



First Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Seventh Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
BARRETT, Becky, Hon.	Inkster	N.D.P.
CALDWELL, Drew, Hon.	Brandon East	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave, Hon.	Kildonan	N.D.P.
CUMMINGS, Glen	Ste. Rose	P.C.
DACQUAY, Louise	Seine River	P.C.
DERKACH, Leonard	Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary, Hon.	Concordia	N.D.P.
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DYCK, Peter	Pembina	P.C.
ENNS, Harry	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
FILMON, Gary	Tuxedo	P.C.
FRIESEN, Jean, Hon.	Wolseley	N.D.P.
GERRARD, Jon, Hon.	River Heights	Lib.
GILLESHAMMER, Harold	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSON, Gerard	Flin Flon	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
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McGIFFORD, Diane, Hon.	Lord Roberts	N.D.P.
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NEVAKSHONOFF, Tom	Interlake	N.D.P.
PENNER, Jack	Emerson	P.C.
PENNER, Jim	Steinbach	P.C.
PITURA, Frank	Morris	P.C.
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SALE, Tim, Hon.	Fort Rouge	N.D.P.
SANTOS, Conrad	Wellington	N.D.P.
SHELLENBERG, Harry	Rossmere	N.D.P.
SCHULER, Ron	Springfield	P.C.
SELINGER, Greg, Hon.	St. Boniface	N.D.P.
SMITH, Joy	Fort Garry	P.C.
SMITH, Scott	Brandon West	N.D.P.
STEFANSON, Eric	Kirkfield Park	P.C.
STRUTHERS, Stan	Dauphin-Roblin	N.D.P.
TWEED, Mervin	Turtle Mountain	P.C.
WOWCHUK, Rosann, Hon.	Swan River	N.D.P.

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 23, 2000

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

MINISTERIAL STATEMENTS

PACT Program

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

As Minister responsible for Health, I am sure that all members of the Legislature will be very happy to hear that for the first time in Manitoba there is going to be put in place a PACT program. PACT is known as Program of Assertive Community Treatment.

As many members know, this is a comprehensive community-based program that links hospitals and the community directly with the individual. It will have a significant impact on at least 120 individuals and their families. As members are aware, the PACT service delivery model has been in use in Wisconsin for 20 years and has been adopted by mental health care providers around the world.

PACT consists of a team of mental health service providers and uses an integrated package of intensive-care options to deliver effective and efficient treatment, rehabilitation and support services at the community level. The key benefits of PACT realized in other jurisdictions have included increased mental stability and time out of hospital for individuals, reduced hospital cost and enhanced home-life stability. Caregivers have seen recurrent acute episodes of illness minimized or prevented.

A PACT program has been called for by almost every single organization and individual involved in mental health for the past decade. I am sure that all members of the Legislature feel a good deal of satisfaction and hope for the future as Manitoba launches its first PACT effort.

I wish to thank the support of all members of the Legislature, the mental health community and all those individuals who for years have lobbied, worked and supported for the realization of the implementation of their dream of a truly comprehensive PACT program.

I might also add that the bill to implement PACT was enhanced by the fact that the former two regional health authorities, the WCA and the WHA, have now merged. This was permitted to bring forward more integrated services and a more comprehensive community approach. More efforts in this regard will occur in Manitoba in the near future. Thank you, Mr. Speaker.

Mrs. Bonnie Mitchelson (River East): Mr. Speaker, I want to thank the Minister of Health (Mr. Chomiak) for his statement in the House today about the PACT program that is being implemented here in the province of Manitoba. We certainly endorse and support the whole idea of community support for those with mental health issues.

It was our government that in fact moved to close the institutions and move to community-based services for those with mental illnesses, and this is just another step along the way in the progression to seeing that there is a holistic approach and a real connection so that people have the opportunity to access the system when it is needed in their best interests. So I am pleased that this is just another step in the direction for support of those with mental illnesses.

Mr. Speaker, I would like to add, as the Minister of Health has talked about this all being made possible by the amalgamation of the two health authorities in the city of Winnipeg, that always was the plan of this government, but there always was concern raised within the community. One of the reasons for two different health authorities in the city of Winnipeg, one acute care and one long-term care, was that very often the long-term care piece of the health care system tended to take second place to the acute-

care system that we know eats up significant resources within our health care system.

* (13:35)

One of the reasons for the separation in the City of Winnipeg was to ensure that the long-term care side received the attention that it should. I just want to indicate that there are many, many concerns that have been raised by those that are working in the long-term care side of our health care system, that they are worried right now that the resources are all going to be not by the acute-care side of the system, and those that are working and supporting those that need long-term care and the promotion in health prevention and wellness side—Mr. Speaker, can I just—

Mr. Speaker: Order, please. I regret to interrupt the Honourable Member, but *Beauchesne's* Citation 351 indicates that "the Speaker limits each opposition reply to a period not to exceed the time taken by the Minister."

I note the Honourable Member's comments are now considerably longer than those of the Minister, and I would ask the Honourable Member to please conclude your comments.

Mrs. Mitchelson: All right. Thanks, Mr. Speaker. So I just would hope that the Minister of Health would continue to ensure that the long-term care side of health care in Winnipeg continues to receive the importance it deserves. Thank you.

Hon. Jon Gerrard (River Heights): I was going to ask for leave to speak on the Minister's statement.

Mr. Speaker: Does the Honourable Member have leave?

Some Honourable Members: No.

Mr. Speaker: Leave has been denied.

TABLING OF REPORTS

Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines): Mr. Speaker, I rise today to table the bound and revised

Supplementary Estimates for the year 2000-2001 for the Department of Industry, Trade and Mines.

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): I rise today on behalf of the chair of the Board of Directors of the Manitoba Lotteries Corporation to table the Human Resources Review, Manitoba Lotteries Corporation.

Hon. Jean Friesen (Minister of Intergovernmental Affairs): I would like to table the Annual Report for 1999-2000 on the Surface Rights Board.

Introduction of Guests

Mr. Speaker: Prior to Oral Questions, may I draw the attention of all honourable members to the gallery where we have with us from Riverside School 15 Grades 5 and 6 students under the direction of Mrs. Shelley Toews. This school is located in the constituency of the Honourable Member for Lac du Bonnet (Mr. Praznik).

Also, we have seated in the gallery from Upward Bound 24 English as a Second Language students under the direction of Mrs. Beatriz Barahona. This school is located in the constituency of the Honourable Minister of Intergovernmental Affairs (Ms. Friesen).

Also, we have seated in the gallery from Arthur Day Middle School 70 Grade 8 students under the direction of Ms. Sherri Oakes. This school is located in the constituency of the Honourable Member for Transcona (Mr. Reid).

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

ORAL QUESTION PERIOD

Freedom of Information Act Review

Mr. Mervin Tweed (Turtle Mountain): Mr. Speaker, the Minister of Culture, Heritage and Tourism has announced a review of The Freedom of Information and Protection of

Privacy Act. Section 98 of the Act provides that within five years there must be a one-year comprehensive review of the legislation controlled by the Legislative Assembly.

Will the Minister be tabling a motion in the House authorizing a standing committee to undertake this review?

* (13:40)

Hon. Diane McGifford (Minister of Culture, Heritage and Tourism): In response to the Member opposite, my understanding is that the public consultation, which is part of this statutory review, will be carried out by government.

Mr. Tweed: Could this minister explain which organizations have been consulted with and are in support of an early review of this legislation?

Ms. McGifford: The Member might recall that, in 1997, when this act was passed, this side of the House, at that time that side of the House, had several concerns, and we always promised a review of the Act as soon as we were in government.

It was in January of this year that four groups visited my office, the Provincial Council of Women, the Taxpayers Association of Manitoba, Manitoba Library Association and the Manitoba Association for Rights and Liberties, and requested a review.

Mr. Tweed: Mr. Speaker, could the same minister tell this House if a discussion document will be circulated and public hearings held to obtain all Manitobans' input on this matter, as was done in the past?

Ms. McGifford: I would like to take issue with that particular question. When the government brought in this act in 1997, they sent out a discussion paper. There were no public consultations at all.

On the other hand, my department is currently working on the process for consultation with Manitobans, and I can assure the Member opposite that we will have public consultations with Manitobans in this province.

Department of Labour Freedom of Information Request

Mr. Ron Schuler (Springfield): We know that the Minister of Labour (Ms. Barrett) has ignored the provincial Ombudsman's directive to respond to a local newspaper's request for information being held by the Minister of Labour. The Premier's Office has also been in violation of FIPPA. Will the Minister of Labour explain who directed the Deputy Minister of Labour not to comply with the Ombudsman's request? Shame.

Hon. Becky Barrett (Minister of Labour): Mr. Speaker, the material that was requested under FIPPA has been given to the person who requested it.

Mr. Schuler: Did the Minister of Labour play any role in advising or directing the Department of Labour as to how it should formulate its response to the Ombudsman?

Ms. Barrett: In preparing the documentation that was requested under FIPPA, my department went through, as is the requirement, to ensure that every piece of paper that was handled, that was handed over, was protective of individuals' rights, that it did not include, like the Member for Springfield's public press conference, a personal individual's social insurance number. So, yes, we complied.

Mr. Schuler: Can the Minister of Labour explain how failing to comply with an order of the Ombudsman supports and strengthens Manitobans' belief and that of her government in proper public disclosure of information? Why is this government and this minister so flippant about FIPPA?

Ms. Barrett: Mr. Speaker, my department has given the material that was requested to the individual who requested it after we ensured that individual's privacy requirements were met. So we have complied with the requirement.

Health Care System Bed Availability

Mrs. Bonnie Mitchelson (River East): Mr. Speaker, the Minister of Health promised to end hallway medicine six months after he took

office. After the election, the Minister said there would not be a single patient in the hallways, and I quote: That is what we were elected on.

Will the Minister now admit that he has broken his election promise?

* (13:45)

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, I welcome the opportunity of again reminding all members that a national agency that is arm's length from government did a report recently that indicated of all jurisdictions in the country one jurisdiction had made a major impact with respect to hallway medicine and recommended that other jurisdictions look at the tactics that were imposed in Manitoba in order to deal with the hallway situation.

I might add, we went through a period where we probably dealt better with hallway medicine than at any time in this jurisdiction in the past decade, and I am very proud of the efforts of the men and women of the hospitals, the long-term care institutions and the regional health authorities for all they did in this regard.

Mrs. Mitchelson: Mr. Speaker, can the Minister confirm that since the April 5 deadline to end hallway medicine, he has broken his election promise, and the situation has, in fact, gotten worse at a time when there is no flu epidemic and not a lot of staff away on holidays?

Mr. Chomiak: Mr. Speaker, what I can confirm is that when we look to the number of flu frequencies in fact this year, there was actually more flu this year than last year that actually showed up in our epidemiology unit. I can also indicate that in December, January, February and March, we were 80% down from the Tory long lineups in the hallways.

There have been many, many days when there has been no one in the hallways in Winnipeg hospitals this year, as opposed to, for example, last year on today's date when there were 12 people in the hallways when those people were in government.

Mrs. Mitchelson: Mr. Speaker, I would like to ask the Minister of Health, since he has broken

his promise to end hallway medicine by April 5 of the year 2000, what plan he has in place to ensure that there will not be a single person in the hallways this summer when nursing staff and support staff will be away on holidays.

Mr. Chomiak: Mr. Speaker, as the Member knows, we have done better with respect to hallways than any other time in the past 10 years, and the CIHI report, that is a national report, indicated that. Having said that, I know last year at this time, and going into summer, there were horrendous problems in the hallways when the previous government was in operation. We said we would take measures to do that, which was why we put in place our hallway medicine plan that called for additional beds, that called for a home IV program, that called for geriatric assessment teams, that called for fast-tracking in the ER rooms, that called for physician bed managers.

We have been recognized across the country as having done better than any other province in the country. In fact, we are continuing these efforts all summer.

Health Care System Bed Availability—Statistics

Mr. Speaker: The Honourable Member for River East, with a new question.

Mrs. Bonnie Mitchelson (River East): Yes, Mr. Speaker, and, my, how things change from opposition to government.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order, please.

Mrs. Mitchelson: Thanks, Mr. Speaker, and I am not sure that Manitobans are laughing and clapping today at this new government.

My question is for the Minister of Health. I would like to ask whether he receives information on the status of patients in hospital hallways on a weekly basis.

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, we publish the weekly stats on the website, and I think that if the Member were to

check it out she would find out, for the most part, it is down about 80 percent from when those people had been in office for 11 years.

*(13:50)

Mrs. Mitchelson: Can the Minister of Health explain why the weekly statistics were not posted between April 30 and May 8? Was it because, with an average of—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

The Honourable Member for River East, please put your question.

Mrs. Mitchelson: Thank you, Mr. Speaker. My question is: Was it because an average of seven patients were in hospital hallways during that week, the worst set of statistics since April 5, and that was when this minister promised that hallway medicine would be ended?

Mr. Chomiak: Mr. Speaker, I know for a fact that there were several days when, because of the viruses that hit, we had to do counts by hand of the beds. But I do know that the stats for those—there have been a few up-and-down days, but almost consistently they are down about 75 percent to 80 percent from when those people were in government. They got down to the point where some days there are two or three and some days there is one or two.

We are able to go to each individual patient and review what the situation is and deal with it on an individualistic basis. In most cases those people are out there in the early afternoon, as opposed to waiting days and days in the hallways as dozens did day after day when those people were in government.

Mrs. Mitchelson: I would ask the Minister of Health whether he directed staff to not post those statistics. I would also ask whether he might table the daily information over the last several weeks of how many patients were in which hallways on which days of the week.

Mr. Chomiak: Perhaps that is the way they operated government, Mr. Speaker, but we do

not operate government the way that they did. And I would like to tell you one of the reasons that we started posting the weekly statistics was so that all Manitobans would have an opportunity to review the facts. I daresay that any comparison between the statistics that we post and the statistics last year when we were the worst in the country, when people demanded that something be done about the hallway and when nothing was done, that we are very proud of what we have done and we are continuing those efforts. We have been recognized nationally by the Canadian Institute for Health Information as having done the best job in the country, and I am very happy to share that with the Member any time.

Budget Income Tax Reductions

Mr. Harold Gilleshammer (Minnedosa): Mr. Speaker, the Minister of Finance and his leader have often touted third-party financial reports to support their flawed budget. Scotia Economics noted Ottawa's middle-bracket rate reduction announced in this year's budget will not be immediately passed on. When will the Minister acknowledge that he is playing a fiscal shell game with taxpayers' money by withholding \$30 million in federal savings and redirecting it to pay for the property tax credit?

Hon. Greg Selinger (Minister of Finance): Once again the Member opposite has his facts incorrect. Mr. Speaker, \$10 million will be passed on to people through the basic rates and, with the property tax credit, Manitobans will be \$7 million better off this year.

Mr. Gilleshammer: Mr. Speaker, the Minister has failed to answer the question. Can the Minister of Finance explain to Manitobans the discrepancy between Scotia Economics' comments and the Minister's own comments on February 25 that Manitobans will receive the full benefit of any federal tax reductions?

Mr. Selinger: All federal tax reductions will accrue to Manitobans, as they have in every previous year. In addition, we will pass on \$10 million of benefits in the basic rates. Finally, we will make available to all Manitobans, and many of them have already received it, the value of the

property tax credit on their municipal tax bill, or, in the alternative, they will receive it on their tax bill next year as a property tax rebate.

* (13:55)

Mr. Gilleshammer: When will the Minister lay out a long-term income tax reduction plan for Manitobans so our province can, according to Scotia Economics, enhance competitiveness due to interprovincial competition?

Mr. Selinger: As the Member opposite is aware, we have laid out a two-year plan, looking forward to \$100-million worth of personal income tax reductions, \$64-\$68 million in the first year, \$34 million in the following year. As well, we have increased the non-refundable tax credits by 39 percent, which is a tremendous advantage to all Manitobans.

I should also point out that our new tax system also gives a 28% increase in value of charitable donations. As well, we have provided extra benefits for children and families, as well as disabled people.

We think that this is a significant step forward. Certainly it compares favourably with the 50-50 plan announced in the election where there were no tax reductions planned for next year.

Manitoba Lotteries Corporation Human Resources Report

Hon. Jon Gerrard (River Heights): My question is for the Minister responsible for Manitoba Lotteries Corporation. The report of Human Resources at the Manitoba Lotteries Corporation documents some rather awful human resources practices but at the same time indicates, and I quote, that the scope and magnitude of the issues that were raised, combined with the extent of the issues at the Manitoba Lotteries Corporation, meant that a thorough and effective consideration of all the topics identified could not be completed in the time allotted with the resources available.

I ask the Minister: What is the next step in her investigation of the situation at The Manitoba Lotteries Corporation?

Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act): It seems to me that this is a variation on a theme that the Member opposite began asking the Premier (Mr. Doer) about last week. I think the Premier indicated at that point that our government had taken several steps. The first one was to dismiss the chief executive officer, the second one was to install an interim person in that capacity. The Board immediately took several actions which are detailed in a press release, which I would be happy to share with the Member opposite.

At this time, one of the things that I think is extremely important with regard to the Lotteries Corporation is for us all to acknowledge that there are many people there who are very dedicated workers and that these are troubled times for them. I would really like to ask the Member opposite to throw his support behind those workers, to join us in recognizing the good work of those employees because we believe it is time to move on.

Mr. Gerrard: My supplementary to the Minister responsible for The Manitoba Lotteries Corporation. Given the seriousness of these allegations and the fact that many were in fact made behind closed doors, what opportunity will the Government provide to those who are alleged to have caused the difficulties at the Manitoba Lotteries Corporation to defend themselves?

Ms. McGifford: Thank you again for the question. I am assuming that the Member opposite is referring to the Human Resources audit that was made available today. Mr. Speaker, everybody at the executive level in the Manitoba Lotteries Corporation has had an opportunity to speak with the Human Resources investigator, has had an opportunity to speak to the Auditor. The Auditor's report was reviewed by several executives before it was made public, so I think that those opportunities have been afforded.

* (14:00)

Mr. Gerrard: My supplementary to the Minister. Given the circumstances and what appeared to be almost, at times, a climate of

intimidation, is the Government planning to introduce legislation similar to Bill 7, The Protection of Persons in Care Act, to cover Crown corporations so that there will not be this level of intimidation in the future?

Ms. McGifford: The report that we received today lists some 79 recommendations, all designed to improve the workplace employment practices, the organizational structure, the running of the Board at the Manitoba Lotteries Corporation. The Board will be considering very seriously all these recommendations. The Board will be in communication with me on these recommendations, and decisions will be made.

Highway Maintenance/Construction Northern Manitoba

Mr. Gerard Jennissen (Flin Flon): My question is for the Minister of Highways. In view of the fact that the previous government of Manitoba seriously underfunded northern roads, what commitments is the Minister willing to make to ensure that isolated larger communities in northern Manitoba, such as Mathias Colomb, Pukatawagan, which presently do not have all-weather road access, will have such access in the foreseeable future?

Hon. Steve Ashton (Minister of Highways and Government Services): Mr. Speaker, I think our government's commitment to remote communities in northern Manitoba was shown within the first few months of coming into office, in co-operation with the federal government, where we were able to extend the winter road network into Brochet, Lac Brochet, and in fact almost make it into Tadoule Lake.

I want to assure the Member that the moratorium on looking at the extension of the road network which the previous government had in place is no longer in place. We, looking now into the 21st century, I think, in Manitoba, have to ask the question whether it is acceptable to have more than 20 communities in this province without all-weather road access. We are prepared to look at creative ways of extending that, including the community that the Member referenced.

Tourism Provincial Sales Tax Rebate

Mr. Jack Penner (Emerson): Mr. Speaker, during the weekend, on Friday, I had the opportunity of participating in an opening ceremony at a hardware and lumber business at Sprague. The question that the people over there had was: Why would the Minister and why would the current government implement a process not allowing the provincial sales tax rebate to be extended to visitors from the United States when, during the election campaign, they promised to initiate and keep on providing incentives for tourists and business to be done on our side of the border? Why has the Minister not listened to the business community, especially those businesses on the border of U.S.-Canada?

Hon. Greg Selinger (Minister of Finance): The Visitor Rebate Program cost a half a million dollars to administer and only rebated a million dollars. So it was a very, very expensive program. In most cases this program was not a factor. When tourists were surveyed, in coming to Manitoba, the vast majority of them were not aware of the program, and it was not a key factor in their decision to spend their tourist dollars in our province. As a matter of fact, less than 10 percent of visitors claimed the rebate, and of those only a small percentage reapplied after their first experience. So the very strong analysis we got from the Department was that this program was not cost-effective and there were better ways we could use those resources.

Mr. Jack Penner: Could the Minister then explain, when Holmgren's, which is a new store, indicated to me that they had 60 percent of their business generated by Americans, Sawatzky's Furniture in Altona has 80 percent of their business generated by Americans—they have just provided a new service to deliver to the United States—why, if in fact this kind of business is being generated by the Americans, is the Minister then still allowing it to be advertised, in a pamphlet, that we are still providing provincial sales tax rebates to Americans coming to do business here and the tourist industry? Why are we still advertising this?

Mr. Selinger: Mr. Speaker, I would ask that the Member make the pamphlet available. It appears

on first glance that that is a federal pamphlet, and we will have to check the accuracy of the information to see what is in fact being conveyed in there.

But I can tell him that we did provide proper notice to the federal government, within the deadline that they asked us to reply, in the early fall about this program, and we met all the legal requirements to give them proper notice.

Mr. Jack Penner: Mr. Speaker, in light of the fact that the advertising is still going on—be it a provincial or a federal pamphlet—that tourists are still being advised that they can get their sales tax back, will this minister now commit to reinstating the sales tax provision of rebate as the Americans do to us when we visit the United States and as we have traditionally done to reciprocate? Will the Minister reinstate to allow the businesses bordering the U.S. to keep on doing business and keep on employing people, our people, in our towns and communities?

Mr. Selinger: Once again, I would request the Member opposite to make available that information. I am certain that we provided the proper notice. We will take a look at that and see what the situation is.

I should, however, point out that any American coming to Manitoba to purchase goods and services has a tremendous cost advantage with the value of the American dollar in relation to the Canadian dollar, and that is the primary incentive to shop inside of this border, over and above the fact that we are the friendliest province, Manitoba, and always welcome tourists.

Great Plains Interpretive Centre Meeting Request

Mr. Glen Cummings (Ste. Rose): Mr. Speaker, the Great Plains Interpretive Centre is a concept that is being proposed in the Neepawa community to provide education and information around sustainable development, agricultural issues, and to provide an opportunity for an informational centre for people with non-agricultural following to be able to gain information and understanding of agricultural practices and environmental issues.

I wonder if the Minister of Intergovernmental Affairs has had or intends to have a meeting with this organization.

Hon. Jean Friesen (Minister of Intergovernmental Affairs): Mr. Speaker, I would like to thank the Member for that question.

Yes, the issue of the Great Plains Interpretive Centre was raised with me late last fall at the AMM meetings. The Mayor has spoken to me about it on more than one occasion. It is certainly an area that I know the previous government had made commitments to across three departments. Yes, we are hoping to be able to meet with them very shortly.

Mr. Cummings: I thank the Minister for that answer, and it is encouraging that she will be meeting with them.

Cost Sharing

Mr. Glen Cummings (Ste. Rose): I would ask if it is her intention to review and to continue the commitment that was made to cost-sharing of this centre.

Hon. Jean Friesen (Minister of Intergovernmental Affairs): Mr. Speaker, I understand that the previous government had made commitments contingent upon a certain level of fundraising and contingent also upon the sustainability of the project. The project has been under discussion, under debate, under fundraising, for a number of years, and we are certainly interested in looking both at the conditions that the previous departments had committed to and at what I understand is a most interesting project.

Regional Health Authorities Appointments

Mr. Mervin Tweed (Turtle Mountain): Mr. Speaker, after being in office for over eight months, I would like to ask the Minister of Health if all the new appointments to the regional health authorities have been made.

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, no.

Mr. Tweed: Mr. Speaker, can the Minister, as it has been brought to my attention that some regions and communities are currently lacking representation, confirm whether he will rectify the situation, and when?

Mr. Chomiak: Mr. Speaker, I can indicate that those issues are all under active consideration.

Mr. Tweed: Mr. Speaker, a final question to the Minister of Health.

Will he be moving to elected boards, as stated when he was the critic of Health?

* (14:10)

Mr. Chomiak: As we indicated, this is one area that we are indeed looking at.

Portage la Prairie Hospital Psychiatric Unit

Mr. David Faurchou (Portage la Prairie): My question is to the Minister of Health. The Portage District General Hospital has been attempting to recruit staff for the psychiatric unit. They have been unable to attract qualified staff for the psychiatric unit. In fact, the unit has been idled because of lack of staff for a number of months now.

Could the Minister of Health tell this House what plan he has to address and clear this most pressing need for registered psychiatric nursing for the Portage and District General Hospital?

Hon. Dave Chomiak (Minister of Health): I thought I understood the question, the first part of the Member's statement. It is not just a question, I believe, of psychiatric nurses, it is also a question of psychiatric assistants in that regard, and we are actively involved in that. As the Member indicated, it was built, I think, perhaps several years ago; the previous government had been unable to recruit. We are continuing our efforts as diligently as we can to try to do that, and we have the appropriate resources in place to do that. But, as the Member knows, there is some difficulty, because of the dearth of activity in this area over the past decade by the previous government, with respect to nursing at all levels.

Mr. Faurchou: I would like to thank the Minister of Health for that answer.

Nursing Profession Training Programs

Mr. David Faurchou (Portage la Prairie): I was wondering whether or not the Minister of Health can further elaborate in regard to the psychiatric nursing shortage in Portage la Prairie as it pertains to the Manitoba Development Centre where they currently have two openings and have been unable to attract registered psychiatric nursing for that facility?

Hon. Dave Chomiak (Minister of Health): I thank the Member for that question. As the Member knows, when we came to office, we encountered a huge Tory shortage and crisis in nursing. If members opposite perhaps had paid attention three years earlier to our suggestions, we might have done it.

I appreciate the Member raising the question. There are shortages of RNs, there are shortages of RPNs, there are shortages of LPNs. We have announced the comprehensive nursing strategy. I can indicate, in fact, to that end, I am meeting with the RPNs this very week to discuss those issues.

Mr. Faurchou: A further supplemental to the same minister. In light of the shortages, which he is obviously aware of, I would like to ask the Minister, as to the training programs that he is considering for the registered psychiatric nurses in this province, whether or not he could elaborate on those plans to the House here today as to how he will address the rural situation.

Mr. Chomiak: There is a general and a specific answer to that. With respect to the general answer, one of the things that we did was we took \$3 million and we have sent out \$3 million to the RHAs for them to use for nursing training and upgrading, and all nurses will have a say and a control with respect to that. That is the first time in the history of this province anything like that has been done.

With respect to RPNs specifically, I met with them very early in office, as I did with LPNs and as I did with RNs, and in fact we have

a meeting scheduled this week. The Department has been working closely with the RPNs in terms of designing programs and designing specific programs tailored to RPNs to deal with that shortage.

I believe it is this week that I am meeting with them. In fact, I discussed it with the president just last week at a nursing graduation ceremony that I attended. We intend to move on a number of initiatives that they are proposing in that regard. We are going to try to work together collaboratively to deal with that.

Budget Income Tax Reductions

Mr. John Loewen (Fort Whyte): Mr. Speaker, in his budget document of May 10 and several times since then, including in the House today, the Finance Minister has talked about tax relief. It is obvious that he spells tax relief I-N-C-R-E-A-S-E.

My question to the Minister of Finance is: Will he confirm today to this House and to the people of Manitoba that, in fact, he has increased the provincial income tax paid by middle-income earners and the majority of taxpayers in Manitoba in his budget of May 10? Has he increased provincial income taxes from May 9?

Hon. Greg Selinger (Minister of Finance): I think the tax reductions made available to Manitobans are clear and transparent, both in the budget book and in the document that they have received as homeowners and householders. It is very clear that they will be receiving \$102 million of new tax relief in the next two years.

Mr. Loewen: Mr. Speaker, I would ask the Minister of Finance to correct those statements and to tell Manitobans, in the same type of public presentation, that in fact they were paying more income tax on May 11 than they were paying on May 9. In fact, the majority of Manitobans are going to be paying a greater income tax than their reduction in property tax. So will he tell that to Manitobans in a published document?

Mr. Selinger: Mr. Speaker, Manitobans will receive new tax relief of \$102 million over the

next two years. In addition, they will get \$40 million of personal income tax relief this year, \$25 million in a property tax credit, and small businesses will see a benefit of another \$6 million of tax relief.

Mr. Loewen: Mr. Speaker, once again, the Minister refuses to answer these questions in a proper fashion. So I would rephrase the question and ask the Minister of Finance, who promised during his election campaign—they promised during the election campaign to reduce property taxes by \$75.

I would ask the Minister: At the same time, did he tell Manitobans that he was going to increase their provincial income tax to pay for that?

Mr. Selinger: Not only did we deliver on our election promise on the property tax credit, but we went beyond that and offered \$102 million of additional tax relief annually by the year 2002. Manitobans who want to get further information on this can call 945-5603 in the city of Winnipeg, or outside the city, they can call toll free 1-800-782-0771.

Budget Website Information

Mr. Speaker: The Honourable Member for Fort Whyte, with a new question?

Mr. John Loewen (Fort Whyte): Yes, I have a new question, Mr. Speaker. I have a question to the Minister of Finance, who has published in this budget book and in his document a web page for citizens of Manitoba to compare their taxes.

I would ask this minister if he will do the right thing, the honest thing, the truthful thing and publish on that website and in those documents what Manitobans' income tax would have been on May 9, as compared to what it will be on May 11.

Hon. Greg Selinger (Minister of Finance): I would invite Manitobans to reference that web page, as indicated by the Member opposite, and also the phone numbers as I just read out before.

They will see that they are getting significant tax reductions over the next two years.

Phone Line Information

Mr. John Loewen (Fort Whyte): Mr. Speaker, I would just like to ask the Minister, in a supplementary question: If the people of the province of Manitoba, when they phone the number that he has just quoted to the House, when they phone that 1-800 number, and they ask for the amount of taxes they would have paid on May 9 versus the amount of taxes they will pay as a result of his budget on May 11, will the people who answer that number be able to tell them how much their personal income taxes increased in the case and span of two days?

Hon. Greg Selinger (Minister of Finance): I am confident that the people answering the phones and responding to questions from Manitobans will give full and accurate information as to their future tax reductions.

Mr. Loewen: For the sake of all Manitobans, I would urge the Minister to answer the question and tell the people of Manitoba what the real facts are. I would ask the Minister: When Manitobans phone that number and quote their incomes, will they be advised that they now live in the highest taxed jurisdiction in all of North America?

* (14:20)

Mr. Selinger: Once again the Member opposite is being patently incorrect in the information he is conveying.

The reality is that members will receive significant tax reductions far in excess of the 50-50 plan that was announced during the election by the Official Opposition.

Mr. Speaker: Time for Oral Questions has expired.

MEMBERS' STATEMENTS

Steinbach Christian High School

Mr. Jim Penner (Steinbach): Mr. Speaker, it is a pleasure to rise today to inform the House of

an important event I was honoured to attend recently. On May 12, the Steinbach Christian High School celebrated its 50th anniversary of providing quality education with a Christian perspective to residents of the southeast. For 50 years this institution has played an important role in providing young Manitobans with the skills they need to lead a productive and fulfilling life as well as instilling them with a foundation of faith to be spiritual leaders in their homes and in their communities.

Mr. Speaker, the Steinbach Christian High School has provided 50 years of graduates with an education that offers a low teacher-to-pupil ratio, a strong community atmosphere and a faculty which is concerned about the lives of their students.

In addition to having a chamber choir, the school offers opportunities to participate in a variety of school sports, including volleyball, track and field, soccer, golf, badminton and basketball. It also has a talented drama team which in recent years has hosted several successful productions.

Mr. Speaker, on behalf of all members of this House, I would like to congratulate Principal Randy Dueck and the 50th anniversary hosting committee, Mike and Diedre Plett, Barry and Norine Plett, and Emery and Bev Plett, on putting together this event. May they enjoy another successful 50 years of providing our children with value-based education. Thank you.

STEPS Program

Mr. Doug Martindale (Burrows): Mr. Speaker, I rise today to speak in recognition of Sisler High School's award-winning career internship program called Skills and Technology for Employment through Partnerships with Sisler, or STEPS. This internship program offers unique school-to-work transition opportunities for interested students. Students, after completion of the STEPS program, have the option of following a structured pathway from school to either work or post-secondary education and training.

In four years, the STEPS program has established partnerships of almost 200

community businesses and organizations. Each year approximately 40 to 50 students earn an academic credit through the 110 hours of career exploration and workplace experience provided by mentors and other career professionals.

Education is a shared responsibility of the entire community. This includes government, school boards, administrators, teachers, parents and the students. The STEPS program is an excellent example of how students can benefit from the active partnership and co-operation among community professionals, parents, educators and students.

Sisler High School has been recognized as a Canadian leader in the learning-to-earning field. They have been recognized and have shared their programs at conferences locally, nationally and internationally. I am pleased to recognize Sisler for the work they have done to encourage support and promote independent learning through an innovative and comprehensive career development program. Thank you, Mr. Speaker.

Budget

Mr. Ron Schuler (Springfield): Mr. Speaker, it has become very obvious to Manitobans that this NDP Government has no plan, no vision and no direction for our province's future. Manitobans saw that this government had to borrow heavily from the former administration for ideas and initiatives prior to the NDP Government introducing and unfortunately passing their first budget.

A lack of originality was publicly displayed when the Minister of Intergovernmental Affairs (Ms. Friesen) repeated the words of the former Tory Minister of Rural Development, the Member for Russell, verbatim in a press release dated October 21, 1999. I have to say that though it does not happen often, I agreed with the words credited to the new Minister of Intergovernmental Affairs in the press release.

Unfortunately, Mr. Speaker, a lack of originality seems to be the rule, not the exception, for this NDP Government. This government has made a habit of taking credit for initiatives taken by the former administration. With their budget, the NDP Government has

continued their habit by taking credit for tax cuts the former administration provided Manitobans in last year's budget, the same tax cuts members opposite were dead set against at the time. This lack of originality, lack of a plan, lack of a vision for the future of our great province does not bode well for all Manitobans. Thank you.

