Initiative. Again, we need to be working towards Phase III of that. We also signed with the federal government the Grand Rapids pilot project.

So we are always attempting to engage the federal government of whatever political stripe of the day to be long-term partners committed to social housing in its many forms. It could be through co-operatives; it could be through Manitoba Housing; it could be through the many sponsored groups that we deal with.

We are looking at not only improvement in modernization of stock as it exists, but also the development of new stock. I talked about the need for units falling far behind during the nineties. Some 30,000 units should have been built during that time, and now we are in a backlog of the country needing some 50,000 units. There has not been renegotiation

by any other province or territory of the social housing agreement, but there has been a lot of pickup and lot of very good work done in many jurisdictions, including Manitoba, through the Affordable Housing Initiative.

* (11:20)

Mrs. Taillieu: The social housing agreement that was signed in 1998 and took effect on April 1, 1999, there was a transfer of the 17,000 homes under that portfolio, but what amount of money was transferred with those homes at that time?

Ms. Melnick: With the signing of the social housing agreement, there was not actually any money that came across. There was an agreement of funding that would be provided, and we could provide the funding that we have received thus far. We could provide that.

Mrs. Taillieu: Well, I understand that you cannot provide that at the moment. Is that what you are saying?

Ms. Melnick: We do not have the breakdown by year handy right now.

Mrs. Taillieu: Well, then, I ask again if I could have the breakdown from 1999 or, if it began in 2000, whenever the money began on a yearly basis. How much did the Province receive from the federal government in regard to the social housing agreement?

Ms. Melnick: Yes.

Mrs. Taillieu: That could accompany the letter that is going to be provided to me, then.

Madam Chair, can the minister assure us, then, that there is a long-term strategy to maintain the social housing transferred from this agreement until the year 2031? What is the long-term strategy to maintain these homes?

Ms. Melnick: Unlike the provincial government of the nineties, this government is committed to social housing. This government is committed to the current housing that exists, but, also, as we have shown through the Affordable Housing Initiative, to the renovation, rehabilitation and building of new housing, and also a variety of housing.

I spoke earlier today. The Member for Lakeside (Mr. Eichler) is back and is laughing at our commitment to social housing. We had that nice announcement last year in his area. I know he has a group still working on it, so I hope he takes their

proposal more seriously than an overall commitment to social housing.

We have talked about the various types of housing that we have worked with and continue to work with communities on, housing for persons with disabilities, which was of interest to the Member for Lakeside about half an hour ago. We have talked about housing for seniors. We have had questions about low income family housing. We remain committed to working with all Manitobans in the development of housing. We have talked today about the importance of Phase III of the Affordable Housing Initiative. We do need the federal government again, whatever political stripe, that they be with us for the long term for housing for Manitobans, whether they be low income or in the affordable bracket.

We also have a number of programs for people. We have the RRAP program. I believe there are five different programs that we have. We have the emergency repair, known as ERP; we have the Shelter Enhancement Program; we have the HASI program, which is housing adaptation for seniors; also, under RRAP, we have a program specifically for persons with disabilities. I think it is the old-time funding formula of 75 percent from the federal government and 25 percent from the provincial government. I guess those could be known as the good old days, but we need to continue to work in partnership with all levels of government.

* (11:30)

I am very pleased that the City of Winnipeg has remained our partners through the Winnipeg Housing and Homelessness Initiative. I know that there has been a lot of good work done through that. Their contribution is in funding. It is often in kind, and it is very well received by the community as well. So, again, I will just get back to where I started, which is this government's commitment to social housing, a real difference between the 1990s and today. I look forward to continuing to work with community groups as we identify specific needs in their community, and then make those visions for better housing happen.

Mrs. Taillieu: The former Housing initiative and the Winnipeg Housing and Homelessness Initiative are separate from the social housing program, so I am wondering if there is a plan for the sustainability of the existing social housing portfolio until 2031, or has the money already been spent?

Ms. Melnick: Well, this government is committed to social housing. We are certainly committed to the Manitoba Housing Authority stock. We are also committed to the development, as I have said, of new housing, but I think it is very important to note that the social housing agreement, really, is about paying off mortgages. As the mortgages get paid off, the Canada Mortgage and Housing Corporation will really realize the benefits in not paying out the mortgages. I have heard estimates that, by the time the social housing agreement has run out, Canada Mortgage and Housing will realize some \$20 billion to \$40 billion in savings. I think it is very important that we recognize that the main role of CMHC is to provide good safe housing for Canadians across this country. I think it is important to recognize that, rather than have a Crown corporation with that sort of saving.

I understand contingency funding; I understand good planning, good fiscal planning around Crown corporations, as with any entity, but \$20 to \$40 billion is an awful lot of money. Those are estimates that I have picked up from groups such as the Canadian Housing and Renewal Association, which met here in Winnipeg earlier this week, as well as other groups giving estimates. So that is why the range right now is between \$20 billion and \$40 billion. But we really have to encourage the federal government to invest that money in low-income and affordable housing on an ongoing basis right across the country in Canada.

I was speaking with one of my counterparts, two, actually, in two of the northern territories, and, when we look at the costs of delivering services such as housing in the North, we see just an incredible need for housing, but the difference between putting up a house in Winnipeg as compared to putting up a house in any of the territories is quite stark, the difference. I think that, in dealing with the federal government, it is important that they recognize housing is needed across this country, and that we encourage the CMHC to reinvest the monies that they will be saving as a result of the social housing agreement, to reinvest that money, maybe, through a second phase of this, maybe through a real influx into the Affordable Housing Initiative.

There are many, many creative ways to work to sustain housing and to create new housing. Certainly, we need to encourage our federal partners to be here for the long term so that we can make sure that the people of Canada are having the housing that they should be having.

Mrs. Taillieu: My understanding from that comment was that the money has been spent, so there is no long-term plan to maintain this existing social housing stock in the province until 2031. The minister also said that they had not revisited the agreement, and that there are specifics in that agreement. Can the minister say today how many mortgages were paid out?

Ms. Melnick: Well, again, the Member for Morris is putting misinformation on the record. I had explained previously—

Point of Order

Madam Chairperson: A point of order, the Member for Morris.

Mrs. Taillieu: Madam Chair, that is incorrect. I am asking for clarification of the comments from the member.

Madam Chairperson: A point of order, the Member for Burrows.

Mr. Doug Martindale (Burrows): On a point of order. This is not a point of order. It is clearly a dispute over the facts. The member did not reference any reference to the Manitoba rule book or to *Beauchesne's*. I think she is just little thin-skinned.

* (11:40)

Madam Chairperson: This is not a point of order. It is a dispute over the facts. I would remind all members that points of order are not to be used as a vehicle for debate.

Ms. Melnick: As I had explained in my previous comments around the social housing agreement, payments happen on an annual basis. Those continue to happen, so, when the member tries to insinuate all the money has been spent, she is incorrect. That is the misinformation that I was referring to. So I will now put the facts on the record, which is that, again, we receive through the social housing agreement payment on an annual basis. That money is used to pay the mortgages and the operating costs of the various units.

She further asked about what mortgages are paid off. The first group of mortgages that we really see being paid off will be in 2008. Those will be limited in number. I do not have the exact number with me, but the vast majority of the mortgages that are currently being dealt with through the social housing agreement will begin to be paid off in the year 2020.

Mrs. Taillieu: I think that the member said that mortgages had been paid out, and now she is saying that the first mortgages will be paid out in 2008. Is that correct?

Ms. Melnick: There would be very few that have been paid out already. What I said was that there will be mortgages—the first group of units that will have their mortgages paid out will be in 2008, but that the vast majority of units will begin to have mortgages paid out in 2020.

Mrs. Taillieu: Well, there seems to be a bit of a discrepancy there, but I will wait and peruse Hansard to confirm that.

Also, the minister did say that the government did receive payments on an annual basis from the federal government, but she could not tell me what those amounts were. Perhaps her memory is better now. Can she tell me now?

Ms. Melnick: I do not have the specific amounts with me. It is laid out in the agreement. I think probably about 15, 20 minutes ago we did talk about getting that information.

Mrs. Taillieu: Can the minister assure us that all the money that has been spent according to the social housing agreement signed in 1998 and coming into effect in April 1999 was and will be used for no other purposes other than social housing?

Ms. Melnick: All the monies received through the social housing agreement, it is a provision of the agreement that it be used for social housing. This is a government that is committed to social housing.

What we would like to see is, again, the continuation of the Affordable Housing Initiative, Phase III. We would like to see more money coming into this province federally to be put toward social housing.

Mrs. Taillieu: Well, it is interesting because the member cannot even tell me right now how much money does come in annually for social housing. But I will move on to another question.

In January of 2000, the waiting list for public housing units throughout the province, and I have this in a Freedom of Information document, the total number in January of 2000, just let me make sure I get it correct, the total for the province was 1,439. By the year 2005, May, the total was 5,128, sorry. I asked for the figures for the end of 2005, but the figures from June to December are sometimes zero and sometimes another number in August and

September, which leaves me to believe that those are not complete, so I do not have the complete information from June until December. But what I am saying is the waiting list for public housing was 1,439 in January of 2000, and that has ballooned up to 5,128 in 2005 in May, an increase of 3,689, or a 250 percent increase in the number of people waiting to get into public housing.

We have also heard many, many announcements by this government about their commitment to housing. I know that there has been commitment to housing both from the federal government and from the provincial government, but I need to have an explanation as to why there is this huge increase in the number of people waiting to get into housing units in the province of Manitoba.

Ms. Melnick: Well, again, when we go back to the 1990s, we see that there was not a commitment to the development of affordable and low-income housing. What we are seeing in our numbers today is an echo from that. We have been, again, talking a lot about the Affordable Housing Initiative, not only in Winnipeg, but also throughout the province. So we need to maintain this commitment. We need to recognize the downfall of the nineties, and that what should have been built during the nineties just never happened.

I also think it is very important to talk about on-reserve housing in Manitoba and across Canada, and this government's commitment to the Kelowna Accord. Of course, one of the main components of that was Aboriginal housing on reserve. We all know, or we all should know, that there are deplorable conditions on reserves. I see in the federal budget there is some commitment, I believe \$300 million, to on-reserve housing. Unfortunately, I have heard from Aboriginal people that this will not begin to meet the need. So, again, we need the federal government in on the long-term and to be working with Aboriginal communities.

There are a lot of discussions that I have with Aboriginal people talking about the need for housing on reserves and in neighbouring communities, and that is why I was so pleased to negotiate the Grand Rapids pilot project, which deals with housing and infrastructure, both on reserve and in neighbouring communities.

* (11:50)

Until Aboriginal people are able to really choose where they want to live, which means appropriate

housing on reserve along with infrastructure, education, health care, employment opportunities, they will not be able to really have the choice of where they want to live. Many people do have to leave their home communities to come to urban areas where, again, there is great need for social housing and low-income housing.

So I think it is really imperative that all levels of government, including Aboriginal governments, First Nations governments work together on providing housing throughout the country of Canada.

Mrs. Taillieu: Well, I do note that there have been commitments from the former federal government and the provincial government going back a year now, from April 25 of 2005. There is already a commitment of \$50 million and there is another commitment of the \$37 million, and that was to renovate and create approximately 2,500 new units. It says, to date, construction is complete, under way or committed for over 1,900 units.

So I would like to ask the minister how many of these 1,900 units are complete because, as we have seen, we have seen a huge increase in the number of people waiting to get into public housing, 250 percent, a huge increase from 1,439 to 5,128. Now, we have seen that there has been an announcement by the minister to commit to building and renovating new units. So I would like to know how many of these units are complete and how many of these people are now off the waiting list.

Ms. Melnick: Well, it is refreshing to see the Member for Morris's new-found commitment to social housing, a conversion on the way, which is—

Point of Order

Madam Chairperson: On a point of order, the Member for Morris.

Mrs. Taillieu: Excuse me, but "so-called" is an accusation that I do not believe is appropriate here. She is reading something into the record that is incorrect.

Madam Chairperson: On a point of order, the Member for Burrows.

Mr. Martindale: On the point of order. I notice the Member for Morris does not have the Manitoba rule book in front of her, and she has not borrowed the Clerk's rule book, does not refer to any rule in the Manitoba rule book or in *Beauchesne*. I think what is really happening here is that she is having a small

snit. You know, if she cannot stand the heat, she should get out of the kitchen.

Madam Chairperson: I thank the members for their contributions. I would caution the use of words. They are bordering unparliamentary. I caution all members in this committee to please mind the tone and consider the respect that all honourable members deserve in this committee.

* * *

Ms. Melnick: We have had several announcements of units that are completed. Several projects are currently under construction or renovation. We have had announcements on assisted living in Dauphin. We had the housing announcement in Morden, the Woodlands announcement. I do not believe we have received any proposals from the member's own constituency, but, knowing that she now has a commitment to social housing, perhaps we will see something from her area. There have been over a hundred infill houses announced in the inner city of Winnipeg. We have had the Westminster Housing announcement, and there have been many more.

So, while we do not have the exact number of units, we do know that there are several under construction. We can get that number for the member if she wishes, but, I think, when we talk about the wait lists within Manitoba Housing, there is recognized right across this country that there simply is not the number of units that is needed. In Winnipeg alone we have the 1 percent vacancy rate. I believe a healthy vacancy rate is somewhere around 2.5 to 3. So there is a way to go for sure. Again, now that we know we have a support of social housing, I hope that the Member for Morris will work hard to ensure that Phase III of the Affordable Housing Initiative becomes a reality, and that we see the long-term commitment that we need from the federal government, and that, regardless of political stripe, Liberal, Tory or NDP, we will have that long-term commitment to social housing.