Child Care Program

Mr. Harry Schellenberg (Rossmere): I rise today to support an announcement made by our Minister of Family Services and Housing, Tim Sale. On May 18, the Minister announced an increase of \$9.1 million towards Manitoba's Child Day Care Program. The enhancement to this program is represented in an 18% increase from that which previously existed.

The Government of Manitoba recognized that child care is an essential integral part of family life in Manitoba. Early childhood educators have long been advocating for these increases and have not been heard. We have acknowledged their concerns and have made it clear in this announcement that we sincerely intend to make the necessary improvements to improve our child care system. The Child Day Care Regulatory Review Committee, which consists of representatives from the child-care community, parents, government and others with an interest in child care, have informed us that there was a critical need to change the quality of child care in this province. We agree with this committee and hope to continue treating this issue as a top priority. We are hopeful that through these budgetary changes, we will be able to restore Manitoba's reputation as a leader in quality and early childhood care and education services.

The Executive Director of the Manitoba Child Care Association, Pat Wege, has been quoted as saying: We applaud the Government for their commitment to the healthy development of children and recognition of child care as the backbone of many social programs that support families. The new money will enable the child care board of directors to improve the salaries of early childhood educators, which has long been an issue that the previous administration refused to address. In addition, the increased funding will provide 500 more subsidized spaces,

resulting in nearly 11 000 children having access to subsidized child care.

Mr. Speaker, it is with pleasure that I recognize the advances made—

Mr. Speaker: Order. The Honourable Member's time is up.

* (14:30)

Portage Firefighters Social Club

Mr. David Faurshou (Portage la Prairie): I rise today to thank the Portage la Prairie Firefighters' Social Club whose donation to the Manitoba Child Care Association is having a positive impact on children attending daycares in the central region of Manitoba.

Last spring, the Firefighters' Social Club made a financial donation to the Manitoba Child Care Association. The Association used this money to provide member day-care centres and nursery schools with a month-to-month collection of activities in the form of a new resource book. The theme book is called, *ROARsources* and it comes complete with a toy by the name of Roarie who travels with the resource package. The kit is in a binder which is full of ideas based on monthly themes such as holidays, and it offers child care a variety of new activities to use in their facilities.

The Portage la Prairie Firefighters' Social Club has raised funds for a number of non-profit organizations throughout the years. I would like to congratulate them for providing such a valuable community service. I know the children attending daycares in the central Manitoba region will benefit in the years to come from this donation and the provision of resource materials that this fundraising has made possible. Thank you very much, Mr. Speaker.

Point of Order

Mr. Denis Rocan (Carman): Mr. Speaker, in Hansard, page 1312, Friday past, May 19, I responded to a request by you, Sir, because I have the utmost respect for you and indeed your office. I removed a statement that apparently I was supposed to have said in this House. Upon

reflection, having wondered why the Government House Leader was sitting there with a smirk on his face that was not becoming of a man, I could not understand what was actually said.

Later, after some research, a little bit somewhat from the Member for Seine River (Mrs. Dacquay), I understand that I actually did say "the audacity and the gall" This individual put on the record that I said did "not have the balls to" He said that I was hiding behind some microphones. I just want this coward to know that this barefaced falsehood that he put on the record is indeed untrue.

Mr. Speaker: The Government House Leader, on the same point of order.

Hon. Gord Mackintosh (Government House Leader): It seems quite out of character for the Member. I ask, Mr. Speaker, you ask the Member to withdraw those unparliamentary words.

I am an honourable member. I am no coward, and, as well, I believe there were other unparliamentary remarks just put on the record now, Mr. Speaker.

Mr. Speaker: The Honourable Member for Carman, if you have new information.

Mr. Rocan: On the same point of order, Mr. Speaker.

Mr. Speaker: On the same point of order.

Mr. Rocan: I would ask the Honourable Government House Leader if he wants to take two seconds and read *Beauchesne's* 490, and he will find out, Sir, that I did not put any unparliamentary remarks on the record.

Mr. Speaker: The Opposition House Leader, on the same point of order.

Mr. Marcel Laurendeau (Opposition House Leader): On the same point of order, Mr. Speaker, in our Hansard on page 1311, I can read exactly what the Member said. He said: "I cannot believe the audacity . . . to stand up here and use that forum." It no way defines the words

that the Honourable House Leader put on the record as coming from the Member for Carman (Mr. Rocan).

So, Mr. Speaker, I do believe the Honourable Member for Carman does have a point of order.

Mr. Speaker: I thank all honourable members for their contribution. I will take the matter under advisement to peruse Hansard and consult the procedural authorities and will report back to the House.

ORDERS OF THE DAY

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, it would be my intention to move the customary Supply motion today. It is my understanding that the Estimates of Industry, Trade and Mines will be meeting in the Chamber, Finance in Room 254, and Highways and Government Services in Room 255. They will continue until completion with the exception of Finance, which will not sit tomorrow but will be replaced by Aboriginal and Northern Affairs for tomorrow only in Room 254.

I understand, Mr. Speaker, that there may be a will of the House to waive private members' hour until further notice, if you could canvass the House.

Mr. Speaker: Order, please. Is there agreement to waive private members' hour? *[Agreed]*

Mr. Mackintosh: I believe, Mr. Speaker, the request was to waive private members' hour until further notice. I think that was the nature of the understanding, if you could just canvass the House with that clarification.

Mr. Speaker: Is there agreement to waive private members' hour until further agreement? *[Agreed]*

Mr. Mackintosh: Would you canvass the House to determine if there is agreement that Finance not sit tomorrow only in Estimates and be replaced by Aboriginal and Northern Affairs?

Mr. Speaker: Is there agreement for Finance not to sit tomorrow and be replaced by Northern and Aboriginal Affairs for only tomorrow? *[Agreed]*

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

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

FINANCE

* (14:40)

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

Hon. Greg Selinger (Minister of Finance): Yes.

Mr. Chairperson: Please be seated.

Mr. Selinger: Mr. Chairperson, it is my pleasure to present for your consideration and approval the Estimates of Expenditure for the Department of Finance for the year 2000-2001. I have a brief opening statement, and then of course we can open it up for questions and proceed through the detailed Estimates.

The Department proposes to spend \$577.4 million in 2000-2001, a 0.1% increase or \$680,000 over the '99-2000 Estimates. The cost of the public debt for the fiscal year 2000-2001 is expected to decrease by \$6.3 million to \$474.5 million. Nonetheless, the public debt remains the single largest component of the Department's spending, representing 82 percent of the Department's total budget and 7.3 percent of the entire provincial budget.

We continue to make provision for debt repayment. Commencing with this budget, a

comprehensive approach is taken to address not only the repayment of general purpose debt but also for the first time the Government's pension obligation. This pension obligation is something that has been called to our attention for several years, and we thought we had to make a beginning on that in this budget in order to prevent it going up over \$8 billion by the year 2028.

Starting this year, the growth in the pension liability will be curtailed by an amount equal to the pension obligation for all employees hired on or after April 1, 2000. For the 2000-2001 fiscal year in accordance with the debt repayment legislation, a total of \$96 million will be directed towards debt repayment, \$75 million for general purpose debt and \$21 million to address pension obligations. Of this \$21 million, a contribution of \$17 million will be directed towards past pension liabilities.

This government is also introducing a more cost-efficient method of financing health capital. The province's credit rating will be used on behalf of the borrowing requirements of health facilities and result in cost savings. It is expected that in excess of \$400 million will be funded in the 2000-2001 fiscal year for an annual saving in financing costs of approximately \$1.2 million. To ensure the volatility of our public debt costs is reduced appropriately, we will continue to decrease our exposure to U.S. dollar debt. As of March 31, 2000, this has been reduced to less than 15 percent of general purpose debt.

With respect to tax credit payments, this budget estimates total expenditures for 2000-2001 under the tax credit programs, including property tax credits, cost-of-living tax credits, pension and school tax assistance, political contribution tax credits and the learning tax credit: \$220.7 million. This represents an increase of \$23.9 million over the last fiscal year.

We are also providing tax relief this year. The property tax credits have been increased by \$75 for 2000-2001, the minimum and maximum property tax credit. This measure provides an additional 3.3% reduction to Manitoba property taxpayers, on average, and that will mean more outside of the city and slightly less inside the

city, about 2.7 inside the city and over 4 percent outside the city. Manitoba now has the most generous property tax relief program delivered through the income tax system.

The other thing that has happened this year is we are shifting to a tax on income. We will apply provincial tax directly on taxable income. This will increase transparency and make our system simpler. We will no longer have a net income tax nor a surtax. We will simply have three brackets, as indicated in the budget. Legislation will be introduced this session to implement this new personal income tax system to the benefit of all Manitobans.

Mr. Chair, some of the tax relief benefits to be realized with the introduction of the new system include across-the-board tax reductions through enhanced nonrefundable tax credits and adjusted tax brackets; the new family tax reduction; removing 15 000 Manitobans from the tax rolls; and increased recognition for charitable donations.

With respect to the Public Accounts, the Provincial Auditor has been for some time recommending improvements to financial management and reporting practices. The Government has been asked to refocus its attention on the summary financial statements of the Government, normally considered to be Volume III of the Public Accounts as opposed to the Financial Statements of the Consolidated Fund, which were often called Volume I. As a first step, he has suggested the simultaneous release of Volume I and Volume III.

We are responding to this request and will endeavour by September 30 for the first time to have the 1999-2000 Financial Statements issued as a single set of combined financial statements. In addition to the improved reporting format of a combined report, the release represents an improvement of approximately one to two months for the summary financial statements. This more timely release is an improvement in government accountability.

Also, Deloitte and Touche in their review supported some recommendations of the Provincial Auditor, including the adoption of an annual report format with commentary on the

financial and economical results of government and more extensive use of financial indicators, supported by the Canadian Institute of Chartered Accountants, as a means to measure the financial health of government. We have accepted these recommendations and will endeavour to produce an annual report for the 2000-2001 fiscal year on government operations which will include the summary financial statements, commentary on results, and financial indicators. These measures represent a significant enhancement to the Government's financial management and reporting practices.

The Enterprise System Management, which is the new name that has been applied to what was formerly called Better Methods or otherwise known as SAP—this sounds a bit like Prince, formerly known as Prince. Enterprise System Management will be lodged within the Comptroller's division within the department. This SAP system was implemented on April 1, 1999. Significant strides have been made in educating users and improving the usability of the produce to assist managers in discharging their financial responsibilities. We will continue to make improvements in the ability of managers and Finance staff and government-wide people to take advantage of the SAP system as we go forward.

As well, we will be implementing an upgrade to the most recent version of SAP, which will improve the user-friendliness of the system. This will help our day-to-day users. It will also facilitate the development and improvement of management reporting. Furthermore, this upgraded version will enable government to implement more of the functionality that is inherent in this very powerful software.

Both as a preventive health measure and also as a revenue measure, we increased the tobacco tax in our budget to bring Manitoba's rates in line with those of Saskatchewan. We do not anticipate this increase will lead to greater smuggling from lower taxed eastern Canada, although we must remain vigilant. My department will continue to protect government revenues of \$124.5 million by curtailing the smuggling of contraband tobacco through our tobacco interdiction efforts. We will also

continue enforcement measures to prevent the sale to minors of tobacco products under The Non-Smokers Health Protection Act through a joint departmental effort with both our provincial and federal Health departments.

The Office of Information Technology presents many opportunities for the Government of Manitoba. Appropriately used, it can improve government operations and provide better service to the citizens of Manitoba. I will be pleased to answer any questions the members have with respect to the various projects underway in OIT. We have several initiatives there, including the Information Protection Centre, ManWeb and other projects which are moving forward in a more focused manner.

With these brief opening comments, I will be pleased to answer any questions the honourable members may have. Thank you for your attention to this opening statement.

Mr. Chairperson: We thank the Minister of Finance for those comments. Does the Official Opposition critic, the Honourable Member for Kirkfield Park (Mr. Stefanson), have any opening comments?

Mr. Eric Stefanson (Kirkfield Park): Mr. Chairman, maybe some housekeeping matters first of all. I am wondering if the minister could—I know he abbreviated his opening remarks, but if he could table those. We will get them in Hansard, but I think it is a couple of days away, if he is prepared to table his opening remarks?

Mr. Selinger: I will endeavour to get a copy. Yes, I will ask my officials to make a copy available.

Mr. Stefanson: My understanding is the Minister of Finance has to be at the Western Premiers Conference. I just want to clarify what time it is that he would prefer to depart. I think we talked about around 4:30 p.m.

Mr. Selinger: I understand the plane leaves at 5 p.m., so whatever consideration you might offer would be appreciated.

Mr. Stefanson: Normally, we like to give some indication to staff whom we would need over the

next two hours, but unfortunately I am not in a position to do that.

So I think we will ask everybody to stay for at least these next two hours, and we can agree that we will move on to another department at 4:30 p.m. hopefully or whatever the House Leader has agreed to make a change.

Mr. Chairperson: It was agreed by the House to go to 6 p.m. today. Tomorrow we can go into Aboriginal Affairs.

Mr. Stefanson: Mr. Chairman, maybe we will just see if the House Leader has made any alternative arrangements from 4:30 p.m. to 6 p.m., but I think we can agree that the Minister of Finance should be in a position to depart by 4:30 p.m. If some members could just see if there were any alternative arrangements made for that last hour and a half, I think that would be helpful.

* (14:50)

Beyond that, some very brief opening comments. I think a number of my questions will probably be left to the end when we are dealing with Minister's Salary, a lot more policy-related discussions around some of the tax issues and so on. Having said that, we are prepared to start going line by line.

Mr. Chairperson: We thank the critic from the Opposition for those remarks. Under the Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for the Estimates of a department. Accordingly, we shall defer consideration of this item and now proceed with consideration of the next line.

Before we do that, we invite the Minister's staff to join us at the table, and we ask that the Minister introduce his or her staff if there are some.

Mr. Selinger: I would like to introduce the Deputy Minister of Finance, Mr. Pat Gannon. Pat, would you introduce Earl, please.

Mr. Patrick Gannon (Deputy Minister of Finance): Earl Kavanagh, Director of Management Services.

Mr. Chairperson: We thank the Minister. We will now proceed to line 1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits on page 80 of the Main Estimates book.

Mr. Stefanson: Mr. Chairman, maybe just a comment before a question. I had the good fortune of serving in the portfolio of Finance for five and a half years. My colleague here to my right had the opportunity to be there for our final budget before the election and our '99-2000 budget.

Certainly speaking personally, I think I am telling the Minister something he probably has already found out in his first eight or nine months, that I believe he has got excellent staff support around him in all areas of the Department of Finance, people who are very hardworking, dedicated, professional in their attitude and approach. Certainly speaking from our tenure in government, we were very well served right across the board by the people in all of the areas of the Department of Finance. I am sure that this Minister of Finance, hopefully, will find it to be the same. I am sure he will.

With that, in this area, in fact, just a question I will ask sort of for every functional area is whether or not the Minister could provide me with the names and positions of new employees hired since they formed government on October 4, basically in all of the functional areas of Finance, what positions were filled and the name of the individual filling the position. Obviously, questions like this I can get the information at a subsequent date so long as it is not too far off.

Mr. Selinger: Yes, I will just give the more senior positions that have changed since you were there. Then I will let the officials fill you in on the other positions that are down the line.

As you know, we have a new Comptroller, Assistant Deputy Minister Gerry Gaudreau. As well we have a new Assistant Deputy Minister of the Treasury, Don Delisle, and those positions have been filled in the last six months. I am sure you are familiar with those officials. We are confident they will do a good job. Over and above that did you want to add any other comments at this stage? *[interjection]*

Mr. Chairperson: Does he have leave to speak?

Mr. Selinger: We will back to you with the other officials. There have been some other appointments and backfills as those positions have been occupied.

Mr. Stefanson: Really, in this area, I am just looking under the activity identifications. The first line says: "Provides the Minister with policy and program advice on all matters related to the department." Are there any matters currently under review that should be brought to the attention of members of the Assembly?

Mr. Selinger: Are you on page 24? Okay. I will just consult with my deputy on this. Yes, my officials suggest that they have a sort of ongoing review of all policy matters within their purview and that as we go through the specific programs in the rest of the department we will identify for you specific items. I am sure you are familiar that the tax on taxable income is obviously one of the major items that has come forward this year. You may have further questions on that.

Mr. Stefanson: So on page 25 of the Supplementary Information, which is really the Executive Support area we are on to now, those seven positions, I am assuming that is the Deputy Minister and the admin and clerical support in the two offices of the Minister and the Deputy Minister, those seven positions?

Mr. Selinger: Yes, that is correct.

Mr. Stefanson: I have no further questions in this area.

Mr. Chairperson: That completes it?

1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits—pass; (2) Other Expenditures—pass.

Line 1.(c) Management Services (1) Salaries and Employee Benefits.

Mr. Stefanson: Mr. Chairman, could the Minister inform us of the number and nature of Freedom of Information requests that he currently has under review since October 4 of last year?

Mr. Selinger: Yes, with respect to the number of requests from January 1, 1999, to December 31, there were 12 applications received. Two were carried forward to the year 2000; one was withdrawn; one was transferred to another department; two records did not exist; two were partly granted; and four were denied. Over and above that, five of these applications resulted in complaints to the Ombudsman, and in all cases the Department's position was upheld. That is to December 31 from the period ending the three months, March 31, 2000.

As I read this correctly, there are two requests, two carried forward and seven new ones to date. Of the 11 requests, since January 1, 2000 to March 31, four have been granted; one has been withdrawn; three have been transferred; one has been carried forward to the next quarter; and one there was no record for it—for a total of 11.

Mr. Stefanson: Mr. Chairman, I am wondering if the Minister could just provide us with a summary of the requests, outlining what the nature of the request was. He does not necessarily have to read them into the record now. If he could provide that in the next short while, that would be sufficient.

Mr. Selinger: If the Member would like, I would be prepared to read out the information requested. Would you like that now?

The first one, reference Number 0199, the date received was 01/22/99. The applicant was the media; the correspondence between the Department of Finance and MPI regarding the Manitoba Capital Fund and/or the Shamray Group. That request was denied and appealed to the Ombudsman, and the appeal was upheld.

The second one was the first month of '99, the twenty-second day and it was a media request, correspondence between the Finance Department and the Workers Compensation Board regarding the Manitoba Capital Fund and/or the Shamray Group. It was equally denied and appealed, and the department's position was upheld by the Ombudsman.

The third request was made the fourth month, thirteenth day of '99 by a citizen, statutes

to minimize wasteful spending, penalties, et cetera. That request was withdrawn.

* (15:00)

The next one was in the fifth month, the twelfth day, by the media, records of the Pan Am Games Society Executive Committee and Board of Directors, including agendas and minutes of meeting for the period February 1, 1999 to date of application. It looks like it was denied. It looks like it was appealed to the Ombudsman, and the decision of the Department was upheld on that one.

The next application was in the sixth month, the first day of '99 by the NDP caucus, money allocated and/or spent on testing systems once they are determined to be Y2K compliant, broken down by cost, staff, capital, et cetera, and by department, and that request was granted.

The next one was in the seventh month, the fifth day, of 1999, a list of all struck Manitoba companies, their addresses and a record of their assets held by the province, and that was transferred to Consumer and Corporate Affairs.

Then there was in the seventh month, the fifth day, of 1999, an organization in Alberta asking for the Manitoba Builder Bond registers containing the names, addresses and amounts outstanding for holders of matured series from inception to 1998. Records should be limited to unredeemed bonds only. That request was denied, appealed to the Ombudsman, and the Department's decision was upheld as well.

We then go to August, or the eighth month, of '99, the 17th day. The organization was also from Alberta, uncashed cheque register for corporations and other non-personal-related organizations, including names, addresses and outstanding amounts for the period covered by the data base. NE stands for—no record on that one, so could not comply.

The next one was in September, the second day, citizen of Winnipeg application forms for compensation to persons harmed by politicians. No record, appealed to the Ombudsman, and the decision was upheld, of the Department.

Three more in that up-to-December-31 period.

A request from the media, ministerial briefing notes from October 6 to October 15. The request, once again, from media denied, and it was covered under exemption 19 sub 1 of the exemption.

The next one was a request from the media for briefing notes or similar material supplied to the Minister for Question Period between October 5 and the date the request was granted. That was carried forward to the next quarter of 2000.

The final one for '99 was a request from the media, information on minister travel outside Manitoba since September 21, including total number of days, location, duration and dates for each trip—a total as well per trip, who paid for the bill if not charged to the province. That was carried forward to 2000.

Moving into the year 2000, on the first extension by the media, briefing notes or similar material to the Minister, that request was withdrawn, and it looks like it was appealed to the Ombudsman. The appeal to the Ombudsman remains under discussion with the Ombudsman.

The next extension on a request by the media for information on minister travel was granted. Then, moving to other requests in the year 2000, a political party applied for the employment agreement entered into with David Woodbury for his work with Treasury Board from September to date, and that was transferred to the Executive Council.

The next request was from a political party, the employment agreement entered into with Ron Hikel to chair the Financial Review Committee for the new government. That request was granted.

The next request was from the media on the 26th day of the first month of 2000, copies of any documents or studies held relating to the potential impact of the separation of Quebec on the province of Manitoba. We had no record on that one.

The next one was in the second month of the year 2000, on the 18th day, a media list of all grants and loans handed out through the community support programs between March '99 and March 2000. That was transferred to Health.

The next request was the third day of the third month of 2000. Copies of enquiries by Manitoba Securities Commission regarding the sale of MTS shares, that was a private citizen asking for that. That was transferred to Consumer and Corporate Affairs.

The next one was the 23rd day of March by a private citizen. Records relating to direct public access to government's electronic data bases held by the former Crown corporation, Manitoba Data Services or the former minister responsible, that request was granted.

The next one was also on the 23rd day of the third month by a private citizen. Records relating to direct public access to government's electronic data bases held by the Minister of Finance, and that request was granted.

The last one was an organizational law office on the 23rd day of March as well, the collection agreement entered into by the Government of Manitoba with the Government of Canada pursuant to section 61 of The Income Tax Act and all amendments and extensions. That law office, that request was carried forward, has not been complied with, and it was subsequently granted.

Those are the complete lists of FIPA or Freedom of Information requests that we have received up to now.

Mr. Stefanson: Mr. Chairman, I have no further questions in this area.

Mr. Chairperson: Shall the line pass? All agreed? Thank you.

1.(c)(2) Other Expenditures—pass.

1.(d) Tax Appeal Commission.

Mr. Stefanson: Mr. Chairman, if the Minister can inform me who the current commissioner is

and the number of appeals in 1999-2000 and the nature of the appeals.

* (15:10)

Mr. Selinger: Mr. Chairperson, the Tax Appeal Commissioner is still Mr. Glenn Russell. The number of appeals at the beginning of the year were nine. Since then, seven more have been received, for a total of 16. Of those 16, 3 have been disposed of and 13 remain outstanding at this stage of the game.

Mr. Chairperson: 7.1.(d) Tax Appeal Commission \$20,000—pass.

7.1.(e) French Language Services Secretariat
(1) Salaries and Employee Benefits \$175,300.

Mr. Stefanson: I just notice on page 32 a reference to the approval of the 2000-2001 appendix of the general agreement on the promotion of official languages. Is the Minister prepared to table that appendix?

Mr. Selinger: I will ask my official who handles that agreement to come forward, Mr. Edmond LaBossiere, and find him a place at the table. I believe the question was the appendix to the agreement. The appendices are available for '99-2000. The appendices for this year are still under negotiation with the federal government as they renew the agreement. Would you like them from '99-2000?

Mr. Stefanson: Yes, we would appreciate the '99-2000. I am just wondering if the Minister could indicate when he would expect conclusion of the 2000-2001. Would he be prepared to provide that upon conclusion?

Mr. Selinger: We will make the '99-2000 available. The negotiations are ongoing with the federal government at the officials level as we speak. We expect it will take several weeks, if not longer, to conclude that, but once it is concluded I see no reason at this stage why we could not make it available.

Mr. Stefanson: I am prepared to pass this section.

Mr. Chairperson: 7.1.(e) French Language Services Secretariat (1) Salaries and Employee Benefits \$175,300—pass; (2) Other Expenditures \$29,800—pass.

7.1.(f) Lower Tax Commission. There is no figure.

7.2. Treasury (a) Administration (1) Salaries and Employee Benefits \$133,300.

Mr. Stefanson: I notice there was, of course, no allocation for the Lower Tax Commission. I will just save some questions and comments when we get into probably Federal-Provincial Relations when we are talking about tax issues and the change in personal income tax and so on.

While we are on Treasury, first of all, I would like to congratulate Don Delisle on becoming the Assistant Deputy Minister in this area. Again, like my opening comments about Finance in general, this is another area where I think the Government is very well served in terms of how efficiently this part of the Department functions. I know we had various opportunities to compare the staffing to other jurisdictions and discuss that with some of the underwriters and so on. They certainly speak highly not only of the competency of people in this area but also how efficiently we are serviced in this area in terms of the number of people compared to other jurisdictions.

Just some general questions, I am imagining the Manitoba syndicate remains unchanged at this particular point in time. I am wondering if the Minister has any comments about the Manitoba syndicate and/or does he have any plans to change it, I guess primarily as it relates to the Canadian Syndicate and the syndicate for the United States?

Mr. Selinger: First of all, I would like to concur with you. I have received very favourable commentary about this operation in terms of the efficiency and the small number of staff. As you know, Neil Benditt has retired. I am sure you join with me in congratulating him on making the marathon of all the years he served in the Department. Of course, we have his protégé, Don Delisle, with us now.

With respect to the syndicate, the one thing we do want to change is the name. We think the name "syndicate" is sort of reminiscent of the 1940s. We are trying to think of something appropriately bilingual. So we are thinking of "ensemble" as a new name for the organization. I kept thinking of double-breasted grey suits and fedoras when I met the syndicate in the dark room of Toronto—and cigars, as well.

So, other than that, we have no intention to change it. It seems to have served us well, and we plan at the moment to continue with the existing members and relationships that have served the Manitoba Government well in the past.

Mr. Stefanson: I am wondering if the Minister could provide us—I am assuming in the areas of what we are valuing our currency at and our interest rates, as in the past we are using the dealer consensus. I guess my first question would be is that the basis of the valuations for our currency and our interest rates? Is it the basis of the dealer consensus, and, if so, what are the rates being used?

Starting with currency, what is the average rate being used during 2000-2001? What is the rate that we are forecasting for March 31, 2001? Then similarly for short-term interest rates, what is the dealer consensus and what is the assumption we are using, and, similarly, for long-term interest rates, 10-year Canada Bonds, what is the dealer consensus and what are the rates that we are using?

Mr. Selinger: I will just let my officials get their information together, and I will be right back to the official critic.

The dealer consensus on April 7, 2000, for the Manitoba 10-year bond was 6.7 percent. Our assumption in planning for this year's budget was 6.75 percent on the 10-year. The 3-month BAs, the dealer consensus was 5.77 percent. Our assumptions were 5.95 percent. The Manitoba Treasury bills, the dealer consensus was 5.67 percent. Our assumption was 5.85 percent. The U.S. LIBOR 6-month, we made an assumption, as well. There was not an indication from the dealers on that in terms of consensus, but our assumption was 7 percent.

Mr. Stefanson: Mr. Chairman, similarly for the value of the currency, what were the dealer forecasts for the average during the year 2000-2001 and for the forecasted March 31, 2001, and what are the assumptions that the Government has utilized?

* (15:20)

Mr. Selinger: With respect to the currency, the dealer consensus for the average, Canadian-U.S. average, was 1.4255, and our assumption was 1.45. For the year-end, the dealer consensus was 1.4013 and our assumption was 1.43.

Mr. Stefanson: Mr. Chairman, 1.43, was that the—

Mr. Selinger: Yes.

Mr. Stefanson: Mr. Chairman, I am wondering if the Minister could outline any occasions he has had to visit with the financial community and/or the bond-rating agencies since October 4 of last year, what groups he met with since that time.

Mr. Selinger: We took a trip down east within six weeks of being elected—I think it was in late October, early November. We visited Toronto and New York. In Toronto, we visited with CIBC, World Bank, Nesbitt Burns, Royal Bank.

We, of course, met with what we now call the ensemble, as opposed to the syndicate in a very dark room; three rating agencies, as well, three in Toronto, the CBRS, the DBRS and Standard and Poor's. Then, of course, we went to New York and met with the ensemble in its American configuration, some of which carried over from Canada. Some of the people joined us there, as well. We, of course, visited Moody's on that high floor in their own building, as you might recall, and had Ms. Fleishmann ask us questions along with her staff.

Mr. Stefanson: Mr. Chairman, I am wondering if the Minister has any plans to make any visits to the financial community in the near term.

Mr. Selinger: Yes, plans are being made to visit Toronto in early June and New York in the latter part of June. At the moment, that is the schedule we are working out.

Mr. Stefanson: I am just wondering: How do we compare today in terms of Manitoba's borrowing rates? I know we have fluctuated back and forth from being the second and/or the third lowest in Canada. How would we compare today?

Mr. Selinger: Manitoba remains stable. It is essentially tied with B.C. and Saskatchewan for their rates. Ontario has improved their position basically because of their large liquidity and their large borrowings. So we are ranked in third spot.

Mr. Stefanson: Mr. Chairman, just so I understand, we are ranked in third spot basically tied with B.C. and Saskatchewan?

Mr. Selinger: Yes.

Mr. Stefanson: Just thinking back, Mr. Chairman, Alberta has consistently been the lowest in Canada, and I believe we fluctuated back and forth for a period of time with British Columbia for second and/or third. With Saskatchewan now basically being tied, is that an improvement in their position?

Mr. Selinger: It is a modest improvement, but my officials inform me that they have always been within one or two basis points of us in any event. The big shift has been Ontario, with their liquidity.

Mr. Stefanson: I guess all I am looking for is that tightening up of now four provinces. Has that been because of basically tighter spreads for Ontario and Saskatchewan, or has it been a slippage with other provinces?

Mr. Selinger: Mr. Chair, the major shift has been a tightening of the spreads with Ontario because of their improved liquidity position. The Saskatchewan one is a technical improvement basically due to the fact that they have not been borrowing as much lately.

Mr. Stefanson: Well, perhaps the Minister could outline for us what the expected borrowings are for the year 2000-2001, and if he has any targets in mind, where he intends to do that borrowing; I guess basically Canada relative

to the United States and/or the international market.

Mr. Selinger: In answer to the question, we, as indicated in the Budget, are expecting to do approximately \$2.4 billion of refinancing and borrowings this year. To date, we have completed \$48 million for Riverview Health Centre. We were able to accomplish that at the Government's preferred rate, which will realize a saving for us. We also plan to do a U.S. issue for Hydro at about \$500 million American, roughly \$725 million Canadian.

The Manitoba Builder Bonds or savings bonds are in process right now. They have just started off really today.

We have remaining borrowing in Canadian and other markets of \$1.3 billion to \$1.4 billion. Mr. Chair, we plan to roll that out in 10 to 12 issues in domestic and international markets, approximately \$300 million this spring, \$300 million in early fall, \$300 million in December and another \$300 million at miscellaneous times as Health requires. Then the final \$200 million would be on an opportunistic basis when the market makes available to us good opportunities, good breaks.

* (15:30)

Mr. Stefanson: Mr. Chairman, could the Minister provide us with a breakdown of our debt servicing today between U.S. currency and Canadian currency?

Mr. Selinger: Could I clarify: Do you want that on the General Purpose Account or overall?

Mr. Stefanson: On the General Purpose Account.

Mr. Selinger: As I indicated, I will try to provide these comments. We are down to about 15 percent on General Purpose Debt in offshore or foreign borrowings.

When I came into the position, I had asked about it. It was in the range of 18 percent to 19 percent at the time and we would like to reduce that exposure to international markets, primarily the American market, further as opportunities

become available. So the remaining 85 percent would be in Canadian at this stage of the game.

Mr. Stefanson: Could the Minister provide the same ratios on our overall debt?

Mr. Selinger: On page B15 of this year's budget book, Note 2. I call this to the attention of the Opposition critic. On the overall gross debt, 72 percent is Canadian dollars, 28 percent in U.S. dollars and the difference between the number indicated before on the General Purpose Debt, 15% foreign and 85% current is mainly attributable to Hydro debt and, as the former minister will know, much of that Hydro revenue is also in American dollars so there is an offset there. They hedge against each other.

Mr. Stefanson: I just want to clarify the comment that the Minister made. I know when we came into government back in '88, we had debt exposure not only in Canadian and U.S. but in other foreign currencies, and introduced a policy decision to try to convert as much of that to Canadian as possible, but at a minimum to convert all of it to either Canadian or U.S., some of it for the reasons that the Minister just touched on, the fact that our Hydro debt, a good portion of the Hydro revenues were in U.S. currency and just the fact that, to state the obvious, the United States are by far our largest trading partner, but our sole objective or one of our key objectives was to match our revenues and expenditures which we felt was a prudent and responsible thing to do.

I take it from the Minister's comments that he concurs with that policy, he is continuing with that policy and has no intention of borrowing in other currencies outside of U.S. currency and in fact has a policy of attempting to continue to reduce the U.S. exposure.

Mr. Selinger: In general we do support the policy of reducing our exposure to foreign currencies, and in the event that we get a good deal in a foreign currency we would attempt to swap it back to Canadian in order to reduce our exchange rate exposure. My personal feeling is that we should try to reduce that exposure as much as possible. I would like to get it below 10 percent if I could, particularly with the fluctuations in the Canadian dollar these days.

Mr. Stefanson: Just for clarification, Mr. Chairman, so the Minister would not intend to borrow in any other currency unless he was swapping it back to probably Canadian currency or potentially U.S. currency.

Mr. Selinger: That is the plan at the moment.

Mr. Stefanson: On the bottom of page 40 of the supplementary document, I just see reference to the branch's partner with specific project areas as a government which will see us become increasingly involved in electronic commerce. It goes on to talk about individuals and companies interacting and conducting business with various government departments using technology, credit card Internet payment options, pre-authorized collection options and so on. Could the Minister just outline for us the progress that is being made in that area?

Mr. Selinger: Just before we get to that, I just want to clarify. Do we need to vote on the lines that we have covered in the earlier part of Treasury under the Administration before we move off to money management and banking? Just for clarification. Should we go back and deal with the votes on those sections before we move on?

Mr. Chairperson: 7.2.(a)(1) Salaries and Employee Benefits \$133,300—pass; (2) Other Expenditures \$118,100—pass;

7.2.(b) Capital Finance (1) Salaries and Employee Benefits \$295,600—pass; (2) Other Expenditures \$37,300—pass.

7.2.(c) Money Management and Banking (1) Salaries and Employee Benefits \$413,200.

Mr. Stefanson: Mr. Chairman, I will not repeat my question, but this would be the section that my question pertains to.

Mr. Selinger: With respect to this matter, the Treasury is acting through this branch as a resource and a monitoring device to ensure that there are standard procedures in place. The areas where there has been some movement towards electronic payment have been in Autopac and in drivers licences, as well as the Department of Conservation through ManWeb initiative for on-

line purchase of Canadian maps. So those are the three areas. They will take any of the questions the critic might have there.

Mr. Stefanson: Mr. Chairman, maybe the Minister could tell us about the current banking arrangements—I am assuming the Royal Bank is still the bank of record for the Province of Manitoba—when their current arrangement terminates, and if he has any plans for any reviews in that area.

Mr. Selinger: The Royal Bank is still the Government's bank of record. When the agreement terminates—I need a couple of minutes to think about that one. We do not have any specific agenda with that right now. We will review it when it comes due and decide on what the best arrangements will be for the Province of Manitoba.

Mr. Stefanson: Mr. Chairman, well, I do not need the details now. The Minister then can provide me with them when that arrangement terminates.

I know at one point during our term in office we did a comprehensive review of the banking arrangements. I think the agreements are every five years, if I recall correctly. It is not necessarily something you do every five years, but it certainly is something that you do want to look at periodically, go through that process and give other organizations an opportunity to pursue government work and, of course, to test the market in terms of service, costs, and so on. So I cannot recall off the top of my head when it was that we went through that review, but it would have been in the mid-'90s, somewhere around then.

Mr. Selinger: The consensus seems to be that the banking arrangements will come to a conclusion on this agreement in July of 2000, just to clarify that. We can decide then whether we want to continue with the Royal Bank, but it seems to be a long and venerable tradition of them being the bank of record for the province since at least the 1940s. We will review that when it comes due to see what the most effective arrangements are for the province in terms of service and cost.

* (15:40)

Mr. Stefanson: Mr. Chairman, I probably should have asked in one of the previous categories, but we touched on the Builder Bond program. Perhaps the Minister could just outline for us this year's Builder Bond program, if he has a target in mind in terms of what he would ideally like to see achieved from the program and what the current public offerings are.

Mr. Selinger: We just issued instructions on that last week. The floating rate is 5.75, the three-year fixed rate is 6.75 and the five-year rate is 6.75. As the critic will know, this is an environment right now where interest rates have been rising recently, so we priced it to be attractive to people. In the context of a potentially rising interest rate market, we wanted it to be an offer that was both reasonable for Manitoba, as the Government, but also attractive to Manitobans to purchase it, because it is a very secure purchase.

Mr. Stefanson: Does the Minister have a target in mind in terms of what he would like to see achieved? I am not sure if he outlined that when he talked about the debt. I know he made reference to the Builder Bonds, but I do not think he quantified what he would ideally like to see achieved from that program.

Mr. Selinger: We would like to see Manitobans who are interested in the product purchase as much of it as they would like. There is no hard target that has been set from a government perspective on that. We really try to put a product out there that will be attractive to Manitobans and see what the uptake is.

Mr. Stefanson: Mr. Chairman, perhaps the Minister can refresh my memory as to what was raised from the Builder Bond program last year?

Mr. Selinger: Last year the amount raised was in the order of \$250 million.

Mr. Stefanson: No further questions in this area.

Mr. John Loewen (Fort Whyte): Mr. Chair, I would just ask the Minister of Finance if, during the discussion which led up to the change in the

provincial tax, and particularly as it pertains to electronic payments, there has been any discussion about the Province collecting the provincial income tax on its own, as opposed to Revenue Canada.

Mr. Selinger: At the moment there are no plans, but we can elaborate on that. If you wish to ask further questions, we can deal with that under Federal-Provincial Relations, if you wish, when we get to that branch of the department.

Mr. Chairperson: 7.2. Treasury (c) Money Management and Banking (1) Salaries and Employee Benefits \$413,200—pass; (2) Other Expenditures \$258,900—pass.

7.2.(d) Treasury Services (1) Salaries and Employee Benefits \$503,500.

Mr. Stefanson: Mr. Chairman, just one question. Page 44 references the various forms of debt and so on, and it makes reference to the Canada Pension Plan debentures. Could the Minister just outline how much is outstanding in that area, and if he has it, what the interest rates would be?

Mr. Selinger: The amount outstanding for Canada Pension Plan debentures is in the order of \$1.5 billion, about 1.493, to be more precise, and the interest rates vary over the last 20 years from 8.21 percent to 17.51 percent during those very expensive early '80s period.

Mr. Stefanson: I am prepared to pass this area.

Mr. Chairperson: 7.2.(d)(1) Salaries and Employee Benefits \$503,500—pass; (2) Other Expenditures \$48,300—pass.

Resolution 7.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,808,200 for Finance, Treasury, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

7.3. Comptroller (a) Comptroller's Office (1) Salaries and Employee Benefits \$124,900.

Mr. Stefanson: Mr. Chairman, I, too, would like to congratulate Gerry Gaudreau in his

appointment as division comptroller and also compliment his predecessor, Eric Rosenhek, for an outstanding job and many years of excellent service to the Province and the people of Manitoba.

* (15:50)

I just have a general question about Volume I and Volume III. I know the Minister made reference to the releasing of volumes I and III at the same time, but I am curious whether or not the Minister shares our view of the importance of bringing attention to Volume I.

I know the Auditor has commented on previous occasions about Volume III. The Budget, becoming the focal point of government, and that was something that during our time in government we basically agreed to disagree with the Auditor. My recollection, certainly the officials in this area shared similar concerns, that both documents are important, that Volume I is the tax-supported budget of the people of Manitoba and certainly deserves stand-alone attention and scrutiny without being rolled into Volume III as the sole document produced by the Government of Manitoba.

I am curious what views the Minister of Finance has on that issue.

Mr. Selinger: I think my answer to that would be as follows, that both documents are important and that it should not be an either/or kind of stand-off between the two of them, that the purpose of the Volume I statement is to provide accountability for managing the general-purpose debt of the province. That is something we wish to continue to provide good management in and, indeed, to include within it the pension liability. So that is an important issue because as the critic knows, the largest percent of our financed budget is still the general purpose debt, and we want to, over time, bring that down and bring that under control.

So as we bring the two volumes out together, it allows the citizens of Manitoba to have a complete picture without putting one opposed to the other in terms of importance on a higher level. Both are important and both serve specific purposes.

Mr. Stefanson: Mr. Chairman, it sounds then like we do not disagree on that. We had made strides to continue to release Volume III earlier and earlier each year, and I believe under our Financial Administration Act have a requirement now to release—and I am testing my own memory here, which volume by September 30, Volume I by September 30. Volume III was released subsequent to that, but it was certainly our objective and I believe our commitment to the Auditor to work towards moving that date up and ultimately release the report at the same time.

But I am pleased to hear the Minister's continuing support for the importance of both volumes and that he has no intention of doing away with Volume I and going to a comprehensive Volume III budget and not continue with the practice of doing a Volume I document and doing the Budget as it is currently prepared.

Mr. Selinger: As I repeated earlier, I think it is important to manage the general-purpose debts and liabilities of the province, and that should receive attention. As well, the Auditor's recommendation that Volume III be given equal attention and prominence is something that I subscribe to.

So, as we move forward, both issues will receive equal and appropriate treatment, so that there is accountability to Manitobans.

Mr. Stefanson: Mr. Chairman, I am prepared to move.

Mr. Chairperson: 7.3.(a)(1) Comptroller's Office (1) Salaries and Employee Benefits \$124,900—pass; (2) Other Expenditures \$17,900—pass.

We will move on to item 7.3.(b)(1) Information Technology Services (1) Salaries and Employee Benefits \$836,900.

Mr. Stefanson: Mr. Chairman, I know further in the Estimates we will discuss Better Methods. These would be the technology services that pertain directly to the services provided by the Comptroller's department. I am looking at page 50, talking about in 2000-2001 some of the

planned initiatives include—it makes reference to the Better Systems and the Better Methods. It talks about maintenance and enhancement of existing application systems.

Maybe the Minister could elaborate what he sees being done in this area in terms of the implementation of new technology and what the benefits will be.

Mr. Selinger: In this area, the SAP, or Better Methods system, was brought into play April 1 of 1999-2000 and, to quote Mr. Gaudreau's predecessor, Eric Rosenhek, it has been a challenging process to make the system provide the functionality that we expect from it. Further work is going on there to make it as effective as we wish, including the upgrade which I alluded to in my opening remarks. That requires training of staff and ensuring that they can make the system work effectively. There are 12 staff in this area; 9 have been seconded to BSI and Better Methods; 4 are with the Better Systems Initiative; 5 are with the Better Methods Initiative; and 1 staff will remain in place in Taxation over and above these allocations or secondments. As we go forward, the challenge is to make the SAP produce the results that it was intended to do when it was brought into the Manitoba government, and there is ongoing work required and ongoing training required to help staff take full advantage of the functionality of that system.

Mr. Stefanson: I am just wondering if the Minister could inform us, as a result of some of these changes, what improvements, and when, we will see in terms of the timeliness of the quarterly financial statements, and/or whether he has any plans to, at some point, be able to produce more timely, even monthly, financial statements on a government-wide basis.

Mr. Selinger: Under the current version of SAP that is functional in our system right now, the timeliness improvements are marginal, at best. There is a hope that, when the new 4.6 system is brought on line—and the intention was to have it in place before Christmas; I believe it was late November—then greater timeliness might be possible, but we will have to see how that works out when it is brought into play. As the critic knows, this is usually the promise, and the

reality of these systems, there is sometimes a gap there in terms of performance. It was considered a major accomplishment to bring the existing version on-line on time; that was considered a major accomplishment compared to other jurisdictions which have implemented the SAP system. It has proved to be troublesome in many other organizational environments, so our people were considered to have achieved a great success by bringing it in on time. We will see how it goes with the other upgrade. Similar staff are in place, and we are hoping that that will go well. It does remain a challenge to get the full functionality out of this system.

Mr. Stefanson: I am just curious whether or not the Minister has as an objective or sees some merit or benefits to having that information provided to him, to his government, to Manitobans on a much more timely basis than the current system basically allows, and/or whether or not he sees benefits to having financial information on a more regular basis, such as possibly at some point being able to get a monthly financial statement.

Mr. Selinger: Obviously, if we could get more timely information, that would be helpful. The current system is not providing that. When the new system is brought into play later on this year, hopefully before Christmastime, we will see what its functionality is; and, if it can deliver a more timely product, we will see what it can do for us.

* (16:00)

Mr. Stefanson: Mr. Chairperson, more a comment: I know there are many challenges, but I encourage the Minister to continue to pursue that objective. I think being one directly involved and responsible for \$6.4 billion, certainly the accuracy and the timeliness of the information are always important but continue to become, I think, increasingly important. So, as I say, I know there are competing pressures and demands when it comes to especially technology and developments in that area, but I would encourage him to continue to pursue improvements in this area.

Mr. Selinger: The only final comment I would make is that the SAP system upgrade was

proceeded with by the new government. It was considered a necessity in that the SAP provider at a certain stage stopped servicing the older versions, so we are into a cycle of, at the moment, it looks like upgrades on at least a triannual basis. Each of those upgrades is intended to provide better service and a better product. Given the amount of money that is required to do those upgrades, if it does not provide that, I would be extremely disappointed.

Mr. Stefanson: I am prepared to—

Mr. Chairperson: 7.3.(b) Information Technology Services (1) Salaries and Employee Benefits \$836,900—pass; (2) Other Expenditures \$98,900—pass.

7.3.(c) Disbursements and Accounting (1) Salaries and Employee Benefits \$1,958,800—pass; (2) Other Expenditures \$851,500—pass; (3) Less: Recoverable from other appropriations (\$325,900).

7.3.(d) Legislative Building Information Systems (1) Salaries and Employee Benefits \$706,300—pass; (2) Other Expenditures \$319,400—pass.

7.3.(e) Internal Audit and Consulting Services (1) Salaries and Employee Benefits \$1,858,400. Shall the item pass?

Mr. Stefanson: Mr. Chairman, could the Minister outline—under Expected Results, on page 60, reference is made to audit services including value for money reviews—What value for money reviews were done in 1999-2000, and whether or not there are plans in place to do some value for money reviews in the year 2000-2001, and, if so, in what area.

Mr. Selinger: I will take that question as notice and provide a written response to the critic, the Member for Kirkfield Park (Mr. Stefanson). My officials want to ensure that, before they disclose anything, they have paid appropriate attention to confidentiality issues. That will apply to both last year and to forthcoming projects.

Mr. Stefanson: Mr. Chairman, I appreciate the need for confidentiality in certain reviews. I guess what I would look for are two things. I am

sure the Minister can provide a summary of what reviews were done, and when I say a summary, just what functional areas were looked at in '99-2000 and what areas he is planning on looking at in the current year. But I also, subject to addressing the confidentiality issue, would appreciate receiving copies of any value for money reviews done over that period of time.

Mr. Selinger: I will take that as notice and see what we can do.

Mr. Stefanson: Just one more question, Mr. Chairman. On page 60, under Expected Results, the last bullet refers to "Participation in government-wide initiatives in support of improved management accountability including development of the Comptrollership Framework." Could the Minister elaborate on that?

Mr. Selinger: When the Better Methods or SAP system was brought into government, one of the outcomes of that new technology was that departments had to upgrade their ability to monitor financial activity within their departments. Internal Audit is working with those departments right now to identify what kind of a comptrollership framework would be appropriate to the new system. That discussion and dialogue and debate is ongoing between our Internal Audit people as well as the line departments that are installing and using the SAP system.

Mr. Stefanson: Mr. Chairman, I am prepared to pass this.

Mr. Chairperson: 7.3.(e) Internal Audit and Consulting Services (1) Salaries and Employee Benefits \$1,858,400—pass; (2) Other Expenditures \$241,200—pass.

7.3.(f) Enterprise System Management (Better Methods) \$8,500,000.

Mr. Stefanson: Mr. Chairman, we have already touched on this in part, but I am wondering, when I look at Expected Results, on page 63, one of the Expected Results is to "maximize the overall value of SAP functionality." Could the Minister explain what is meant by that?

* (16:10)

Mr. Selinger: With respect to this matter, the process of rolling out the SAP system or the Better Methods system requires the line departments to get the licences and then to be trained on how to use those licences in order to improve the functionality of the system. Those are the processes that the comptroller is working on with the departments this year.

Mr. Stefanson: Mr. Chairman, maybe the Minister can just provide greater detail around the allocation of \$8.5 million. How will that money be utilized? I see the number of FTEs is the same. If I recall from last year's review process, I believe there was a reduction in this general area of about 10 FTEs and some operating costs that were related to that for the implementation of SAP and that there were some positions that were held for future need. So perhaps the Minister could provide some details around utilization of the \$8.5 million.

Mr. Selinger: We will get back to the Minister with the detailed break-out of that information with respect to FTEs and how the resources are being deployed.

Mr. Stefanson: Perhaps the Minister could also provide—I know during last year's review there was talk about the potential for future reductions as a result of the full implementation of SAP, so is part of that information being provided; if he could provide any additional information related to future reductions as a result of the introduction of SAP.

Mr. Selinger: We will take that as notice and have our officials provide through me to you the potential future efficiency that might be achieved when this system is fully implemented.

Mr. Stefanson: I think subject to gaining greater details around this entire expenditure, I am led to believe that this is a direct allocation. We are not capitalizing and amortizing anything in this area; this is a direct expenditure.

So I just want the kind of information that I have asked for, and if the Minister undertakes to provide that on a timely basis, that is acceptable.

Mr. Selinger: This is indeed the operating costs. When we get to the capital portion of the

departmental Estimates, there are some expenditures there as well.

Mr. Stefanson: I think if the Minister can provide the information we have requested on hopefully a timely basis, then we are prepared to pass this.

Mr. Chairperson: 7.3.(f) Enterprise System Management (Better Methods) \$8,500,000—pass.

Resolution 7.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$15,188,300 for Finance, Comptroller, for the fiscal year ending the 31st day of March, 2001.

Resolution agreed to.

7.4. Taxation (a) Management and Research
(1) Salaries and Employee Benefits \$1,038,700.

Mr. Stefanson: Some of my questions might interrelate to a few of these functional areas, but I am sure Mr. Draward and the Minister can provide the appropriate responses.

I guess the first question I would have just relates to the whole relationship with the federal government in terms of—and I know I am actually jumping ahead in part to Audit right now, but the relationship with the federal government in terms of co-operation in general, whether it be in Audit or it be in Tobacco Interdiction, whether or not the Minister is satisfied with the degree of co-operation he is getting from the federal government, and, secondly, where the department is at in terms of its review and relationship with the new federal agency, the Canada Customs and Revenue collection agency, in terms of the relationship with that agency and/or whether or not the department is doing any cost-benefit analysis related to whether or not we should be participating in any additional way with that agency.

Mr. Selinger: Just as a prelude, the critic asked me earlier about staff changes, and I just want to report to him that the Director of Research for Taxation is Leslie Snell. She has been promoted to that position. Both former ministers of Finance might recall the work that she did in that area.

On the question of our relationship with the federal government, I have met with the national Minister of Revenue and it was a congenial meeting. There has been an agreement signed to participate in the Revenue collection Agency. We are continuing negotiations on fees with respect to the work they perform on behalf of the Province of Manitoba. We want those to be as reasonable as possible. They, of course, would like to make it a self-sufficient agency, perhaps on the backs of the provinces, but we want the fees to be fair and reasonable. Generally the relationship is positive. The new agency is proceeding. They have allocated many staff to it, experienced staff from the federal level.

On the Tobacco Interdiction program, we have had a federal employee within the department working on the Tobacco Interdiction program with our own officials. There was some concern that that person might be reallocated by the federal government away from that function. We have made a strong appeal to them that that would not be in the best interests of the federal government or the Province of Manitoba for that person to be removed. We think that it is an effective relationship to have them located within our facilities, working on a daily basis with our people to provide the interdiction services.

Both ministers will recall there was a major initiative taken by the department that caught many illegal products crossing the border this winter, so that relationship is one we want to continue. I made representation directly to the federal minister to continue that relationship.

Mr. Stefanson: Could I just clarify that, Mr. Chairman? Has the decision been made to roll in certain functions to the new federal agency in terms of either audits or further collections of provincial revenues and—I will stop there.

Mr. Selinger: As you know, they are rolling their entire function of revenue collection into this new agency. We are continuing with the existing relationships we had. We are not intending to take up new services at this stage because we want to cost them before we do.

Mr. Stefanson: The minister started to ask what would be my next question. Prior to shifting any

responsibilities to this new agency, I am assuming that that is exactly what would be done as there would be, I guess, a cost-benefit analysis done from the Department's perspective as a first step as to whether or not it makes sense to access the services being offered by that agency. I am assuming that that has not been done.

Mr. Selinger: We have not agreed to move on any new services without having a price that we think is fair and reasonable. Effectively our day-to-day relationships are the same as they were before the new agency was put in place in terms of how we administer the tax collection agreements.

* (16:20)

Mr. Stefanson: We probably have more than about 10 minutes of questions in this area, Mr. Chairman, so it might be appropriate to adjourn now and allow the Minister enough time to make his way to the Western Premiers. We cannot let Mr. Draward in this area off quite that easy. If there is agreement, we can adjourn now and pick this up when the House leaders are agreed that Finance is back at the table.

Mr. Chairperson: Is it the will of the committee to rise now? [*Agreed*]

HIGHWAYS AND GOVERNMENT SERVICES

* (14:40)

Madam Chairperson (Bonnie Korzeniowski): Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Highways and Government Services.

Does the Honourable Minister of Highways and Government Services have an opening statement?

Hon. Steve Ashton (Minister of Highways and Government Services): Yes, I do. First of all, I would like to indicate that I consider it a real honour to be Minister of Highways and Government Services. This is my first opportunity to be in this seat in the Legislature, and I certainly consider it a real honour and a

real privilege. I have enjoyed every moment of being minister thus far and will review it after Estimates, but I do find it is a very important portfolio and one that I certainly take responsibilities very seriously with.

What I want to do in my opening statement is it will probably be a bit more comprehensive in some ways, but there are a lot of things happening in Highways and Government Services. It is a very important department: that is why I want to spend some time this afternoon outlining some of the initiatives.

Just to give a brief overview, the Expenditure Estimates in this year are up, in fact will be \$5.8 million over the 1999-2000 Adjusted Vote, \$297.6 million. Essentially, the key initiatives that are outlined in this particular budget I think are fairly clear.

The highway maintenance budget is programmed for \$64.3 million. That is an increase of \$4.7 million over 1999-2000. It reflects the fact that for the last number of years highway maintenance has been underbudgeted. We want to make sure we can cover the costs and wherever possible improve maintenance on our highways. I think that is very important.

I want to note that we, in terms of construction, have the same base amount that the previous government had. It is somewhat interesting that when statements are made about the capital budget there is often not reference to the fact that the \$10-million difference was actually a one-time-only capital initiative. I think, last year, of \$10 million there was a smaller amount in the previous fiscal year. So we have maintained the construction budget at its base level but increased the base level of the maintenance program.

We have made a significant increase in the winter road budget, something I am extremely proud of. I think it is important to note that our government, in co-operation with the federal government, has extended the winter road network. We extended it into Brochet and Lac Brochet and will finish off the extension to Tadoule Lake this year.

There is one other community in the province, Granville Lake, that does not have a winter road. We are also looking at extending the winter road in that network into that community. I want to indicate, up until now the three communities I referenced earlier had access every two years through a toll road. This is going to be a federal-provincial initiative that will ensure toll-free access to all three communities, something I think is extremely important.

We are working on the capital backlog in terms of northern airports with a significant capital program this year, although I do want to acknowledge there is a huge challenge ahead given the fact that for much of the last decade the average budget each year was in the \$680,000, \$690,000 range on capital which essentially bought gravel for our remote airports. Far more has to be done in that area.

I also want to indicate that we have—and I will outline more details as we go along—taken a significant first step toward dealing with the real difficulties in terms of highways equipment. To put it into perspective, and I mentioned this in the House yesterday, our equipment is on a 97-year replacement cycle. Our capital budget every year was \$1.5 million. That was the last amount that it was at. To tell you what that means in direct terms, it means that highways equipment will be out on the highway for four hours and in the shop for one hour. I think most people will recognize that is not a very productive ratio.

As minister, I want to acknowledge our government's commitment to trying to turn that around. There is a significant increase this year in that area, up to \$4 million. We still have a lot more work to do, but when you are dealing with equipment—and I have seen some of it already. My favourite was a mixer that went back to 1947. Unfortunately, a lot of our equipment should be in a museum, not trying to maintain our roads. There were some very real questions about the reliability of our Highways Department to be able to get out and provide the kind of service that Manitobans expect. I want to see, as minister, an opportunity for our staff to have the kind of equipment that is necessary to do the job.

There has also, of course, been some significant shifts here combining with Government Services as well. I want to note that we have been able to reduce 7.5 equivalent FTEs, that is \$350,000, through the amalgamation of the two departments. I want to acknowledge, on the Government Services side, we have increased \$900,000 in the physical plant program to cover some of the costs that are in place. We are very committed, I know, on the Government Services side to maintaining our physical plant program in place. Generally, it is two departments traditionally. I think there has been some very good work between the two sides of the Department in trying to develop some synergies and some cost saving, and we look forward to further developments as time goes along.

I want to spend a bit of time talking about the overall highway infrastructure situation. This would come as no surprise to members who have been following developments in this area. I certainly know the Opposition critic will be aware of some of the challenges we face. We have got a network of 18 500 kilometres of highways, 2407 bridges and structures. We have the second largest per capita road network in Canada. To put it in perspective, there has been a 19% increase in traffic volume over the last decade. In fact, from 1988 to 1997, truck traffic is increasing 0.5 percent on provincial roads and 7.5 percent annually on provincial trunk highways. Over that time, we have had the fastest growth of transport truck movements, at over 9 percent a year, and quite significantly truck weights have increased from about 20 tonnes in 1965 to 62.5 tonnes today.

We are faced with a challenge in the sense that a tremendous boost to the rural and northern economy and, I might add, by extension to the urban economy—but we are faced with the fact that has significant benefit but obviously puts a great deal of pressure on our road system.

To put a sort of inventory on the highway infrastructure that I did inherit as minister, between 30 percent and 40 percent of our paved structures are or will soon become deficient. We are about 70 percent on our gravel roads. Obviously there are a lot of challenges ahead, let alone the challenges, in many cases, of

improvements that are needed to our highway system, whether they be a result of changes in the rural economy or in terms of similar remote communities that have not had adequate access.

Generally Manitoba has spent what it has collected on fuel taxes. I want to note that has been the case for many years, and I certainly want to note that the previous government, I think, was very much in that situation as well as previous governments. In fact, we collect an average of \$188.1 million in road-use taxes for most of the '90s, and we will spend an average of \$193.9 million on highways and road-related programs. I just like to note that that does include roads in other areas as well. I know that was a calculation used by the previous government. I think that is a legitimate barometer.

I want to indicate that there is a huge deficit when it comes to the federal government. They have not spent a cent on our highway system for the last several years. There are two possible areas, and I will get into that in a moment in more detail, where we may see some money, but as is often the case, it is somewhat down the line. In terms of grain, we are likely to see up to \$6 million a year as a result of an announcement in terms of grain transport. That, however, appears to be unlikely to be received this year. We will probably talk about it next fiscal year at the earliest.

In terms of the National Highways Program the federal government has been talking about, we may be two fiscal years away from seeing any federal money back into the province. To put that into perspective, we take in 11.5 cents a litre, and we spend it as a province. The federal government takes in 10 cents a litre plus the GST and, in the last number of years, has spent virtually nothing on our highway system. There were a few minor projects, but even with that, the amount we are talking about with the National Highways Program, if we were to get anything that was proportioned, it would be about 4 cents on the dollar. So a good way of summarizing is that the Province spends a dollar for every dollar it takes in, give or take a few cents, the federal government is spending less than a nickel for every dollar it takes in. If we could get more of that federal money back in, it

would go a long way to upgrading our highways and bringing them up to the standards that are necessary for the new economy.

You can see that whether it is in the National Highways Program, whether there is a report that was put out in 1998 showing a huge deficiency on the national highway network of \$17.4 billion. That, by the way, does not include many of the main provincial roads. That is only the Highway 1, Perimeter, 16 and roads that are equivalent across the country. So there is a significant challenge ahead which we do not believe will be met by the proposed national program.

So I think it is very important when people look at the amount of money that is being thrown around. We are looking perhaps at \$6 million, if that, on the national program. I guess our view, as the Government, is anything is better than nothing, but I really think there has to be a real shift nationally in terms of the way we view highways funding.

For one thing, if we do not wake up to the reality that the Americans are way ahead of us—you know, we like to think we do a better job. In a lot of areas, we do—health care, education. In terms of highways, transportation, they do a much better job at the federal level. The federal government in the United States is a significant player in upgrading their national highways program and is also involved in their airports as well.

My belief is that we need a concerted national effort. It just strikes me as rather strange that we as a country that was built on vision infrastructure, vision in many ways, are now finding ourselves playing second fiddle to the Americans. If we do not do it out of vision, we should at least do it out of common sense because if they are doing it and they are our major trading partners, and in many cases our major competitors, we are going to fall further and further behind economically.

I indicated generally what our position is. We have made a number of submissions to the federal government. In fact, I met with the federal minister in November. I met with the federal minister prior to the federal budget on

behalf of not only our government but other stakeholders, and, quite frankly, a lot more has to be done. We need at least, and this is just a start, \$800 million annually to fund the National Transportation infrastructure Strategy. What I find is that one of the growing deficits is between the words of some of the key players and what is likely to come through, and I think it is a challenge for us all to get issues related to highways on the national agenda.

* (15:00)

I mentioned in my remarks about northern airports. I just want to indicate that this is a priority for us. We have been able to bring in a number of significant improvements already. We are looking at a number of major projects down the line in terms of St. Theresa Point and Wasagamack. We are continuing engineering work and seeking an environmental licence for that. We have new approach lighting systems to be installed at Island Lake and Gods Lake Narrows; runway extensions to be completed at Lac Brochet, Brochet, York Landing this year. We have issued a contract to extend the Red Sucker Lake runway. We are looking at the replacement of a number of terminal buildings, particularly the Island Lake terminal. We are trying to replenish the gravel stockpiles—you have to remember these are gravel runways; without gravel, it is very difficult—in the communities of Tadoule Lake, Island Lake, Little Grand Rapids and Lac Brochet. We are also beginning a project to select a location for a new airport for Little Grand Rapids. We are looking at a feasibility study in that area.

In general, the airports are dealing with dramatically higher passenger loads. Most of them were constructed by the Schreyer government back in the early '70s. Now with the new types of aircraft and much higher passenger loads, it is absolutely essential for the economic viability of the communities and also most importantly for safety that we look at upgrading those airports. It is a challenge and we are planning on working with the remote communities, northern communities in achieving that challenge.

On the trucking side, I want to say a few words about the International Registration Plan,

which is a North American agreement authorizing proportional registration of commercial vehicles amongst participating jurisdictions. Under the IRP, a carrier registers in a single base state or province, and fees for the vehicles are calculated and distributed based on each jurisdiction's unique fee requirements and the distance travelled in each province or state.

We are entering the IRP. It allows our carriers to have a level playing field in a global market, and that is very important, particularly in the North American context. Registering a fleet of intercontinental vehicles becomes a one-step process for the industry and has an all-inclusive one-step registration.

Jurisdictions are assured of their fair share of revenue from the new system, thus helping to offset the costs, and we are currently developing a computer system to accommodate the administration of the IRP and plan to offer this new service in March of 2001, so within this fiscal year.

In terms of regulations, there has been a fair degree of effort to bring some similarity to transportation policies, regulations, taxation, standards and practices across different modes of transportation and government jurisdictions. This is fairly critical when you are dealing with ensuring that our industry is able to compete both nationally and internationally. We are working with other provinces on that. To give you an example, we have been involved in issues related to hours of service for commercial drivers. There have been some developments in that area which we believe will have an enhanced degree of uniformity across different jurisdictions and will at the same time reflect safety initiatives.

We have been involved in a number of initiatives in regard to northern American standards, harmonization initiatives. We continue to be an active player in that. In fact, I do want to indicate that our departmental staff in many of these areas have been really taking a lead role in working with other jurisdictions.

I want to address for a moment some very important initiatives for us on the safety side. We are looking at new regulations to tighten the

entry standards for auto dealers and recyclers. We are looking at enhanced consumer protection and enforcement. We are looking at reducing the misuse of dealer licence plates. A number of areas have been identified with us.

A very important question, I think, is going to be dealt with by this Legislature fairly soon, and that is of graduated driver licensing. The first day I came into office as Minister of Highways I asked the department to look at graduated driver licensing. One of the very first initiatives we took as a caucus was to put in place an MLA task force which has held 14 public hearings in 13 Manitoba communities. Given the evidence on graduated driver licensing in many other jurisdictions, given the fact that Manitoba is one of the few jurisdictions not to have graduated driver licensing, I felt as minister and we felt as government it was important to put it on the public agenda. It really is, I believe, a very important safety issue. I look forward to the release of the report from the MLA task force within a matter of weeks.

In fact, depending on the discussions, we could be looking at legislation this session. I think it is very important that we come to a decision on this and look at putting it in place. I think, in fact, in terms of any initiative we can look at in this Legislature, graduated driver licensing is certainly for me personally as minister and I think for our government, I know—I see the Member for Portage here (Mr. Fauschou). The Member for Portage has raised this issue as well. I think it is an important issue for all of us to deal with. The evidence is just too clear not to look at it. That is something this government has committed clearly to doing.

I want to indicate as well that grain transportation has been a very important part of our discussions. We have been involved in a number of processes, in fact, going back to my first day as minister. Related to the Estey-Kruger process and without getting into the detail, which I am more than prepared to do later on, there have been a number of developments of which we have been key players. We have worked with Saskatchewan. We have worked with KAP. We have worked with SARM, which is the Saskatchewan Association of Rural Municipalities, for members who may not be

aware. We have worked to come up with a system that we believe is appropriate for our grain producers and will result in a viable grain transportation system.

There are a number of areas that have been identified by the federal government for action. Our general comments as outlined in the House would be that there are some improvements that we see as resulting from the federal government's initiative. So we are cautiously supportive at least in terms of some of those initiatives. However, there are a number of unanswered questions. There is a fair amount of detail that is out there. I note that only the Saskatchewan government has taken a similar sort of position along with KAP and SARM.

The revenue cap, they have set a revenue cap. Just to explain, for people who perhaps are not aware of the issue, the key element that we are dealing with here is when you regulate you have a number of ways you can regulate. You can regulate by various processes of rate of return, et cetera, or you can regulate according to a rate cap. In this case, the greater the revenue cap reduction, the lower the rates, so, in fact, if you hear numbers, the higher up the numbers, the more you will hear arguments from producers that that is what should be done and probably some disagreement from other stakeholders in the industry.

The federal government has set a revenue cap at \$27 a tonne, which is 18 percent below the estimated effect of rate achieved in 2000-2001. This is a reduction of \$178 million at 30 million tonnes, and the revenue cap will be increased with inflation but will not be adjusted to reflect railway productivity gains. The CTA will monitor compliance and excess earnings will be repaid with a penalty. It is important to note that there have been productivity gains and there will continue to be productivity gains over the next period of time. Our concern and one of the reasons we proposed an 18% reduction in the revenue cap along with our other allies on this issue was to ensure greater return to producers and the 18 percent is based on this year, so, in fact, it is not a real 18 percent, but obviously it is better than what was certainly being talked about initially with the Estey-Kruger process, so we consider that positive.

* (15:10)

In terms of railway competition, the federal government will leave the issue more open, rail access to the CTA beginning July 1, 2000, and is looking for an interim report within six months. We have spoken out publicly about what we see as some real opportunities with running rights and just to explain again, that is the concept whereby, for example, short lines will be able to run on mainlines. We think that is the real analogy. If you are dealing with a situation where we are going to have some real competition in an industry where you have got basically a duopoly, two hugely dominant carriers that are likely to be even more dominant with potential mergers, the CN-Burlington merger being an obvious example of that, even though it has been delayed for a year, we think it is important to allow for that competition.