Mrs. Taillieu: That did not provide me with an answer as to how many houses are complete, but I would ask the minister if she would provide me with the—of the 2,500 new units that were proposed and committed to, how many are completed and people actually live in them; how many are under construction; and, accounting for the rest, I guess, where is the commitment to the rest of them?

Ms. Melnick: I had said that we would get the information of completed units to the member in my

last response. So, again, I would encourage the member to listen to the information that is being provided to her.

Mrs. Taillieu: Can the minister tell me to what extent The Loan Act authority is being used to build housing units?

* (12:00)

Ms. Melnick: Again, I want to acknowledge the Member for Morris's support for social housing. As she knows, I tabled legislation in the House a few weeks ago around the profits to be made around MHRC, both land development, and if there should be sale of land. I look forward to her support in the House on that bill. That, of course, would go into areas of need, based on criteria that would clearly establish that more social housing, low income and affordable housing is needed. So I look forward to her support in the House on that.

The question was on Loan Act authority. Currently, there is approximately \$2.2 million being used in the northern housing build, \$1.3 million for the 10 units, which was increased to \$2.2 million so that we could, in fact, build 20 more units.

Some of this money was also used for the northern model home in Thompson, which is a type of housing that, we believe, will be most effective in northern areas. It is the housing that is used in northern climates, around the sort of the boreal forest region, which is the only ecosystem that stretches all the way around the world. So we find that this type of housing has been very effective in Thompson. It is the sort of housing that is mould-resistant and that can be very effective against the extreme cold temperatures that are found up in northern Manitoba and beyond.

So our focus here is developing housing that we think will be long lasting in northern Manitoba.

Mrs. Taillieu: This northern model home, I would like to know more about that. How much did that cost to build?

Ms. Melnick: The northern model home in Thompson, with the research and the build, costs approximately \$220,000, and we do have tenants in there now. We are studying the family that is in there, but some of the features that I want to share are that this is panelized housing. It is housing that is quite different from the usual stick-built which is, again, prone to mould, which, perhaps, does not provide the sort of enforcement from the cold in

northern Manitoba and in northern Canada that a panelized home would provide.

Another feature of the northern model home is that it is fully accessible, so that we have the wide door-frames, the level entry, the bigger washroom and accessibility throughout the home. There also is, in the northern model home, what is known as the Thiodetic foundation. To really simplify that, it is that the home actually sits on large coils. The reason this is important is because, in cold temperatures and in extremes such as the climate in the North where you can go from very cold to very warm in the summer, the foundation, of course, can shift as the earth can shift beneath it. The Thiodetic foundation allows the earth to literally move beneath the home without any ill effect on the home.

Another feature of this is that it makes mobility of the home quite easy, so that, if the home was in a particular location for a number of years and needed to be moved for whatever reason, it would be quite easy to move the home. Another feature of the panelized housing, the northern model home is that there is a combination system for heating, which is a wood-burning stove, but the backup is a boiler hot water system as well.

What we did in the building of the northern model home was we made sure that we included all the bells and whistles that we felt might be necessary in the northern climate. But we are leaving it up to communities to determine if they are wanting to use this sort of technology, what actual elements they feel would be most important to their community and down to the individuals living in the home.

So we have seen a positive response so far from the folks who are living in the home now. They seem to be very comfortable. We have not been made aware of any concerns, so we are hoping that this would be a technology that would be used throughout the North. I believe the lifespan of a panelized home is roughly 25 years. It could stretch to 30 in that sort of climate. This is opposed to a regular stick-built which might have a life expectancy of maybe some 15 years. We are hoping that we will see more of this development in the North.

* (12:10)

The initial test results indicate the insulation panels will exceed the normal lifetime of a stick-built home, that the air tightness in the home will also exceed that of a stick-built considerably. Of course, that is where you get the drafts in the winter and the

ability for mould to develop as well. Again, initial test results indicate that there are no mould or moisture problems, which, when you look at communities like Peguis, when you look at communities like Grand Rapids, these communities are by—well, Peguis was built on a swamp, basically, and mould is a tremendous issue there. Grand Rapids is, of course, by an open water which the river used to freeze, but, as a result of the hydro-electric activity there, the water does not freeze over anymore. So this was one of the reasons why we chose the Grand Rapids communities, because we wanted to make sure that we were working with a community that had all of the elements of a northern community and then some. So I am very pleased with the initial results on the testing of the northern model home.

Mrs. Taillieu: How much land does MHRC own in the province that could be used for future development, and where is the land?

Ms. Melnick: There are approximately 2,400 acres owned by MHRC. Approximately 1,700 of those are in Winnipeg proper; 200 acres are scattered throughout rural Manitoba; the remaining 500 would be jointly held with various municipalities around the province.

Mrs. Taillieu: I am shortly going to turn the microphone to the Member for River Heights (Mr. Gerrard), but what I have learned today here is that the minister cannot account for \$230 million in a deficit in the MHRC fund. Along with other things, she cannot answer to what the deferred contributions are, or the commitments regarding the social housing program, does not know how many of the homes her government has actually built, that they have committed to build.

I am going to ask for one more thing. I am going to ask for the minister to provide copies of the audited opinion for the audited statements for Manitoba Housing and Renewal Corporation from the years 2000-2005.

Ms. Melnick: Again, the Member for Morris puts misinformation on the record. What she asked was a series of questions today that I said I would get back on. She has asked them in a very convoluted manner. She has asked them in a way that we are going to have read the Hansard to find out exactly what it is that she was requesting, so her attempt at trying to suggest that information will not be forthcoming, or any such little game she is wanting to play, will show that that is, in fact, not the case. But it will show that she continues to put misinformation on the record,

both within this committee, within the House and outside. So I think it is very important that she show a little more responsibility there.

She has asked for the audited statements. Again, we can provide them. They appear in the annual report every year. She has quoted from several annual reports today. She should, again, look at the information that she has and make use of that. The Auditor General is responsible for the annual report of the MHRC. Again, I am looking at the year 2004-2005; it is at the back. I will just give the member specific direction: it is at the back of the annual report, signed off by the Auditor. Again, we can provide her with exact copies if she is unable to get them herself.

Hon. Jon Gerrard (River Heights): The last time I asked questions in the Estimates, we were dealing with 14,000 cases, which are being reviewed by people within Child and Family Services. The minister said, and I quote, that, when we are talking about child welfare, we speak to the report that will be coming out in late May or early June. Will that report be made public as soon as it is produced?

*(12:20)

Ms. Melnick: I would like to acknowledge Linda Burnside at the table with us today. She is the director of Authority Relations, and, again, I want to acknowledge Linda's contribution to the child welfare system over many, many years. She has been with the department for a number of years as well, and has shown, again, a very consistent and professional commitment to the child welfare system and tremendous compassion to the children and to the families. She has also shown the sort of support to the front-line workers which recognizes that there are situations that can be very difficult, that decisions are made on the front lines in a professional capacity every day, and it is very important that, rather than attempt to undermine this system, that we work together in the best interests of the children of Manitoba.

I am not sure if the Member for River Heights has actually received a copy of the letter from Elsie Flette—I tabled it in committee last week—signed by Elsie Flette to Mr. Jay Rodgers. We will provide a letter for him. It was tabled in committee last week, so we will see where those copies went, and we will just get you your own copy.

On page 2 of that letter, I will just read from it since you have not seen it, the second paragraph.

This is Elsie Flette, the CEO of the Southern Authority speaking on behalf of the four authorities: We will be having discussions about the public release of the report, she refers. We anticipate that our final report will be completed by late May or early June. This report will be shared with the branch. We will be having discussions about the public release of the report. We are in agreement that the key findings of the review will be made public.

Mr. Gerrard: I would presume that it would be made public either immediately or very quickly on the report being completed.

Ms. Melnick: Again, they are looking at it late May, early June. We will be having discussions and we will be releasing as soon as we are ready to.

Mr. Gerrard: This report is part of the internal review or the external review?

Ms. Melnick: I think what the Member for River Heights is referring to is the section 4 review. This is not that. This is the review that was agreed upon by the department and the authorities. This is the open case, face-to-face review, just for clarification.

Mr. Gerrard: That was my understanding, but I just wanted to get it absolutely clear from the minister that we were talking about the review of the 14,000 cases that is part of the internal review, and that we should expect a report.

Ms. Melnick: No, just to clarify. There is the external review, which is the opening, closing and transmittal of cases. There is the section 4 review which, I think, you are referring to as the internal. This is neither of those. The department and the authorities agreed to a 30-day time frame of face-to-face meetings for open cases, including cases that have been closed within 30 days. That is what this letter is referring to. Does that make sense?

Mr. Gerrard: All right. Now I have it clear. We are talking about the review of 14,000 cases, which is neither external or internal review or the section 4 review, but is a separate activity on which we will have a report at the end of May or early June.

Ms. Melnick: That report will be prepared by the authorities as they are the ones who conducted it. The 14,000 cases are the current cases, current open cases of children in care, cases that closed within 30 days, as well as families receiving services.

Mr. Gerrard: Does the minister have a breakdown of the 14,000?

Ms. Melnick: That would be up to the authorities to include in their report, which they are talking about releasing late May, early June.

Mr. Gerrard: On the external review and the section 4 review, will those reports be made public when they are available?

Ms. Melnick: The section 4 review will deal with specific deaths. Information that is specific to individual deaths, under the law, cannot be made public under Section 76 of the Child and Family Services. But, if there are recommendations of a systemic nature, those will be.

Mr. Gerrard: Will the external review, which will, I believe, have an interim report and a final report—will the interim report and the final report be made public?

Ms. Melnick: For the external review, which is the opening, closing and transmittal of cases, there is an interim report due the end of June. There is a final report due the end of September. Those will be made public.

Now, I just want to reiterate what I have said all along, which is: If, at any time, any of the reviewers feel that a recommendation should come forward, I have encouraged them to come forward with those recommendations, whether the final reports are prepared or not. So, if they feel that a recommendation has to be made at any time, I have encouraged them to come forward with those recommendations.

Mr. Gerrard: For submissions to the external review, when is the date by which submissions should be there or information should be provided?

Ms. Melnick: The member should go to the Children's Advocate. I believe he asked this in the House, and was given direction towards the Children's Advocate office. That remains, and any information that he is wanting to provide to the external review should go through the Children's Advocate.

Mr. Gerrard: Is the Children's Advocate responsible fully for the administration of the external review?

Ms. Melnick: There is a shared responsibility—

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

TRANSPORTATION AND GOVERNMENT SERVICES

* (10:00)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Transportation and Government Services.

Does the honourable minister have an opening statement?

Hon. Ron Lemieux (Minister of Transportation and Government Services): Thank you, Mr. Chair. I do have an opening statement to make, but I am going to make it very brief. I would like to have the opportunity to allow the opposition and my critic to ask as many questions as they please with regard to Transportation.

The reason I mention Transportation is that we do have an agreement, but I just want to make sure that is clarified and on the record, because staff will be leaving from the Government Services side of the department, and we will be just dealing with Transportation this morning. So I just want to clarify that because we have both groups here today. If that is okay with members opposite.

Mr. Chairperson: Is that agreed? *[Agreed]*

We thank the minister for those comments.

Mr. Lemieux: It is my pleasure to present for your consideration and approval the Estimates of Expenditure for the Department of Transportation and Government Services for the year '06-07. I would like to thank the Transportation and Government Services staff. A lot of comments have been made that the weather has been absolutely terrible the last couple of years, and we have had many staff people within the government and within the civil service working extremely hard, whether it is in Water Stewardship or Transportation. The staff themselves have been working very diligently, trying to either repair roads or trying to redirect traffic. They spend a great deal of time doing that, and I just want to take this opportunity to thank them. I just want to say also to those staff, as our population is aging, regrettably, we also have staff that are going to be leaving.

The brain trust of the Department of Transportation and Government Services, we have

lost many, many people and will continue to lose more people in years to come, and that is regrettable. Yet that opens the door for many new people and young people to come in to work in the provincial government, and we look forward to that. But I just wanted to say farewell and thank you to the staff who have retired from the department this past year or who have left for other opportunities.

I just want to comment quickly that we are doing as a department what we can to try to get the most talented people we possibly can. It is a real challenge. Alberta continues to draw many engineers and others away from the province of Manitoba and away from every other province, quite frankly, in Canada. A department like Transportation and Government Services which depends on engineers and architects in a big way is really going to have to focus on our staffing in the years to come, because we have many, many retirements that are taking place.

In the fiscal year '06-07, Manitoba highways will receive a historic amount of \$257-million investment representing 45 percent per annum increase since 1999. This unprecedented level of investment in Manitoba's roads represents the government of Manitoba's commitment to build a highways network that in years to come will lay the foundation for continued prosperity for this province from east to west and from north to south. The addition of \$29.7 million represents a 13 percent increase over the '05-06 budget. Funding increase includes money for highway capital construction, maintenance and also for winter roads as well.

Just wanting to comment a little bit with regard to a number of the major projects, and then I will open it up for questions.

Manitoba has approximately 19,000 kilometres of highways that we are responsible for, roads we are responsible for. Every year, there is approximately \$2-billion worth of requests for work to be done. Obviously, we cannot meet \$2-billion worth of work. We just do not have the financial wherewithal to do that, nor, for example, even does Alberta, the ability to meet that amount of requests.

But we are looking at specific challenges. Highway 75, we have made a commitment over the next three years to address the worst parts of that particular road. We have committed to do that, and we are going to start working on that this summer, in fact, very shortly. Hopefully, a tender will be out and accepted by a company. We are also looking at the

Trans Canada Highway to Saskatchewan. We are also looking at doing some work on the Yellowhead. We are also looking at the northeast Perimeter and Highway 59 south we continue to work on, as well as many other projects, including Highway No. 6 heading to northern Manitoba, which is a main artery for northern Manitoba.