We think it is also important to look at a regional rail concept. We think there are some real opportunities, for example with Omni-TRAX, which has done a very commendable job in this province on the bay line, to be able to develop a regional concept. We are not assuming that Omni-TRAX would necessarily be the only potential player, but we think there is a real opportunity. The real analogy there would be for example if you compare it to the airline industry where you have the dominant carrier now Air Canada. It is very important, now that we do not have any direct competition amongst larger carriers, to have regional carriers, the WestJets, Canada 3000s to be involved. That is very much part of the railway competition.

We have been concerned all the way along with the role of the Wheat Board. There is an ability now to negotiate over our car-supply requirements. We think it is very important to have the Wheat Board container to be involved in the logistics. There is a move to some tendering. We have talked to the Wheat Board. The Wheat Board is supportive of some tendering. We want to make sure that that continues.

In terms of shipper protection, I will not get into the detail in my opening remarks on final offer arbitration, but there are concerns we have in that area.

Branch lines: We are concerned about trying to maintain branch lines, but I brought in old legislation to deal with short lines within Manitoba which we will discuss obviously in that area, and the one thing I would note that was quite positive is in the grain roads. I mentioned that earlier, but we are looking at what might be, and I say might be because these are rough numbers here, \$33.8 million for five years. We are trying to get more detail on that, but it will allow us to deal with the growing pressure on rural roads, and even though I would prefer to see a much more significant amount, the fact that there is anything, I think, is a huge symbolic victory for this province because, with the changeover from the Crow rate, the huge shift that that resulted in, in terms of transportation, particularly on our road system, this is some recognition from the federal government of the need to put in place measures that are actually going to get down to our road system and deal with some of those concerns.

I mentioned about our initiatives in terms of legislation, in terms of short lines within the province. I want to make a couple of brief comments on the Mid-Continent Trade and Transportation Corridor. We are continuing to manage Manitoba's corridor strategy, working on a northern Great Plains trade and transportation assessment, undertaking a planning and deployment assessment of an intelligent transportation system along the corridor, the Manitoba-Saskatchewan-North Dakota border planning project, establishment of a corridor partners' secretariat. We are undertaking discussions with the corridor states regarding options for harmonizing truck size and weights, and we are continuing to be active in other corridor organizations.

In fact, we view trade corridor development as being an important extension of what we are doing on the Highways side. Obviously, Manitoba has had a very significant role in the past as a transportation centre, and this is going to be critical in the future.

I would like to make a few comments about the Nunavut-Churchill agreement. In fact, we signed a memorandum of understanding with Nunavut a number of months ago. I was very honoured to be there along with the delegation

from our province. Our department chairs the assessment steering committee of the finalized Manitoba-Nunavut transportation assessment. It is looking at various options.

I would note, by the way, that it is looking both, not just all-weather road access but also winter road access. Just to put that into perspective, all-weather road access could cost up to \$1.7 billion. That is based on very rough estimates. A winter road would be \$20 million and perhaps an annual cost of about \$7 million for maintenance. As members will know, we have an extensive winter road system in this province that is of tremendous benefit to the communities involved. So I think people should seriously consider looking at this.

I might add that I believe this is something of national importance, and we, I think, would be more than pleased to talk to the federal government about the concept of our national highways system not only going from east to west but also looking north-south. You know, it pretty much ties into the mid-continental trade corridor that I talked about and linking in to Nunavut through the existing highway network, certainly through Highway 6 and whatever other route would take place. In fact, the study identified five possible routes. I think it is time for us to look at some real nation building in this particular area. I am very proud of our department's role.

I want to mention remote access policy. In fact, I want to more than mention it. I mentioned this today in the House. You know, we have more than 20 communities, however defined, in this province that do not have all-weather road access. In fact, we had three I mentioned earlier that did not have winter road access this year, in fact, four, if you include Granville Lake. We believe it is very important that we look at that.

There is the study that is in place on the southeast side of Lake Winnipeg. But, quite frankly, in the 21st century, I think that we, as a province, have to be asking ourselves whether it is not time to look at extending our transportation networks into communities that do not have all-weather road access. That includes airports but, I think, should include looking at creative ways of extending that access.

I just look in this room at some of the premiers whose portraits appear surrounding us, and I think back to sort of the 1950s and the decision to extend electricity throughout rural Manitoba. I look in the 1970s when much of the infrastructure took place, the extension of infrastructure into northern Manitoba and into the 1980s. But I do throw that out. It is a tremendous challenge, but I can indicate that we have removed the moratorium of even looking at it.

For many years, I used to get frustrated when I asked the previous Minister of Highways what the cost was, but the decision was such that they were not even looking at costs and options. They were just rejecting it out of hand. That has changed. I would certainly appreciate any suggestions from members from all sides of the House on creative ways in which we can extend transportation, a very basic element of infrastructure.

In terms of transportation and climate change, that is an issue we are monitoring as well. Just to give you a quick example of how that can make a significant difference in our transportation network, just look at our winter roads. Once again we are in a situation where we had a number of winter roads that were open for limited seasons this year. It is not that long ago there had to be an emergency airlift to the southeast side of Lake Winnipeg based on roads that did not open. I think we obviously have to look at that. I tell you coming from Thompson as I do, we have had some pretty weird weather patterns, whether it is global warming or whether it is normal climate shifts, the weather has not been predictable. It is going to have a real impact on our transportation system beginning with our winter road system. Our department is in the forefront on this. We chair the national freight subtable of the transportation table, and I am very pleased to see our efforts in that regard.

I want to talk in terms of Government Services for a moment. EMO has been very active the last number of years with a number of disasters in our province, obviously the Red River Valley in 1997, work which is still continuing in terms of both the program itself, which is going to be coming to a close fairly

soon but ensuring that payments are going out; also, working with our partners in Conservation, the lead department there in terms of the floodproofing.

I was pleased recently, for example, to be able to announce the extension of Highway 59 to Mondor Road, a very significant project which is not only a Highways project, first and foremost, but it is also, first and foremost I suppose you could say, part of the extension of floodproofing in the province. For those who are not aware, when it is extended it will be a part of the diking system in that area, but there are many other projects where we have seen that in place. In fact, the 1997 flood where 98 percent of all claims right now have been finalized, and that will be closing fairly soon.

In terms of the southwest, I am sure we will get in some discussion of this during the Estimates, but I want to indicate my own frustration, again, that the federal government did not extend its disaster coverage beyond the \$60 million for damage to property. The Province of Manitoba put in \$70 million, of which at least \$20 million was stand-alone money.

The guidelines of DFAA would have allowed for the kinds of expenditures that we were seeking in terms of input costs. But not only did the federal government reject 90-10 expenditures, they also rejected 50-50. In fact, we suggested a model similar to '97, in which the prime funding source was basically DFAA with supplementary funding from JERI. I believe \$223 million came from the federal government under DFAA, and it was approximately \$11 million out of the JERI program. The federal government basically indicated no to both 90-10 and 50-50, and I guess referred us to the ongoing programs which applied on a general basis.

I do want to flag a particular concern in that area that if you look at the significant costs that Manitoba has incurred as a province related to disaster just in the last two or three years, it is absolutely fundamental that we have recognition of the principle of disasters essentially being funded in terms of compensation by the federal government. I mean there are some things that we do have a federal government for. I

mentioned before that I think one of them should be for national transportation infrastructure, but one of them should be for disasters.

* (15:20)

I am quite concerned with the need for us to be able to move ahead and maintain the 90-10 formula. It is very critical for us as a province. There is always a role for supplementary programs, but when in this case there was not an acceptance of either 90-10 or 50-50 and quite frankly—and I want to put this on the record—when the Minister responsible for the DFAA program has received six requests from us for a meeting and has not once answered at all to any of those requests for a meeting, I think that is very, very concerning. In fact, the same minister had no problem flying into Shilo to inspect the military base.

I get very frustrated, because we have had very good co-operation from other federal ministers. I have met on numerous occasions. Ron Duhamel. I have met with Lloyd Axworthy. I have met with other Manitoba caucus members. The federal minister, Minister Collenette on the transportation side, has been very open in meeting. I do want to indicate that as a source of frustration not just to me personally but I think it has been, quite frankly, an insult to the Province of Manitoba.

I want to indicate, in terms of Government Services, we are undertaking a number of initiatives. Of course, the Headingley Correctional Institution will see the completion of its new maximum-of-76-bed medium-security unit by July 2000, a major expenditure of \$21 million. The Brandon Court House, originally built in 1906, was completed and became fully operational in March 2000 at a cost of \$9.2 million. We are anticipating an opening of that fairly soon.

The Legislative Building restoration work program, which commenced in 1993, will be reactivated this year. That is a fairly significant project, and I want to indicate that I personally inspected it on Friday, went all the way up to the top, and I made it down again. I almost felt like I should get an ambulance waiting outside afterwards. I do not know how many members

have been up to the top of the Golden Boy. I asked the Member for Portage (Mr. Faurshou). I went up there. I would invite members up there, but I think Opposition members might think that I had something against them if they knew how many stairs there are. You can see the deterioration, the work, the challenge that needs to be done. The Member for Portage has been there. He knows. This is one of our greatest assets. I think we certainly are aware of that, and the restoration work does continue.

I want to update members on the Brandon Mental Health Centre. Negotiations are continuing. I am actually cautiously optimistic. In fact, with some of the work that has been going on between our department and the City of Brandon, I am hoping we can either reach an agreement soon or get into a position where I am certainly willing to go to Brandon myself to try and finalize details. I have talked to city officials about this and the Mayor in the past, and I think it is a real potential opportunity, but I do want to indicate that our concern is to make sure it is good for both Brandon and for the Province of Manitoba. That has certainly been our position in the negotiations and discussions. We believe there is a way of resolving that.

I am also very privileged to be the Minister responsible for a number of our agencies. I want to note the fine work of many of our special operating agencies, especially the ones in my area. I mean, there are many others outside of there, but they are doing a very good job and have been cost-effective. We are looking at the tremendous cost savings, for example, in the Fleet Vehicles Agency have done some excellent work in that area.

We are also, by the way, doing work in terms of accommodation development with areas outside of government centrally, and I think there are some real opportunities to use the expertise of Government Services in terms of leasing of government buildings or properties used by government for other agencies. We are currently doing that in terms of our regional health authorities.

We are looking at a substantial improvement in procurement. I was actually surprised to find that as a government we do have a procurement

agency, but it does provide only a very small percentage of supplies provided to government. Many other corporations have found significant cost savings by either co-ordinating or centralizing procurement. I think our approach would be to attempt to co-ordinate it. We recognize there are different needs to different departments, but we believe there are significant cost savings that can be achieved through that. Of course, every time you can save somebody within government, which many of our activities on the Government Services side are aimed at, that provides additional funding for other areas of government, and that is very important, whether it be additional funding or on the taxation side. We will get into that, I am sure, in terms of the other department that is going on, the other side of the Committee.

I want to indicate that we are also looking very seriously at extending our work in a mould area and asbestos abatement area. There is a huge challenge out there in government buildings generally, hospitals, schools, government buildings, in terms of asbestos and particularly in terms of mould contamination. Our Department of Government Services has the expertise in that area. It is something that does not exist widely.

I believe very strongly that there is tremendous opportunity for us to provide that expertise and also perhaps to extend it beyond strictly government buildings to look at a huge problem that exists in terms of many communities in terms of mould in housing. There are many remote communities where there are a huge number of units—50, 60, 70 units in some communities alone—that are mould-contaminated. When I look at the cost of being able to mediate the mould, take the mould out and fix up the housing as compared to the cost of building new units with the huge shortage of housing, there may be a tremendous opportunity for us in that area to provide a real service, not just to government but to communities as a whole.

In general, I want to indicate we are very interested in the comments of members of the Opposition. I certainly always look forward to Estimates. I have found them to be very useful. We may have some areas of disagreement, but I

think if there is one thing we do have to do over the next period of time in the province is ask ourselves clearly the kinds of services we want on the highways and transportation side, some of the priorities, and I think we have identified some of them, some of the regional priorities that are in place both in terms of northern communities and rural communities.

I think we also have to look at some facts of life that are coming up in terms of our infrastructure generally, our aging infrastructure, and I know that is something that we will be looking at as a government, that side. I mentioned the Legislature, but many of our other buildings are 30, 40 years old as well.

So I look forward to Estimates, and once again I would just like to conclude by saying that this being my first opportunity to make a statement before Estimates, that—I was going to say I have enjoyed every moment thus far with the department. I was trying to think if I should qualify that, but I have. It is a very exciting department to work for.

I also mention in terms of highways and with the perspective of coming from outside the city that, you know, you go and ask anybody about their concerns, health care is probably No. 1, but you want to get in a discussion in a coffee shop, then you talk about highways, whether it be maintenance or this highway needs fixing up or that highway needs fixing up. I also think the Government Services side is important, too. It is probably sort of the forgotten department in the government. Everybody takes it for granted, but, you know, it is amazing, when something goes wrong in a building, somebody needs space—the vehicle people realize how important government services can be as well.

So the two departments have a very important role to play, and I cannot say enough about the dedicated staff who are working on both sides and often with fairly limited resources. I think if I was to give my nomination for the miracle workers, it would be the people in our Highways Department that work with this 97-year replacement cycle. Maybe I would rank up there some of our Government Services people trying to fix some of our buildings or the people trying to renovate 1906 courtrooms to

make them modern, functional facilities. It is a challenge, but it is a challenge they meet on a yearly basis. Anyway, thank you very much.

* (15:30)

Madam Chairperson: We thank the Minister of Highways and Government Services for those comments. Does the Official Opposition critic, the Honourable Member for Ste. Rose, have any opening comments?

Mr. Glen Cummings (Ste. Rose): Yes, I have a couple of comments I would like to add, not so much in rebuttal but an observation of some of the issues the Minister has raised. I certainly congratulate him on his becoming Minister of Highways and wish him well on meeting some of the challenges.

In listening to his remarks, I have to indicate, however, that probably there are echoes in this room of previous Estimates, concerns that were raised, the constant debate about whether or not there is enough allocation of resources, particularly for highways. I think it is quite reasonable for this minister to expect that he will be challenged on whether or not Highways has received appropriate recognition of resources in times when, in fact, revenue streams to government are starting to be more in the black and the economy is progressing.

When I look at transportation as one of the important engines of economic opportunity in this province, we are the centre of the continent whether we are moving goods or people or providing services. To some extent we have an advantage in the electronic aspect of communications but in many respects moving raw products or even processed products, our main advantage is that we are within 24 hours of some of the largest residential populations, markets if you will, in the North American continent.

At the same time, I would be very concerned that we are going to see the increasing impacts on our roads, particularly the main trunk highways and the feeder routes that are going to require additional expenditures. If they are not made in an incremental fashion starting pretty soon, they will have to be made in a fashion that

will be much more difficult for society to accept. Either that or we probably will suffer the consequences.

I recognize that I have been part of government for the last decade when expenditures have been in many cases capped, so I have a good deal of sympathy for the Minister in terms of his position, because their expectations of this administration to deal with some of the issues out there, particularly in provision of transportation in rural Manitoba, whether it is rural southern or rural northern, the expectations will always exceed the ability to provide. Madam Chair, I think I would be unfair not to acknowledge that, but I do believe there is fertile ground for debate on the allocation, the prioritization and where resources should be put. I am not going to start off by poking a stick in the Minister's eye, but I can remember he has berated us many times over the distribution of funds between north and south.

I do not think that is a reasonably productive debate because it is something we always attempted to prorata knowing that we were dealing with shortfalls no matter how we did it, and I would expect him to recognize that that same fairness needs to be demonstrated in his administration of this department because if it is not, we will go back to the era when I was first elected to this Legislature when southern Manitoba felt that it was being disadvantaged. It was being left out of the economic opportunity of the province when, in fact, it was one of the areas that was producing huge amounts of raw goods, producing the basic income revenue that was helping to support the activities of this province.

Tying that together with the fact that we have seen—the Minister talks about branch lines and branch line abandonment and I believe he mentioned short line legislation or protection. Frankly, there are darn few of them left out there. We are faced with finally some recognition from federal authorities. That recognition however is probably a decade late, and then if the Minister's thoughts are that it may still be another couple of years before any money actually starts to be generated for the upgrades of the roads that are under the most pressure in southern Manitoba then I think we

are going to once again believe that because we are west of Ottawa or west of Kenora that the federal government can well be inclined to ignore some of the needs out here.

I think there is one area that probably this Minister and I have some similar view of the world and that is that the federal responsibility on transportation in this province has been largely ignored. It is one thing for them to have been responsible for regulation on the railways and national regulatory programs, but I look with envy and longing to the south when I know that they have a federal highways program in the American states. I have driven in some of the more disadvantaged states and it is pretty obvious that that money is not being generated locally, that it is being generated from a national highways program so that they do have opportunity and access.

I think you will always hear a supporting voice from me at least in trying to make the case with the federal government that they had better move, because we can look to other parts of this country that have received support in areas, some of it in roads, in other areas of infrastructure, ports, et cetera, that have certainly not been reciprocal in terms of this part of the country being able to produce economic activity and revenue that needs to, in turn, receive some support in terms of transportation.

I will probably leave all my specific questions to a review of the Estimates more on a line-by-line basis. But there are a couple of things that spring to mind, aside from the fact that I have already put the Minister on notice that I do not want this to deteriorate into a north-south debate about where you are going to put resources.

I think I have to raise a point of interest in terms of Nunavut and the potential costs there. Certainly I was part of an administration that was very interested in extending relationships with Nunavut, but this is certainly an obvious area of federal involvement.

When I look at the money that they are pouring into ports and into transportation, at the same time the Port of Churchill might well be disadvantaged in some respects if an alternate

route is developed. I certainly do not wish anybody any lack of opportunity and lack of transportation, but there are a lot of factors that are involved in this debate. Primarily, I would suggest that while it makes good fodder for discussion on great principles involved here that unless the larger Canadian taxpayer is going to come to the table, it is going to be pretty difficult to extend actual infrastructure without that federal involvement.

But there is an aspect that has some parallels, and that is the east-side road, east of Lake Winnipeg. I know that there is probably a fundamental difference between the way I would approach the east-side road development and the way this government has been considering it, given some of the criticisms that were raised about this road. But let me put it on the record that I think it is important that that road be developed. I think that there needs to be a recognition of the economic value of the logging and the opportunities that are on that side.

At the same time, from many contacts that I have had, and I have had several and numerous over the years, the people of that side of the province I believe want and deserve better transportation opportunities, but I do link the two together. Provided environmental concerns can be dealt with, the economic opportunity makes the road possible and everybody gains. So I think it is reasonable for the Minister to remember that the two are not necessarily separated nor should they be treated as two legs of a stool, but it should be part of a common approach to provide opportunities for that part of the province.

I seek guidance from the Minister on how he wants to handle these Estimates. As we discussed earlier, my colleague the Member for Gimli (Mr. Helwer) is going to be here later today or certainly will be taking the responsibility for Government Services and may wish an opportunity to put some comments on the record prior to going through that more line by line. I will be focussing on Highways and leave the Government Service aspect to him. I see a nod of acquiescence that that would be the way we would handle it?

* (15:40)

Mr. Ashton: Yes, I am more than open in terms of how the critics want to deal with it. I have no problem with the Member for Gimli giving an opening statement later. I was actually going to suggest that if we are going to focus on Highways, I could perhaps suggest to the Acting Deputy Minister of Government Services that if he has other duties this afternoon—will that be appropriate?

Mr. Cummings: That would be fine. I would make one other comment. It is related and it comes under special operating agencies because of the fleet vehicle issue and the broad basis of it. I found the Minister's comments and general support of special operating agencies to be useful, maybe somewhat contradictory to the view that he had once held. So I am pleased to see that on closer examination he now thinks this is probably a reasonable approach.

In fact, I want to add, while we are in the process of handing out kudos, my words of appreciation to the special operating agencies and the work that they have done. What it does is it frees up the intelligence and management capability of the people who are running those areas to accomplish better service at a reasonable cost and probably a better cost in the end on behalf of the public. It is not an affront to those who believe that government has a role to play in various areas but, in fact, is a recognition of the talent that is available once they are cut loose from some of the restrictions that they may have otherwise been faced with.

I will close with one other comment. It is related in specific terms to the capital budget and the acknowledgement by the Minister I believe last week and again today that he does not anticipate any federal transfer dollars. It relates to the fact that there used to be considerable criticism when one-time money was added out of the various sources within government in order to top up the Highways budget. I am disappointed that his administration has not seen fit to do the same.

I can say that at the same time acknowledging that obviously they have made their decision on priorities, I will be asking specific questions and expressing concerns about how it is that we can continue to put ourselves

forward as a transportation centre in this part of North America if we do not have a better opportunity to expand the very road network that we are so dependent on as we increase our need, in this case, in the rural, agricultural area, largely the value-added aspects of our production and the significant increase in weights that we are seeing on our roads.

I think I am stating the obvious, but when we have B-trains getting off of the main roads, the ground virtually quivers under the loads that are being put on them today. All of the dire predictions that were put forward related to rail line abandonment, in some cases it was probably noticeable, needed to be there for other efficiencies.

Today we are seeing another restructuring of the grain issue, and I will focus on the grain issue for just a moment. We are seeing another restructuring of the grain gathering and transportation system out there today which leads us, and I think it is worth putting on the record, to the very unusual situation where you have elevators that are situated on spurs off of mainlines but do not quite have as big a spot, if you will, for locating empty cars and loading them as others, where it now pays because of the discount that is being provided for the cars to be loaded at the bigger spot. There is now a premium being paid that puts the B-trains on the highways going from elevator to elevator even though they are both on mainlines.

I do not think this minister or this government alone is in a position to deal with that. Agricultural leaders have been fighting this issue and expressing concerns about where it will lead. But it needs to be said and it needs to be pointed out more clearly that, while we all look for further competition and we look for the available discounts that go with that, if we continue to have an absence of the federal government in dealing with this issue, then they have abrogated an area that is going to leave some decaying infrastructure in this part of the country, Manitoba and Saskatchewan particularly.

I have driven on some roads in the Maritimes and seen some of the other infrastructure that has been put in place. While I

know the mileages are small, I know the federal involvement has been greater than what we have seen here. I would like to leave my comments at that. Before the Minister gets the impression I am going to let him off the hook completely, then we can move, if he is willing, to a review of the particular lines of the Highways Department and leave Government Services until probably Thursday.

Madam Chairperson: We thank the critic from the Official Opposition for those remarks.

Under Manitoba practice, debate of the Minister's Salary is traditionally the last item considered for the Estimates of a department. Accordingly, we shall defer consideration of this item and now proceed with consideration of the next line.

Before we do that, we invite the Minister's staff to join us at the table, and we ask that the Minister introduce his staff present.

Mr. Ashton: I would like to introduce staff as they come forward: Guy Cooper, Acting ADM of Construction & Maintenance; Don Norquay, ADM of Transportation, Policy, Planning & Development; John Hosang, ADM of Engineering Technical Services, as well as Transportation, Safety & Regulatory Services; Marlene Zyluk, ADM of Driver & Vehicle Licencing; Paul Rochon, ADM of Administrative Services.

Madam Chairperson: I thank the Minister. We will now proceed to line 1.(b)(1) Salaries and Employee Benefits on page 97 of the Main Estimates book.

Mr. Cummings: I would like to ask about if there is further explanation on the change in numbers of employees, employee benefits, in that line. There is obviously a reduction over the positions that were eliminated.

Mr. Ashton: This is largely, in fact, is the result of the amalgamation of two departments. There is one minister now instead of two; that is one aspect of it.

There has also been a reduction in the amount of Executive Support because of the

combination of two offices into one. Basically the specifics of 4.5 staff years' reduction of one executive assistant, one special assistant, one secretary to the Minister, and one administrative secretary, 1.5 FTEs in terms of that.

Mr. Cummings: I certainly understand the Executive Support. The secretarial, that would be a transfer out to other responsibilities?

Mr. Ashton: Yes, as is normally the procedure where there is an opening, this created because there is fewer FTEs, that person is re-assigned through the pool. So nobody was laid off.

Mr. Cummings: I believe it has also been traditional that, as we go through this area, there may be members from various parts of the province who will want to ask some questions, some of them specific. I believe it was our tradition that we generally leave open these areas and then if there is no procedural conflict if we have to come back to some of them, but the Minister knows I will move forward in a reasonable fashion. If we get into procedural wrangle over that one has been passed and we cannot go back to it, it does forgo opportunities for some people to engage in the discussions. So if the Minister would agree, I would like to proceed that way.

* (15:50)

Mr. Ashton: I am more than prepared to proceed whatever way the critic desires. In fact, there are different practices. Different ministers, different critics seem to have different views of this, but my view certainly has always been similar to yours, that we should keep it somewhat flexible. I have no difficulty going through the line items and returning to other items. Or, if you want to remain on the more general items and ask questions at that point and then proceed afterwards, it is really your call.

Madam Chairperson: I would like to advise members of the Committee that the correct procedure for considering items in the Committee of Supply is in a line-by-line manner. In order to skip ahead or to revert back to lines already passed, unanimous consent of the Committee is required.

Mr. Cummings: I understand, and, if the Minister and I agree, I believe we can proceed without procedural wrangle in dealing with this.

Mr. Ashton: As I indicated, I always viewed this as essentially the opportunity for the Opposition to raise questions. I am more than willing to be flexible in terms of how we order those questions.

Madam Chairperson: Does the committee agree? [*Agreed*]

Mr. Cummings: I think with my colleague here as critic for Agriculture, I would like to hear from the Minister some of his thoughts on the federal agricultural transportation announcement that he has alluded to a couple times. Can he add anything to what his responses may have been in the House? And that is, he is unsure of whether or not any dollars are likely to flow in the year 2000 in support of infrastructure from the recent announcement.

Mr. Ashton: Just to indicate, the Deputy Minister of Transportation federally has indicated that no money will flow this year. When it does flow, and I know the Agriculture critic for the Opposition and I actually had a brief discussion on this earlier, the indications are that it will flow through the Canada Agriculture agreement that is currently in place.

I want to indicate that I have already started the process with the Department, reviewing where our road system is at, you know, where the capital is so that we can work with Agriculture, communities, and farm organizations to figure out what our strategy is. Obviously, we are looking at about \$6 million a year maximum. That being the case, it is not as much as we would like to see, but it is certainly more significant than anything we have seen in recent years. So to indicate, it is not for this fiscal year, and it will not be directly through Department of Highways necessarily, but we will obviously be working with Agriculture on this.

Mr. Cummings: Can the Minister indicate whether or not he is prepared to look at prioritized agricultural transportation routes in the province?

Mr. Ashton: Well, obviously the issue I had with this funding would be in terms of trying to set those priorities. There are obviously a number of different pressures on our road system related to agriculture. That is one of the things we are trying to start the process with now. Given the fact that we are not looking at anything this fiscal year, it does give us the opportunity to have some fairly significant consultations. I can assure the critic that what we will be doing in this particular area is trying to get out to people. I mentioned to the Agriculture critic earlier, and I note the Member for Arthur-Virden (Mr. Maguire) is here. I have met with a number of areas already where there are agriculture-related, grain-related issues that have come up in terms of the road system. Part of it is going to be to look at, inventory the various needs across the province.

One of the difficulties, by the way, as members will know, is the unpredictable nature of what has happened on the grain side. There are, what, three high-throughput grain elevators in Killarney. Now, who would have expected that? There is some suggestion generally that there is a lot of overcapacity. Whether it is overcapacity or undercapacity, it is very difficult to predict where those developments will take place. When you add on top of that other agriculture-related issues, I mean, the hog industry would be an interesting one, because a lot of the land that is now being developed for the hog industry has been more traditionally marginal farmland outside of the grain area.

So one of the key challenges ahead for us as a province is going to be to try and get a greater handle on where we are headed than we have had thus far. I think most of the developments the last number of years have been very difficult to predict. The one advantage of this process is not only the money, which is obviously the most important thing, but also the opportunity to sit down and maybe look at the different grain-related areas and come up with some sort of planning mechanism as to which are urgent priorities and perhaps even look at some projects that the five-year funding time frame will allow us to do over time.

That is the other big problem with Highways, as the Member will know. It is

virtually impossible, under any budget to upgrade any area of Highways in one or two years. You really are looking at with any upgrading an extended period of time. So we are prepared to look at that.

Mr. Cummings: This raises the concern that I raised in the House last week. So the Minister has probably had time to think about it. That is, because there is a very limited amount of money. I agree with him that there needs to be a serious look at where it can do the most good. But, because of some statements that he has made, one of his colleagues has made and the Premier has made, it makes those of us in southern Manitoba a little twitchy about whether or not we can expect to see the dollars dedicated in the areas that we believe they should be dedicated or whether they will simply show up as an offset to expenditures that may be as a result of a reprioritization by this minister.

I would be very interested to know if he would in principle—and I am not asking him to detail which roads, I am not asking him to detail which tonnage, but I am asking him to answer in principle whether or not he believes it is reasonable that he can commit himself to a direction of these dollars into appropriate agricultural transportation and whether or not he is prepared to commit to any kind of matching input in this respect. If you are dealing with \$6 million, it really does not go very far in one spot, but if it is \$6 million which is simply replacing \$6 million that was already going to be spent, then we are treading water in the transportation area of southern Manitoba in the high-load demand area.

I am not so skeptical as I am raising the broad issue on behalf of those who are concerned, given, as I said, some comments that have been made by elected officials of this government, that now is the time to put those fears to rest by committing to either something that I just suggested or in principle some formula response that would indicate the people of agricultural Manitoba should not be concerned about the prioritization of these dollars for expenditure.

Mr. Ashton: First of all, I can indicate that regional fairness is a concern to me as a minister

having been on the receiving end. I could get into a pretty extensive discussion about the year we had 4 percent of the Highways budget, but I suspect that is not the intent of the Member's question, to get into that argument. I am more than happy to run through the experience. By the way, I do share the concern of the Member, since I had in the '90s as well, the Member will remember this, when we did get federal money, remember the year we got significant money, it was basically put into the Highways budget, and then an equivalent amount was not expended. So not only was there not matching funding at that time, there was actually reduced funding that represented that.

* (16:00)

This money basically is over and above what we have seen in the past, as I had indicated, will be flowing through the Canada agriculture agreement. So my initial indication, we do not have details on this. This would basically be a stand-alone fund. I want to remind the Member that it is very easy to talk about matching funding, and I said, you know, the previous government at times, its idea of the matching funds was the existing Highways budget, but if you are talking about additional funding, we are talking about three areas that we have transportation needs in this province, just right off the bat.

I mentioned about the national program, talked to you about agricultural programming, and we will talk about remote programming. If you start from the premise that we are spending pretty well what we take in on gas taxes, which is pretty well going to be the case again this year—the growth in gas tax by the way is significantly lower in the overall growth in government revenues partly because of the high price of gas this year, but essentially the actual growth in gas taxes is only marginally up.

What you end up doing is if you start getting into—it is very easy to say, well, we will match, but what that would require would be a subsidy from other areas of government, either increased taxes or reduced expenditures or on other priorities like health and education. My view as Minister of Highways and I think our view as a government, and it has been quite well stated by

our Premier (Mr. Doer), is that we are actually one of the few provinces that is even anywhere close. I think there is only us and Alberta. Alberta is a net subsidizer, and they have oil. We do not.

Every other province in the country raises far more on gas taxes than it spends. So the basic principle that we see is trying to have some equivalence between what is raised and what is spent. I do not think it would be responsible for us given the fact that, when it comes to agriculture, where there is possible federal money, when it comes to a national highways program, where down the line there is going to be additional federal money or where there are, and I mentioned this in the House earlier, hopefully some opportunities to extend remote transportation, I do not think it would be responsible for us as a provincial government to essentially go into this type of situation where we basically already have our money on the table.

The money we take in is on the table. I do not think it would be responsible for us to get into a situation where we would allow the federal government to get off the hook on that. I say this, and I refer to the previous government as well, for the 11 years that you were in government I argued the same thing as well, the money was on the table. We may disagree about where the money goes, but I think that is the key thing.

I do not think the public of Manitoba wants us to take it from other areas. They expect us, though, if it comes from transportation, to put some equivalency back and give or take a few cents on the dollar, and that is what we are continuing to do.

Mr. Cummings: Well, lest I am seen to be only whining and pleading and not offering any constructive suggestions, it seems to me that the Minister touched on one area where there is at least some additional activity that is going on in this province that, in fact, is dependent on transportation.

There is considerable revenue from the construction of hog barns that is going on out there. We are looking at a billion dollars of

infrastructure that is going to be put in place in this province in relationship to the expansion of the hog industry alone. Some of that, as the Minister has already alluded to, is going to be dependent on adequate roads. Some of that will be municipal responsibilities, as they will get the ongoing revenues from those facilities.

But the construction and the amalgamation of the other facilities that are going on in grain transportation as well, I would like to encourage the Minister to make the argument with his colleagues that, as these revenue streams are being developed, somebody is going to have to bear the cost of servicing them. It is going to be the municipalities and/or the province and/or the federal government or a combination thereof.

I see that the federal government is talking about becoming more involved in municipal infrastructure costs. For sure they are not doing that without looking to the province for some assistance as well, although they have been known to directly assist municipalities where they—and this is a political comment—but very often where they can get the most political bang for their buck, to tell you the truth. I do not think the Minister needs to apologize when he goes to the Cabinet table that there is a changing economy out there which I think our administration can take some credit for having positioned it so it can happen. I would invite him to take advantage of some of those revenue streams so he can put the infrastructure in place to service them.

If I could make this a run-on question, the issue of maintenance—if I could go to the next line and just a general question—the Salaries and Employee Benefits are pretty much the same as previous years. Does that represent pretty much a stand-pat number of employees and contracts, or operations and contracts, Salaries and Employee Benefits? Can you tell me which employees are included in that? It is certainly not the majority, I would take it.

Mr. Ashton: Two things, by the way, just to indicate, in response to the first part of the question, the difference there is the accrual based on the number of days in the year. There is a difference there because as you know, we have different numbers of pay periods, numbers of

days in a pay period in a fiscal year, but the Employee Benefits is basically the portion of that particular group of employees, the portion of which goes to Employee Benefits.

Mr. Cummings: Could the Minister illuminate the responsibility of this section?

Mr. Ashton: Mr. Chair, I believe the Member is asking about page 99, Management Services. Management Services basically provides management direction to the Construction and Maintenance division. Its objective is to ensure the effective delivery of road construction, maintenance and municipal assistance programs and the effective monitoring of environmental standards for the use of resources, materials and the management of waste. Basically it provides the management to the road construction maintenance and assistance programs to municipalities.

Mr. Cummings: Thank you for that answer. That is what I needed to know. I owe the Minister an apology because I jumped ahead a page on him on going to that section. Before we go any further, I would like the Minister to entertain another question on the agricultural transportation issue from my colleague.

* (16:10)

Mr. Larry Maguire (Arthur-Virden): Mr. Minister, I wonder if I could just go back to, you alluded to the roughly \$6 million a year that we will get out of this transportation adjustment payment and that there is no dollars coming forward in that this year. So that means there will be no dollars in fiscal 2000 from that program. The federal government will start that program then in 2001? Correct?

Mr. Ashton: Based on the preliminary information, that is correct, yes.

Mr. Maguire: The dollars that are being negotiated then, when you were negotiating, are they looking at taking those dollars out of transportation or out of highways? What budget are they looking at? Were you dealing with Minister Collette on that or Minister Vanclief?

Mr. Ashton: Early indications are it is going to come from Agriculture Canada.

Mr. Maguire: Those funds then would come out of the federal agricultural budget, go into our transportation budget here in Manitoba?

Mr. Ashton: There is a federal-provincial program that is in place. This would use that program and basically it would be administered by the Department of Agriculture in that particular program. We are going to obviously try. More than try, we will co-ordinate it in terms of our department and that department. But the initial indication is it will be part of that federal-provincial agreement. So it will be an Agriculture agreement that we will then flow on to Highways. We may obviously be involved in the administration of it, we would be, but the funding will go from Agriculture Canada to our Department of Agriculture. Actually, it is administered through the PFRA. That is it.

Mr. Maguire: I am correct then. It would go through their Agriculture to our Agriculture and be administered here of course by transportation in the province.

Mr. Ashton: The CAIP program, you may be aware of that term, they will actually administer it. So it is an Agriculture-delivered program.

Mr. Maguire: Coming through the PFRA.

Mr. Ashton: Yes, that is correct.

Mr. Jack Penner (Emerson): First of all, the importance of the line of questioning here, I think, is very significant in that we are seeing some major, major changes in the whole economic mosaic in rural Manitoba. The Department of Agriculture and Food now I think is going to have, first of all, the addition of food in that department and is going to have to broaden the mandate very substantively.

Secondly, I think it only indicates the importance of the transportation system and the department of transport in initiating projects that will enhance the viability of many of the new industries and/or supportive industries that we are seeing emerge. I refer to some of these as some of the concrete monuments that we are building out in rural Manitoba—and I think the Minister and I had a bit of a discussion about that this morning—as to whether some of the

grain-sector handling system is actually being overbuilt by some zealous competitiveness that is out there. I think there was an indication in the Winnipeg Free Press a while back that there might be a significant rationalization of that industry.

But I think the spin-off of that is that you are going to see industries—and we have two of them in this province—the oilseed crushing industry being probably the major benefactors of some of this, and secondly, the processing industries, and again, two major ones and a number of smaller ones that could see some very dramatic growth. That, of course, puts a whole different lay of the land out there as far as transportation needs are concerned. Most of the increased traffic that we are going to see in and out of these industries is going to be done by a truck instead of rail.

So whether this rail line rationalization or not, or would have been had the Crow benefit remained in place, becomes a secondary question. I think the responsibility of the federal government into this reorganization of western Canada—that really is what we are looking at—is going to be much more significant in the future. I think we will see that politicians will pay a lot more attention to this because of the expanded job creation activity and the new Canada that we are going to see out in the West.

I wonder whether the Department of Highways and transportation in this province is recognizing fully what is going on there, and in the long-term planning whether you are actually putting forward a rationale that recognizes the need to provide infrastructure, proper transportation infrastructure, to these new economies that we are seeing being built out there.

Mr. Ashton: Well, the Member raises a very important point, and I know one of the challenges ahead for the department is in terms of long-term planning. Not that there is not long-term planning internally—there is an element of it—but the Member will know there has been a report out from the Auditor indicating that is a shortfall of our overall process.

I know this issue has been raised by KAP, by AMM and others, and they particularly have

been calling for some sort of a planning exercise that will take into account feedback from people in the province and then develop a long-term plan, and a planning mechanism as much as a plan, because I do not think anybody can see 10, 20 years out with any great certainty. But you can chart trends and you can put in place processes that can deal with those trends. Right now, we as a department look very seriously at some significant planning exercise.

Either way, I can indicate my agreement with the Member, the traditional way in which we do highways, which is sort of a two-year cycle. That may have worked a number of years ago, but, as the Member has pointed out, there has been an accelerating rate of change out there and trends that just do not get picked up on a two-year cycle. So I agree with him wholeheartedly.

By the way, I think this is one area that is not particularly a partisan political issue because, you know, we have some choices ahead as a province. Our sustainable level of expenditures you can get estimates probably from \$140-million to \$180-million worth of expenditures; we are at a hundred now.

Now, if the federal government kicked in the money it takes out, we would have a very good system in this province. They have not, so what do you do? Those are the kinds of questions you have to deal with, and the more you have limited resources, where do you focus those resources? I learned very early on that when you are Minister of Highways a lot of times you are having to say to communities the cupboard is bare and it has been the same I know for other ministers in the last period of time, but even within those parameters, even with whatever amount of dollars you have to work with, you have to have a longer time frame.

So I agree with him 100 percent. By the way, it is a challenge across the province, it is not just in agriculture. I give the Member an example. Tolko, for example, actually is shifting off road onto rail. That is good news if you are Minister of Highways, a very significant shift. They are developing their whole network now to ship along the bay line. They are looking also to the potential of the Lynn Lake line and that can

make a real difference in terms of the way industries operate.

You cannot in a market economy plan a market. You can plan around the market. You can try and identify trends, and I identified some of them earlier, some of the north-south influences which are there, but the key elements within agriculture—and the member will know more first-hand than I do in terms of that, but I keep saying if you take the last 30 years, you would not recognize this province in terms of agriculture, just in terms of what is being produced, how it is being transported, et cetera, but, you know, it took us 30 years to get this far. I think the same process will happen in the next five or ten. That is what I mean by the time frame accelerating so you have to be a lot quicker, and I agree 100 percent that we need a better planning mechanism. That is a real challenge for us.

* (16:20)

Mr. Jack Penner: Thank you for that response, Minister. The other issue that I think is a much broader issue is how we rationalize and how we promote the development of a transportation routing system in Manitoba, and I think, quite frankly, I have always been a great proponent of getting the federal government out of grain transportation, the Crow benefit. I think the dissolution of the Crow, doing away with the Crow benefit is one of the best things that has happened to western Canada in a long time.

Now, having said that, I also believe that the federal government had a responsibility to ensure that that \$750 million being spent on transporting grain to export positions should have been designated forever as an amount of money that would be spent on upgrading our other transportation systems and ensuring that our rail transportation and our road system would complement each other and indeed maybe even the air traffic transportation system, but that \$750 million should have always remained as part of the main infrastructure, and I think we in western Canada really fell far short of making that case to Ottawa much more strongly than we did.

Now, I believe that there is a real opportunity here by this province to take a leadership role, and your department especially needs to apprise itself of the expertise if they have not got it, to negotiate further agreements and initiate some substantive regional transportation routing that will be feeder routes to those industries that I talked about a little while ago.

We are seeing the construction of a major feed mill going into southwest Manitoba. I think that is only one of the first that will eventually emerge and some of those markets will become the major markets. The grain industry, the export industry out of this province will become a very minimal reality over the next five, 10, 20 years.

I would like to ask one question, if you know. If you do not know, I will ask the Minister of Agriculture (Ms. Wowchuk), but I think we need to do that and we need to go to Ottawa and make a much stronger case even for more funding on an annual basis and if three prairie provinces, maybe the four provinces need to do this in a much more united way than we have in the past. But to ensure that there will be funding to ensure a proper network as feeder-out system to feed these industries, and, secondly, that we ensure that we have access to export. Our export routing is not so much north and south anymore. Our major export routing is now east-west—I should say north-south instead of east-west.

So I believe that we should take a good, hard look. Your department, Mr. Minister, needs to take a good, hard look at redesignating some of these routings to ensure that we are able to maintain a better infrastructure to export down south. I think you will see even the export of grains that we will do in the future will probably be far more directed towards southern export positions than the west coast or the east coast, out of Manitoba. I am talking about Manitoba only.

I think, therefore, we need a much greater emphasis placed on more funds towards transportation and the roadway transportation in this province than we have seen in this last budget. Indeed, I would have hoped that we would have seen a \$10-million increase in

capital construction instead of a \$10-million decrease, because I do not think that a \$10-million decrease will serve us well in negotiating with Ottawa any future funding requirements if we keep cutting back when they are actually underpaying.

The question I have is: Are you aware of how much feed product is coming into this province now, either from south, west or east, to supplement our industry, and what it does to pricing, and what it does to the infrastructure that is currently being constructed or has been constructed to handle grains for the export market?

Mr. Ashton: A couple of things I would like to respond to. I agree with the Member on the Crow rate. I mean if you compare the buyout that took place with the annual benefit to western Canada—I think the buyout is, what, \$1.6 billion? In that range? A \$700-million benefit on an annualized basis. I mean basically the federal government paid out less than three years, just over two years. History always taught me that one of the birth rights of, you know, western Canada at Confederation, going back to here but certainly in terms of Saskatchewan and Alberta as well, was the Crow rate. I mean right back at the beginning of our history. I think it is unfortunate that that sense was lost.

It is interesting that the agricultural package that was negotiated was a Crow package. I will not go any further than that, because, quite frankly, that is one of the huge parts of the federal deficit in transportation. If you actually go back—I refer the Member to the University of Manitoba Transport Institute study which we released, which has done a tremendous job in documenting the growing federal surplus in transportation—if there is one key sector and one key factor behind the federal government's balancing the budget, it is transportation. We have gone from a net subsidizer in the 1980s, 1988, to the point now where we are several billion dollars in the surplus category. It applies both in airports and it applies on our highways as well.

What particularly frustrates me is, if you take the federal tax on gas and you go back over the last decade, they basically have increased it

from, what, four cents a litre I believe back in the late 1980s. They stepped it up. The last time they increased it was for deficit reduction, one and a half cents. Well, the deficit disappeared. The money has not gone back in the system.

I find it very frustrating because you talk about trade. Right now, the one area that is not subject to trade law, to countervail, is transportation. You can spend what you want on transportation. It is not considered a subsidy. You just have to look south of the border and you will see that that is not the case. You can spend money on transportation in the aid of trade and it is not going to create that difficulty.

One thing I pinpoint in this budget. We have given a fair amount of support on the policy and research side that is enhanced in this budget. We are going to be working much more closely than we have even in the past where there have been fairly good relations with the Transport Institute.

One of the key things that I have certainly found as minister, and I am sure you will find previous ministers will indicate this, your research capability is what drives your ability to sit down at the table and make the arguments. For example, when we went to Ottawa on behalf of the stakeholders, a lot of that was driven by the University of Manitoba Transport Institute study. We had the numbers to back it up. It sure helps when you sit down with the federal minister and you can show the last 10 years and where we are headed.

We are, through that additional research funding, building in more ability for us, either within government or increasing with the University of Manitoba Transport Institute, to be able to track the kind of trends that the Member is talking about. I believe that that is absolutely fundamental over the next number of years because quite frankly, I mentioned this earlier, I cannot predict right now, just based on information that we have, what the rural economy is going to look like in the next five or ten years. I doubt if the Member can. You might have some good guesses, but I say to people, anybody who thinks they can see in a crystal ball probably should go back about 10 years and see if they could predict what has taken place since. Some cases you probably could have tracked out

some of it, but I tell you one thing you could not track is where those developments have taken place, largely because there is basically no province-wide planning of it.

You end up with all sorts of situations, a real challenge for us as a province, where you get some operations go where the RTAC weights are. Some sit up and expect the RTAC weights to come to them. As a province, once again, that is one of the areas I mentioned when I answered my previous question. We obviously have to get into some real questions about that. There is one thing I have found in the first number of months as minister, which I was sort of aware as MLA before but I increasingly see is that a lot of the players we tend to meet, but we do not tend to particularly co-ordinate.

* (16:30)

It is not just us facing pressures; the R.M.s are. The R.M.s do have one other factor, which is the assessed tax base. Basically, you get a development and their tax revenues do go up, but a lot of their existing roads are being affected by heavier truck traffic, and of course what happens is traffic often shifts off provincial highways onto municipal roads, main market roads, because of weight restrictions, et cetera.

So it is one of these things where we are all in the same situation. We have to do a far better job of that. That is why I am seriously looking at what the AMM and KAP has requested, which is a long-term planning process and perhaps a more formalized way of actually sitting down and decide how we deal with issues.

Not being Minister of Agriculture, knowing that the Member is the agriculture critic, I do not want to get into the full debate on the hog issue, but there is a good example where land-use planning has both an environmental aspect, but it also has some very real planning aspects to it as well in terms of logical use of resources and logical location of areas. Hog production can be a benefit to certain areas, can be negative to some areas. You go to any rural community where you have hog operations close by, I know the Member can tell me first-hand of this, you will end up with half on one side and half on the other in the community itself. It is a major

controversy, but what I am suggesting is, if we can have a more rationalized structure up there in terms of rural development, partly driven by transportation, but partly by land-use and environmental factors, I think we will have much better use of our resources than we have currently.

The worst possible situation is what we have now, which is limited planning out there, limited co-ordination. I am not saying to be critical in terms of the rural municipalities because they have taken the lead role in this. They have been pressuring us as a government, the previous government as well, to do a lot more long-term planning. As minister, as I indicated, we are very seriously looking at their main proposal on this, which is they have a provincial planning exercise and a better process, formalized process down the line so that we do not end up in this situation again.

Mr. Jack Penner: One final short question and it is premised along the same lines that I ended up before. I know that there is an oil-crushing facility in Altona that crushes roughly half of the crushing in the province. The other one is done at Harrowby. There was another one built, which was a totally different process, and I think there is a good lesson to be learned there. Let us not try and invent a wheel that is not there, because it will not function.

Secondly, I do not know whether the Minister knows, but roughly 35 to 40 percent of the product processed at the Altona plant this year came from the U.S. side. So it is a highly subsidized American product coming into the Manitoba market to be crushed and then sold back as a finished product to the Americans, because virtually all the product sold at the Altona plant is sold into the U.S. market.

The reason I say this is because it again demonstrates to look even beyond our borders to properly build and plan an infrastructure that will service the industries that are springing up and developing and expanding because of the changes that were made by the federal government in transportation funding.

So I want to ask the Minister whether he has or his department have had a discussion based

on the viability of these industries and where the raw sourcing of material comes from.

The livestock industry, by the way, just as an aside, a 1200-sow hog operation provides enough nutrient for three quarters of land, not even a section of land. We just finished applying it. We did the nutrient analysis of the product that came out of the lagoons, part of which we applied to our farm, but there was enough nutrient in those from a year's production to fertilize three quarters of land. So I think when we do the analysis in long-term planning on the livestock industry, let us make very sure we have our facts in order and facts straight before we talk about large areas of pollution.

If the Minister could give us an indication as to whether he and his department recognize where much of the product comes from for processing and where it is headed in the final analysis and whether there is proper or whether there has been a significant amount of planning work done to recognize the need for that infrastructure.

Mr. Ashton: I would be the first to acknowledge I think we need more work on the planning side. You know, part of what I think is important to recognize is that the key factor when it comes to planning our highways is basically traffic loads. That is the primary end that we do look at.

There is some logic to that. You are dealing with higher traffic roads; you have more difficult safety issues. For example, I mention Highway 59. I mean, that is the kind of decision that went behind that. That is the kind of factor in terms of the traffic loads.

Now, in terms of specifics, the one thing I am hoping out of this long-term planning exercise is to identify, and I realize every R.M. that comes in and has a road says, well, if it does not have the numbers, it would have the numbers if you upgrade it. That is fair ball. You have to lobby based on whatever you have, but I think there needs to be some consideration of what the Member is talking about, which is looking at some of the corridors. I mean, we do have the RTAC network. We have copies of that if people are interested in terms of the weight-limit map.

It is fairly easy. It is pretty straightforward. I think members know it. I am just looking, for example, in terms of Altona. I think right to the border it is RTAC. So in that case, Altona is not in that situation in the sense there are other communities that potentially look into developments which are not RTAC where you have to consider whether we have the financial resources to be able to upgrade them.

But I agree with the Member. I think the two elements I want to stress, one is the research and planning, you know, internally, getting that information, and the second is trying to get a better planning process as a province. We are one million people. I think a lot of times we tend to underestimate our ability to, we may not agree on everything, but to work out some more reasonable planning mechanisms down the line.

So I look forward to the Member's suggestions, particularly as it relates to the work between Agriculture and Highways, because I know I have dealt very closely with the Minister of Agriculture. I assume that happened within previous governments, but I am finding increasingly that we are trying to develop the kind of vision of moving forward that the Member is talking about where what we do in Highways is not sort of done in isolation from what the needs are on the agricultural side.

Mr. Jack Penner: Madam Chairperson, one final comment. I used Altona only as an example, because I believe that the hog plant at Neepawa, the feed plant in southwest Manitoba, the hog processing plant in Brandon, and even indeed Winnipeg, all of these other industries that are springing up here and there. I think, need some significant consideration. The sourcing of materials, whether they are coming into this province or go out of this province, need to be looked at in a different way than we did before, simply because the end market might not be where it was before. It might be in a much different position. That is the only reason I raised that.

Mr. Maguire: If I may, I am pleased to hear the Minister say that they are going to work more closely with the Manitoba Transport Institute. I think it has been a valuable resource for governments previous to this, as well, in regard

to the kind of work that had been done. In answering the questions earlier, I would certainly agree, as well, having farmed for the last three decades in Manitoba, we will see, I agree with the Minister, probably more change in the next 5 to 10 years than what we have seen in the last 30, in regard to the kinds of opportunity.

Just for the record, as well, with the Crow benefit gone, and it should have been paid out in some capitalized form, I guess I would still feel—it is sort of why I asked the original question—if these funds are going to be coming from the federal government in different departments, we need to make sure that we are clear with them in our negotiations in the future, whether it is with agriculture or Mr. Collette in transport, that anything they are doing is not even coming close to filling the gap of where they left us. I think that is a key to any future negotiations you might have with them in those areas. I am sure you will get good agreement from KAP and AMM from that area, as well.

I guess I would say that it took years to get the Crow benefit changed. It was not changed in a manner that was sound for Manitoba, but at the same time I think it is clear to put on the record that the longer it was not paid the more detrimental it was to Manitoba, of the three prairie provinces, because we were in the middle of the high-freight zone in the prairies. We are even seeing it now. It is not just in food processing side, but it held back the construction on the grain export side, as well.

The Honourable Member for Emerson (Mr. Jack Penner) referred to the high throughputs, and you in your comments about the high throughputs in Killarney, three of them being built in one community. There is a scramble now, since August 1 of '95, by all of those players in the industry to build their capitalization up. If normal processes had been in place, where the Crow was phased out or people knew what was going to happen to it, instead of coming up to August 1, '95, and having it removed, then they would have been able to have planned over the 10 or 15 years previous to that on an ongoing basis as to the kinds of infrastructure development they would have made in the province of Manitoba.

We may have seen a slower progression into processing, but it would have happened and occurred over the period of time that we talked about. As of August 1, '95, everybody scrambled to build the high throughputs from the grain company point of view in complete competition to the value-added processing that is needed in this province as well, and that is taking place. Not just in Maple Leaf or Schneider's here. I mean, we have even got neighbours that are going into goats. Just a whole number of value-added little things that are happening out there, but they are big for each little community that they are happening in. They will add to the overall scope of the province of Manitoba.

* (16:40)

So I guess with the Crow not changing, it definitely held back investment in this province on both sides of the equation. Can we predict that land-use planning that you talked about? Probably more so now with the Crow behind us than we could have in the past. I think an area that we are missing is the full forage side as well. We are seeing processing in forages in a lot of the area that the Member for Interlake (Mr. Nevakshonoff) comes from, particularly in relation to the kinds of alfalfa and forages that will be grown there and in other areas. There are some excellent cow-calf areas of Manitoba in those regions and out where I am as well that will no doubt expand out—we could be leaders in cow-calf industry in the prairies. We certainly have the expertise and the management and the ability from the producers to do that.

But I think we have to be careful that those dollars you talked about coming from the feds into transport, if they will, and it would easily be referred to it as Highways, and we would say, well, that money will come to Highways. I think we have to be careful of any strings that they might attach to it. I do not know if you have negotiated these or not yet with the federal government on how that money will come to us, that it does not get tied up in the fact that it has to be used for rail or that it has to be used for short line. I would not have any problem with that. I think our two major railroads can continue to look after themselves in that regard. Some short lines may need some support in some of those areas, but I would concur with my

colleagues that the future in Manitoba as transportation is in truck and that those patterns are not perhaps more north-south than they have ever been in the past.

Not to say that our east-west are not going to be very important in the future, but the kinds of transportation that we need is for truck traffic, and the roads that we need to build, you know, when I grew up we rebuilt the infrastructure in Manitoba in the late '50s, early '60s to the kinds of things that tandem trucks could carry and the odd semi. Now we are seeing the RTAC kind of process put in place with the B-trains and those kinds of transport, and there will be an awful lot more of that done and not just in Manitoba but on a prairie-wide basis.

We have to make sure that our rules under Highways try to concur as much as they can with the provinces of Saskatchewan and Alberta, given the limitations there I know, weights and measures and a number of those things. We have been on an ongoing, I would not say battle, let us say discussion, with our American neighbours in regard to that whole area over the last number of years as well and trying to get more harmony there so that our product can move down there.

I think we have got something to gain. There is a lot of corn and product moving into Manitoba on the feed side in agriculture right now, but it is in other areas as well. It is just that that is the one I am the most familiar with. But I do know that with 10 times as many population on that side of the border as on this side, being the centre of transportation in Canada, being in Manitoba with Winnipeg being that hub, we have a vast opportunity to move processed product into a much larger market, and it will go, by and large, by truck in the future.

So I guess I just look for any kind of response from the Minister in regard to whether the federal government has tied any, if you will, strings attached or any negotiating ploys to the kinds of dollars that they are putting forward in that transportation plan and said: Does Manitoba have to spend X number of dollars or a certain percentage of those dollars on short-line railroads? because I know the federal government wants to try to promote more of that kind of area as well. Perhaps there will be more

dollars spent on the line to Churchill to help move our product, but I think the point is that in the past 30 years we have looked at moving bulk products out of Manitoba, and in the future we are obviously looking at keeping them here so we can process and add more value and make more jobs and keep more people here.

I would hate to see us try and agree to the needs of Ottawa to say: You have got to spend X number of dollars in a certain area. Have there been any negotiations that way?

Mr. Ashton: First of all, I can indicate the communication to us is that it is for roads, which I think is important. Second of all, since it will flow through the PFRA, that is probably the stage at which they will set the criteria. In my discussions with the federal minister, there was no indication of any criteria one way or the other. My hope is that it will be flexible enough to allow us and the Province of Manitoba to determine the way it should be spent.

I think that is fairly important, because we had some experience before of programs where federal money has not flowed. First of all, it has not flowed significantly into the province under this similar program in the past, but where there are obvious concerns about how it is administered, basically, I would view this as flowing from producers, indirectly. It should reflect the needs out there in terms of the agricultural economy. As I say, I will be working fairly closely with the Minister of Agriculture (Ms. Wowchuk), but most of the discussions will take place under the PFRA umbrella.

Mr. Cummings: Before we leave that topic then, once again, could I ask the Minister: Is he prepared to commit to working with representative groups in agricultural Manitoba to guarantee that these dollars are spent most effectively?

Mr. Ashton: Yes, and I would extend it to, I think, municipal organizations as well. I think both KAP and AMM have already been very vocal. I just want to add that one of the first experiences that I had was going to the AMM meeting, only about 23 meetings in a day and a half, so it was like a virtual tour of the province.

I mentioned a lot of people afterward because I had the opportunity to go and visit different communities that have raised concerns. The way they described it was exactly the way it was. There are a couple of situations that people talked about.

Yes, I would extend that, because I think both KAP and the AMM—first of all, they were very involved working in partnership with us on this issue. I want to acknowledge that Saskatchewan and Manitoba, originating with the previous government and continuing with our government, have both worked very closely on this, along with KAP and with SARM. In that sense, what positive results there are in there we do not view as something that is the work of the provincial government. We view ourselves very much as a partnership, involved in a partnership with other players. I agree that partnership should include discussion with both municipal and farm groups and organizations on the direction of it.

Mr. Cummings: That being the case, is he prepared to indicate that this would be an additional expenditure over and above traditional spending patterns?

Mr. Ashton: As the Member will know, the one thing I know is ministers may think they are able to make commitments but only Treasury Board can give you the cheques. Well, there is one Treasury Board minister here, so I did not just say that because he is here.

Certainly, we are in a fairly new stage in terms of this, and I am viewing this as a new program, additional program. Obviously, whatever decisions are made in terms of the Highways capital budget would have to go through the Estimates process. I realize that is a political answer, but I think it is probably the same one that the Member would have given for the 11 years he sat in the Cabinet.

Generally, I want to make it clear though that it is a separate agricultural component and will flow through that. We obviously will be involved in the planning and co-ordination with Agriculture, but it is a separate agriculture program, and I think that may give the Member some comfort. I am just looking at the line of

questioning and I think it is important to note that we view this as this is to get the maximum benefit out to producers, and it is for roads. I think that is absolutely critical, because roads are where the pressure is right now.

* (16:50)

Mr. Cummings: Following on that line, I believe there was some discussion on the principle of whether or not the municipalities would like to be involved in designing a market road system, if you will, which may have some relevance to the prioritization of these dollars.

Is the Minister interested in pursuing that concept?

Mr. Ashton: I assume the Member is referencing obviously the market roads in the provincial system. That will basically come out in terms of any planning exercise we go ahead with. What I would like to see is comprehensive planning. You just cannot pretend that if you shift something off at a market road then it does not matter if you are a province, or vice versa. There is a little bit of that going on right now, as the Member will know.

You know, when I sit down with municipal officials and I hear people talking about the impact on some of the market roads that are out there, anything we do has to include the transportation infrastructure, regardless of who does what. I give you sort of some of the anomalies we end up with. I mean, you take some of our urban centres that seem to have been part of the network, the provincial highway network. I look at Brandon, for example, that a lot of the main highways go through Brandon. In the city of Winnipeg, it is quite the opposite, the roads within the city. But obviously you have to include a more global picture. Just because it is in one jurisdiction or another, it should not have been the factor. It should be what is best for the province.

Mr. Cummings: "Market road" is an outdated term, so I do not want the Minister to misunderstand what I am getting at. I am talking about a larger plan to prioritize expenditures that would best service the demand for moving goods out there in agricultural Manitoba. I believe that

is what he is alluding to in being prepared to open up that discussion, but I also want that to be tied to a commitment by him which I believe he is circling around at least, and that is if there is any fruition to this federal expenditure that it will get spent in the most advantageous way to move the goods that are being produced out there faster than we can create roads to move them, frankly.

I do not necessarily need a response from the Minister. I think he has nodded at these in general agreement with what the thrust of our concern is, but I hope that he would acknowledge that he has at least a responsibility to enunciate over the next number of months his commitment to making sure that these dollars are, in fact, going to be additional expenditures to service the demand in moving product out there, which is not by design of the local municipality or even the producers in the industry. It is by design of the demands that are coming on transportation through the changing efforts of the large buyers we are dealing with and the railway transportation industry. I wonder if he would—

Mr. Ashton: I understand the Member's point. I take it as useful advice. Quite seriously, what I mentioned before in terms of the planning challenge ahead for us, I think it is one that has to—I am not one who shies away from politics. You know, everybody considers something to be political, even partisan political is bad, but usually, a lot of issues, that is an element when you get into some of the details. But when it comes to overall transportation and the challenges we are faced with in terms of the economy, that works on a much broader scale.

Particularly, one of the things I was pleased about, by the way, with this grain announcement is I probably, outside of the situation in the southwest on the emergency measures side, have spent more time on this, and the Department has probably spent more time on this than virtually any other issue that has been out there the last period of time.

We have tried to work constructively. You may have noticed, we put out a joint position with KAP and SARM and the Saskatchewan government. There was a time when Alberta was

sort of in and sort of out. I met with my colleague from British Columbia. There has been a lot of shuttle diplomacy back on that, and I think the Member is aware that it has been described federally as probably the biggest split within the federal government in years. This specific, not the road issue, but the general grain transportation issue—and I can show you a stack of letters—I remember when the Liberals passed a resolution on the Wheat Board, I sent a letter to the relevant minister on that. I do not normally comment on issues like that, but it was just too important when you are involved in something that has so much at stake not to do absolutely everything possible. I do want to put on the record that this issue is not over yet.

Even on the road side, the details are not there yet, but we do consider it to be fairly positive and we made a point, too, of working with the federal government members from Manitoba and opposition members. We have talked to pretty well everyone we can. I just give as a quick example how, on this particular issue, I think there was a fairly smooth transition from the previous government to this government. There are probably some differences in emphasis. I think our views maybe on the Wheat Board might not be the same as the views of the Wheat Board of members opposite. Not totally. Some on that side may agree with us; some may not. There are some other nuances throughout. If you look at Estey Kruger, the process, and I am not going to get into the Wheat Board issue or the Crow Rate issue; those are great historic debates here. All I know is what our position was here.

Just to finish off, I think that the key element here is to work constructively, and the reason I was nodding actually was in general agreement, but also I appreciate the member is putting forward some very valuable suggestions, ones I take very seriously.

Mr. Cummings: In terms of line-by-line, I hope this does not create an issue for the Minister, but on page 101, Policy Planning and Development, there is a small increase in that area. The Minister has been talking quite a bit about planning right now. Item (m), let us continue the thought on Policy and Planning. What is driving the additional costs here? Are there some plans,

or is there additional expertise being required? Can the Minister indicate whether it is staff or otherwise that is the main driver behind this? It would appear Other Expenditures—would that be contracts?

Mr. Ashton: The increase is due to additional consulting services that we will be acquiring from the University of Manitoba Transport Institute. What we are finding is we have a large number of issues that we are dealing with. I think you can appreciate some of the detailed work that has been done just to even participate in the debate, for example, on grain transportation. It is fairly critical.

We have had the Air Canada issue; we have got ongoing issues related to transportation within the province, both rural, northern, trade corridors. In fact, if I could run through some of the items: trade corridors, I mentioned already; the northern gateway, which the Member referenced a few minutes ago; grain logistics improvements, which we have been talking about very much the last 15 minutes or so; federal transfer policy and legislation; a whole range of items from the bigger picture to some of the detailed regulations and various greenhouse gases—I mentioned that earlier as being a real challenge; we are part of that process—remote access policy, I mentioned that; and enhancing the productivity and sustainability of Manitoba's highway infrastructure.

I cannot say enough by the way about the value of the work that the University of Manitoba Transport Institute has done for us already, and we view this as a particular way of working with them in the future but also encouraging students and graduate students, et cetera, to be part of this. By doing this kind of work, it is going to develop an expertise in this province. In fact, one of things I would like to see as minister down the line is—if you take agriculture, for example, we do a lot of very good research here. We are one of the leading centres at the Faculty of Agriculture just in its academic sense. I always feel that the University of Manitoba Transport Institute is an example of a good idea that never has gotten quite the support it needs to really develop further.

* (17:00)

This, in our small way, with a little bit of benefit to us back—quite a bit of benefit, I think—is a statement of our support for the University of Manitoba Transport Institute, and I think it will allow us to be a player in one of other issues we have talked about at the table, talking in terms of the province, and, going back to what the Member for Emerson (Mr. Jack Penner) had talked about before, to track trends. You cannot just get it from statistical reports. You have to have the expertise to interpret it and get out and do that kind of development, and that is what it will allow us to do.

Mr. Cummings: Then is it fair to summarize that this small growth, as it is, is primarily related to, as the Minister said—is it one of, or primarily with, relationship with the transportation institute, which I would support if that was where he wants to put some priority?

Mr. Ashton: To put it in perspective about our support for the University of Manitoba Transport Institute, up until now we have been accessing about \$50,000 worth of services, so this is an additional \$250,000. So it is a significant use of their expertise, and it was a very conscious decision—and I am sure your previous ministers of Highways, both of them, would have probably echoed the statement, based on their expertise or quality of work.

Quite frankly, the fact that, if we are going to stay involved in all these issues, we have to have very good information available to us, so we viewed that as a very cost-effective way of doing it. But it is a significant increase in the support to the Transport Institute, which, I am sure, will be supported by all members of the House.

Ms. Marianne Cerilli, Acting Chairperson, in the Chair

Mr. Cummings: If I could just move to the next bracket, Driver and Vehicle Licencing. Are there any additional expenditures being planned to the computerization in this area? I know in a general sense, there is a cost-sharing agreement with MPI, which is always where some of the information is lodged. I recognize that, and considerable upgrade has been, and is, occurring there, I would believe; but I believe there was

some pressure on systems in Driver and Vehicle Licensing. I wonder what the status of that system might be.

If I could make it a multiple question, Mr. Minister, are there any changes in staffing in this branch?

Mr. Ashton: While I get that information for you, under Part B, Capital Investment, one of the initiatives is the IRP, which I referenced earlier. That is our major initiative this year, bringing in the IRP system, the cash registration, and it is \$1.22-million additional work at the department this year.

I should mention, by the way, in addition, that in terms of driver vehicle licensing, if we do proceed with graduated driver's licensing as a Legislature, there would be a fairly significant shift that would have to take place on our driver's licence system over time. So we would be looking at that as well. If you look at the experience in other jurisdictions, it often takes some period of time to get the system to match the desires of the public and the decision of the Legislature. So I just wanted to flag that as sort of the other emerging issue, that the prime expenditure is on IRP.

I think the second question was with regard to staffing? Absolutely identical in terms of FTEs.