We are very proud of the fact that we have doubled our budget with regard to winter roads as well. It was a terrible season this year with regard to winter roads, and we are continuing to try to get the roads off the lakes and rivers and put them onto the land. I raised the whole issue about an all-weather road, either on the east side of Manitoba or certainly throughout northern Manitoba.

* (10:10)

I have talked a little bit about roads so far, but the other side that has really come up and bitten us, quite frankly, is bridges. A lot of the structures that we have are between the ages of, let us say, 30 and 50 years. A lot of our bridges are starting to fall apart, and there is a tremendous amount of pressure on us to be addressing a number of bridges. One would be Bield bridge between Grandview, Manitoba, and Roblin. Also, there is the bridge out covering the south Perimeter over the Red River. That particular structure is being worked on as well, as we speak.

There are many challenges that no matter who the government is, quite frankly, successive governments have not provided the maintenance or the financial dollars to address all these concerns. When you have a house or an automobile, we all know in this room that you have to be able to continually maintain it and also sometimes redo the roof or put in a new transmission in your vehicle. Otherwise, it is going to eventually run down, and then you are going to have to get yourself a new vehicle or rebuild your house or do something because it is going to be falling apart right around you. Essentially, that is the analogy I use with regard to transportation. We continually have been just doing the bare minimum, and then now we are found to have this huge challenge on our hands which often we hear comments from the opposition and many others in the community how they want it done now.

Well, is that fair to expect a government to be able to do it right now and fix everything within a period of a few years? All the repairs and roads that have been around for 30 to 50 years, or bridges. I do not believe it is, and I do not believe the average

Manitoban feels it is either, but they want to know that, as a Transportation Department and as government, you do have a plan, which we do. The Province of Manitoba has a vision for transportation, and one of the cornerstones for that is safety, obviously. I think that for most people they would say that, in no particular order of importance, but safety always has to be a part of what we do in Transportation.

But we are looking at a number of different strategies and the strategies we are looking at is bringing Manitoba back to be the hub of transportation in the country and, arguably, in North America. We are centrally located, strategically located, I would add. So we are looking at a number of different initiatives related to our vision. One is the western gateway transportation strategy. This particular strategy involves the western provinces. The western ministers of Transportation, as well as the premiers, have agreed that transportation is truly important. In Manitoba, we have interprovincial and international transportation infrastructure which includes highways into modal links, airports, Port of Churchill, Class 1 railways, Central Manitoba Railway and Hudson Bay Railway. These various strategies underline the need for a partnership between governments and the creation of a long-term transportation investment.

Just to conclude, I would say that we are looking at, included in the strategy there is a MIG Strategy which is the short form for Manitoba International Gateway Strategy. There is another key strategy that we have, northern rail lines strategy. These strategies have been rolled out over the past few months, and people are understanding that part of this is also sustainable transportation. Greening of the fleet vehicles is very, very important. We had an announcement yesterday talking about E85 vehicles, how 10 percent of our fleet are now either flex fuels, and so on.

So I would like to conclude by thanking the staff of Transportation and Government Services for their hard work and diligence with regard to this department and trying to do the best job they can for the taxpayer of Manitoba. As you know, we are constrained by balanced budget legislation which we are living within. We only can spend as much money as we are allocated, and we try to do that diligently every year. We have done that since we became government. Thank you very much, Mr. Chairperson.

Mr. Chairperson: We thank the minister for those comments.

Does the official opposition critic, the honourable Member for Emerson, have any opening comments?

Mr. Jack Penner (Emerson): It is certainly an honour to be the critic for highways, Transportation. I believe that what the minister has just indicated to this Chamber is clearly an indication of how the general public regards this government and their so-called commitments to strategies, or the actual commitment to ensuring that highways and transportation structure will in fact be held in such regard and maintenance that other jurisdictions would in fact want to come to Manitoba.

I listened very closely when the minister identified some of the projects that they were currently considering, and I found it rather interesting that, in his vocabulary, No. 75 highway did not exist nor was the bridge on 201 at Letellier mentioned. That is a bridge that is falling into the river. It is a main transportation route for all the agricultural industrial goods coming out of southeast Manitoba, heading towards 75 highway and then on to the international trade market into the U.S.

What is most interesting is that we had a person, my next-door neighbour as a matter of fact, that this past winter took it upon himself to clean up the highway from Emerson to Letellier. He has truckloads of spare parts that have fallen off vehicles, including fuel tanks from big trucks, transport trucks, bumpers, wheels, break drums and many other parts that he has gathered along that highway. That is how bad 75 highway was last winter. I think the minister is well aware of that. I mean, pictures were taken and the media came out to do stories on the deplorable state of our road structure.

What was interesting was that same highway exists just south of the U.S. border, and when you hit that the signs disappeared, I mean, there were big signs on 75 highway saying, slow down to 70, 80 kilometres an hour for your own safety. On the U.S. side the sign said 75 miles an hour speed limit, and the highway was like glass. It was so smooth. I mean, it was a pleasure to drive on those roads. One has to wonder, when this government, after having been in power for just better than six years, will make a true commitment to their highways and road structures, to not only talk about them but to actually get some work done.

I believe that is the case in all of Manitoba. I have done a lot of driving this past three years in much of southern Manitoba and also in northern Manitoba. What I found most interesting was when I hit No. 6 highway heading north through the Narrows and then up North, it is one of the finest highways. It compares with the American highways system. Yet in southern Manitoba we have none of those roads. We have No. 1 highway that is falling apart south of Brandon. We have Highway 23 that is falling apart. Virtually all of the secondary roads are in dire repair.

It is time that this government and the Premier (Mr. Doer) not only use words to demonstrate the need but, in fact, put some real commitment into the highways program. We will today direct our questioning to exactly that to see where the money has gone over the past years and the actual commitments made and how those dollars were expended, and those dollars that were not expended, where those dollars went.

Then we will get on to asking the minister how much of the federal money that has been allocated over the past year or two and again this year, substantial amounts of money for infrastructure, how that money will be spent or why the provincial budgets do not reflect those additional monies they are getting from the federal government.

*(10:20)

When one looks at the income situation of this government, one has to realize that better than one-third of its revenues are generated through federal transfers. We are a have-not province, the only have-not province now in Canada, especially in western Canada. The minister in his comments continually compares himself with Alberta or talks about Alberta, losing our staff to Alberta and others. It is no small wonder that he is, because this government has done absolutely nothing to ensure that we will also be an aggressively progressive province that will pursue industries and/or economic ventures that will employ our young people here.

So far most of our young people, especially the well-trained young people, have ended up in Alberta and other provinces. Our doctors and nurses head to the States just across the line, North Dakota. It is interesting when one talks to one's neighbour, a very close friend of mine had to go to North Dakota to get hip surgery, which he paid for out of his own pocket, and in doing so he had a heart attack there. Both surgeons, the heart surgeon and the hip surgeon,

were both Canadian-trained doctors and came to see him once he was transferred back to Morris, came to visit him in Morris hospital as his doctors.

So now we have U.S. doctors coming into Canada looking after Canadian patients that came to them for help. Again, it is a clear demonstration of a lot of words being used, a lot of rhetoric that we have heard from this government but very little action, and, similarly, we have that kind of situation exist in our road system as well.

We have had increased funding provided in budgets. Yet, when the actual expenditures were looked at, much of that money has lapsed. As a matter of fact, very close to \$60 million has lapsed during their years of tenure in government that could have been spent on building a new bridge at Letellier, resurfacing 75 highway and resurfacing No. 10, upgrading. Those kinds of things that it could have been used for, it was not. Why was it not?

I think those are the answers that we are going to be looking for from the minister today, Mr. Chairman. Thank you.

Mr. Chairperson: Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department in the Committee of Supply. Accordingly, we shall defer consideration of item 1(a) and proceed with the consideration of the remaining items referenced in the resolution.

At this time, we invite the minister's staff to join us in the Chamber and, once they are seated, we will ask the minister to introduce the staff in attendance.

Mr. Lemieux: I was remiss in Estimates, but I did so in Question Period, congratulating the MLA for Emerson as being the new critic for Transportation. I look forward to working closely with him, and also hearing his suggestions and his positive constructive criticism as to how we can improve the transportation system for all Manitobans.

On that note, I would like to introduce the staff that, when the minister says we will do something, the people sitting in front of me are actually the people who do it. So I just wanted to introduce them quickly. Our financial wizard is a gentleman by the name of Paul Rochon. He ensures that we are fiscally prudent, that we are spending the dollars that we have, and that we do not spend more than we have.

Also, I have Mr. John Hosang, who is an assistant deputy minister here today with us; also, Mr. John Spacek, who is also an assistant deputy

minister. I am pleased to have them here today. They will be assisting the department answering any questions, or trying to answer any questions that we are asked. If we do not have the answers before us today, we will certainly be pleased to get those answers back to the members who ask the questions. Thank you.

Mr. Chairperson: Does the committee wish to proceed in these Estimates in a chronological manner, or with a global discussion?

Mr. Penner: I think we have traditionally, at least in some of the departments that I have been the critic for, gone sort of globally over wherever the discussion took us. I wonder whether the minister would be amenable to taking that same approach again today.

Mr. Lemieux: Well, we are certainly open to that. I would just ask that we have an agreement that Government Services will not be dealt with this morning, because there are two parts to this department, Transportation, and Government Services, and this morning we are just dealing globally with the Department of Transportation issues.

Mr. Chairperson: Is that the understanding? Is the committee agreeable to this?

Mr. Penner: Yes, Mr. Chairperson, that is the understanding.

Mr. Chairperson: The floor is now open for questions.

Mr. Penner: Mr. Chairperson, as I indicated in my opening remarks, I think what I would like to do is ask the minister whether he could give us a bit of an historical overview over the last six years from 2002 to the current expenditures; first of all, the Estimates and the appropriations in the department, and then give us an overview of what the year-over-year actual expenditures have been in highways and maintenance, and whether he can give us that year-over-year view of his department.

Mr. Lemieux: Mr. Chairperson, certainly, I would like to be able to go over some of our numbers and point out the tremendous projects that we have instituted or put in place since '99-2000. I know that, having said that, some projects are not going as quickly as what we would like, but these projects are always weather-dependent. Many of the announcements that I have made since I have been minister for the last couple of years, I have tried to preface my

comments by saying we will try to get this done, depending on the weather.

We know what the weather has been like the last few summers. They have been really terrible, well, terrible in the sense that it may be good for Hydro to have all this water heading north, but to have all the rain happening when we are trying to move dirt and construct roads is not very good. So what we have tried to do is we have tried to extend those dollars the best we can. I know the previous government faced the same, similar challenges. I think, 1997 I think it was, they lapsed about \$7 million and, as a government throughout the 1990s, they lapsed a tremendous amount of money. But, you know, this is something that is the nature of the business.

For one of the first times in our history, because there was an accounting change going to Part B Capital, what we have done is that we had the ability last year to actually change projects and look at projects that we were able to do when we knew that the dollars would not be expended. We were able to take a look at our projects that are already engineered and that were in the queue. We were able to direct those dollars to those projects.

A couple of those were, there is a term used in transportation, thin-lift overlays—essentially what it is, is laying, it could be a half-inch to two inches of asphalt over a stretch of highway that might be 35 years old or so, and it gives you anywhere from five to eight years more of life on that particular road instead of redoing the whole road. So that gave us the ability to do that last year, which we did, and there are a number of important projects that were addressed in that way.

Taking a look at the budget, and if I could before we get into that, I should put this on the table right now. I know the member has been critic for a couple of different departments since we have been in government in 1999-2000, but I want to put this on the table right now with regard to funding.

The member mentioned in his comments about I-29 and when people cross the border from the U.S., from their interstate into Emerson and start to come into Canada, how the highway is not comparable. Well, I agree. We have agreed to that; we agree. I do not have to see parts of vehicles lying on the road to know that that road is in bad shape. I have driven it many times myself, many Manitobans have. But we have made a commitment. We have listened to Manitobans, we made a commitment to address it and do it, and we will.

*(10:30)

This gets me to the second part of my answer. Mr. Chairperson, I-29 is funded 90 percent by the federal U.S. government, 10 percent by the state. We have to foot the whole bill for Highway 75. So my position with the new Minister of Transport and Infrastructure in Ottawa is that we want an equal partner. We have a vision. We have a transportation vision in Manitoba. Where is the federal vision? To be fair to him, he is new. He has just come into his portfolio. I look forward to meeting him. I have not met him, but I look forward to meeting him.

But the reason I want to put this on the table right now for the member opposite is because he may hear me referencing it a few times during my Estimates. We need a partner in Manitoba and across Canada, quite frankly, and we need a transportation vision federally. This particular minister, I hope, will be able to come forward and take a look at the funding that I-29, for example, U.S. highways get. They get 90 percent federal dollars compared to the 10 percent of the state. If we had those kinds of dollars on Highway 75, I could guarantee that it would look better than I-29. But, having said that, that is not the arrangement we have right now, but we are certainly working and wanting to work with the federal government to get more federal U.S. dollars into transportation, into the provinces.

On that note, there are a number of excellent projects which I will not go through now. The member opposite knows the ones that we are working on, but I just wanted to emphasize that we are, over the next three years, going to be addressing, as we said, the worst parts of Highway 75 starting from Winnipeg working down towards Ste. Agathe and starting from Emerson working towards Letellier, trying to address the worst parts. Also, there is a portion around Morris that needs to be addressed. But the engineers are looking at that right now, determining what needs to be done. A tender has gone out with regard to that particular highway, and, hopefully, in the very near future we will be able to make an announcement as to who is successful with regard to that tendering.