Mr. Cummings: IRP, can the Member explain what he is referencing there?

Mr. Ashton: IRP is the North American agreement authorizing proportional registration of commercial vehicles amongst participation jurisdictions. What happens essentially is you end up with a carrier registering in a single base state or province and the fees are then calculated and distributed across different jurisdictions.

So it gets away from the kind of balkanization, if you want to use that term, of registrations. It is fairly critical to our trucking industry. What we are doing now, we plan to have this in place by March of 2001. So the money that is listed under Part B, Capital, is the money that is required to get our system in operation.

Mr. Cummings: Commercial, we are talking, I presume, interstate transportation, the large haulers. Is that primarily what would fall in this category?

Mr. Ashton: Yes. It is basically interprovincial and interstate commercial truck traffic.

Mr. Cummings: Are there north-south implications?

Mr. Ashton: Yes, the big concern basically is if we do not move in this direction, we operate on bilateral agreements, and it would put at risk our trucking industry. This is a fairly significant shift, but it will ensure that our truckers basically have a system in place that allows them to have portability of ability to operate.

Mr. Cummings: This area is new for me in the sense that I know a little bit, and that is always dangerous. Does this include revenue sharing as part of registration with other jurisdictions? Would that eventually contemplate revenue sharing, for example, stateside?

Mr. Ashton: Yes, it does include revenue sharing.

Mr. Cummings: Would that be revenue sharing on the registrations? Is that all that is involved, the cost of the registration? Is it a multiple registration that a truck could apply for to get running rights in other jurisdictions? Historically, if you had running rights in one area, you could temporarily get into another jurisdiction, but you go in there very often, you had better be prepared to buy a different registration, as I understand it.

Mr. Ashton: Yes, there is also a sharing on the sales tax side as well. It is revenues both on the registration and the sales tax. As I said, it is a fairly significant shift, but if we do not do it, it really puts in jeopardy our trucking industry. Over time it will have significant advantages, not just in terms of operation, but with the revenue sharing that does go on. There is some fairly significant revenue sharing that goes with this as well.

Mr. Cummings: So the Minister does not think I am taking an antagonistic position on this. I

recognize the importance of transboundary agreements on this, but I would like to understand what some of the implications might be as we move towards this. We are the home to some pretty big operations that have continent-wide opportunities.

Does this then, I presume, expose us or expose them to continent-wide competition and should end up being neutral unless there is some element of unfair competition? I wonder if the Minister can expand? In other words, will there be a level playing field? I think of things like the California emission laws coming into play. Are there any side issues around something like that, or is that an entirely separate nontariff issue, as we have learned to call them in agriculture?

* (17:10)

Mr. Ashton: What I should do is give a little bit more detail in terms of the impact. On the registration side, we will lose revenue as a result of joining and sharing licensing revenues. On the other side, the Department of Finance is indicating we will gain significant additional revenues from the recurring sales tax scheme under IRP and increased motive fuel tax revenue due to increased compliance. So there is one side and there is the other side of the ledger.

The reality is, though, if we do not do that, we are going to end up with some significant difficulties. Just to give you an idea of some of the advantages for motor carriers under the IRP, if you are registering a fleet of intercontinental vehicles, it becomes a one-stop process for carriers and it is an all-inclusive one-step registration.

Under the IRP system, a carrier can also operate on an intrastate, an interprovincial basis in any IRP jurisdiction for which it is registered provided the proper operating authorities are in place and the drivers are in compliance with immigration laws. The jurisdictions are assured their fair share of revenue from intercontinental commerce, helping to offset the costs occasioned by the increased use of the highways. Another issue I am sure we are all in agreement on. The apportionment revenues will help stimulate economic growth in the provinces and states.

Once again, there is a positive side revenue wise, a negative side revenue wise, but we felt there was no choice other than to proceed. It will give our trucking industry the ability to operate here in Canada and across the United States in an unfettered way, and that is very important.

Mr. Cummings: Can I conclude then from what you said earlier that there is some systems upgrade that is needed here to make this happen?

Mr. Ashton: In fact, yes, that is the capital cost I was referencing. There are software costs, and the total cost of software, hardware and system integration is \$1.12 million. That is part of the capital which I referenced. That is excluding maintenance costs of \$241.9 million, but the total cost is \$1.12 million and that will cover the cost of putting the system in place.

I can also add, we have not signed the contract yet, but we do have a selection of a consulting group on the software side and that will be signed shortly. Once that is finalized, I can provide the Member for Ste. Rose with information on it.

Mr. Cummings: I think I will turn the line of questioning over to my colleague from Portage la Prairie for a moment, but I would like to just indicate that I probably will have some questions, if not later today, earlier tomorrow, on the cost-sharing agreement with MPI.

Mr. David Faurshou (Portage la Prairie): It is a pleasure for me to be here this afternoon. I certainly want to congratulate the Minister on an appointment to the portfolio that I am certain will be most challenging.

My line of question will always represent the perspective that is incorporated in the vision in this department, a transportation system that is safe, efficient and supports the economic growth of the province. I believe perhaps at the outset, renaming of the department, I would have very much liked to have seen the word "transportation" in lieu of "highways" on the basis that that is the premise of which we are all looking to the future, being that not only goods and services and the actual road network as being the premise for this department, but it is the economic growth that we are looking for,

and that means the transportation of not only people but goods and services for the future.

Being that we are discussing this and you have personnel there for Driver and Vehicle Licensing, I have a couple of questions that I would like to ask. First, obviously, I compliment you for recognizing my concerns regarding the current driver's licensing of novice drivers here in the province. I understand that you have been in receipt of the task force report. I was wondering whether or not you are looking to making that document public in the next short while.

Mr. Ashton: Actually, in fact, I have not received the document yet. I am anticipating receiving it very soon, and at that point in time, obviously we will be sharing the document publicly and also announcing our government's decision in terms of graduate driver's licensing. In fact, I want to again credit all members who have raised this issue. I tell you, when I got in, I mentioned this earlier, it was one of the first, in fact the first item, identified in discussion with the department as an area that was a priority for me personally.

I found out that it was a priority for a lot of people out there. I know your interest in it in particular, and others have raised this. This should have been discussed years ago quite frankly. I am really pleased that within a matter of weeks we are going to be able to deal with it in a very serious way and then make a decision on whether to proceed with graduated driver's licensing. I would stress again that I would view this as something that we would be looking at this session. I think, given the length of time it takes to put in place a system, it is important to do that. I have not received a report yet and hope to get it soon.

Mr. Faurchou: Thank you for that response. I certainly will be looking forward to the opportunity to review the report as well as, hopefully, having some opportunity to provide thoughts on that document and legislation.

The driver vehicle licensing that we have here in the province is one that has not been reviewed for over 25 years. One of the things that other jurisdictions are looking at is

incorporating technology into our actual documents for driver's licensing. That involves either light reader information on the driver's licence or, in fact, a magnetic code bar incorporated into our licence where the police forces and law enforcement agencies throughout other jurisdictions are having opportunity to have very quick input of all credible information by just a swipe or quick light reader right in the law enforcement vehicle. I wonder whether or not that is one of the technology improvements that your department is looking at.

Mr. Ashton: Yes, I can indicate that we are not looking at that specifically right now, but one thing I think we will be looking at in relation to graduated driver's licensing is, obviously, depending on which direction you take, even with the implementation of graduated driver's licensing, you have various different options within that. It obviously does impact on the licensing system and the licence as well.

So I certainly will take that as useful advice. As I say, we are not looking at it currently, but if we do look at any changes to the actual physical licence as a result of graduated driver's licensing, we can certainly look at that as well.

Madam Chairperson in the Chair

Mr. Faurchou: Thank you very much for your response.

In regard to that, I appreciate the technology that is changing, and drivers are facing a more complex driving scenario. As we spoke earlier in regard to the movement by commercial vehicle of farm products and bringing back to the actual driver's licensing and vehicle registrations and the obvious limitations that one finds with the use of log books, and the Motor Transport Board and your department, I would like to ask, are you actively looking at the situation that short haulers have come upon in the advent of these new elevators being constructed throughout the prairies and the lineups that are incurred at these high throughput facilities that spawn longer waits before the short-haul transport truck drivers, and they find that perhaps, in some cases during the harvest or springtime seeding, they will spend half of their operational time, in fact, in lineups that have them making entries into

their log books that consume their eight-hour period of operation, and yet much of that time has been spent actually waiting, either for loading or unloading, and wondering whether or not there is discussion to address this situation, which, in fact, is going to get much more prevalent, as my colleagues have alluded to earlier, that no longer is a tandem truck the necessary mode of conveyance, but it is now incorporating transport trucks, which now require that as part of their operation?

* (17:20)

Mr. Ashton: One thing I mentioned earlier is that we have been working with other provinces at working nationally in terms of standards, in terms of truck drivers. We do have the tentative agreement. We have 14 hours of operating, 10 of rest. So that does take into account what can happen.

It is important to note, by the way, because I know there is often some discussion in terms of the hours of service out there. It is very easy to sort of pick arbitrary times, but this is based on scientific information in terms of what is an optimal time period for somebody to operate. It applies to short-haul, long-haul, and it should deal with that sort of situation.

Mr. Faurschou: I know that there is a lot of scientific information available as to the actual operational time and how fatigue sets in to those operating vehicles. However, I certainly hope that the Department will take into consideration the down time that is inherent of an agricultural commodity transport in a short haul situation. I know that there are exemptions in various sectors. I know that those persons in transport of aggregate for construction recognize the shortness of the season and are exempted as are those persons in the transport of petroleum products as well. I would like the agricultural community to be recognized in that same light, that there is a time constraint to accomplish everything that is needed to be accomplished and the value to which those products that they are, in fact, hauling.

Mr. Ashton: I think it is important to note here that the 14 hours does include the allowance for operating and for down time. A part of the

national process has been to establish some national time lines for this for operation in the trucking side. I do not know if there is a problem perhaps with a down period. There is also a down period that is attached with that where you cannot drive in that period of time.

My sense is I think you probably would find most people would not fall into difficulty because the problem you run into is one of the reasons we are trying to get more of a harmonized approach here, because of the fact that some other provinces had higher limits. You get into some of these competitive issues. You can argue where the level should be, but there has got to be some basic standard and a basic standard in terms of safety.

I think the key thing to recognize here is that both the operation of the vehicle and the down time do have an impact in terms of the fatigue of the driver. Both are parts of it. I think anybody would know that. It does not matter if you are driving or sitting in a coffee shop. When I drive to Thompson, it is eight hours. I guess I am telling people how fast I drive. I stick to the speed limits. I guess over the years I have been not too bad, but okay, not perfect. But anyway, it is one of those things where if you extend it by two or four hours after awhile—

An Honourable Member: You are being recorded.

Mr. Ashton: That is right. I will table my driver's licence afterwards. I can assure members of that particular fact. The reason I was mentioning that though is when you are driving for eight hours, as I do, or if you stop for nine or 10 hours, after a certain amount of time fatigue comes not just from driving but from the hours you are operating.

So what we try to do at the national level is come up with something that is a standard benchmark across the country. That may mean occasional circumstances where you might have been able to go a little bit higher or whatever, but the promise unless you have some sort of benchmark, you end up with the situation we have had currently which is where it varies from jurisdiction to jurisdiction. So in balance, I think it is a reasonable approach.

I think if the Member would look at the actual requirements in terms of the operating times, it probably would accommodate that situation in virtually all circumstances because that is 14 hours for both driving and being at the high throughput elevator or at a coffee shop or anywhere along the way. But 14 hours seems to be the sort of cycle you get into. If you get beyond that you really do get into sleep deprivation. I think it is important to note too because often there is focus on incidents where drivers have been driving for more extended periods.

A lot of those cases these are people who are not driving within the regulated time period. That is an enforcement challenge obviously, but I think sometimes people tend to confuse the one with the other if you have an incident that it is automatically related to the hours in which people drive. It is a difficult thing. I must say when I first looked at it, I questioned it myself, and we had discussions internally, but it is based on the scientific evidence that that seems to be the reasonable maximum time period in which somebody could be operating a vehicle either in a stationery situation or actually driving it in that 14 hours. Fourteen hours seems to be pretty well the balance.

Mr. Fourschou: Thank you for the response. I know as agricultural commodities are required to travel greater distances with the rationalization of delivery points this is going to become more and more of a concern when harvest is underway or spring time seeding and you are waiting for fertilizer or seed and other products that are needed in there, so I hope that will be a consideration.

I will yield to my honourable colleague for Ste. Rose, but we talked at the outset of revenues and I understand through the Highways Department that we are in a deficit position on expenditures, towards capital expenditures towards our roadways of somewhere in the neighbourhood of 40 or more million dollars. Each and every year we are using up our infrastructure and not even keeping up with it, so I would hope that you could bring your rationale to your Treasury Board colleagues. If they wanted to use one line in the Budget here insofar as it is not only the gasoline tax but the motive

fuel tax is 67 million. I think that would go a long way to satisfying not only the deficit within our transportation budget but also too it would certainly be expended in the field in which it was collected. I think that would be most appreciated by the motoring public both on a private and commercial nature. So I know that I have many more questions, but thank you very much for your time.

* (17:30)

Mr. Cummings: Just a couple of brief questions on the cost-sharing agreement with Manitoba Public Insurance. Basically, I understand that agreement. I would be more interested in whether or not there are any computer upgrades or systems upgrade that DDVL has been needing?

I know that over the years there have been pressures in that area, and I wondered if they are now underway, or if they are able to operate with the system they have?

Mr. Ashton: We are currently able to operate the system. I think we should not give the impression that it is not the case, and I do not think the Member is. Certainly though there is a distinct overlap between MPI and our DDVL, and I think there are all sorts of arguments back and forth in terms of future upgrades. I guess I will have to take that up with the Minister responsible for MPIC at the appropriate time, but we are basically focussing this year, like I said, on the IRP which is not related to MPI. Down the line I think it is fairly obvious that any discussions that would take place would have to also look at the fact there is some overlap between MPI and some cost-sharing that goes back and forth.

Mr. Cummings: This is not a reflection on anybody or either side of this discussion. I just, as you might appreciate, want to flag it with the Minister frankly in terms of ongoing decisions the Government probably has to deal with. It is not my job to be flagging so much as it is to raise the issue and wanting to, if not today, at some point in the not-too-distant future.

I know in the Minister's first six months probably this was not at the top of the agenda,

but there are certainly some policy issues that get raised around whether the responsibilities are contract and otherwise between Crown and government and the best way of delivering the system.

The other question, and it is related—well, I will ask the question here, and you can respond however you feel comfortable about it. The monthly renewals, the systematic renewals out on the customer end seems to be moving forward. The registrations are now much more accepted.

Are there any further changes being contemplated in this area, the registration and the monthly sticker system and so on? Have most of the changes now been implemented?

Mr. Ashton: No, to the second part of the question. To the first part, I am advised—I know the Member when he was Minister responsible for MPI did commit MPI to a fairly significant investment on the technology side, and I certainly would appreciate any insight the Member can give me on what would happen at the time and what was involved because it might be useful in any further discussions. I think he knows what I am referring to.

Obviously, when you are looking at as things change over time, especially on the technology side—and I mentioned earlier if we moved in areas like graduated driver's licences, they maybe actually need to look at some changes in the licence itself. Obviously, we do have to look at the fact that there is a distinct overlap between MPI, which is sort of the public utility monopoly in the driver's licensing system, and the fact that obviously the real question is it often arises as to who should fund what. I think the Member did a commendable job in developing policy in that area. I certainly appreciate his advice on this. It may come in very handy as the Minister of Highways.

Mr. Cummings: I think it is not a matter of debate on the functions and how they are being handled. I would simply say that I would encourage the Minister to look at all other jurisdictions and how they are managing this. The uniqueness about the Manitoba situation, of course, is the monopoly insurance tied to the

registration. But as we are looking at systems expenditures, certainly the MPI expenditure was significant and any use that can be made of it—I presume is being maximized to support DDVL.

I really want that on the record, as well as the fact that every time these questions come up there is always concern of whether or not it reflects on any one system. It is not a matter of reflecting on the system. It is a matter of what is the best system for the future. I would encourage the Minister to look at that, but I will not ask any detailed questions today.

I want to spend a moment on the Highway Traffic Board and the responsibilities that they are administering. Can you give me an idea of the volume that the Highway Traffic Board and Motor Transport Board are dealing with now? Has that been an increasing load?

Mr. Ashton: So you are looking at the Highway Traffic Board and the Motor Transport Board sort of collectively.

Mr. Cummings: They are both together in this appropriation.

Mr. Ashton: First of all, under The Highways Protection Act, there were 337 applications, 1999, compared to 294 in 1998, so something of an increase. Under The Highway Traffic Act, there were 57 compared to 52 applications. In terms of hearings, 57 hearings compared to 44.

Moving to the Motor Transport Board, looking at some of the operational statistics, the general meetings are down from 43 in 1997 to 35, 1999. Fewer public hearings, 5 down to 1. Fewer regulations passed, 4 down to 1. Generally, in terms of compliance orders, the trend is down; insurance failure orders down from 331 to 211; 50 to 27 on consent disposition orders; and complaints down from 31 to 26.

Looking at the trucking sector side, 589, 1997, down to 576. In terms of issued authorities, renewals were up somewhat from 1998, nothing available for 1997, from 2625 to 2873. Cancelled, down from 580 in 1998 to 357. So, generally, trucking sector, there has been a bit of an increase.

The bus sector, very similar numbers. I can give the details, but it is fairly similar.

Mr. Cummings: I was just wondering what the general trends are.

Mr. Ashton: General trends, yes, very similar. Trying to summarize this so that it can be of some use here. Intermunicipal livery sector operating authority is basically very similar for most items except for the number of entry-issued areas. Change of name applications, virtually the same. Limited permits, seasonal, these are general items here again, 247, 265. Letters permit from 2125 to 2922. So, generally, some areas where there has been an increase, and some areas where there has been a decrease. Mostly on the Highway Traffic Board side, that is where there has been more of an increase, and Motor Transport Board, it is fairly mixed, depending on the category of order.

Mr. Cummings: On that same vein, I am interested in the general policy of this administration in terms of these areas of responsibility. Have there been any changes that the Minister has asked for or directed in these areas, or is it business as usual?

Mr. Ashton: What I can indicate is that we have not changed the Board at all thus far. There may be some changes in the future on that. One of the reasons for that is because my concern as minister—and I think our concern collectively as government—is that in an area like this it is to allow the Board to function, use its good judgment. There were a number of significant hearings underway. I did not feel it would be appropriate to interrupt those hearings by changing the Board. I do not discount—I mean, other boards have changed; I mean, I am not being critical of other ministers, and we have made some changes in some of the other boards as well.

* (17:40)

But this is an area that, given the quasi-judicial nature of the Board, we took a period of transition where there has been no change. There may be some changes fairly soon on that, but I have given no direction to the Board. I met with the head of the Board once, and one of the

reasons for that is because I think that there—I mean, there is a role for ministers to talk to people on various boards, but one of the concerns that has been expressed to me, by the way, by certainly one former member of the Board is that there was concern in the past that there was ministerial directive given at times or, actually to be more specific, not so much ministerial directive, but senior political directive on various issues.

I think that is unfortunate. I think that, if ministers or governments want to make decisions in this area, they can do it either directly through the authority that is given to them or by giving themselves the authority. The basic role of the board should be to sit, decide in a quasi-judicial manner and use its best judgment. That is essentially what we have done the first eight months by keeping it in place, allow it to operate as it normally would.

Mr. Cummings: Same questions on the Licence Suspension Appeal Board and Medical Review Committee. Is there a full complement on the Medical Review Committee? I know this was an area that was difficult to fill at one time.

Mr. Ashton: What I can indicate, the Medical Review Committee, I believe we do have a current full complement. As the Member alludes to, I think it is largely a board contained of physicians. There are two lay members. It is obviously an ongoing challenge to keep that fully staffed.

In terms of the Licence Suspension Appeal Board, we are in the process of making some changes there, but have not made any changes. There will be some changes being made fairly soon on that board. But, once again, the general approach was to try and have a transition period in which we did not automatically change boards in this area.

Mr. Cummings: Can I assume then that you currently feel you have appropriate people on the Medical Review Committee?

Mr. Ashton: Yes. I do not see any changes. I should also indicate that one of the areas that has been important is upping the fees, given the fact that people are using their time, and they are

medical people. It was important to have the fees match some of the lost income when it was involved with this. That seems to have made a significant difference on retention. So we are not particularly looking at any changes right now. It is actually a very well-balanced board. It includes general practitioners, optometrists, neurologists, and cardiologists.

Mr. Faurchou: Madam Chairperson, in regard to Medical Review and the testing of those persons that have had their licensing privileges suspended because of medical conditions, am I correct in understanding that the retesting of those individuals that have had their privileges suspended for that reason, the only venue for retesting is here in Winnipeg?

Mr. Ashton: That is correct. There is actually fairly limited demand in this area. That is one of the reasons that it is done in the one facility.

Mr. Faurchou: Thank you for the response and recognizing the economies for demand and limiting it only to one venue. What I do want to draw the Minister's attention to is those persons who have had a medical condition and are attempting now to reinstate their driving privileges who are only accustomed to certain areas of driving.

To be very specific, in two cases recently, residents of Portage la Prairie have had full recoveries. Medical practitioners have given them good bills of health, ready to go back to the road and carry on an active lifestyle which requires driving privileges.

However, having to travel to Winnipeg where, in both cases, the individuals have never operated a motor vehicle—they are accustomed to rural areas and much less congested driving conditions—and both had opportunity to fail their driving testing here in Winnipeg strictly because of their unfamiliarity with the one-way streets which are not commonplace in the balance of the province as well as the rush-hour-type traffic congestion. It was not in both circumstances a case of not knowing the rules of the road; it was essentially being required to go into very unfamiliar territory, of which, in essence, neither individual would want to travel nor exhibits any desire to travel.

So I ask of the Minister, in relationship to those scenarios, does he have any comment or consideration as to retesting in familiar territories or territories of operation where these individuals are accustomed?

Mr. Ashton: I suspect there are two dimensions here. In terms of the road test itself, that can be done in the community itself. What I assume you are referencing is the testing that takes place, part of which is in the vehicle, the cognitive abilities of the drivers. If there are specific cases, I would be more than willing to look into them.

The only caution I would give is that when one does get a licence, you can drive anywhere, and this is something that came up in recent context. I was asked obviously about the issue of seniors driving, and I think certainly my preference would be that we have fairly tight control on the medical testing that is in place when referable conditions are the subject matter. Rather than get into arbitrary tests—and the reason I throw that out is because part of it again is, once you deal with that, you have to also recognize that once you get your licence, you can drive anywhere.

You can drive on the 401s, and I became particularly aware of that when getting into a lot of the research and graduated driver's licensing, and as the member will know, that is one of the issues there. It applies, not just to novice drivers, but also applies to people who have had medical difficulties and maybe are able to recover. The other point to make, too, is that the portion of the in-vehicle testing that does relate to the cognitive abilities is very important, too, because a lot of the time, people are given conditional licences or have specific equipment that is brought in, in the car itself, to accommodate stroke victims and others that cannot use the standardized equipment. One of the functions of the test at that point is not so much the road test but is also whether people can function within the vehicle. If the Member does have specific cases, I would certainly be willing to look into them.

* (17:50)

Mr. Faurchou: I appreciate the Minister's interest in this. Both individuals were very competent drivers; however, it was a situation of

unfamiliarity. One lady, I might just say, a very trusting soul, travelling a one-way street, and the indication was from the driver-tester giving instruction to the individual to make a left hand turn upcoming at the next intersection. She responded: This one right here? He said: Yes. She said: Right now? He said: Yes, right now. Well, a trusting soul, right now means right now.

So she acted under the instruction of the driver tester and failed the shoulder check and obviously a hazardous situation took place because again a one-way street, not really understanding that even though you were on your right-hand side of the road you actually had two more lanes of traffic in which to make that left-hand turn on a one-way situation, which again she was not familiar with. I recognize what you are saying there, and maybe perhaps I am leading into the question in consideration of graduated driver's licences. There are two ends of the spectrum here as the more seasoned driver versus the novice driver and whether there has been any contemplation or discussion that has that in consideration.

Mr. Ashton: I just want to echo once again that when we do get into graduated driver's licensing, what is interesting you get into driver's licences, and there are a lot of the issues that apply under graduated driver's licensing which would presumably apply to novice drivers but also should be of consideration for all drivers. I have not seen the report. In fact, I do not believe there has been a final report drafted by the task force, but what is interesting in private conversation with people who have been involved with it, they have indicated to me that the more you touch it the more you have to be looking at anything and everything related to the licensing system. So what started off as a review of the graduated driver's licensing has become a review of driver's licensing. I think that is very positive and may lead us to look at some of the other areas.

I know the Department itself, the DDVL has been very good about this in the past and certainly in my discussions of identifying problems within the system itself. There is always a balance. I realize the Member's concern about the couple of individual circumstances and what happened. The difficulty is, I know I am

not the only Highways Minister who says this, but driving is a privilege. It is a balance of protecting public safety and also recognizing that driving is a fairly significant, important part of people's lives in terms of their economic well-being and their social functioning in society.

But you do have to, at some point, sometimes make some difficult decisions. In the case of someone who does not pass a test, there are opportunities to take that test again. I know when I took my test the first time, I did not pass it. I was a better driver as a result of it. I passed my motorcycle licence the first time. I think what was important was sometimes you need to build into the system some ability for people to sort of recognize that maybe they have to be just a little bit more careful. Not just in the testing environment but generally, so I am a better driver because I did not pass the first time. I passed the second time.

Mr. Cummings: In the same general area, but I suppose it is going back a little bit on the Highway Traffic Board, the Minister was commenting about ministerial influence, or he was implying at least. It seems to me there is a policy issue here that the Minister is avoiding relative to some communities seeking access or egress from the highways. I recognize that that is why quasi-judicial or arm's length bodies are set up to administer that type of decision-making. On the other hand, eventually we will get to things like the traffic flows through Neepawa.

But let us talk about other, smaller communities where there are times when some of them feel that they have been limited or been, I suppose, badly done by whatever access is applied. Yet they will drive a few miles down the road and in their mind, at least, they see other communities that have a more acceptable egress off the highway. Is there a policy in place in regard to providing access to businesses and communities or is simply safety always the only question that is dealt with?

Mr. Ashton: Yes, I think there are departmental standards. I think that the important point here, I appreciate the comments in terms of Neepawa. Certainly we have had discussions about this, and I welcome the feedback. In fact, one of the things I find is very useful about the

departmental process, as well for a lot of other areas of government, and I would recommended it, is the process of having thorough consultation so that you get some blend of the standards, which I consider important, and the on-ground situation. As I am reminded, if you apply strict safety standards in the absolute sense, you would have no access, probably would not have roads. If you start drawing the line too strict on one side it can create difficulties.

The other side of it, though, my concern as Minister is if you start allowing deviations that are too significant from the standard, you end up with exactly what you are referencing. As soon as you get one community that gets something done a certain way, everybody else down the line who is going to have a similar concern, every other business person or every other community organization is going to say, you did it in, and they will name the community. The grapevine is pretty good in rural Manitoba. So you are going to end up with this kind of pressure.

That is one of the reasons I want the Motor Transport Board to essentially look at safety as the paramount feature at its level and within the department is that safety should be a key factor but where legitimate alternate suggestions are made that we look at that as well. What often happens is sometimes with a little bit of variation, you can often have both the safety and reasonable access to businesses. I am not a purist, because it is not anything you can be a purist on, but if there is any way of erring on, I think it would be on the side of safety.

Mr. Cummings: Does the Minister have the final say? Does the board of Transport Board make the decision or do they make the recommendation?

Mr. Ashton: It is appealable to the PUB, so it is not the final decision of the board.

Madam Chairperson: Order. The hour being 6 p.m., committee rise.

INDUSTRY, TRADE AND MINES

* (14:40)

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

considering the Estimates for the Department of Industry, Trade and Mines. Does the Honourable Minister have an opening statement?

Hon. MaryAnn Mihychuk (Minister of Industry, Trade and Mines): Mr. Chairperson, is it customary for the staff to join us? Not until after opening statements. Yes, I do have an opening statement.

It is a true pleasure for me to rise as the Minister who has the opportunity to be part of the team of Industry, Trade and Mines and representing our Estimates review for the year 2000-2001. It is my pleasure to rise today and speak on behalf of the Department with respect to our accomplishments in the past year and our plans for the future. I plan to focus my remarks on a few areas which include the overall economic picture for Manitoba, some of the initiatives that we are doing to develop our new economy and a number of initiatives that we are going to be moving on in terms of the minerals sector.

Our economic overview for Manitoba has continued to enjoy economic prosperity and growth, both in 1999 and into the year 2000. For 2000, our economy is projected to grow at a rate of 2.7 percent, significantly higher than the 2.2% growth rate experienced in 1999. In the year 1999, full-time employment increased by 5300 jobs, or 1.2 percent, while part-time employment increased by 1700 or 1.6 percent. In the first quarter of the year 2000, full-time employment has increased 4.3 percent, or by 18 000 jobs, while part-time employment has declined by 5500 persons.

In 1999, Manitoba had the lowest youth unemployment rate in the country, at 10.1 percent. The total unemployment rate has continued to fall from 5.6 percent in 1999 to 5 percent in April 2000. This is the lowest rate in the country, and the lowest unemployment has been in Manitoba since January 1980.

The buoyancy of our economy is also reflected in our migration rates. In 1999, interprovincial out-migration decreased to 950 persons. This was the smallest net out-migration since 1984. When the international immigration is factored in, Manitoba has a net gain of 1864

persons in 1999. We need to continue to support this upward trend in migration to maintain our labour market supply and ensure our future competitiveness in an increasingly global market for skilled labour.

To assist in this goal, we have made our amendments to our Provincial Nominee Program by expanding Manitoba's complement from 200 to 500. This will allow technology firms easier access to skilled workers and investors from other countries.

I am pleased to announce the part of the program that calls for 50 business nominee spots where we will have individuals that will be able to come to Manitoba, set up their businesses, create businesses and employment opportunities right here in Manitoba.

I would like to now look at our economic accomplishments. We can be very proud of the recent performance of Manitoba's economy, and the good times are here. I am pleased to say that our government has been instrumental in some of our recent successes and has worked with a number of private sectors to achieve some significant growth. For example, the Schneider's expansion in St. Boniface is going to help to diversify our agricultural economy, which is very important to Manitoba.

It is going to provide good jobs for over a thousand people in the city of Winnipeg and the Capital Region. It is going to provide economic hope and opportunities for a number of spin-off industries that we are seeing already. In fact, I understand that the price of hogs has risen substantially and in fact, until our production of hogs increases, we will continue to see fairly healthy prices for hogs.

We are also moving on the construction of more hog operations, providing more opportunities for diversification by Manitoba farmers. Vansco Electronics, a local firm employing 500 Manitobans, has announced an expansion that will create a further 340 jobs over the next few years. Air Canada is bringing in another 170 positions to Winnipeg, and a new motor contract for Motor Coach Industries will result in yet another 300 jobs. Loewen Windows

has announced a plant expansion in Steinbach that will create 250 jobs.

Mr. Chair, the healthy diversity of Manitoba's economy is reflected in the small but growing ranks of local digital entrepreneurs. HyperPenguin Inc. [*phonetic*], a Winnipeg software developer, has recently signed a deal with PriceClick.Com in which it gets \$350,000 up front to develop cutting edge e-commerce technology and plans to introduce a second version of HyperPenguin's [*phonetic*] management software for on-line businesses.

Infocorp, a Winnipeg computer software manufacturer, has signed a new long-term contract with IBM corporation that could lead to millions of dollars worth of extra business for the firm over the next few years. Infocorp Computer Solutions Ltd. has agreed to supply IBM with an e-commerce and over-the-counter revenue management software system that IBM will be installing in the government offices of a major northeastern U.S. city. The off-the-shelf software, called Point of Service Plus, POS Plus, enables citizens to pay all city bills from a single location. IBM is also now providing technical support to Nissan's network through North America from our Winnipeg location.

Our current priorities and future plans for the department, I would like to briefly outline. I would like to talk about some of the initiatives that we are focussing on and that have come out of a very successful Century Summit, including efforts to build upon recent successes I have outlined in the area of the new digital economy. In that summit, we looked at different measures. A theme that was reinforced through the Century Summit was to enhance the investment environment so that new and established businesses can grow and thrive, including responsible tax relief and maintaining a sound and reliable infrastructure.

It is well-known that Manitoba needs more venture capital to help finance new investments. As we strive to find new and more effective tools to provide that capital, we will be working with financial institutions, the private sector and labour to find innovative and new ways to

ensure that our businesses and innovators can access the capital that they are going to need.

The Manitoba Innovations Fund will provide \$7 million to help Manitoba's universities, hospitals and other research institutions perform research and technology development. We will also be promoting the new economy and leading edge industries with support for high tech, venture capital, biotechnology, information technology and advanced manufacturing. Manitoba has a solid and diversified base when it comes to economic positioning, and the outlook for continued growth in the future looks very promising.

In terms of the new economy and IT, I want to put on the record that we are moving on a number of fronts in this sector. In partnership with the University of Manitoba, EITC and the private sector, we have developed a strategy to double the number of University of Manitoba computer science graduates by the year 2005.

* (14:50)

We have also taken the initiative to redirect the Manitoba Call Centre team from looking at base operations, providing support into the new economy. Our new focus is going to be called Access 204 Manitoba. It is leading edge. It is new. It provides customer contact centres for the e-commerce industry. We are very proud of the new initiative and the transformation of the Manitoba Call Centre team. As recently as last week, Trader.com announced it had selected Winnipeg as the location for a consolidation of its Canadian customer service centres. The new centre will create more than 200 new jobs. To date, the team has created 9000 jobs in Manitoba, with a commitment to over 10 000 jobs by the end of the year 2000. Customer contact centres in the province will generate over \$207 million in salaries annually and are forecast to reach \$230 million by the end of the year. This very successful team has been redeployed to bring Manitoba's new economy into the forefront, and I am confident that they will be just as successful in their new venture.

We will be introducing important e-commerce legislation later this session, which will instil consumer confidence in investing on-

line. We cannot develop a high tech economy in Manitoba unless our citizens and businesses take this initiative on and are confident and secure in their on-line transactions.