We could do a lot more. With federal assistance we could do a lot more. I think the member opposite knows that. I know that he is prepared also to speak to his counterpart in Ottawa, when he has the opportunity, to put more dollars into not only Manitoba, but how the federal government needs to put more of the gas tax revenues back into the

provinces. There is an inequity there that is just not right. We have had rail lines shut down. We have had elevators shut down. People are using more of our roads now and we depend on our federal government to show some leadership.

At one time, nation-building was putting a rail line across this country. Now, I believe that that has changed. I believe our highways have now become a way to nation-build.

So let me just leave that. I will try to conclude by leaving it there. I would certainly like the member opposite to go on record to tell me and tell Manitobans where does he stand and where does his party stand on getting the federal government to come forward with more gas tax revenues into highways and into transportation because they used to say this about the Liberals. They used to say, well, where is Collenette, where is Lapierre, you know?

They were the Transportation ministers, and they used to hold their feet to the fire, saying that the federal government needs to put more money in. Well, now the government has changed in Ottawa, so I would like to hear from the member opposite, I would like to hear him put it on the record, that he is prepared to lobby and talk to and convince his federal counterpart to put more money into Manitoba, into highways. Thank you.

Mr. Penner: Again, I just want to respond to what the minister has said. It is easy to play the blame game. He is the minister for the Province of Manitoba; he is the one who is responsible for looking after the infrastructure. That is what the people have charged him with, that is what his Premier (Mr. Doer) has charged him with. We know he has an excellent department and an excellent staff to work with. What they do, what they need is direction.

We also know that better than a third of the Manitoba budget currently comes from Ottawa. I am not going to sit here and defend Ottawa or decry Ottawa. I know that when a third of a provincial budget comes from the federal government, and an additional \$100 million allocated in the last budget by the federal government towards infrastructure, one would expect that is better than 50 percent of the total Manitoba highways budget spent on capital and infrastructure. So one would suspect that this minister would sit here and cheer the fact that we have a federal government that recognizes that we have a government in Manitoba that is not able to direct its affairs in such a manner that we create

growth and an economy that can be self-supporting. Yet we rely totally on the feds for health care, for education, for increased spending on our infrastructure.

If the minister would look at his own numbers and his own revenues and his own government and if he would then say, my Finance Minister and my Premier must be lobbied and directed to at least spend all of the portion of dollars raised by our transportation industry through fuel taxes and those kinds of things in our own province, if we would just spend that on highways, that would be a significant increase. But, no, he directs his criticism at somebody outside of this province that we have no control over. He knows that. He also should know that the people of this province are listening and observing very carefully, and when the next election comes do not be too surprised that they will judge accordingly.

They have driven the highways. They have replaced their tires. They have replaced their bumpers and their fuel tanks and their brake drums and whatever else, they have replaced them, time and time again, travelling 75 highway, bringing international goods into Manitoba, taking all our goods out of Manitoba and transporting them internationally. That is our main transportation route, Sir. That is our main export route, and for you to sit here in the province, as a provincial minister, and decry the fact that the federal government spending a third of our budget in Manitoba, bringing federal dollars to help you with a third of your budget in total in this province is not enough.

I am saying, no, it is not enough. I agree with the minister that there should be more spending on transportation routes. Maybe what the minister should be saying is that we should jointly go to Ottawa and suggest to them that they adopt the American system, that we have interstate travel and interstate routing. Maybe then, maybe then, we would get somewhere. But just to sit here and play the blame game, Mr. Chairperson, just does not cut it for me.

I asked the minister a very simple question, give me the year-over-year date of how much money has been lapsed since they took government from 2001-2006. Give me the year-over-year lapsing of the dollars that has happened. I want to know how much he himself recognizes he has had to give up because of either Treasury Board decisions or other reasons. It was not all weather because we have had bad weather in other years, in other governments and

they have continued construction. So do not blame your staff and your department or the weather.

I think it is time you took responsibility, Mr. Minister, and that your government take the responsibility for not having taken the action to ensure that our highways are maintained in such a condition that they are at least driveable.

Mr. Lemieux: Maybe the member opposite misconstrued my comments. I was saying in a proactive, constructive way, that we approach the federal government. I still did not hear him put on the record that he thinks Manitoba should get more of the gas tax revenues coming. Now, he is totally at odds with Manitobans. Manitobans feel that there is a real inequity here between what the federal government is giving us and what they are taking out of the province.

Since we became government in '99-2000, the federal government has taken over a billion dollars in motive fuel gas tax out of this province. They have only given us back approximately \$70 million. So what we are saying is that, you know, join with us, instead of being anti-this, anti-that. You know just because the government gives a suggestion, puts a suggestion forward, does not mean just as opposition you have to automatically in knee-jerk reaction oppose it.

* (10:40)

We are not blaming the federal government. In fact, I think that I have given the minister in Ottawa, the new minister—

An Honourable Member: To work with us.

Mr. Lemieux: —to work with us, work with the provinces. All political stripes across this country, all the premiers—the Council of the Federation, I believe, is the term that they use for the premiers—they got together and they put transportation as one of the key items on their list to work with the federal government.

There are Conservative governments, there are Liberal governments and there are NDP governments across this country that are saying the same thing, totally the opposite of what the Member for Emerson (Mr. Penner) is saying. I mean, people realize that there is an inequity here. On the one hand the member opposite cannot say, well, look at I-29 compared to 75, and then say, oh, the feds have no role to play. What we are saying is let us get together on this and let us partner. I realize that they have

their financial constraints as well federally and they have their priorities. We are just saying that we have made transportation a priority in this province. We have shown that we are an action-oriented government. We have shown that we have put money into our transportation system. Arguably, maybe people are saying, not enough. Okay, we are saying, well, then, that is where our partners federally would certainly be of help to Manitobans.

Now, we can take a look, and I know the member opposite was asking about the particular budget. Even last year I believe our budget was around \$227 million approximately, and I believe we spent around \$231 million. Now, as a government, the provincial government has balanced budget legislation, and we have to live within that. Our government is balanced and has balanced budget legislation. But, in the Department of Transportation, why we spent more than what was even budgeted for last year was because we had, I think it was calcium chloride that was used—no, it is sodium chloride, sorry, that was used on our icy roads. We had a terrible winter this year—well, a pleasant winter for most Manitobans. It was nice and mild, but it was really difficult on our budget in the sense that we had to put more chemical on the roads than we would have liked to, to ensure that people would be driving on safe roads and not on ice.

Also, people are familiar with our winter road system this year, on how we have had difficulty putting in a winter road system that ended up costing us a little bit more money. So, you know, last year we actually spent more than we had budgeted for, and that is something that the Minister of Finance (Mr. Selinger) was able to provide our department due to the unusual circumstances.

Now, I do not think the member opposite is asking me to go through the whole list of the new projects to show the proof is in the pudding as to what we have done: the northeast Perimeter, Highway No. 1, Highway 59, Highway No. 6. I could go through all the highways where we have put tremendous millions and millions of dollars into, and we will continue to do that. We made a commitment. Last year we budgeted \$15 million more than what we did the year before. This year, we are budgeting over \$29 million more. So what we are saying is that, yes, we are listening to Manitobans. We understand. We drive these roads. We are also Manitobans. We drive the roads. We go over the bridges. We understand that work needs to be done.

But, also, we have a plan to do that and we are just asking—it is not blaming. I just want to make sure that is on the record. Minister Cannon, I have not had the opportunity to meet with him but I will shortly. I will be raising these issues, as I have with the member opposite, to try to see whether or not there is an area that we can partner with the federal government.

I think they realize themselves that not only Manitobans but Canadians are saying, we need to have a transportation system that is an economic enabler. We understand that. We are just wanting to say, will the federal government come forward and partner with the provinces in this way? It is not just an NDP Minister of Transportation saying this. The Minister of Transportation, whether it is a Conservative Minister of Transportation or a Liberal Minister of Transportation across this country, we are all saying the same thing to the federal government. Thank you.

Mr. Penner: Mr. Chairperson, I find it interesting that the minister will not even want to answer the simplest of questions. I just want to remind the minister that \$3 billion this year this Province will receive from the federal government; \$3 billion will be transferred from Ottawa to Manitoba this year.

Your budget is estimated to be at \$8.622 billion—

An Honourable Member: The provincial budget.

Mr. Penner: Yes, the provincial budget. When I do the overview analysis on that, that is right on 35 percent of your total monies come from the federal government. The federal government announced another \$100 million for infrastructure under their current budget, which the minister is well aware of.

What I am suggesting is that you should look at and read the Manitoba Heavy Construction Association, the newsletter of April 6, and you would realize that what you are asking us to do, we have already done. We have already indicated by a letter to the federal government that we are suggesting to them that they provide 100 percent of the gas tax revenues back to the Province of Manitoba. If they would do that, that would at least give you, Mr. Minister, something more to work with than you are currently getting.

However, we do not want to see the additional \$100 million become part of that transfer, because they might come back and say, well, if we take that \$100 million and deduct it from the gas tax revenues in total, you might, in fact, get less than you do now,

because I think a \$3-billion transfer from the federal government in total to your budget, and then add another \$100 million to that for transportation and infrastructure, it would appear that there have been significant increases over the last short while from federal transfers.

Again, I am not here to defend or support the federal government. That is not my role. My role is to look at the current situation as it exists in Manitoba, and the poor condition our highway system, at least in southern Manitoba, is in. I would suspect that some of the northern routes are in no better shape than the southern routes are.

I want to ask the minister whether he has any plans that are immediate or whether he can give me some indication as to how he is going to deal with the bridge on 201 at Letellier. I know it is almost two years ago since he was asked down to have a look at that bridge, and that they put traffic lights in which many people are chuckling about, quite frankly, because if you are going to save weight on the bridge. The other day I drove down there and I know that the load limits are now 25 tonnes on that bridge, but also I saw seven trucks in a row, one after the other trail across that bridge when the lights changed. There were three cars following that and one van interspersed between the seven trucks. So I mean there was a train of at least 25 tonnes, I would expect, unless the trucks might have been empty, I do not know that. I did not ask for a check. But I would suspect that by putting the traffic lights on we actually, probably, are loading at times the bridge much heavier than we did before.

That is not the question. The question is: When will the minister indicate to the province of Manitoba and the people of Manitoba that that route will again become available to them to transfer their goods off their farms, out of their businesses, out of their manufacturing firms, down 201 highway, to 75 and into the international market place? When is the minister going to redo the bridge?

Mr. Lemieux: Before I address that question specifically, I know the member mentioned, and actually I am very encouraged that the members opposite said that they sent a letter to the federal minister asking that more gas tax revenues be put into the Province of Manitoba. I am not going to ask the member to table the letter. I would sure like a copy of it if he would not mind providing me with a copy of that letter. I would really appreciate it very much. That would only assist me. I do not know if he

is prepared to do that because he did put on the record today they sent a letter requesting that. So I just want to see what terminology, and so on, was used in their letter.

* (10:50)

Secondly, we do have a Gas Tax Accountability Act in Manitoba where we say we put motive fuel tax, gas dollars, every cent we collect back into the Province of Manitoba into infrastructure. Now, having said that, we spent—when we take a look quickly at the supplementary schedule and statutory reporting requirements, approved by the provincial auditor. That is on '04-05. I will refer the members to page 4-20 in that document. It shows that net gasoline, net motive fuel tax, gas and motive fuel tax was approximately \$217 million, and it shows that when you take a look at construction, maintenance, operations and so on, the investment made by government was approximately \$299 million approximately. This was approved, of course, by the provincial auditor and it shows that not only did we put the dollars that we collected in motive fuel tax into transportation, but we actually put more dollars than what we collected.

So we are really pleased that the members opposite are writing letters to their colleagues in Ottawa. I certainly will be less critical of them once I have an opportunity to take a look at that letter, to see exactly what they have written and what they have said, because I have been somewhat critical of the opposition, saying: Your friends and your colleagues are in Ottawa; you have an opportunity to talk to them and an opportunity to work on behalf of Manitobans. As they should be, to get more gas tax revenues back, and this is what Manitobans are saying to us and municipalities are saying to us all over the province, that we need to have some more of that money.

With regard to the Letellier Bridge, the member made some observations and comments about—I am not an engineer and nor is the member opposite, but I understand he is a very good farmer, which he should be congratulated on. I am not an engineer either, but I understand that by putting lights up and stopping traffic like that, it is much easier on the structure as opposed to having traffic going both ways crossing, two semis crossing the bridge at the same time. At least, that is what I have been advised, so that assumption is not correct, but I do not mean to make a big point of it. It is just that that is what I

have been told in advisories from one of the engineers in my department.

That bridge is indeed needing some work. There is no question about it. People have been doing the engineering on it. They have been looking at it. I have met with a number of the municipal councillors from the area, and they feel it is truly important. I have to tell you that they have been excellent to work with. They have been very professional. They have been very good advocates on behalf of their constituents, and I have to commend them for that. They just did not come into my office when we had a meeting to which I invited the Member for Emerson (Mr. Penner) prior to being the critic to Transportation as the MLA to join the meeting, and he would second that too. They have been very, very professional and very strong advocates on behalf of their constituents and the people that they represent, which they should be congratulated for.

So we are looking at taking a look at what kind of an alignment we are going to be doing on the Letellier Bridge. There are different alignments that have been proposed over the years. There is one immediately north of the existing bridge, which is one alignment which requires a right-of-way acquisition from Roseau River First Nations on the east side. There has been another alignment that we have looked at on location of the existing bridge which would require complete closure of the existing bridge during the two-year construction period. Maybe it might take longer, again, weather dependent. My department has continually told me to make sure that anytime I am talking about any kind of projects, I have to ensure that I mention that we are dependent on the weather on a lot of projects. The third alignment was immediately south of the existing bridge which would require a possible expropriation of land on the west side of the river so construction could proceed.

So we have these options we have looked at. The department is looking at them. We are trying to re-evaluate taking a look at the costs, and I know the member opposite appreciates this. With China taking anywhere from 40 percent to 45 percent of our steel, taking our concrete, it has increased the costs of a lot of construction projects in Manitoba. Not only that, the price of oil and the oil that we use to make our asphalt, when oil per barrel goes up, the costs of asphalt and making highways goes up, and so there is a direct correlation between them.

So this particular structure that the member opposite talks about, the consultant's design I understand is well under way. I am not sure what percent, where it is at exactly, but I know that they have been making good progress on that. As soon as we receive that, we will be able to take a look at what kind of recommendations are coming to us on alignment. I know that, once a final alignment option has been accepted, then design could be completed, and it takes a number of months to do that.

Again, we are hard pressed. I mentioned prior in my remarks that we have engineers that—they are not all going to the tar sands or oil sands, but many other companies are being hard pressed by losing staff. That puts pressure on us on trying to get a lot of these projects going and not only started but completed. Thank you.

Mr. Penner: I want to, Mr. Chairperson, make a correction. I believe I said that our Leader of the Opposition (Mr. McFadyen) had written a letter to the department. I want to correct that and say the Leader of the Opposition, in a Manitoba Heavy Construction Association newsletter on April 1, '06, called for the government to press the feds for a hundred percent of gas tax revenue. That was a public statement, public letter. *[interjection]* No. That was Hugh, our new leader, and it was an article that you can read that in the April 1 edition of the Heavy Construction Association, just to put the correct information on the record.

I want to ask the minister what his immediate plans are for No. 1 highway to Saskatchewan. I understand that the roadbed was actually constructed in 1999, I believe. I am not certain on that one, but the roadbed, I understand, has been constructed for some time, at least a portion of the roadbed and is in need of surfacing and still has not been surfaced. I wonder what the minister's immediate plans are, seeing that the federal government has now contributed \$100-million additional money to the province, whether there is any indication that the government is actually intending to spend some of that federal money on an interprovincial highway and finish four-laning that stretch of No. 1 highway.

Mr. Lemieux: For the clarification, I should also clarify that the public accounts is unaudited. I believe I mentioned that the Auditor—I was incorrect in saying that. It is not the Auditor. It is an unaudited document. I was advised to ensure that that was corrected, but I am pleased that the member corrected the issue about the letter.

I am just wondering, is he prepared now to have his leader or himself write a letter to the federal government, either to the Prime Minister or to the Minister of Transport. Write a letter directly. Do not put it through the Heavy Construction Association, a letter through there of some kind of a document he is talking about, but actually send a letter. He can copy me if he likes, but I would certainly ask that the Leader of the Official Opposition in Manitoba or the Transportation critic write a letter. I wonder if he is willing to do that then, as opposed to some article that was written in the Heavy Construction Association document.

Just to repeat, just to clarify what I was saying, I know the member was in a discussion with his colleague, but I just want to say that instead of some kind of an article on an editorial comment in the Heavy Construction Association magazine, would the member opposite as a critic be prepared to write a letter to the Transport Minister clarifying the fact that all the provinces, well, not necessarily all the provinces, in Manitoba's case have the gas tax revenues directed to the province or even have his leader send a letter to the Prime Minister doing that.

* (11:00)

Mr. Penner: We are, or at least I am, constantly in discussion with the lead federal minister now for the province of Manitoba. He and I have had some of this discussion right after he became the minister and we will have further discussions on this whole matter of funding for highways. But I want to remind the honourable Minister of Transportation (Mr. Lemieux) for the Province of Manitoba that the response I get is that, proportionately, Manitoba's budget gets a very large amount of its money from the federal government. Realistically, when I look at the amount of money coming out of the federal Treasury to support Manitoba, because we are a have-not province, I think, it reflects somewhat on the attitude of this current government in its lack of vision, in having established itself as an industrial-based economy that has the will and the wherewithal to make things happen in this province. So far we have seen very little of that, Mr. Chairperson.

I think the minister could speak to his Premier (Mr. Doer) and maybe suggest to his Premier that we should spend all of the gas tax revenue that we generate in this province of Manitoba, provincially, and all the fees that Transportation generates and all those kind of revenues that we take in should be directed at Transportation and that Transportation be

allowed to spend those revenues. I think the minister would do well to speak to his own Premier.

Mr. Lemieux: You know, I enjoy my critic's company and I think he is a gentleman and he works very, very hard on behalf of his constituents, but I am somewhat taken aback by his negativism and that kind of approach, saying we are a have-not province. We have some of the greatest citizens in this whole country that work extremely hard. We have such great young people in our universities and in the community colleges in this province, and to call Manitobans have-nots and somehow lacking is a real negative shot, I think, to a lot of our citizens. We have some of the strongest entrepreneurial spirit anywhere to be found in this country and we are very proud of that fact. We are moving ahead on many different fronts and we are, in fact, leaders on many different fronts in this country.

Just to address that one point that the member did talk about, about a piece of highway, Highway No. 1 west, that was done many years ago. Well, indeed, that area is paved and is being used right now. It was located near Virden, Manitoba, and it is actually being used and people are driving on it. In fact, I even drove on it last year. I know a member sitting close beside me, a very knowledgeable MLA from Transcona, with regard to transportation, he was the critic for Transportation in the 1990s for 10 years and has a very good grasp of transportation issues, in fact, he was a leader with regard to our government when he had the opportunity to be a co-chair of the 2020 Transport Vision committee that travelled around the province having some input. But, again, he advises me about the stretch of highway near Virden and that was the particular stretch of highway. My departmental officials advise me as well that that is being driven on and many of us have driven on it.

That stretch of highway was one of those areas that was truly impacted last year when we are trying to move dirt and trying to build up a road. There are low parts there. There are a lot of sloughs and areas for water fowl which we certainly are very cognizant of in Transportation, in trying to ensure that the environment is not harmed in any way. But there was a lot of water there and the construction company had to wait until late fall to try and catch up.

They should be congratulated, by the way. The company, I am thinking of the name of the company that was working on that. I am not sure why I am thinking of Sigfusson—

An Honourable Member: Sigfusson.

Mr. Lemieux: Sigfusson, a company, they really did a lot of work in the fall to catch up, and I want to congratulate them as well as Erickson Construction, working on Highway 59. Ile des Chênes, there was a lake located beside Ile des Chênes for a couple of months in the field and they could not do any work.

So I do not want to belabour the point, but the weather has a huge impact on what we are doing, and that particular stretch of highway the member referred to is now being driven on and has been paved by Virden, Manitoba. Thank you, Mr. Chair.

Mr. Peter Dyck (Pembina): My question is very simple and straightforward. Could the minister indicate to me how far they are in advancement of the four-laning on Highway 32 going through Winkler?

Mr. Lemieux: There are a number of different highways in Manitoba that we have been looking at for twinning. I know the member opposite feels passionately about transportation, as well, and there are a lot of issues in his constituency that I know he appreciates the amount of money being added to the budget. It is regrettable that he voted against it. He might have voted against the budget for other reasons, not just the transportation part. He might be in favour of more money going to transportation, but I just wanted to comment about the twinning of highways in Manitoba.

It is extremely expensive and costly to twin highways anywhere. I guess there is a theme here about getting more federal gas tax dollars back into the province, because for every dollar we get from the feds with regard to transportation, that would also assist us in looking at other highways.

Now, I know the members opposite know that the federal government has really put limitations on the Province, saying there is a federal transportation network that they okay funds for. At least the previous administration did. They said you have to spend it on 75, No. 1, 16. That is part of the national highway system and that is it. So we were really restricted in the sense that, you know, trying to look at other than Prairie Grain Roads or other programs they had. We were restricted on where we could spend the money.

I guess what we are saying is that, indeed, if the dollars were to come from the federal government, we would be able to look at highways like No. 32. I have had meetings with city representatives, with the

mayor and other councillors from the Town of Winkler, and I believe the member opposite from Pembina actually sat in on the meeting. I know the people have been lobbying very hard to have funding put into the twinning, but it is extremely expensive. I know our department has looked at it. We have fine staff in Portage la Prairie that deal with Winkler. Mr. McKay, who is there in Portage, has worked closely with Winkler, and they are continuing to look at Highway No. 32, looking at the possibilities of an upgrade and looking at what kind of work can be done there.

Mr. Chairperson: The honourable Member for Pembina.

Mr. Dyck: I will correct the record. It is pronounced Pembina. If this is something that somebody is trying to be funny about, that is fine, but if you do not know differently, the correct pronunciation is Pembina.

The other thing is it was a long answer to a very short question, and I take it the minister either does not know or does not care.

The community continues to grow and grow very quickly. I know he indicated that this was a pet project, this question of mine. This is a traffic safety issue. Just so the minister knows and maybe I can get him away from some of his sarcasm, there was a couple who were killed just last weekend in Winkler due to the increased traffic levels. It is totally due to an increase in traffic levels.

So I ask a very simple question: Where in the priority list is Highway No. 32? I am not looking for a pile of sarcasm here. I would just like an answer to the question.

Mr. Lemieux: No, there is not sarcasm at all. There is a street in Winnipeg that people often pronounce differently than how the Member for Pembina pronounces his own constituency. People have used a different pronunciation of that particular word.

* (11:10)

We do care. There is no sarcasm when it comes to safety. There is no sarcasm when it comes to the amount of money we put into transportation. In fact, the member knows. Maybe he would like to comment on where we did their Main Street a number of years ago, which is the town main street of Winkler, which our government put huge sums of money into and did that particular project. I know the mayor and the councillors there often congratulate us and thank us for doing that project when we meet

with them. There is much accomplished but more to do. We understand that. We know this. But, when you get \$2-billion worth of requests every year, approximately, on projects that people want to do, it is a huge challenge for any department, including my own department.

Not only have we, through three ministers, provided, I think, tremendous leadership—there was the MLA for Thompson, the MLA for Brandon West, and now myself, in Transportation—but we continue to look at this particular project as being important.

There was a terrible accident that took place not too far outside of Winkler, and I acknowledge that. Now, I know the city of Winkler wrote a letter back and said that they are agreeable with the recommendations made from—I am not sure if it is the department or whether it is the Highway Traffic Board and also the consultant had some points of view with regard to the speed limits there, and the town has written a letter back saying that they agree with it, that the speed limit should not be changed. So we have a letter on file, I believe, a resolution from Council addressing that. So we do care about our citizens on our highways and no matter what political stripe.

I do not think there is politics involved when you are talking about safety on the roads, and I know it is a special time in Canada, Transportation Week, and there are highway safety initiatives happening all over. In fact, a proclamation was just made last night by myself with regard to motorcycles in the province of Manitoba. We do care about the citizens, and I would say that members opposite do as well, as well as the independent members in the Legislature equally care about their citizens. So there are no politics involved, and no sarcasm involved when we talk about safety.

We have put quite a bit of money into the community of Winkler. Winkler is a booming community and should be congratulated for that. Talk about entrepreneurial spirit, there is one community that has it, as well as Steinbach and other communities in Manitoba along with them. We know that their infrastructure needs are growing. We acknowledge that, and we are trying to live within the constraints that we have. I know that any opportunity he gets to speak to the lead minister in Manitoba from the federal government or any other Cabinet ministers from the current federal government he will be putting in a good word to ensure that

more money is coming to Transportation to address some of his transportation concerns in his own backyard.

Mr. Dyck: Well, just a couple of comments. First of all, I would say that congratulations do not build highways. He congratulated us on the fast-growing community, which is absolutely accurate, and I appreciate that comment. The other one, just a correction that, yes, the Main Street project in Winkler was started while we were in government, and the existing government had the opportunity to cut the ribbon. That is great, and we do appreciate that. I will not deny that.

I want to move to another category, seeing that we really do not have anything that is taking place concrete-wise on Highway 32 which is a disappointment to not only myself but to the community because certainly it is a safety factor. The amount of traffic that goes down that highway every day warrants it. So I recognize that the minister does not consider this to be a priority.

I want to turn to another part, though, and that is Highway 201 and some of the other provincial roads that used to be maintained by the local rural municipalities. Now the minister has just made a really good case for stating that costs have gone up, and it is always pretty difficult to build roads, to maintain roads with the escalation of costs. I would submit to the minister that that is why the municipality, when they asked for added funding in order to maintain these roads, they had a legitimate request. They said their costs were going up. They were asking the department for more money. The department denied that. So they gave these roads back to the provincial government.

So I would ask the minister, what plans does he have for highways such as 201 or the other roads that have been taken over by the Province. Seeing that they were not prepared to give the additional funding to the local R.M.s, I am now getting calls, more calls than I have had before, regarding the state of these roads.

So what is the long-range plan? Is it just to let them deteriorate or to do some work on them?

Mr. Lemieux: Mr. Chairperson, the highway that the member opposite mentions, 201, and there are many other highways that are in the province that are similar to 201, again the prosperity of some of these communities is certainly putting pressure on the infrastructure system that we have. There is no

question about it. Now, again, not that money solves everything, but it certainly helps. We can certainly look at, and we have been looking at 201.

The Member for Emerson (Mr. Penner) has often commented on Highway 201, the stretch of 201 going on both sides of Highway 75, running east-west or east to west, or west to east. The member opposite mentioned about how the department took over highways, or were given highways. I mean there are a lot of negotiations that I am certainly not privy to that was before my time that took place. Obviously, there were agreements made and kept. So, hopefully, that addresses that particular statement or question.