I know that there are many people who want to see a review of the number of advisory committees when it comes to information technology and economic development. This process is ongoing. There has been consultation with the private sector, with our academic institutions and with government, and we will be addressing the issues that make these advisory committees relevant and focused to Manitoba's growth and economy.

Although we recognize the importance of venture capital development and high-tech innovation in our economy, we need to remain focused on the equally important role that mineral resources play, particularly for The North. As demand and prices for metals have risen, the northern mining sector should contribute strongly to Manitoba's economic growth over the next year. According to a 1999 study by the Fraser Institute, Manitoba was the fourth best jurisdiction for mining investment among 35 mining jurisdictions considered worldwide.

Recent announcements seem to validate these findings. In the fall of 1999, Hudson Bay Mining and Smelting announced a new capital investment of \$359 million in its Manitoba operations in the Flin Flon area to extend mining in that region to the year 2016. In February of this year, 2000, Inco announced an investment of \$70 million to deepen its Birtchtree Mine in Thompson. The mine's production life is now scheduled to be extended to 2016. Through our reorganization of government departments, the Mineral Resources branch now joins the Industry and Trade divisions. Through its efforts, we will work to sustain and improve Manitoba's position as one of the best mining investment locations in the world. To further this cause, there will be more geological information provided to industry, to agricultural needs and to deal with environmental concerns. Providing this geological information is an important fundamental service, the responsibility of government, allowing for comprehensive planning. We need to ensure that there is

information, that industry and members are interested in prospecting and have the base information to go out and make their investments. This commitment will mean that we will be increasing our supports to the Geological Services Branch, allowing us to provide valuable field experience to young people in our universities and graduate programs. This is an area that has been significantly underfunded for the past 11 years.

We have also kept our commitment to the communities of Lynn Lake and Leaf Rapids who are facing serious depletion of known mineral resources. These communities have been attempting, virtually on their own, to deal with pending closures of the two operating mines in that region. We are proud to fulfill our commitment to increase the amount of geological support for that area, to concentrate on an area that we built with our infrastructure, that people have built their lives around and are now facing serious economic challenges.

We are committed to take on our responsibility of dealing with the matter of orphaned mine sites. These are sites that were left in conditions that are unacceptable by today's standards. These are sites that were abandoned and left for naught by the previous government with no money in the budget to deal with these serious issues. We will be dealing with these tough challenges, and we will strive to remedy the safety and environmental concerns posed by orphaned mine sites in Manitoba.

To deal with the issue of fraudulent claims-staking, we are pleased to announce that we will be doubling the amount of claims inspectors in Manitoba to ensure that the laws and regulations passed by this House are enforced and there is fairness and security of land tenure for those interested in exploring our great province's mineral wealth.

We are also excited to be moving forward and advancing our relationship with Aboriginal peoples by moving forward with the aboriginal minerals protocol through our development of the Manitoba Minerals Guideline. This process was stalled for over a year by feelings of mistrust by Aboriginal people for the previous government. We are very pleased to join hands

with Aboriginal people and move forward on a strategy that will see them become more involved and an integral partner in mineral exploration and development in the future of Manitoba.

We are also proud to announce our continued support for the Manitoba mineral incentive programs, which are designed to stimulate exploration activities in Manitoba, the lifeblood of a healthy and sustainable mining industry in Manitoba.

In closing, the role of Manitoba Industry, Trade and Mines is to use its policies and programs to continue to build on our diversified economic base and create new opportunities for Manitobans by working with individual companies or within specific industrial sectors.

My department is divided into four main program areas: Industry Development, which focusses on key industries across the province; Manitoba Trade, which promotes trade and inward investment in the province; Business Development, which provides information, advice and other support to small businesses; and the Mineral Resources Branch, whose plans for the upcoming year I have just outlined.

Mr. Chair, the Department also has the official responsibility for Access 204, formerly known as the Manitoba Call Centre Team; the Industrial Technology Centre; and the Telecommunications Policy office.

I am pleased to present to you today an outline of our initiatives and plans for what is, I think, a portfolio of ongoing and vital importance to our provincial economy. Thank you, Mr. Chairman.

Mr. Chairperson: We thank the Honourable Minister for those comments. Does the critic for the Opposition, the Honourable Member for Turtle Mountain, have any opening comments?

Mr. Mervin Tweed (Turtle Mountain): Yes, I do, Mr. Chairperson. I want to thank the Minister for her opening comments. I was listening and reflecting back not too long ago, and some of those comments actually sounded a

little familiar, so I will verify that through later notes and be asking the Minister some questions.

I think it is quite interesting that she opens her comments talking about the economic picture of Manitoba. I think this side of the House can take great pride in the position that we have left the new government in in the sense of a bounding economy and a growing economy.

* (15:00)

I notice in the Minister's opening comments that she talked about Manitoba's economic forecasts for this year being at 2.7 percent and her sidebar comment suggesting that that is lower than what it has been in the past. Certainly, in the last year there seemed to be somewhat or appeared to be somewhat of a slow down. The 2.7 % forecast that the Minister is talking about, just for the record, under this new administration, from the numbers we are seeing on the Canadian rate, will be approximately half of the growth rate of the rest of Canada.

So I do want to put that out as caution, I think, to the government of the day that industry development and the opportunities that are out there have to continue to be explored and pursued. I just encourage her to keep track. I think those are valuable numbers for us as a province to have. It is something that I can assure the Minister I will be using as a comparative base as we go through the next set of budgets and Estimates, just to make comparisons, to show where Manitoba stands compared to itself and also against the rest of Canada.

The 1.2% growth in full-time employment I think is important when you consider the fact that we do have the lowest unemployment rate in Canada. Although there has been the odd surge, it certainly seems to be stabilized and, if anything, moving in a downward trend. Again, I think that is an important statistic for the province of Manitoba and for the people to know that this province was, I think, being managed very well. We hope that continues into the future.

One of the comments in the opening statement that the Minister made, and I think is a

very positive number for the people of the province to know is the 4.3% growth in full-time jobs, 18 000 full-time jobs. I am sure the Minister knows this, but I think it is well worth reminding her and all members of government that those jobs are predominantly created by small business and small business activity.

Whatever this government does in the future—and I know with the new budget that we have just recently passed and the Estimates that we are now debating, that there are questions and concerns in parts of Manitoba about the tax structure and the ability for these small businesses to continue to grow by one and two and three employees at a time.

There is certainly the opportunity, as she mentioned, with the coming forward of Schneider's to the province of Manitoba for the big opportunities, the thousand jobs that can be created. But I would encourage the Minister and the Department to continue to look at the small viable businesses that are in Manitoba and the opportunities that they are creating for the growth, which in turn relates to a low unemployment rate, or a more positive way of looking at it is a high employment rate. I think it is very important that we continue to work in that line of thought when we are developing policy for the future of industry, trade and mining in the province of Manitoba.

Migration rates, certainly, I think were an issue and a concern for probably all governments across Canada. Right now with the low unemployment rate that we have in Manitoba, the need for skilled workers is growing. I think that this government has to be determined that they are not going to let opportunities slip or pass by them just simply because they have missed the opportunity of having the people to fill the jobs and create the opportunities.

Only as a suggestion to the Minister, I would suspect that the number going from 200 to 500 will not be sufficient, and it would be something that I would encourage the Minister to constantly be lobbying her government to have those people available for those types of jobs when they present themselves. We all know the difficulties of trying to chase after the horse after it is out of the barn, and when you create an

opportunity I would hate to see anybody miss that opportunity.

I think the current economy in the province of Manitoba, as I stated earlier, is strong. It was strong, I think, when the government changed. I think it is imperative that this government recognize some of the opportunities that are out there. The Minister has referred to Schneider's and the construction of the plant and all the spin-off jobs that are created, and we support that on this side of the House, as we did with the Maple Leaf plant in Brandon. The opportunities that are created by that type of an announcement I can relate strictly to my own communities, my own constituency. The growth that I have seen because of the opportunity that has been presented because of the Brandon plant have been phenomenal.

I was speaking just recently to one of my school board people in the community, and although they would have had to raise the amount of funding required to operate the school division this year because of the increased activity and construction and development that has taken place, they are actually able to hold the line and come in with a small surplus. So I think those are the kinds of things that we can take as positives, managed right but not overmanaged, and done with the responsibility to all the people to give them and create those opportunities.

Again, just something that I would pass along as something that I saw in the Department and I saw with government is the fact that it is the responsibility of the Minister to ensure that the Government does not lose that continuity, and we all know what it is like when we have different factors pushing and pulling and trying to create a better case for not doing something than it is for actually doing something. I think that is something that this department should take the lead on and be out front in discussing that with their government.

I find it interesting that, in the opening comments, the Minister has talked about Motor Coach Industries and Loewen Industries and the printing and to me that is a statement in itself. I will be asking the Minister if the Department has had any involvement with those companies, but I suspect they have not, perhaps maybe on an

advisory capacity. But the fact that the people are doing it themselves and can do it themselves, I think, is vital.

I see the role of Industry, Trade and Mines to identify those opportunities and create the opportunity for the investor and the opportunity for the employment that follows. I think it is—I had asked the Minister earlier in Question Period, a few days ago, about the grants to small businesses where they had been reduced. I know the government of the day believes that they should be reduced and eliminated, and I think it is something that has to be done, but there are opportunities and roles for government to play at certain times. I would hope that her department, the Minister's department would be prepared to bring that forward at the time.

We talk about investment capital, certainly a big part of the Department. I think it is important that we do not lose sight of the fact that we have got to continue to create investment in the province of Manitoba, not only by government identifying what is necessary or what we see as the growing economy—Biotech, Infotech, of course, have been in the sights of governments for the last several years across Canada—but also the new opportunities, the unique opportunities that perhaps do not just—they are not as flashy. I think in the advertising world they call them "sexy projects" which draw the attention.

There are a lot of good hardworking people out in Manitoba, Winnipeg, anywhere in Manitoba, with good, sound ideas. I do not think—the one thing that I have heard and what I have heard in the past—that they necessarily need the Government involvement to make it go but what they need is perhaps some of the Government's professional services to give them advice and directions. I know that, touring Manitoba a few years ago, one of the biggest messages that we got from the people in the province was we do not necessarily need the resources but what we need is the professionalism to help us into the marketing areas and the developing of a business plan. So I certainly will be asking questions of the Department on those particular areas and will delve into that a little further.

* (15:10)

Again, though, I do want to encourage and I will be asking the Department and the Minister certainly some questions in regard to the capital investments and new ideas that we perhaps have in Manitoba. The call centres certainly have been criticized in Manitoba over the last few years, but I do think it is important to note that since that time or since the time of the Government's change, the new government's position has mellowed somewhat. I am actually delighted to see that because I think we are all in the same business here and that is to create opportunity. I am told that the call centres have become the stepping stone for a lot better jobs and a brighter future for a lot of people.

Having had the opportunity to tour some of those facilities personally, I was amazed at the care and consideration that are put into establishing them and setting them up. I think it is great for the Manitoba economy. When she mentioned the numbers of \$207 million annually, I did not know that, but I think that is a tremendous statement on behalf of the call centre industry and the team that was put together to attract that type of development in the province. As I said, the future and the opportunities that follow it, I think, are the ones that are going to be imperative for her department to manage and to take over.

I am certainly interested in her comments on the e-commerce legislation. I know that other jurisdictions across North America have struggled with e-commerce legislation, a lot to do with the privacy side. I will be interested to know if the Minister of Culture's (Ms. McGifford) new announcement about the opening of the FIPPA will be brought into this in regard to writing the e-commerce legislation, because I think there is a real concern by everybody and particularly recently with the news of the HRDC problems that they are having in the federal government and also the containment of all that private information. I am convinced that the collection of information is perhaps a necessary evil but to what level do we go, and as we create legislation that controls and manages that, that we are very careful of the personal rights of people and that we do not try and bring everybody under one tent just for the sake of doing it, that there is some consideration. I know that the business community particularly,

it is a very big concern with them as far as how they see things happening and what infringements may occur.

I can speak from a personal experience on the compilation of data through a business that I was involved in, and if the governments get into it as far as some of the businesses did, which I thought were very intrusive, and I would hope that the Minister will consult with many people and many businesses and many organizations before bringing forward legislation that will bind them for future dealings.

The Minister has talked about mining, and I admit to the House today that it is not my strong suit. I have been reading as much as I can about mining and trying to get an understanding. As I mentioned the other day, I understand that Manitoba is considered an exploration friendly community and that the investment that has been presented and created over the past several years will continue and will continue to grow. I notice that there is a line in the Budget that shows a huge change in numbers, and I will be looking for an explanation on that, more so for my personal information and understanding of it as much as for the Estimates process.

I think that I do see a strong leaning of the Minister towards the mining industry, and I understand that and respect that. I think, again, it is just another opportunity as the Minister comes from a background of mining and mineral, I am sure that her department will be pushing hard for that. Just as a former, I saw the business side of it and that was what I understood and, not having Mines, it was certainly easier to deal strictly with the industry and the trade side of it.

I will be asking questions because I do want to learn more about it, and I do want to understand it certainly. Hopefully the Department and the Minister will be able to guide us through those Estimates.

I do want to just talk briefly on the trade side of it, which I know that the Minister in her comments did not spend a whole lot of time on, but I do not think we can emphasize the importance of the trade side of it. The opportunities that are being presented to us on a daily basis with the American market alone are

astronomical. All the numbers indicate that the American economy is still charging ahead, and I think how we present ourselves and how we manage ourselves—and I know that the Member for Emerson (Mr. Jack Penner) brought forward an issue today in Question Period, and I do think it is a valid question. When you have border communities doing business back and forth, anything we can do to help or enhance that, which was the PST rebate, I think, is important. If it costs half a million dollars to administer a million dollars, then maybe we should look at how it is being done. But it is an incentive that is out there. Having lived on a border community all my life, I know that the people in my communities use it, and I think that if we are going to continue to show that we are willing and open to fair trade—it is something that the Americans have done for us for years, given us the rebates—it is an application process.

With that tax rebate that was available, and again I am hoping that maybe the Minister can flex her cabinet muscles and convince the Government of the day that it is something that should be considered.

We talk about trade strictly within the global market, with the Americans. I certainly know and I will be asking some questions about the new markets that Manitoba is looking at. I do want to suggest that one of the markets that we are probably not developing enough and not working—I would not say working hard enough; I suspect everyone is working hard enough—is the Canadian market itself. It is a growing market. We certainly have companies in Manitoba that have developed products for the world, but also for Canada. Canada has certain special things about it that make it a very appealing and attractive place to do business, and Manitoba, I think, can be a big part of that.

I think with that, Mr. Chair, that is all I will have as far as closing comments. As closing, I will suggest that, having had the opportunity to work with a lot of the people in Industry and Trade particularly, not the mining section, but people in general in the department in government, I find them to be very straightforward. I found them to be looking out for the best interests of the Province of Manitoba.

The one thing I always thought and I believe to this day, and it is a challenge for ministries and it is a challenge for governments, is to let these people do their jobs. We sometimes all get into a little bit of overmanagement. I think that, given the opportunity, they will do a better job than we would ever suggest that they might just simply because they have the freedom and also the responsibility that goes with that.

So, with those remarks, I am prepared to move forward. I do not know what the Minister's plan is for staffing, but initially I have got some basic general questions that we are going to ask, as far as a global budget, and I would say that we would certainly be prepared to give her a day's notice as to which department or what part of the department that we are prepared to discuss and inquire about, so that she could have that the staff available that is necessary.

Mr. Chairperson: We thank the Opposition critic for those remarks. Before I recognize the Honourable Member for River Heights, do we have unanimous consent for him to make an opening statement? *[Agreed]*

* (15:20)

Hon. Jon Gerrard (River Heights): Thank you. I just would like to make a few brief comments. I think that at no time in the history of Manitoba has this area of Industry, Trade, and Mines been more important. Yet, at the same time, we are at a period when the role of government in supporting and facilitating the growth of industry and job opportunities, is also changing dramatically. We are moving from a world, which was a more traditional world, into a world, which is an information economy, digital world, if you like.

At this point, this juncture in our history, we need not only to be understanding of the kind of changes that are occurring, but reorienting the department so that indeed it is able to nurture the development in a new economy effectively in Manitoba.

I will be looking forward to hearing, during discussion of the Estimates, more details of the Minister's plans in these areas, but for the moment, just wanted to emphasize the

importance of expenditures, the importance of getting things right, the importance of doing things in new ways. Thank you.

Mr. Chairperson: We thank the Honourable Member for River Heights. According to tradition and practice, I would remind the members of the Committee that debates on the Minister's Salary, item 1.(a), is deferred until all other items in the Estimates of this department are passed.

At this time, I would invite the Minister's staff, if the Minister would like them to take their place in the Chamber. Is the Minister prepared to introduce her staff members to the Committee?

Ms. Mihychuk: I would be glad to introduce the two members in front of me: the Deputy Minister, Hugh Eliasson; and the Director of Finance and Administration, Craig Halwachs.

Mr. Chairperson: The item before this committee is item 1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$406,500.

Mr. Tweed: I am wondering if the Minister, on Friday or Thursday of last week she tabled the supplementaries and today she tabled the bound copy, can advise me: Are there any differences or are there any changes and where I might find them?

Ms. Mihychuk: Mr. Chairman, there were some minor changes between the preliminaries that I had tabled on Friday and today's bound Estimates. Most were typos. There were some changes within appropriations. We can table the information if the Minister requires or would like that because it is not identified per se in each change. My understanding is that it was not substantial, that these were minor amendments. We would be glad to do that.

Mr. Tweed: Tabling it would be fine. I just had spent a hard long weekend going over the numbers and then thought if they were going to change it would save me a lot of that.

A question for the Minister. I am looking at the org chart, schedule 1, on page 3. I am just

wondering if the Minister could just go over the names that are affiliated and tell me if they are the same people, or have they been new appointments, and if so, when?

Ms. Mihychuk: The Minister is a new person, very capable, I understand.

Mr. Chairperson: I will first recognize the Minister before she speaks.

Ms. Mihychuk: Okay, we will not start there. The Manitoba office in Ottawa, the previous head of that office retired last spring. This is an existing staff member there. EITC is the existing Chairman, Bob Silver. Manitoba Horse Racing Commission, Wayne Anderson is the same. Community and Economic Development Committee has been modified from EDC. It is a new person, Eugene Kostyra.

The Deputy Minister is a renewed person. The Deputy Minister originally started his career in the Department and moved to other departments during the '90s. Now he is back with IT. The mining sector is new to him as well as the Opposition critic. We are glad to have him. He is very knowledgeable in terms of the industry and trade sectors.

Finances and Administrative Services, the director is Craig Halwachs. We had two finance and admin units. Craig comes from the mining side and now heads up that branch.

Research and Economic Services Director is Alan Barber, that remains the same. Industry Development Assistant Deputy Minister Ian Robertson, that is the same. Manitoba Bureau of Statistics, the director is Wilf Falk. That is the same. Manitoba Trade and Investment ADM is Rod Sprange. That also there has been no change. Industrial Technology is the same. Mineral Resources is Acting Assistant Deputy Minister Christine Kaszycki. There has been a change there. Because of the reorganization of the Department, the positions were actually quite different. It was Northern and Aboriginal and Mines previously. That has been reallocated, so Christine heads up our Minerals and Geological Resources areas. Small business and entrepreneurial development is Tony Romeo, who remains as previously.

I think that is just about everybody.

Mr. Tweed: Just for clarification, Industrial Technology Centre, I did not actually hear what the Minister said.

Ms. Mihychuk: Trevor Cornell remains in the position that he had previously.

Mr. Tweed: Mr. Chairman, can the Minister tell me how long Mr. Kostyra has been the head of the Community Economic Development Committee?

Ms. Mihychuk: There was a reorganization of EDC. He has been in the position since February 14. I was going to say one month, but it is a little bit longer than that.

Mr. Tweed: Can the Minister advise the House of the starting salary of that particular person?

Ms. Mihychuk: Mr. Chair, \$3,413 biweekly, no overtime.

* (15:30)

Mr. Tweed: I know that we are, I guess, starting on the financial side, but if I can just ask general questions and, as I had spoken earlier, if they do not have the right people here to answer them, then we can get them in writing at a later date? That is reasonable? Is that good?

Mr. Chairperson: Is there an agreement on that point?

Ms. Mihychuk: There is. I do not mind of we go in generalities or specifics. I think we are flexible enough here to go anywhere that the Opposition may have questions.

Mr. Chairperson: It is agreed.

Mr. Tweed: I am wondering if the Minister can just—I understand that in her responsibilities she is responsible for The Convention Centre Corporation Act. Can you in a brief summation tell me what that is?

Ms. Mihychuk: I am officially, but in all practicality, the responsibility has gone on to Tourism. The actual amendment or the moving

of this particular responsibility has not been completed through the transition. It is not the intent of ITM to continue to be responsible for the Convention Centre, that indeed it is supposed to be transferred to Tourism and will be in upcoming procedures.

Mr. Tweed: Mr. Chair, are there any other responsibilities on that page that may be changing or have changed?

Ms. Mihychuk: It is my understanding that The Design Institute Act is one that has not been active for quite awhile, and we will be looking at that. EITC is an act which created a council, which is being reviewed through all the stakeholders. There may be changes to that. It is not imminent in any means, but there may be some changes. Other than that, I see no other changes.

Mr. Tweed: If you can bid with me for one second, Mr. Chairman, I am just making sure I am on the right page. The Minister had stated earlier, when she was going over the one organizational chart, when she combined the mines into the department that there were two financial administrators or officers.

Can she tell me, did the one in the industry side retire, or is he somewhere else in the Department, or who it is?

Ms. Mihychuk: In response to the Member, the individual Jack Dalgliesh is still with the Department. He is in Financial Services and has responsibility for advising on horses, which as the previous minister probably knows is rather time consuming, the whole horse racing industry. Jack is also responsible for the financial or the accounting procedures of the Manitoba Development Corporation and Manitoba Trade and Investment Corporation.

Mr. Tweed: Glad to hear that he has some added responsibilities. I was thinking that our harness racing was fairly—*[interjection]* pardon me. Exactly. Well, I will comment that I am glad to see that the Department recognizes the value of the Horse Racing Commission and the money that it is allotted. I know that several people in rural Manitoba are very happy that they are able to continue.

I am wondering—and again, I apologize a little bit, Mr. Chairman, for the confusion because I had notes in both my sheets. The Department is showing a reduction in administrative costs under Financial and Administrative Services. I know that they have outlined it in the bottom reductions two full-time employees.

Can the Minister just tell me where those two full-time employees—they are professional and technical, but what they did?

Ms. Mihychuk: Mr. Chair, the amalgamation of the two departments did create some opportunities for efficiencies. The two positions identified: one is a financial manager that was allocated to the Mines side—that position was vacant—and the other position is a financial officer's position on the IT side. That individual will be redeployed in the Department.

Mr. Tweed: Can the Minister just briefly tell us a little bit of the—I know she touched on it her opening statement—but maybe go a little further just on the economic development and the opportunities. Are there new things that we are seeing in Manitoba at this particular time or new opportunities?

Ms. Mihychuk: That is a fairly broad question, and I think that we are seeing a number of sectors that are quite positive. On the aerospace side, we have seen of successful contracts by Manitoba firms that are looking at new ventures from satellites to other opportunities.

In terms of the motor coach industry, there have been some significant expansions. Agricultural diversification is very positive, and we are seeing a number of sectors in that area moving quite strongly. Biotechnology is another sector that we see significant growth and opportunities in. Today, in fact, we had an opportunity to meet with alternative energy sources for ethanol; this is an opportunity, I believe, for Manitoba, and a number of opportunities in that sector. Overall, and I have to give the previous government credit: they worked hard in terms of the business sector; they worked hard in terms of policy for the mineral sector. We are seeing the fruits of those policy decisions. The good ideas and hard work, we

will continue; areas that we can see additional efficiencies, we are moving on. Manufacturing continues to grow. There are a number of sectors, both traditional for Manitoba's economy and leading edge that we are very pleased to say have a very positive outlook.

When the opposition critic says that the Canadian average is over four percent expected growth, I, too, hear that frustration. I would love to see Manitoba's economy grow and exceed the Canadian average. We are at a disadvantage with location. We are at a disadvantage when it comes to being in the forefront of knowledge in our export markets. Many companies do not have Manitoba on their map. We are trying to make it more prevalent and make it an area that they will focus on.

We have been successful when it comes to, for instance, e-commerce and the call centre sector. I think that initiative was particularly successful. I am very pleased to see them moving into a higher-end, service-centre focus and quite excited about their new initiative. They were very aggressive; they went out, they promoted Manitoba; and they were very successful. I think that there is a lesson to be learned from the Call Centre Team's success, and that we need to do that in a number of sectors. Manitoba's prospects are good, and we work hard as did the previous government in growing those opportunities.

* (15:40)

Just last week or the week before, I was at an expansion for high-tech industries, which provides agricultural equipment, and this is a family business that was purchased in 1995 and has doubled its annual sales every single year since that time. Two of the brothers were welders and worked in a shop and decided that they wanted to have their own place one day, and now they employ over 35 people. Their market is American, and they see significant growth. That is a made-in-Manitoba success story. They had a little bit of help from government, from Intergovernmental Affairs. They had some help from Centra Gas. They had help from the local municipality. I like to use them as an example of somebody who had the ability to dream and wanted to work on it. Those

opportunities are available in Manitoba. We are close to the American market. We want to encourage Manitoba businesses to take those opportunities, and we are interested in assisting, whether it is in resources or professional consultations or contacts. I think that is what our role as a department is.

Mr. Tweed: Just for clarification in your comments there. You had mentioned that, and I am just trying to get clarification. You said location was a disadvantage. The province, where it is located? Could the Minister just elaborate?

Ms. Mihychuk: Location is often cited as the transportation costs to go both to the eastern markets and to the western markets, sometimes cited as a negative. Fuel costs have to be considered, but, when you look at the overall perspective, it is one factor in a number that must be considered.

Mr. Tweed: Mr. Chairperson, I guess not wanting to provoke debate, but I would suggest that where Manitoba is located is probably most economical in the form of transportation, shipping east or west, or south, for that matter, than a lot of jurisdictions in Canada, and I would see it as a strong advantage to the province of Manitoba, again trying to promote the manufacturing.

The Minister had talked about some of the ideas and some of the opportunities that are there. Is it a fair question if the Minister would just care to talk a little bit about some of the opportunities that she sees as opportunities for Manitobans, her own view?

Ms. Mihychuk: I did have an opportunity to announce the Keystone Technologies Fund, which provides commercialization funds for industries that are looking at biotechnology, and that was a very exciting opportunity. You look at the technology that is being created, the research that is being done; and now that there are funds to move that into a commercial sector, it is very significant. The research and the progress made by the St. Boniface Research Centre is significant, and I know that they have plans ahead for further expansion and further opportunities. So I think that Manitoba, if you

looked at it overall, the amount of funds or effort put into commercialization of our research is underutilized or less available than it should be.

Many ideas require that additional risk capital, and I think that that is a significant area. We have a number of researchers, world-class researchers, both at our academic institutions and—in fact, I think it was only last week or week before that I had a tour of the National Research Council, Biodiagnostic Institute on Ellice, which is headed up by Dr. Ian Smith. That was a fabulous facility where the federal government has brought in a number of IT companies, incubator facilities as well as pure research.

There seems to me to be a number of opportunities that should be capitalized on by the province to spin-off industries and technology and research from that opportunity that is created by the NRC. So on a number of fronts, I think that research is an area that I would like to see greater emphasis, and commercialization of that research will provide new and exciting opportunities for Manitobans.

Mr. Tweed: Is that the function of the Keystone Fund?

Ms. Mihychuk: The Keystone Fund was created to provide monies for the commercialization of biotechnology research; to clarify, technologies out of the health research areas. The province contributed \$1 million, the private sector \$3 million, to make a fund worth \$4 million. It was, I understand, a model for a venture capital that worked very well, and one that was initiated by the previous government. We were pleased to continue and contribute, and it is a model that we are assessing because it may work in other fields as well.

Mr. Tweed: I do recognize, having been away from it a little bit, but it was certainly on the table. Did anything change in the proposal that was brought forward or is it basically status quo?

Ms. Mihychuk: It is the same proposal as was there when the Opposition member was the minister.

Mr. Tweed: I have, I guess, a series of questions, and I am wondering if the Minister—if

I may just start asking them, and, like I say, it may move off the Executive Support line, but with the freedom of her being able to respond in writing or at another date. Would that be fair and reasonable?

Mr. Chairperson: Will item 1.(b)(1) be passed then?

Mr. Tweed: No, I do not want to pass it, Mr. Chairman.

Mr. Chairperson: There is a general agreement that you can ask general questions even if remotely related to this item. Are you asking for another agreement for another matter?

Mr. Tweed: I am just making sure that—I do not want to actually move off this line as such, but I do want to ask a series of questions that will bring us back to this line if that is suitable.

Mr. Chairperson: We already have a general agreement that you can ask general questions.

* (15:50)

Mr. Tweed: Thank you, Mr. Chairman. On page 5 of the document, schedule 3, it talks about reconciliation statement. It just mentions that—I am presuming that the Industry, Trade and Tourism of 40,371.6; Energy, Mines of 14.63 million. You have a transfer of functions from Highways and Government Services. Can the Minister just explain to me what that amount entails?

Ms. Mihychuk: That is the Telecommunications Office and that moved from Highways to our department.

Mr. Tweed: So I am to assume, then, that the \$142,000 that followed that was just the transfer of funds from one department to another.

Ms. Mihychuk: That is correct.

Mr. Tweed: Again, further on that page, Aboriginal and Northern Affairs, you have sent them a cheque for \$313,000. Can you tell me what that is for?

Ms. Mihychuk: For Aboriginal and Northern Affairs, there were five full-time equivalents for a total of \$275,900; operating expenditures of \$37,400, for a total of \$313,000. That was the Executive Support Services for Aboriginal and Northern Affairs.

Mr. Tweed: Executive Support meaning front office?

Ms. Mihychuk: The deputy's office and the EA and SA for the Ministry.

Mr. Tweed: So you have mentioned that it was five people, but you have named three, the deputy, the EA and the SA, secretarial.

Ms. Mihychuk: There was a Deputy Minister's position, an SA, an EA and two secretarial support positions.

Mr. Tweed: Just moving down the line again, Conservation \$2.2 million. I am guessing that these came out of Mines, out of that department? Again, just for clarification, could the Minister tell me what that is?

Ms. Mihychuk: That is the Petroleum and Energy Branch, 31 full-time equivalents \$1,537,500; operating expenditures 669. The Energy Branch was moved to Conservation.

Mr. Tweed: Culture, Heritage, the same. Could you just break it down for me, please?

Ms. Mihychuk: That change was Tourism, of course, 36.41 full-time equivalents for \$1,756,000; operating and grants \$6,566,000. That gives us the total of \$8.3 million.

Mr. Tweed: Labour.

Ms. Mihychuk: Under Labour, the boards and commissions office, two full-time equivalents of \$111,000 as moved from IT over to Labour.

Mr. Tweed: So it is just two? Okay. Can the Minister advise if all the transfers, the full-time equivalents that went with it, are these jobs still there in the departments or have they been changed? Is that a fair question?

Ms. Mihychuk: It is my understanding that the positions are there and people are occupying their positions and doing the jobs that they had in the other departments, but they have been moved over to the new departments.

Mr. Tweed: Mr. Chairman, can the Minister tell us how many people have been hired since the new government was brought into the Department of Industry, Trade and Mines? Not necessarily how many positions, but how many new people or how many positions have been filled since that point?

Ms. Mihychuk: We have not had much movement in the department actually. We have appointed an acting assistant deputy minister, who was the former head of geological surveys. When she moved to the ADM position, there is now an acting director of Geological Services. An AY3 was moved from casual to term in the Small Business group, a clerk 1 from casual to term in Bureau of Statistics. Then there was the staffing of CEDC, nine positions. Five of those individuals were in the Civil Service in other positions. There were four new individuals to fill the vacancies in CEDC.

Mr. Tweed: So is the Minister telling me that since the Government has taken place, there has actually only been 10 new hirings in the Department?

Ms. Mihychuk: That is correct.

Mr. Tweed: I am wondering if the Minister has perhaps misunderstood my question. I will ask it again and try and make it clear. I am led to believe that there was a certain number of vacancies in the department. I am wondering if those vacancies are included in this number or if there has been any increase in employing to fill vacant spots? I am not actually talking about full-time equivalent positions. I am talking about positions that were maybe vacant that have been hired. Is it still 10?

Ms. Mihychuk: We would be glad to check our records again. As the Member knows, there has been a tightening of staffing. We have tried to comply with that and find additional savings for the more challenging areas in government spending. We have been very prudent in our

staffing allocation. As far as I know, besides the number of summer students and graduate students that we have just hired on or are about to hire on to go and do geological work and support for the geologists, I believe that we have outlined all the positions, but we will be glad to give you an itemized report on that.

Mr. Tweed: Thank you and I thank the Minister for providing it in advance and look forward to it. You talked a little bit about the Community Economic Development Committee in the transfer of functions. Am I correct in saying that? Did it come from Mining or from Aboriginal Affairs or the CEDC? I am sure I had that right

Ms. Mihychuk: It is a new committee, Community Economic Development Committee. It has nine staff headed up by Eugene Kostyra, provides government-wide support on economic development initiatives. Those positions were in the former government's group known as Economic Development Board.

Mr. Tweed: I am sure it is in here somewhere, but can the Minister just break it down into staff as far as administrative versus—tell me where I can find it in the new book? I have probably got it somewhere.

* (16:00)

Ms. Mihychuk: If the Member would look on page 56, there are seven Professional/Technical support people, two Administrative Support, for a total of nine, and a budget allocation of \$564,000. Operating Expenses include Transportation, Communication, Supplies and Services totalling \$375,000, for a total budget allocation slightly less than the previous year for \$939,000.

Mr. Tweed: Mr. Chairman, if you do not mind, while we are there, can I just ask: These are all new positions, new people?

Ms. Mihychuk: No, there are two individuals that were formerly on EDB that were staff and we retained those individuals, and there were three individuals that transferred from other parts of government, four new hirings.

Mr. Tweed: Mr. Chairman, again, just trying to clarify for the record, those four new hirings, they would be part of that package of 10 that have been added to the staffing mix that we talked about earlier. Is that correct?

Ms. Mihychuk: That is correct.