But the member opposite is saying, you are not giving anything to Winkler. Well, I know that the new Boundary Trails Hospital and Health Care Centre, the facility is just on the outskirts of Winkler and there is a new school that is going in Winkler. I mean you have to take a look at the whole package. It is not just transportation, or the limitations of transportation, but as a government as a whole we have recognized the community of Winkler. We have tried to address that by putting a huge medical facility very close to the community and also a new school in that community.

So it is something that we acknowledge that it is a growing community, industrious community, and we want to work with the community to try to address their challenges. They have a good understanding, the mayor and the council have a good understanding of the Minister of Transportation and the government's challenges as well.

Mr. Dyck: I am not sure how this related to Highway 201 and the roads that they have taken over from the rural municipality. Again, I have to give a little bit of a history lesson. Boundary Trails was built by the existing government of the day, not by this one. The Premier and I did have the privilege of opening it, but it was not built by this government.

I think I need to clarify one other thing. I am sure that the minister is just thinking about the MRI that was put in there; the MRI was put in all by private funds. So I can understand the minister is trying to say that we are trying to give lip service to the area.

My question, though, is the roads that they have taken over, because he indicated very clearly that there is now an escalation of costs. I met with the R.M. of Stanley a number of times and they just

simply indicated we are prepared to absorb a number of the costs on this, but we just cannot keep on doing it with the dollars we are given. They were prepared to take it on and even subsidize part of it, but the department, for some reason, felt that, no, we are going to take this over and do it ourselves. Now the complaints are coming in because the department cannot manage the roadwork that is required out there.

So I would like to simply know. Highway 201, some of the other areas in the R.M. of Stanley that have been taken over the province: What is their commitment to keep these roads passable, safe, so that the people can commute on these roads, which is the provincial responsibility?

Mr. Lemieux: Mr. Chairperson, if there is one comment I often hear from my department is living up to standards. I have the pleasure of working with a lot of engineers and I can tell the member opposite that they have their standards that they work to. They would absolutely ensure that roads are safe. I mean, that is part of their professional code and they work towards that.

* (11:20)

Of course, there are budgetary reasons, too, that one can only do so much. As the member opposite mentioned, the costs are escalating. We have a lot of that built in. We have an understanding that asphalt is going up, or the cost of steel. You try to do the best you can to ensure that you are covering those kinds of costs and knowing that whenever you tender something out that those kinds of costs will be taken into consideration.

Let me put it this way. In a perfect world, if the world were a perfect place, there are many roads that would look a lot different tomorrow than they do today. If I had that ability to wave a magic wand and to be able to tell Minister Cannon and the federal government to provide us with those dollars that are justly coming to us, if I had that ability, then that frees up the dollars we currently have. Then you are able to take a look at a lot of other projects. I know the members opposite know this. They know this. I understand they have constituents, they have communities in their constituencies that are going after them saying, as an MLA are you raising these things. We want to make sure you raise them. I appreciate that. But they also have an appreciation what the department officials are trying to do and how hard they are working to ensure that these roads are safe and indeed they are safe. Thank you.

Mr. Penner: Mr. Chairperson, when I listened to the minister and some of his responses, one has to wonder whether he is actually the Minister of Transportation or whether he is the Minister of Health or Education. I think it is important to note that at one point in time I believe we had 30 to 40 hours in Transportation devoted to Estimates. Now we are down to 3.5 hours for the total Estimates of the Department of Education. If we want to discuss health care and health care funding in this section, we can do that, but I do not think we would be fair to all those people who are phoning us almost on a daily basis and saying when are you going to at least fix the potholes in our part of our road. I think that is what we would like to focus our attention to ensure that we get at least a bit of an understanding as to what is happening in the Department of Transportation.

Secondly, Mr. Chairperson, I would also think that we should pay some attention to the appropriations that we are dealing with under Transportation and how that reflects in what was done prior to this government being in operation and what percentage of increased costs we are facing today compared to some of the others and how that is reflected in the operation of the department.

We know that fuel costs have gone up very dramatically. We know that material costs have gone up very dramatically. We know that labour costs have gone up very, very significantly, and yet when I look at the total budgetary appropriations in this department, I find it very difficult to realize how this Premier (Mr. Doer) and his Cabinet can justify these small increases in this budget and then justify all the increased costs they are facing. I think if we are going to have any semblance of proper ability to give to the department the responsibility of maintaining our road systems in any form of drivability, then I think this government must recognize that, with the \$3 billion they receive from the federal government and the increased costs that this department of highways is facing, the minister must be given the latitude to increase at least the spending amount to at least pick up the portion of the increased costs that the department is incurring and delivering the programs. I do not see that here.

I want the minister to explain to the people of Manitoba why he is pointing fingers, blaming other people, instead of recognizing the need in this province, and why he is not able to convince his Premier, why his Premier and his Cabinet would not at least provide the kind of funding that would be

required of the Department of Transportation to accommodate all the taxes and fees we collect out of and through our transportation system, such as licensing and many others, to at least directly reflect the increased costs the department is facing in providing that service to the people of Manitoba.

Mr. Lemieux: I do not know, quite frankly, where to start, in a sense, because the member opposite mentioned about how the Premier should realize that there is a tremendous need out there. The Premier does. The Premier not only has open-line shows on which he talks to the public. He also travels throughout Manitoba whether it is Churchill, Thompson, Flin Flon, Russell, Emerson, Falcon Lake, Lorette, Steinbach. The Premier is all over the province talking to Manitobans, and he knows, is hearing from them and understands and is listening to Manitobans as to what their feelings are on many different issues.

Now, the reason I mentioned health care and education to the member opposite, not that it is a sensitive issue with him, but let us take a look at the global picture here in a sense. He is correct. These are Estimates related to Transportation, but the reason I mentioned these items with regard to the Member for Pembina (Mr. Dyck) when he was asking me the questions was because he tried to make it appear like we are not doing anything for that community or working with that community in any way, and we are.

That is the only point I was trying to make. I was not trying to get into a debate. I am not the Minister of Health (Mr. Sale), and I am not privy to all the information he has on his budget, nor the Minister of Education (Mr. Bjornson). But I wanted to make the point that we do care about that community, and we are concerned about it, and we are very happy and pleased that it is a booming community. That is the only point I was trying to make, is that there are provincial dollars. Then he pointed out the MRI, and he is absolutely correct. It is one of the few places in Manitoba that has a MRI machine. I mean, we recognize the need. So that is just an example of it. I was not going to get into the debate about health care and education. But they acknowledge that this is being done, and I appreciate that they know we are putting that kind of money into the community.

I just want to talk a little bit about the maintenance and preservation and infrastructure capital and winter roads capital or winter roads dollars, as well. The last year the previous Conservative government, a pre-election budget in '98-99, it was

dealing with maintenance, preservation and infrastructure capital, they had \$173 million in their budget. Our budget now in '06-07 which they voted against is \$257 million, in approximate dollars both ways.

Now, we have made substantial difference. We do have a vision in transportation. We have put money where our mouth is. Last year it was indicated that we did spend—even though our budget in those categories was approximately \$227 million, we did spend \$231 million more because of the icy roads and winter roads problems.

So I am saying we do recognize the challenges. We are putting the money towards those projects, and everyone can argue that we can do more, but we are not arguing that. We do not debate that. We understand that. Much accomplished, more to do. We understand that.

Now, taking a look at this year's in comparative terms, we take a look at maintenance and preservation, we are looking at a 5 percent increase in maintenance and preservation, and taking a look at infrastructure capital itself we have a 21 percent increase, and when we look at winter roads we have an almost 11.2 percent increase in our budget which the members opposite voted against.

* (11:30)

Now, if they want to argue that it is not enough money, and they want to make the point that it is not enough money, fine, we can have a debate, yes. Maybe the Province needs more money from the federal government, and they acknowledge that, but please do not say we are not doing anything, we do not care about roads, and we have no vision.

When you take a look at 173 million that they had for those same categories in '98 and '99, and we have 257 million, approximately 83 million more per year, I mean, this is an unprecedented amount of money coming into the budget, which the Premier (Mr. Doer) of Manitoba has stood up proudly and said this is what we are doing. Through his leadership, he is one that has taken on Transportation and has looked at Transportation. He realizes the challenges that are there in Education and Health. He has a vision and a broad view of many of the different departments. He understands the challenges each department has, but he is a person who has been advocating, not only here but on the national scene, with all other premiers, that they put Transportation at the top of the list, even though, Heaven knows, we

have a lot of challenges with our First Nations people in this country and the accord that was signed in British Columbia, which he was part and parcel of in which he was one of the leaders in that respect.

So, please let me not hear that somehow the Premier is not supportive of Transportation. He absolutely is, and that is why our budget has increased over the years, because he has been listening to Manitobans and wanting to ensure, through the Minister of Finance (Mr. Selinger), through Treasury Board, through our government that funds have been allocated to Transportation.

It is an unprecedented amount of money going to Transportation, and I know we hear from the opposition it is not enough. Well, we know the challenges are great, but we do have a solution for that. They have a role to play in this. Maybe they do not like it, and maybe they feel like they are being squeezed somewhat politically, because it is their colleagues and friends that are in Ottawa. But we are expecting them to stand up for Manitobans as we are in saying there is an injustice here with regard to these motive fuel tax and gas dollars. At least let us discuss it. Let us start talking about how would we actually flow these dollars and get them to Manitoba.

If I wanted to be sarcastic I could say: You know, Minister Cannon is responsible for the Mint. He is also responsible for the postal system. So what he could do is he could mint it, print the cheque and mail it and ensure it gets here in an awful hurry because he is the minister responsible for all of them. But I will not be sarcastic, and I will just say we want to work with him. We want to work closely to ensure that Manitobans are getting the best bang for their buck and that they are entitled to—no, let me rephrase that. Manitobans deserve to have that money coming back to Manitoba. It is money that is spent here from Manitobans. They are the ones that should have this coming back to their transportation system. Manitobans know this.

The members opposite are hearing them, all over the province, from municipalities who have written letters and who have provided us with letters that they have written to the federal government encouraging them to get moving on flowing those dollars to the province, not just the municipal dollars which Prime Minister Martin flowed, but now flowing the money to the province that has to deal with the roads that join these communities, that join towns and cities and municipalities. We are responsible for those roads. The R.M.s are very, very supportive of

that. The Heavy Construction Association is very supportive of that, and I would certainly like the member opposite, my Transportation critic, to write a letter to the Minister of Transport, having that put on the record that the opposition wants to have those tax dollars flowed to us as soon as possible. Thank you.

Mr. Penner: Mr. Chairperson, what we would really like to see from the minister is taking the responsibility seriously of providing proper transportation routes and maintenance on our highway system. It appears to me he is more interested in blaming others for his problems than he himself can handle. What I would like to ask the minister is a very simple question: Can you provide us with a list of projects that are on the books for this year?

Mr. Lemieux: Let me just address a quick statement that the member opposite made about the blame game and so on. This is not a blame game. Manitobans, not the Minister of Transportation, are entitled to that motive fuel tax, that gas tax. Over a billion dollars has been taken out of Manitoba, or approximately, since we became government in '99-2000. The member opposite should be just as incensed and insulted by that as I am. What have they given us back? Anywhere from it can be, arguably, between \$60 million to \$100 million, depending on the different programs, whether it is Prairie Grain Roads or other programs.

Now that is the only point I am trying to make, is that it is not the Minister of Transportation. It is Manitobans telling me and telling him that the federal government needs to have some vision, and part of that vision is fixing up our highways, and they have a big role to play in this.

Now what can the Minister of Transportation do? The Minister of Transportation can work with his colleagues to ensure that there is a 5 percent increase compared to last year in our maintenance and preservation budget, that there is a 21 percent increase in our infrastructure capital compared to last year, that we have an 11, an almost 11.5 percent increase in winter roads. That is what the Minister of Transportation and his colleagues can do, and we have done that. We are putting more money and more finances and more investment into transportation than has ever done in the history of Manitoba. So, again, we are a leader.

In another category, and it is transportation: \$173 million in '98-99; \$257 million in '06-07. That is the comparison. Now, I know they had their challenges in the 1990s. They had health care. They

had education challenges. They had a lot of challenges that they had to deal with and I appreciate that. Being in government for almost seven years, I understand that. But, come on, let us not be critical here or vote against the budget.

Maybe my critic, or the Member for Pembina, wants to say, well, we voted against other parts of the budget because we did not like it, but we would have voted for Transportation if it was separate. Or, we liked the increase in Transportation and that is great, but we voted against the budget. I am not sure how they would want to word it, because you cannot argue against such a huge increase, a historic high in Transportation. I know they are trying to do that, but their constituents will also hold them to account for voting against such an increase and such a budget and such a positive approach to transportation. I have gone through the percentage increases.

So, on that note, I do not want to be too long-winded. I want to give the member opposite as much time that he wants to ask questions related to other projects or other issues related to transportation. Thank you.

Mr. Penner: I asked a very simple question, and the minister gave me a long-winded answer blaming somebody else again. I find it very interesting that the minister has no answers. It just verifies what some people are saying that this minister really does not know. I have always argued that I think he does know, but he does not want to provide the people with the realities of the day, and that is that this government is simply not assuming its responsibility. They will put anything on paper, and the Premier (Mr. Doer) will tour the province constantly and talk either on radio or on other shows telling the people what they want to hear, but not what the reality of the situation is.

I asked a very simple question: Can you table a list of the projects that are on your books for this year in highway and bridge construction? Where is the list?

* (11:40)

Mr. Lemieux: Well, the list, quite frankly, I am not trying to hide anything from the member at all. It is public, we have a tendering schedule. He can access that through the computer. He can go back to his caucus room and get on to the computer and he can access to see what is being tendered. I mean, it is public knowledge.

These projects are lined up and they are going to be tendered shortly. Not all of them have been tendered yet, of course. There are still some to come. I mentioned about Highway 75, for example, the work there. We put out a request for proposal or—well, it was a tendered document and people have applied to that. Now the department is going to have to look through that to see who the successful proponent or applicant is and then determine who has the best offer, quite frankly, to do that work.

So that is all public. No one is trying to hide anything from the member opposite. I would ask him to do that and so we just use less paper. We are able to use the computer and able to tap in that or he can have his research staff look at that.

Mr. Penner: I will ask for the third time. Would the minister today table a list of the projects that are on his agenda for this coming year, the tendered and untendered ones? What is your priority list? Where is the list of projects for this coming year? I know that the department gives them to you. Where is it? Can we see it?

The minister is telling the people of Manitoba; the Premier (Mr. Doer) is talking to people of Manitoba. We want to verify that what they are saying is correct. Where is the list?

Mr. Lemieux: As I mentioned before in my earlier comments, when I was thanking the department, I said when the minister says we will do something, it is the royal "we." In other words, it is not the minister, it is actually the staff, so I do not want to have to either burden them or give them extra work. So I would just ask the member opposite or my critic to let me talk to the department and see, they may have to compile these projects. I mean, we are doing a lot of projects. I do not know if the member just wants the major projects, some of the projects. So what I am going to do is I am going to talk to the department and my departmental officials and there is no intent. We know what the projects are and they are out there. Many of them are being tendered and they are on the tender schedule and so we know what they are. Many of them have been announced already and there is more to come. Thank you.

Mr. Penner: Mr. Chairperson, again it is all rhetoric. What we have seen from the Premier is all talk and no action. The minister referred to the health care system at Winkler, an MRI machine. It is all private money. Have we got two-tiered health care in this province? Well, maybe, but the minister is telling us that we should get the private sector involved in

funding the highways as well, as we do with the health care system. Maybe then we would get some construction up. Is that what the minister is saying, go collect some money, go do your charity campaigns? Should we start running a highway charity or those kinds of things? I mean, is that what the minister is saying? Obviously, he has not even got a list of projects that should be on the table at least a year ago when they were doing their Estimates. He should have considered a list of projects that he has put his stamp of approval on as the minister to the department so that the minister can get on with tendering.

The reason I asked the question, driving into Saskatchewan about five weeks ago, there were construction crews building highways. Where are the construction crews in Manitoba working currently? Have we any construction going on as we speak? Are we simply dawdling away the time to see whether we will not get some major rains again to give the minister an excuse to stop the construction and lapse of another \$20 million or \$30 million or \$40 million?

When I look at what the minister was saying about year over year increase in spending, I look at last year's Estimates, total government appropriations for Transportation and Government Services, \$388 million. When, I look at this year's appropriation, \$408 million. Well when I do the mathematics, that is hardly a 5 percent increase. A 5 percent increase, Mr. Minister, will not cover the increased cost of inflationary factors such as increased steel, increased concrete, increased fuel costs and increased equipment costs.

Where is the minister? What is he talking about when he is trying to put on the record that they are spending huge amounts of additional money. No wonder people would suggest to us that we vote against this budget. This is deplorable, when he has increased revenues in fuel taxes, when he has increased revenues in fees and every budget that we have seen is increased fees and small little portions of taxation here and there. Yet he sits here and gives us the rhetoric and blames the federal government. Who is he going to blame next?

Can the minister tell us which are the top priorities in construction or reconstruction in your highway system for this coming year? Which are the priorities?

Mr. Lemieux: We could wrap this room around in paper just in a list. There are so many, where does he want me to start? I mean, there is Highway No. 1 to

Saskatchewan; Highway 75, which will be announced soon, to the United States or from the United States heading towards Winnipeg; there is Highway 59 south.

He mentions about there are no construction projects. I hope he is not being critical of the construction industry. They are mobilizing right now. We have outstanding contracts even that have been tendered and are out and have accepted and people are mobilizing their equipment. They are either getting their granular piles put together and they are also getting their equipment ready to be able to work.

After all, I know we have had a great spring, this is only the middle of May. Traditionally, construction in Manitoba does not start until June. He knows darn well that when you are talking about asphalt, you do not do asphalt when it still goes down to 2 degrees at night. I mean, you try not to because we do not want to have to redo these projects.

You know, when he talks about rhetoric, it is not rhetoric when I pointed out to him that in their last budget, pre-election budget I might add, \$173 million compared to this year's budget of ours which is \$257 million. Now, I am just talking about construction, maintenance and preservation and winter roads. I mean that is the category I am referring to with regard to those dollars. You know, it is not rhetoric to point out that maintenance and preservation is up by 5 percent; infrastructure capital is up by 21 percent; winter roads dollars are up by almost 11.5 percent. We take a look at our total budget with regard to maintenance, preservation, infrastructure and winter roads, up approximately 13 percent. That is not rhetoric; that is absolutely concrete.

We know that Manitobans want some work done and we are doing it. I mean, the member opposite can rant, he can pound the desk, he can pass all kinds of accusatory comments on about the Premier or this government or myself, but the facts speak for themselves. We are head and shoulders above where they were. This is no reflection on departmental officials at all. They do only what they can with the dollars they have. We are trying to provide that to them. The member opposite voted against that.

I do not know how he is going to justify that to the people in Emerson or the people at Roseau First Nation or other communities that are in his constituency, that he voted against the Transportation budget that has historic and unprecedented amounts of increase. I mean he will have to do that. He can say the minister is blaming Ottawa. Well, if he says

that, then his constituents might ask him, where are you on that page? They are your friends in Ottawa. You should be getting them to put that money back into Manitoba.

* (11:50)

Now, the member opposite said he agrees with this, that we need to get that gas tax back into Manitoba. So I would ask him to partner with us, and do not say it is just rhetoric. This is not rhetoric.

We know, for a fact, how much money has left the province in the last seven years, just looking at it since we have been government, you know, approximately a billion dollars. I mean, those are facts; that is not rhetoric. The fact is that when they put in less than a hundred million back into Manitoba, out of a billion, most Manitobans, my neighbours would say, well, you know, that is not fair. There is something wrong with this. There is an inequity there. If they in Ottawa keep saying that they care about roads, then why are they not doing this? They did help the cities and municipalities, and I congratulate them for that. I know it was the previous government, Prime Minister Paul Martin did that. But this government with Prime Minister Harper, to me, I think he has an understanding of what the problem is. He has heard from the Heavy Construction Association who has talked to him, the Trucking Association. All these organizations have been talking to the current government for years before they became the government. I believe they have a good understanding. I know for sure that the Member of Parliament who is responsible for Manitoba, who has the ministerial authority, our Attorney General, Minister of Justice, Attorney General of Canada, has an absolutely good understanding of what the needs are out there.

So, all I am asking him, and it is not blaming, it is not rhetoric—I am just saying, write a letter to Minister Cannon, write a letter to Prime Minister Harper. Let them know how you feel, that you are with us on this. Is he with us on this or is he going to play politics over this? I still have not heard him say absolutely clearly that he will write a letter to Minister Cannon saying, get those revenues, get those gas tax dollars to us. I want him to say that. I want him to put it on the record that he is behind us—no, let me rephrase it. I do not mean to put him on the spot on this, but it is important that we work together. We work together on this. If he wants to, I would be willing—he can certainly, if I meet with Mr. Cannon, I am prepared to have him sit with me and

meet with Mr. Cannon, the federal Transport Minister, both of us, as the critic for Manitoba, as the minister, and sit down with Mr. Cannon and tell him the importance of that gas tax money coming to Manitoba. Is he prepared to do that? Is he prepared to put a letter?

An Honourable Member: It is a good offer.

Mr. Lemieux: I am just trying to work in a partnership way for Manitobans, and I would like to hear his answer. Thank you.

Mr. Penner: Thank you very much, Mr. Chairperson. Again, it is a blame game, and nothing but the blame. If that is what the minister wants to do, he can do that. The people of Manitoba will judge him based on action, not on rhetoric. I think that the minister would do well if he would give us some answers to questions that we are putting. We would respect him for that, and we would ask for that respect as an opposition party, and also as an opposition critic. I would ask the minister to give us some co-operation in giving some answers.

The question that I would like to pose to the minister is: What action is going to be taken on No. 2 highway? To take the correct action on No. 2 highway this year, is that on your budget list?

Mr. Lemieux: Well, I still did not hear the answer from the member. It is not a blame game. I offered it in sincerity. I do not know whether other ministers across the country, whether or not they offer the opportunity to their critics to sit down with a federal minister, to sit down, because I believe there is more to this than just talking about money. I believe Manitobans want us to work together on this. It is with regret; I am sorry that he is not willing to do this, but let me—I will answer the question on Highway No. 2.

Highway No. 2 is a highway that is under a great deal of stress. We know this. I have travelled it on a number of occasions myself. I have met with approximately 13, I guess, municipalities that either border, or are close to, or use Highway No. 2. It is an important artery for Manitoba, as is No. 3 and McGillivray Boulevard, and so on. Those are very, very important arteries for us. Highway No. 2 is one that we have told the municipalities that Highway No. 2 is in the queue and will be addressed. We are looking at the different options related to No. 2 on possibly where you start, and is there a way to phase a project like Highway No. 2 in.

It is very similar to other projects in Manitoba where you have to take a look. We have engineers within the department looking at, is there a way to it that it will not be a throwaway, where you are going to do some work, and then, when you redo that work a year later, you have to redo it. It is money that would be lost as a result. So we are, currently, looking at that. It is definitely in the queue to have No. 2 addressed. I have made mention of this to the R.M.s, R.M. of Grey, I believe. I am going on memory now, but there are a few other R.M.s there that I have had, I believe, at least—I can stand to be corrected, but I believe there are around 14 R.M.s that I have had discussions with about Highway No. 2. It is an important artery, and we are going to address Highway No. 2.

I have asked my department how we can do No. 2, because No. 2 is a very, very expensive project. This is one of these projects that the highway has time expired. It is still a safe highway to drive on. It is still rough, and is certainly not esthetically pleasing. It is a road that has seen better days, but needs to have some work done to it. The department, certainly, is looking at it right now and trying to determine what kind of work needs to be done.

I will give an example to my critic. When you are doing a road like that, because it is a two-lane highway, when you do one lane, you have to block it off. Then you will just have the other lane, but, because it is a fairly busy road, you have to improve the shoulders. So, essentially, what you are going to have is a gravel lane, and one lane that is either concrete or paved. Then, when the lane that you are working on is finished, what you do is, then, move to the other side, and you use a gravel and the new lane. So those are the kind of phase-in processes the department has to work through. So you have to determine, what are you going to tackle first? Are you going to do the shoulders? Are you going to just do a certain segment of both lanes at the same time and have traffic re-routed?

So there are a lot of things in the mix. But, absolutely, Highway No. 2 is quite important to our economy, not only tourism, but also to the transportation industry, to the health care industry, and many other reasons that I have heard over the last two years as minister. So we are, certainly, prepared to look at Highway No. 2, and to see what needs to be addressed on that stretch of road.

But it gets back to dollars again. It is hugely expensive. The member opposite might get tired of

hearing me say this, but I would say that the more dollars that we can put into Transportation from other partners—and the other partner I mean is located in Ottawa—that we will be able to do more. That applies to Highway 75. That applies to a lot of other projects in Manitoba. Thank you.

Mr. Penner: A simple question: When are you going to start construction on Highway 2?

* (12:00)

Mr. Lemieux: I thank the member for the question. It is a question that is a valid question, obviously. I am not prepared to tell him today the exact time or date that it is going to happen. But, I know that the department is working on this. It is a high priority. We know it. Highway 75 is a high priority; No. 2 is a high priority; No. 6, a high priority; No. 10, No. 1, 59, 16. There are a lot of high priorities in Manitoba, but I cannot give the member an exact time and date today until I have further discussions with my department to determine where it is in the queue and at what stage, and what work has been done, or what options the department is prepared to look at, either in a phased-in way or to do more than that. So, when I know, I will certainly let the member know.

As I promised and committed to the association of municipalities, that the municipalities that were located along No. 2, I told them that I would let them know as well when we have something, no pun intended, but something more concrete to tell them.

Mr. Penner: The people are looking for concrete on their highways, or something more substantial than the gravel that is appearing on too many of our roads currently.

Highway No. 10, have you any construction schedule on Highway No. 10, south of Brandon?

Mr. Lemieux: Just on a point of clarification: I am not sure where the member exactly is wanting to ask, about what portion of No. 10 he is referring to. Just to get a little bit more clarification on the exact location. I know there has been, I think, approximately \$10 million-plus put on Highway No. 10 in and around the Brandon area, and I am not sure exactly what stretch my critic is referring to, or what part of No. 10.

Mr. Penner: What I am referring to is, again, I think, an important import-export route for Manitoba goods entering the American market. I drove Highway No. 10 about three weeks ago, and from Brandon to No. 3 highway, and the section from

where the construction had taken place, south of Brandon, to No. 3 highway where that construction ends, the balance of the road has some very significant problems in it and was in significant disrepair. I am asking the minister whether there is any reconstruction, continuation of that reconstruction going to take place on Highway No. 10 in the near future and what the schedule is.

Mr. Lemieux: As I mentioned, we spent millions of dollars on Highway No. 10, and we are certainly looking at doing more work on Highway No. 10. I know that there has been some concern from the people I have spoken to at Rural Forum and other events related to No. 10 in general. More so specifically north of Brandon, heading north toward Minnedosa, people have been asking for passing lanes, and I know there is concern related, of course, to the community of Forrest and children crossing the road, and we are looking to put together a plan, which the department is currently working on, to see how we can address the safety of students. I know the school division has something in place currently, but this is all part and parcel of the dollars being looked at to allocate to No. 10, whether they are passing lanes similar to what we have looked at between Neepawa and Minnedosa, or Minnedosa and Neepawa, that kind of approach on No. 10. So there are many different proposals or ideas being thrown around as to how you address No. 10. So there have been millions of dollars put towards No. 10 already.

The other side of transportation is this, as a government, the 2020 vision, I recommended that we have a multiyear capital plan, which we have done. But, because of the way we operate with regard to our budgetary process, your budgets are passed on an annual basis, a year-to-year basis; you go through that process to have your budget passed, as we are now. So, even though the department is looking at projects down the road, it is certainly incumbent on me to mention to my critic that every year we have to go through a budgetary process to have it looked at.

Mr. Chair, No. 10, as I mentioned before, when he asked about what the priorities are, there are major highways in Manitoba that we would call major routes. We have been pushing the federal government now for quite a while. Actually, they need to be congratulated because they are starting to look at adding more highways onto their national highways system, which they should be congratulated for. So you have got highways like, as a priority, No. 1 highway. You have got Highway 75, Highway 6, Highway 16, Highway 59, Highway 10.

There are a number of highways, Highway 5. There are a lot of highways that are truly important to Manitoba that are a priority that the department has in their queue right now, that they are looking at and looking at the challenges around it financially as to how much work it is going to take. Highway 10 fits into that category, along with Highway No. 2 and Highway No. 3.

I mean, when you take a look at those roads, you have to determine what kind of work it needs, and also what kinds of costs are going to be entailed as a result of the work. So, again, we need to address the financial picture. Again, it is the federal government that can help us out and partner with us to address a lot of these concerns because these are some things that Manitobans want and have passed those messages on to all of our parliamentarians and legislators to ensure that those dollars come from the feds to the province. The dollars that normally we are alone having to address on some of these projects, with additional dollars, we will be able to do more on a lot of other highways, other than Highway 59, or Highway 75, or No. 1, or 16. So it definitely is a concern and a priority, and the department is spending time and has spent time looking at Highway No. 10, along with No. 2 and other highways in the province.

Mr. Penner: It would almost appear to me, Mr. Chairperson, that this minister might be considering running federally next time around, because every time I ask a question of him it is all directed at blaming the federal government. Maybe he is going to run as an NDP candidate during the next federal election. Maybe I should ask him that question, because it sure sounds like a campaign speech to me here, as all we have been getting so far.

I wanted to ask the minister a specific question on No. 12 highway. I understand that there is an intersection on No. 12 highway that is considered one of the most dangerous intersections that we have anywhere in the province of Manitoba. Is the department and/or the minister contemplating any reconstruction in that area to ensure greater safety on the intersection?

*(12:10)

Mr. Lemieux: The two answers: one, I am not contemplating on running federally. I know this might be a surprise to the member opposite but my member of Parliament appears to be doing a pretty good job. In fact, I hope he even does a better job, because he is the one responsible for Manitoba as a

region. He is the regional minister in charge, and he also happens to be my member of Parliament, from Provencher, the Honourable Vic Toews. So, Vic, do not be worried. I am not coming after you yet. I know he is doing a very good job.

Let me just say, with regard to Highway 12 going into Steinbach, there is another community that is really booming. I mean, Steinbach has had so many housing starts. There are many intersections. There is Park Avenue that is located near Clearspring Mall, that you turn to the golf course. There is also Clearspring intersection, where you have many large trucks. Anyway, I do not need to go into the history. I know the member opposite knows Steinbach. I know it as well. It is in the corner of the province that I am from.

This particular highway, we have had conversations with the City of Steinbach about what needs to be done. I know that discussions and negotiations continue between the City of Steinbach and Transportation and Government Services regarding various funding options for proceeding. I know those conversations have happened. The current mayor—I do not believe he is running again this fall for mayor, but he has been privy, he is part of those conversations. Of course, we are trying to determine—you know, because Highway No. 12 is so busy, and you have businesses on both sides of that highway, and those businesses are trying to have access to No. 12 directly, that has created a real problem. You have a lot of congestion in a number of those intersections.

So I think the intersection the member is referring to is Clearspring, I think, because there are conversations taking place over about three different intersections, quite frankly. This one is the one that has a lot of traffic coming onto a highway that has a speed—I think, at that point, I believe the speed is 100 kilometres an hour at that stretch, or it might have dropped to 80. I think it might have dropped to 80 or 70.

The point I am trying to make is that traffic continues to go 100. It is supposed to be 70, I believe, but the vehicles continue to go 100, for whatever reason. There is a light up ahead, about a mile or so ahead, and when the traffic coming into Steinbach see that light, they proceed 100 up to that light, and the speed has changed about two or three blocks prior to that. So that intersection is a huge challenge. I know that the department continues to have negotiations and discussions, as I am advised, with the City of Steinbach on what kind of an

approach could be taken to that intersection, because I know they want to do their own work. They are prepared to put their own money into some of this road work because they want to have different types of intersections. At this point, I am not sure where those negotiations are, quite frankly.

Mr. Penner: Thank you very much, and thank you for that response. I sort of suspected that the minister was toying with the idea of getting private involvement in highways, and I think he has just said as much here that he is going to go after the municipalities and towns or villages to pick up portions of costs or pick up new construction portions of his highway system. So that just confirms what is happening in the health care system is also now going to be prevalent in the highway system.

So we respect this government's approach to privatization of many things. Many people always indicated that the NDP were true socialists. They believe in government control and government funding of everything. Yet here we have a minister that has contradicted that. I think that is truly an indication of where this current party under the leadership of Premier Doer has been going for the last while. Clearly, that was an indication when Mr. Buhler, whom we have a great deal of respect for in southern Manitoba, contributed a significant amount of his money to the establishment of an MRI machine. I want to give Johnny Buhler a tremendous amount of credit for having done that, as he has done previously and, under previous government, contributed to the health care system and research, those kinds of things. I think we need to give credit where credit is due.

The other project I want to ask the minister about is, we have continually talked about flood routes over the last while. I know the Premier and the minister have a significant priority on alternate flood routes. The previous administration and government had started construction on Highway 332, the roadbed is complete from Rosenfeld corner on Highway 14 to Highway 23. That roadbed has been completed, and was completed, I believe, if I am correct, in 1999, when the final touches were done on that road.

What needs to be done now is surface, and that, in a flood year such as this, could be saving very substantial mileage to the transportation industry, transporting goods out of Winnipeg into the export market in the U.S., which would cut off very substantial mileage if that road was surfaced, 332.

All that remains to be done on 332, Rosenfeld to 23, is put a surface on it, and that would be ready for a good flood alternative on the west side of the river. Remember, we are dealing with two areas and two separate transportation routings. I mean, we are talking about alternative flood routes because you cannot cross the river, except in Morris, and you cannot get into Morris, as we again experienced this year, nor could you get into St. Jean. Of course, that was under between three and five feet of water. I am not quite sure what the actual level reached was at St. Jean.

So I ask the minister, is he currently considering putting some surface on that, or would he consider putting some surface on 332 to utilize that as an alternate flood route and, thereby, cutting very substantial amount of routing off of No. 3 highway and the Morden, Carman route that is currently used? I believe, Mr. Chairperson, we could probably cut about 100 to 130 kilometres off the re-routing that is currently being used, if that road was surfaced properly.

Mr. Lemieux: A couple of comments or answers to what the member said about private partnering, and so on. Many municipalities have come forward to the Province saying that they want to put some of the dollars they are getting from the federal government into transportation projects. That was some of the gas tax that the federal government is putting into municipalities. The municipalities are willing to do their part. They are looking at projects that they can piggyback on the back of a project that the Province might be doing. They are wanting to do that. So, if the member opposite is saying that there is something wrong with that kind of partnering, I do not believe there is. They are just wanting to partner with the Province. They are saying, our Main Street is your highway, and your highway is our Main Street, and so we are just wanting to work with you, and put some of that gas tax money back into our community.

* (12:20)

With regard to private partnering on different infrastructure projects around the world, there is a movement to that. There are a lot of questions relating to the safety aspects to that. I mean there have been a lot of projects, just anecdotally, I have no proof of this, but I have just heard, for example, in Hawaii. I digress slightly, but in Hawaii, this year they had a tremendous amount of rain. A lot of the lagoons were apparently being managed or operated

by private individuals that had been—there was a private-public partnership with regard to some of these lagoons, I understand. So what I am trying to do is I am trying to address the safety-related issues to public and private partnering. I have absolute confidence in the engineers that work for Transportation and Government Services. They are professional engineers. They work extremely hard to ensure that the standards they live by day to day are something that is passed on to Manitoba motorists and citizens.

There are a lot of questions being raised around the world now in the public-private partnering, and how much and where government should go, with regard to that kind of partnering. I am not saying I am giving a blanket, saying no, that sometime in Manitoba this will never happen. I certainly would never do that. But I am just saying that there are a lot of questions related to infrastructure projects that have been partnered between government and the private sector.

Let me just comment about Highway No. 12 quickly. As the member commented, and raised, we have almost spent, since we have become government, close to \$3 million on Highway No. 12. Arguably, again, people could argue more could be spent on Highway No. 12, but more could be spent on a lot of other highways. But I am sure that the mayor of Steinbach is contacting his member of Parliament from the area to express his views on the challenges around transportation. I am sure the member of Parliament is listening to the mayor of Steinbach as to the challenges that they are facing there, regionally, as well as the rest of the province of Manitoba is facing.

Private partnering, the member said that we should not be talking about health care, and I know he strayed slightly into health care again. Mr. Buhler should be congratulated for his philanthropic personality. We all appreciate it very much, whether it is a music class that he is providing funding for or an MRI or a recreation park in Transcona. He deserves a great deal of credit. We thank him for that, as well as the Richardsons, the Aspers and many of the other families that have the financial wherewithal to do that. They truly give back to their communities and we want to thank them for that. They are leaving legacies behind and we appreciate that.

So Highway No. 12, close to \$3 million we have put into Highway No. 12. Yes, much accomplished, more to do. We know that. We are going to be

working with that community to try to ensure we can do what we can to ensure that their accessing it out to that community is improved in years to come.

Mr. Penner: I want to ask the minister about another private-public partnership that has been in existence for a while, and that is the agreement between the Town of Altona and the department of highways in respect of the, what we almost call Main Street in Altona, Highway 201 through Altona. There was an agreement struck a while back, a number of years ago when we were still in government, that the Town of Altona would restructure the drainage on 201 and that the infrastructure would be changed. Once that was done, the highways department would consider resurfacing and urbanizing 201 in the town of Altona, as they have done in many other communities.

An Honourable Member: After the work was done.

Mr. Penner: The work has been completed now for a number of years. I believe, two or three years that it has been completed, and the Town of Altona is asking me to approach you, the minister, to proceed with that project. I am asking you today whether you can give us any indication as to when the department will proceed with the urbanization of 201 through the town of Altona.

Mr. Lemieux: Just to comment on 201, I just had wanted some clarification, but the member opposite gave me clarification that the work had been done already. I know there were discussions going on between the department, superficial discussions, quite frankly, with regard to what can be done after they do—they are responsible for the drainage, to make sure that all of that work was done. This particular project fits into the category like many others. Because the municipalities are responsible for the drainage and for sewer and water, once it has been completed, then the Department of Transportation will often, if it is a provincial highway running through their community, as I have mentioned before, and other communities, then the department would have to take a look at to see what would need to be done.

I would have to get back to the member about this. I am not sure where the negotiations are or

where the discussions are with regard to 201 through Main Street. I am certainly not privy to any information, nor have I been advised where this is at. So I will have to get back to the member on that particular question just to find out if it is in the queue at all or if it is being looked at or being studied or even if there are discussions—essentially, where is it? I will have to get back to the member opposite.

Mr. Penner: I thank the minister for that response. However, I want to say to the minister that I believe there was an agreement between the department of highways—that is before your tenure before your government took office—that there was an agreement that, once the reconstruction of the drainage system which took place on 201, in that portion, urbanization would be considered by the department of highways. I am simply asking whether you would ask your department to consider sitting down with the Town of Altona to have discussions about the furthering of that project in the town of Altona.

Mr. Lemieux: Well, the department is always forthcoming, and they are very good about sitting down and talking to municipalities and communities, and they always have the door open to discuss this. But, quite frankly, if there would have been an agreement before, Mr. Chairperson, that work would have been done by now. If there would have been an agreement, generally if it was done three years ago or four years ago, that work, possibly, would have been done by now. I certainly would leave that open to the department to talk to the community of Altona and to discuss this particular project.

But, again, more money will also help a lot of situations with regard to road work. I know the member opposite will talk to his federal colleagues to ensure that more of gas tax revenues come to Manitoba, so we can do more for the citizens of this province. Thank you.

Mr. Chairperson: Committee rise. Call in the Speaker.

IN SESSION

Mr. Deputy Speaker (Conrad Santos): The hour being 12:30 p.m., the House is now adjourned and stands adjourned until Tuesday at 10 a.m.

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, May 15, 2006

CONTENTS

ORDERS OF THE DAY

GOVERNMENT BUSINESS

Committee of Supply
(Concurrent Sections)

Finance	2329
Family Services and Housing	2355
Transportation and Government Services	2371

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/legislature/hansard/index.html>