Mr. Tweed: Just again, general questions, I have noticed in your Business Services that you have reduced your staff from 34.4 to 30, Industry Development - Consulting Services. That is page 10, Schedule 8. My question is you have reduced that portion; is that something that the CEDC would be— is that part of their mandate for the consulting side?

Ms. Mihychuk: The four positions break down into three categories. One, we are using that position to create a new claims inspector position. The other three were all vacancies—well, all four were vacancies. One is being used for the claims inspector, two went to the Manitoba Innovation Network, known as MIN, one was assigned to the Health Industries Initiative. That was also a vacant position.

Mr. Tweed: You have mentioned one is a claims inspector. Can I ask just what that is?

Ms. Mihychuk: Manitoba has a requirement to ensure that mineral prospecting is conducted according to the laws and regulations passed by the House. In the past, Manitoba had two claims inspectors, one based in the North and the other based in the south. During the '90s, there was a reduction of those positions to one individual, who was based out of The Pas, and there was difficulty in providing the coverage required to ensure that the regulations were being complied. It was our commitment in opposition and during the election to increase the supports in that area and ensure that there was a fairness when staking claims. Individuals who are prospectors will go out and are required to stake a claim by putting claim posts, having proper tagging and reporting various work activities that are conducted on those claims. Otherwise there may be confusion of land tenure.

So these are regulatory individuals who will go out into various parts of the province to ensure that prospectors and mining companies

are complying by Manitoba's laws. It deals with a fairly significant problem that we had in southeastern Manitoba where a number of claims were found to be fraudulently staked. So we will now have two claims inspectors in Manitoba, and it is my understanding that the process of staffing that position is underway at this time.

Mr. Tweed: I just, again, not knowing fully, I guess, what a claims inspector is, I would just question, I guess, how is it related to industry development? It sounds more like he is an enforcement officer as opposed to Industry Development—Consulting Services.

Ms. Mihychuk: The position is not part of business services. The position was transferred from this group over to the Mines Branch where it will be used for regulation enforcement.

Mr. Chairperson: Shall the item 1.(b)(1) pass?

Mr. Tweed: No, not yet please. I am wondering, Mr. Chairman, could I take a five-minute break? I have a set of notes in my office that I obviously did not bring, and I am wondering if the Minister would like to take a five-minute break?

Mr. Chairperson: Is that agreeable to all parties? *[Agreed]*

The Committee recessed at 4:08 p.m.

The Committee resumed at 4:16 p.m.

Mr. Tweed: Mr. Chair, I appreciate the quick break.

More of a general question than anything. Has the Minister or has the Department eliminated any of the programs that were in the previous budget from last year, or is there a continuation with some changes? Is there anything that has been completely taken out of the previous budget?

Ms. Mihychuk: There has been no elimination of programs. There has been some changes. For example, the call centre team has moved in, transformed into Access 204, and there were

some reductions in the Business Development Fund.

Mr. Tweed: That was it. I was kind of waiting. I thought there was more coming, okay. The Department has sent out some news releases, and I just had a few questions off of them, more for explanation than anything. The one deals with Leaf Rapids and Lynn Lake. It said you went up there to determine what role government can play.

Can I just ask the Minister if there has been some things move forward, or what the position is, what they have done, and what they intend to do?

Ms. Mihychuk: We have worked quite closely with Barbara Bloodworth, who is the Mayor and the council up in Leaf Rapids. I would encourage the Member to take a trip up to Leaf Rapids if he has a chance. It is a lovely community on an esker in northern Manitoba, has terrific tourism potential. Unfortunately, mineral resources run out, and this one is coming to the end of its known reserves. Hudson Bay Mining & Smelting is doing some exploration in that area, but the community is preparing for the eventual closure of the mine for their community.

So with that trip, we had an opportunity to visit and tour the mine to the operations above ground. We went into the community, into the townsite, and toured the infrastructure of Leaf Rapids. There were a number of issues identified. The management of the town centre, which I understand is being reviewed and modified through Intergovernmental Affairs, the need for additional geological support, which was something that industry and mining communities have been asking for quite awhile, and we were able to increase the amount of geological work in that area. It is a traditional mining belt, and Manitobans have invested a lot of money in northern Manitoba in those communities for hospitals, for schools, for the town centre.

* (16:20)

So it is important that we do take best efforts to find other opportunities for Leaf Rapids. In

addition, we are looking at a community development officer for Leaf Rapids, which would assist the community in looking at economic development projects for the future. The community has asked that we look at the Mining Reserve Fund for that position, and we will be advancing that through the process of Treasury Board and ultimately hope to have that support available for the community.

So those were some of the initiatives that we were able to undertake with Leaf Rapids, and there are some interesting prospects in that area for new mineral resources. We look for a report coming from the Geological Services branch on PGEs, which hold a lot of promise and are, right now, the hot new minerals in the exploration industry.

Mr. Tweed: In your comments, you just talked about increased work. Is there an opportunity for more mining to go on, or is that something that they need incentives to move in and do, or is it viable without the incentive?

Ms. Mihychuk: That area is in a traditional mining belt, and most new mines are found in those traditional belts. Is there potential for a new mine? I would say absolutely. Is it going to occur next year? It seems unlikely.

The known mineral reserves that are being mined right now are coming rapidly to the end of their life. But just like Lynn Lake or Bissett, new opportunities can develop, but I would say that it is prudent for the community to look at alternative economic development. There is, as far as I know, no significant mineral deposit to extend the life of Leaf Rapids at the moment. So in the short term, it looks very serious for the closure of that mine.

Mr. Tweed: You have mentioned that they are hiring a community development officer in Leaf Rapids. Is that correct?

Ms. Mihychuk: The community, through the council and the mayor, has requested that we use the Mining Reserve Fund to fund a community economic development officer, and that is moving through the process of Treasury Board at this time.

Mr. Tweed: How much does that cost? What is a community development officer? Is it a salary or are we talking staff and positions or an office?

Ms. Mihychuk: The position would be a term position hired by the community, usually with some consultation of government, and several departments work with communities. I am looking at viable alternatives and it would be a position that would be dedicated to economic development, and I believe that this one also has a component for the management of the town centre.

So the definition of what that individual position would do is determined in consultation with government departments and the community to meet their needs. It is approximately \$50,000 for the position on an annual basis.

Mr. Tweed: Can the Minister explain to me what the Mining Reserve Fund is?

Ms. Mihychuk: It is a fund created to provide supports to the mineral industry, primarily mining communities. It is a fund collected through mining taxes into a fund that is called the Mining Reserve Fund. The purpose of that fund was to be available for mining communities when they faced downsizing or the loss of jobs or economic hardships.

That fund is at approximately \$20 million. Mr. Chairperson, \$9 million is committed to our mineral incentive programs that were initiated by the previous government and we have made a commitment to continue, \$8 million for the mineral incentive program, MEAP, and a million for specialty minerals—no, I am a little bit wrong there.

The actual amount is \$6 million for MEAP. That was the total over three years, \$6 million. The total is \$6 million for the mineral incentive program and \$375,000 for the prospectors program.

Mr. Chairperson: Is the Minister completed with her statement?

Ms. Mihychuk: Yes.

Mr. Tweed: I am wondering if I might get the Minister to just put that on a sheet of paper and pass it to me at a later date, just for clarification. Is there an area or is there another place in Manitoba where the Mining Reserve Fund has been used in this particular way? Is there an example?

Ms. Mihychuk: The Mining Reserve Fund has been used for community development in Lynn Lake, Sherridon and Bissett. Those are the communities that I am aware of now that have accessed the Mining Reserve Fund.

Mr. Tweed: I am presuming it was done by the previous government but, for information, was any of it used for economic development officers or community economic development?

Ms. Mihychuk: Absolutely. The fund was created in 1970-71, and since that time has been used for community economic development in those communities that I mentioned, including, during the '70s, we went through an intense period where the known mineral reserves at Lynn Lake were coming to a depletion at that time, but we also used those funds for Wabowden and Snow Lake, as well as the ones that I mentioned previously. So the history of that fund has been to supply community economic initiatives for communities facing economic stress because of depletion of known mineral reserves.

Mr. Tweed: Have the people of Lynn Lake identified any opportunities of economic development outside of the mining area at this point?

Ms. Mihychuk: The community of Lynn Lake has been working on their economic development plan for a number of years and have developed a number of sectors that they are interested in, including eco-tourism, boat-building. They are interested in forestry as well as some short-term projects. The community, at one time, was substantially bigger than it is now, so there is the necessity to remove some housing that is no longer useful. So there are a number of initiatives or plans for the community of Lynn Lake

* (16:30)

Mr. Tweed: I did not hear the last sentence. Could you just repeat it? I was with you till then.

Ms. Mihychuk: At one time, there were 7500 people living in Lynn Lake and now estimates have it about 700. So there is a huge housing stock there.

Unfortunately, some of it has been left abandoned and has been vandalized, so there is an issue of cleaning up those homes in Lynn Lake. Some of the proposals that we have seen and we have actually worked with the community on, as did the previous government, to removing those houses which are a safety issue and an eyesore when it comes to eco-tourism. That is one of the short-term prospects in Lynn Lake.

Mr. Tweed: Is Leaf Rapids in much the same situation? Again, I am just asking, for my own clarification. Opportunities?

Ms. Mihychuk: Leaf Rapids is considerably different than Lynn Lake. Lynn Lake actually has housing that was brought from Sherridon, I believe, so it has an older housing stock. Leaf Rapids has a number of fairly modern apartments, trailers and fairly modern infrastructure, so it is a considerably different situation. Eco-tourism in that community I think is quite viable. I believe that they have a fishery, a co-op in Leaf Rapids.

The mine itself, which is operated by Hudson Bay Mining and Smelting, will continue to operate until the year 2003. It is still in production and operating. So that community is quite viable and has some time for planning.

Lynn Lake is very close to closure. The company told me that they would be closing this spring, and the Member for Flin Flon (Mr. Jennissen) has just informed me that, actually, the operations have ceased in Lynn Lake.

Mr. Tweed: Just for clarification, the operations in the mine have ceased already?

Ms. Mihychuk: The local MLA tells me that he is not quite certain whether the processing of the tailings and the stockpiled ore have been completed, but it is very close. It will be this

spring for sure. At the mine, the underground operations have ceased, and what they are doing is processing the stockpiles, at Lynn Lake.

Mr. Tweed: Does the Department have a similar idea or attitude towards this project, in the sense of an economic development officer? Have the discussions been much the same, as far as direction?

Ms. Mihychuk: With the community of Lynn Lake, we have had a much longer standing relationship. The community economic development officer position has been funded out of the Mining Reserve Fund in the past by the previous government and continued by us. In fact, we increased it by one position this year, so that we could enhance our ability to look at options.

Mr. Tweed: Kind of just changing gears as we go through this, but I was reading your news release in regards to the World Trade Conference that you attended. Understanding the circumstances, was there a benefit at the particular time, because of all the other distractions, of being there?

Ms. Mihychuk: Well, I do think so, and I do not say that lightly. Going to Seattle, I was somewhat inspired by the people who were there who took such great interest and extremely frustrated, quite frankly, with the seeming uninterest by the federal government in terms of the farmers' plight when it comes to dealing with such significant agricultural subsidies provided by the Americans and the Europeans. So, although the official talks did not take place and we did not have a significant conclusion, I think that steps were made and bonds were made with other western provinces and ministers in terms of the crisis for our agricultural sector. So I think, in two fronts, the agenda of dealing with agriculture was put on the table very strongly. That was my primary goal for going to Seattle.

I did have an opportunity to meet with other ministers from across the country and with the federal minister responsible. So, in that sense, I think that it was positive. The other one was that we see young people and we see families interested in international trade. Although they were disruptive, I think they raised valid points.

We need to, when we look at the WTO, consider a broad range of issues. But, for Manitoba's perspective, dealing with the agricultural subsidies was to be the lead issue for Seattle. So that was also particularly frustrating that we did not have significant movement in that sector.

Mr. Tweed: This may get off the topic a little bit, but you mentioned that you thought the protesters had valid points. Can you tell me what they were?

Ms. Mihychuk: There were a lot of people who wanted to ensure that the globalization that we were moving towards, and I think that there was a solid recognition that that was the way of the future, must include social issues, including labour standards, environmental concerns. There were a lot of people there that wanted their voice heard. It was enlightening because you had a lot of young people and you had families and you had seniors. You know it has been a long time since the public took such an active interest in negotiations or the WTO. So, in that sense, I think that it brought to the forefront those issues that were not necessarily there, and that was a good thing.

Mr. Tweed: You talked about the agricultural situation and, I guess, is Manitoba's position Canada's position in the sense of the world market and the international trade that is taking place with the subsidization from Europe and the U.S.? I mean, I think you said it in one of your comments that, and I felt it, I think, at different times too, but are we on the same page with the Canadian government who was actually there representing us, or do we have a long way to go in that area?

Ms. Mihychuk: Well, I think that officially we were on the same page. We want the elimination of those subsidies by the Americans and the Europeans. I do not know that the Agriculture Minister was necessarily as strong on it. He did not seem to have the western perspective as clearly identified as I had hoped.

The Agriculture Minister actually has a history in agriculture, farming in Ontario, and—*[interjection]* They basically did have it as a priority; the federal government officially had agriculture on their agenda. I think that probably

it is fair to say that the western ministers felt more strongly about the issue and were able to ensure that it was on the agenda at every meeting and that that became their priority, so I think that it would be fair to say that we could use a stronger voice. In fact, John Harvard was often our advocate in terms of western agriculture at the federal meetings that there were.

Mr. Tweed: You refer to western ministers? You mean the western Canadian ministers or western U.S., midwest U.S. or—

Ms. Mihychuk: Western Canadian ministers.

Mr. Tweed: Did they have any opportunity to meet with the federal government before they went to the World Trade talks and put Manitoba's position on the table?

Ms. Mihychuk: Yes, we did. We had an opportunity to meet every morning and there were, I believe, two opportunities to meet in private with the Agriculture Minister and the Minister responsible for Trade, so we did have an opportunity to put our agenda forward and discuss the issues.

* (16:40)

Mr. Tweed: Any more discussions or meetings since this meeting in regard to agriculture in the world market for a position? If this is something that they do not have the expertise I can hold it for another day. It was just a question.

Ms. Mihychuk: As far as I am aware, there has not been another meeting established for the WTO to discuss these agricultural subsidies. I know that the federal government has talked about the issue on a number of occasions and is still advancing the position that they be removed, the agricultural subsidies by the U.S. and Europe.

Mr. Tweed: Just for clarification, I meant with the Canadian ministers. Have they met since that date or has there been no opportunity? Have you met with your other ministers?

Ms. Mihychuk: The ministers for international trade have not met since the WTO at Seattle. The ministers of agriculture I believe have had a

meeting and ministers responsible for internal trade had a meeting just this past April.

Mr. Tweed: Changing gears again, just reading again news releases that you have had in place. I believe you hosted a conference, Manitoba: Place to Be, Place to Stay. Is the Minister familiar with that?

Ms. Mihychuk: It was organized by Jonathan Strauss. We were pleased to be one of the sponsors, and it involved bringing together young people and the private sector and government together to talk about Manitoba as a place to be and as a place to stay. It was very successful. The Premier (Mr. Doer) made an address to the assembly and I had the opportunity to attend the convention.

Mr. Tweed: Is there ever any report or a feedback written on those types of partnerships just to see if we got value for our money or was it other than we can say it was? Was there a report that was generated that may suggest some of the things that need to be done to help encourage young people to stay in Manitoba?

Ms. Mihychuk: The conference that the Member is speaking of did not have a summary report that we are aware of, although those types of recommendations are useful, and an evaluation of any conference is, I think, a valuable tool. This conference was very early on in our tenure, I believe one month after we took office. It was organized previous to us, but we were very pleased to be there. It was an opportunity to bring young people together with the private sector who talked about the future, about Manitoba's prosperity and about opportunities.

The sense that I got from the young people that I spoke to was that they were not aware of a number of sectors and opportunities that were becoming available. Most people that were there were keen on staying in Manitoba, looking for opportunities. They were very entrepreneurial, and it was a very positive experience.

The conference that I am more familiar with is the Century Summit where the recommendations and discussions were summarized and provided in a report with

recommendations that the Government is presently reviewing and intends to implement.

Mr. Tweed: I am pleased to hear the Government intends to implement the recommendations because scattered throughout that entire document was the call for tax reductions for all people in Manitoba, and I think that it is important. That is probably one of the terms of the document that we would stand up and support the Minister on if she were prepared to lobby her government to support.

Again, I am switching gears just based on the news releases. You have sent something out in regard to Pinawa, and I am just wondering if you can update the House on what is happening at Pinawa and, again, if you need assistance. I understand.

Ms. Mihychuk: I did have an opportunity. I have been out, in Opposition, to the Whiteshell labs and Pinawa and have had an opportunity as Minister to go out.

It is a very challenging situation and, as the Member knows, nuclear physicists are not particularly interested in diversifying into other industries and becoming entrepreneurs, especially if they are close to retirement, and there are exceptions.

The news release that the Member is reading relates to two companies that were successful in diversifying and looking at spinoff businesses. We are working with that community to try and find alternatives, and there is a great deal of frustration in that that facility once brought in over \$70 million annually in R&D expenditures from the federal government, had 1100 employees, very well paid, a scientific community that built that community and surrounding area into one of the finest communities that I have been at.

To see that loss is very unfortunate, and we are working with the federal government with the fund which is shared between the province and the federal government to look at projects that may come forward in that area for economic diversification. Those two we were pleased to fund, but we are actively searching for other opportunities in that area.

Mr. Tweed: The Minister noted that she had had some meetings with federal government officials. Has she met with any of the M.P.s representing Manitoba to discuss this issue?

Ms. Mihychuk: I have had an opportunity to discuss this issue with Ron Duhamel and David Iftody.

Mr. Tweed: May I ask what was the outcome? I understand that one of the real issues was getting the federal government actively involved in this. I am curious to know if that has happened or will happen, or does she think it might happen?

Ms. Mihychuk: Well, given that it is the eve of a federal election, we can hope that there is a window here for Pinawa. The situation is status quo. There have been some indications that the federal government may be working hard on trying to find opportunities for the underground labs and commercializing that venture. To date, on the issue of the underground labs, the decommissioning of the Whiteshell facility and economic diversification for the Pinawa region has been very slow, and it is indeed a challenge with the federal government on this issue.

* (16:50)

Mr. Tweed: I know that one of the issues with the decommissioning was, I guess, what they were going to do with the buried waste. I wonder, has there been any more discussion in that area? I think I was advised at one time that it would take at least 30 years before they would consider the site safe. The fear was they would lose all the employment, other than the security guards that would guard it. Is that still the thought that is out there?

Ms. Mihychuk: Well, I think it is AECL's goal to actually store the waste there for 60 years. There has not been much movement on the federal position on that area. The question becomes an alternative site.

Until a reasonable, safe location is found, it would be challenging, to say the least, to move the material, but I think there is an onus on behalf of Manitoba to ensure that the radiation is minimized, that the condition is safe and that the federal government incur the responsibility for

ensuring that site is maintained and indeed safe, until those materials are removed from Manitoba.

Mr. Tweed: I would just like to encourage the Minister and her department and her entire government to perhaps not just settle for the fact that they are going to decommission it. I think we have to all push hard. It is an area of the province that, as the Minister stated, was moving slowly. I am not sure it does not need a speedup process of some sort. I am not sure what that is exactly, but I know the people of that area are very concerned. To see it slipping away, it is like an illness that just takes a little bit more of you everyday, and, unfortunately, they are not in a position. So if there are things that can be done, I think we would encourage the Minister to do so.

A further news release, it stated that you had travelled to Toronto to meet the heads of Canadian mining companies to do more business in Manitoba. Can you tell the House if you have had any success as of today in encouraging and bringing new business to Manitoba?

Ms. Mihychuk: Well, you know, I think it might be a little bit much for me to claim all the investment, but we are pleased that the mining companies were receptive and open to a change in government. They provided me an open ear, and I felt quite comfortable talking to them about Manitoba's mineral resources and our potential for development. I think that it is a real sign of confidence when we have Hudson Bay Mining & Smelting investing almost \$400 million and Inco investing \$70 million in the Thompson area, as well as an oversubscription for our mineral exploration program this year. It indicates that we have solid investments in Manitoba and a bright future, and that exploration is very healthy, which is a very good sign for a long, sustainable future for mining. Although I would love to take the credit, I think that it is a number of circumstances, but we do see very positive signs in the mineral sector.

Mr. Tweed: While it is actually kind of a treat to hear the Minister not wanting to take credit for everything that has happened in the last 12 months, unlike a lot of her colleagues, I appreciate her comments and I think based on the information that I have been able to see in

regard to the mining opportunities and the dollars that it creates, hopefully she can continue to do that.

November 19 news release, the Minister had signed a mining accord with the aboriginal community. I am wondering if you could elaborate a little bit on the agreement and what the benefits are.

Ms. Mihychuk: The minerals protocol sets out a series of guidelines, which brings the partners to the table. I think that as a first step it is very significant. It brings industry forward with the aboriginal community. It makes a commitment for sharing of information, awareness and a partnership for future development with First Nations. The sense of trust that First Nations will be part of the process and will become active partners was the major focus of that document. It was initiated by the previous government and had brought all of the stakeholders together and was a positive process.

We were pleased to be able to move that forward and begin the process of the second stage, which gets down to more specific areas as to the sharing of information, land tenure and various specific issues that may come up. So, the mineral industry, the prospectors, the Government, First Nations from MKO to AMC to the Métis, to the construction industry all got together around the table to work out the document and have now made a commitment to move the process forward. So this was establishing the basic trust document and now we are moving forward on specific initiatives.

Mr. Tweed: Just for clarification, it is a trust document? Is it a memorandum, MOU or whatever?

Ms. Mihychuk: The mining protocol is a document which provides a series of guidelines and principles that were worked out by the group, which is composed of all those individuals that I had mentioned previously. They have agreed on those guiding principles and have all formally signed on.

Mr. Tweed: The news release includes a review of direct and indirect employment in the mining industry, including exploration, mining,

smelting, environmental services. When you draw up that kind of an understanding, is it to deal with the issue specific or does it put like a hiring policy? Can you just elaborate a little bit more on the accord?

Ms. Mihychuk: I think it provides a framework where industry is saying that they see the opportunities and are willing to take special steps forward on certain sectors that are potential for employment. Particularly interesting is an initiative started by Hudson Bay Mining & Smelting where they invited aboriginal representatives to come to Flin Flon to discuss opportunities as suppliers for the mining operation at Flin Flon. It goes all the way from supplying parts to trucking to various other support services for the mining industry.

* (17:00)

But if you look at the overall history of mining and First Nations communities, I think that it would be fair to say that aboriginal people are not well represented in the traditional mining sectors and that the aboriginal community would like a greater share of that opportunity. There is no specific hiring quotas or any kinds of obligations.

The document talks about trust and goodwill, and we have seen significant progress with that both with Hudson Bay and another example is Falconbridge which approached Norway House band and an agreement was made by the two parties, so that the reserve turned over lands that they had selected for treaty land entitlement, I believe, back to the Crown so that they could do some mineral exploration work in that area. That type of joint venture was the first in Manitoba, and as an example cited across Canada as a co-operative approach. So we are very pleased to see that this is something that industry and First Nations have worked hard on and that there is a willingness on both parts to see this work without having to mandate various requirements. This is one that is working on its own between the aboriginal community and the mining sector.

Mr. Tweed: Can the Minister tell me when or tell the House, I guess, when this agreement was signed, or is it an agreement?

Ms. Mihychuk: The minerals document was completed by about the middle of November. We took the document and a delegation to Toronto to highlight the process and the fact that we were able to all come to the table together. That was at the Prospector Developers Convention later, I believe it was in March of this year, where we took the document.

Manitoba has a long history actually of working very well with what traditionally has been conflicting interests. Not only were we able to come to the table with First Nations and mining, but the mining industry in Manitoba has made significant movement with the environmentalists in terms of endangered spaces and protected areas. So there is a sense that it is best to work together to get progress rather than being oppositional.

That is a model that has worked for the mining industry with aboriginal people, with the mining industry with environmentalists, and we also saw at the Century Summit where we had business, labour and government all coming together to talk about an economic vision for Manitoba.

Mr. Tweed: Mr. Chair, would it be possible for the Minister to table the memorandum?

Ms. Mihychuk: I would be glad to provide the Member a copy of the minerals protocol document.

Mr. Tweed: I take that that is a no as far as the copy of the memorandum.

Ms. Mihychuk: The document is the aboriginal protocol which is called *The Manitoba Minerals Guideline*, so I would be glad to provide copies of that to the Member.

Mr. Tweed: Mr. Chair, can I ask the Minister who was involved in signing the document?

Ms. Mihychuk: We have got the Acting Assistant Deputy Minister for Minerals coming down, but the document itself has all of the partners listed in it, if that is sufficient for the Member. It included mineral companies, prospectors, the heavy construction industry, AMC, MKO, Manitoba Métis, government. I do

not want to miss anybody, but I think those were the major players.

Mr. Tweed: I presume I have a copy, that is the document? Okay. I thank the Minister's office for sending that to me. I was not sure if there was an actual document. Who transacted the deal, and who oversees this document now? Is there someone who has been hired to move it forward? Is it just a document within the Department, or is there somebody specifically assigned to deal with that?

Ms. Mihychuk: The working group continues that is listed in the document that the Member has. They are continuing to meet. They are provided supports through our department for a facilitator, an elder, and the Department of Mines provides additional administrative supports.

So there is not an individual staffperson assigned, but the ADM sits on the committee and there are other staff members that provide supports, as well as a private-sector facilitator, the elder and all of the working group members. So they lead discussions and make recommendations, and we facilitate those recommendations.

Mr. Tweed: Is there somewhere in the budget document and the Estimates document that deals with this specific agreement? Is it highlighted somewhere? Again, I am asking just more for information.

Ms. Mihychuk: The cost for support for this project is quite small. It is approximately \$25,000 and is part of the operating component of the Mines Branch.

Mr. Tweed: Mr. Chairman, are all the participants listed in the guidelines or the principals still involved? There have been no changes or any additions or deletions?

Ms. Mihychuk: All of the organizations indicated are still participating. Individual members that the organizations may have at the table change depending on their own sort of processes of those organizations, but everyone is still at the table, and we are working on the second phase.

Mr. Tweed: Which leads me to ask: the second phase, what is it? Where do we go?

Ms. Mihychuk: The group will be meeting very shortly, I understand, in the next month or two, and they will be working on a communications strategy for the mining sector in aboriginal communities for information sharing and specific implementation strategies. So this will take a while to develop, just as the first document took a series of meetings. The process will need to develop over the course of the next year or so.

Mr. Tweed: The parties that are listed as representatives from the organizations, there have been no changes of that org group and there have been no deletions, the people may have changed. Am I understanding that correctly?

Does each organization have to sign an agreement with the Department or is it done collectively as one or do they sign an agreement to act as one group organization in relationship with the government?

* (17:10)

Ms. Mihychuk: This process was an invitation. Basically, the organizations were asked to endorse the minerals protocol. The second phase may change. It may develop into something more concrete. That would, I think, come out of the discussions that the individual working group members bring to the table.

We do not have any sort of foregone conclusion on this. It is going to be one that develops, in all sincerity, with the people at that table. We want to find consensus. So far we have been very successful. So I think the work of the group has been very encouraging and have confidence that they will be able to move forward. If they require some kind of official signing on, that may be part of the next process, but right now, each group has basically given endorsement to the document.

Mr. Tweed: Is there a best opportunity in northern Manitoba right now for mining in that industry? Again, just more for information and general knowledge, what do you see as the best opportunities?

Ms. Mihychuk: There is numerous potential for mineral deposits in northern Manitoba. If you have an opportunity, I would encourage you to have a look at some of the exploration projects that we have going.

We have got an international diamond company that is in Manitoba that is doing some prospecting up between Norway House and Churchill. So that is very exciting.

We have a significant deposit on the shores of Pipestone Lake that we are working with the First Nations community and the private sector on, and we hope that that would be developed.

There is a building stone project at Snow Lake that is marble, I know that the previous government was working with. They are eligible, I think have accessed our industrial minerals program, to look at opportunities of that opportunity for building stone.

So there are a number of commodities. The processes for mining have been under stress, and they have found ways to be more efficient, with fewer people, which makes gold an attractive mineral. Platinum is particularly exciting.

Any time you have diamonds, of course, is pretty exciting. I remember in the '70s, looking at research papers where diamonds were found in glacial materials. They had been scoured and pulled along, and they were found in the United States, in New York or in Minnesota someplace. Well, obviously, they had been found from somewhere in the North, but we had never been successful in identifying it. So in the last 10 years, we have found them in the Northwest Territories and there are some showings in the Snow Lake area, and, as I said, around Fox River.

So there are a number of very exciting opportunities on the horizon, and industry is taking up the challenge and are investing its money, which is very hopeful for Manitoba's mineral development.

Mr. Tweed: Can I just ask the Minister to introduce the third person at the table? I do not know if that was done or if I missed it. I am sorry.

Ms. Mihychuk: I apologize. We have at the table with us the Acting Assistant Deputy Minister for the mineral sector, for Geological Services—for Mines Branch, I believe. Mineral Resources Division, Christine Kaszycki.

Mr. Tweed: The mining that takes place in Manitoba, where is the mineral exported to most? Where does it go? Is it processed in Canada or do we ship mostly raw?

Ms. Mihychuk: We do have two refineries in Manitoba, one based in Flin Flon which processes copper and zinc and a little bit of gold, I believe. We also process nickel at Thompson. Those commodities are shipped around the world on an international demand.

Mr. Tweed: Is nickel the No. 1 mineral in Manitoba? This may seem trivial. It is just more for interest than anything.

Ms. Mihychuk: Nickel is the primary commodity for Manitoba.

Mr. Tweed: Is there a rundown or is there a list that is out there that would tell me what percentages or what numbers that might include?

Ms. Mihychuk: We would be glad to provide that in terms of tonnage and value in terms of the major commodities to the Member, if that would be useful.

Mr. Tweed: That would be great, Mr. Chairman, and I will look forward to seeing it. Just getting back into a couple more of the news releases sent out from the department.

Your department is involved in the SMARTpark at the University of Manitoba. That is dated October 15. Can the Minister just tell us, I guess, what our commitment was and where we are at with it as far as the progress report?

Ms. Mihychuk: The provincial commitment for the SMARTpark initiative was \$2.8 million. There is a group that is heading up that initiative and is very actively marketing the sites at the University of Manitoba. We do not have anything specific at this time, but we expect to have an announcement very soon.

Mr. Tweed: Is there any thought on this government's part of doing anything—I know it would not be on the same scale, but similar thoughts for any place in rural Manitoba like a Brandon or a Thompson?

Ms. Mihychuk: The SMARTpark initiative was initiated or facilitated through the University of Manitoba because it is our research-intense institution. Other opportunities for this type of commercialization of research would be looked at very favourably. Now, will it be the SMARTpark model? That is left to be seen. What we would be interested in is enhancing our R & D and commercialization of those operations and in other venues. But there is nothing on the table right now and this initiative is focussed on the U of M and the campus out in Fort Garry.

* (17:20)

Mr. Tweed: Again, moving forward, you have got an announcement out December 10 talking about a new trade representative for central Mexico. Is that a new hiring? I believe the name is Amezcua.

Ms. Mihychuk: The individual in question is a new position, but it is not a position with government. It is a contract. We have a number of business agents, and Gabriel Amezcua is our representative in Guadalajara in the province of Jalisco. He is very knowledgeable of the private sector and is fluent both in Spanish and English, and we are very pleased to have him working with Manitoba Trade. He becomes one of the team of foreign agents that we have on contract. I believe Manitoba Trade was the first jurisdiction or trade organization to hire foreign business agents, a model that has been very successful, and been used by other jurisdictions as something that works very well.

Mr. Tweed: Mr. Chairman, I am wondering if the Minister has any intention or thoughts on expanding the representatives in other parts of the country, and, if so, where.

Ms. Mihychuk: At the present time, I am not aware of another specific initiative like the one that we have with Mexico. However, trade is very important to Manitoba and to our

government. Given the success of this initiative, we look forward to expanding it if Manitoba Trade feels that there is another market. I am very pleased to know that they are strategic in their advice. They look at markets that they know we are going to cultivate real deals with Manitoba companies. That type of approach has worked well for the previous government, and the records on Manitoba exports are the proof. We have seen significant growth in the export from Manitoba to other countries. We would like to see that continue. We look for the experts to provide advice. As I say, at the present time there is no intention right now; but, if something came open, I think that we would look at that very favourably.

Mr. Tweed: I am wondering, with any of the trade representatives, has there been any change in those people in the department, or are they the same as a year ago?

Mr. Stan Struthers, Acting Chairperson, in the Chair

Ms. Mihychuk: I would like to first of all introduce Rod Sprange from Manitoba Trade. I have in front of us six foreign trade representatives: Daniel Garza, northern Mexico; Gabriel Amezcua, Central Mexico; Wolfgang Haufe, western and northern Europe; Watson Laing—those Anglo names are tough—United Kingdom; Richard Walker for China; and Rene Faraggi for Chile and Argentina. That is it.

Mr. Tweed: Mr. Chairman, just for clarification, is she telling me or is the Minister saying there have been changes or there have been no changes?

Ms. Mihychuk: There were six previously. There has been one change. Gabriel Amezcua has been added, and our representative from Japan has been not renewed.

Mr. Tweed: That begs the obvious question, why, with Japan?

Ms. Mihychuk: The skills set of the individual for Japan was to provide supports for ministerial missions. It was the feeling of Manitoba Trade that the need was for business development opportunities, business-to-business relationships.

So just the skills set did not fit with our present priorities.

Mr. Tweed: Is the Minister indicating, then, if that person with the right skills sets were to come along that Japan would still be considered a major opportunity?

Ms. Mihychuk: Japan is still a primary market. At the present time we are looking at individual projects and people that will take on those individual projects, but we are looking for a representative for Japan.

Mr. Tweed: Similar line. I am wondering: Has the Minister had any meetings or any consultations with the former mayor of Winnipeg, Ms. Susan Thompson, as to trade in the Midwest and through Manitoba?

Ms. Mihychuk: I personally have not seen the former mayor since taking on this position, but she has been very supportive to Manitoba Trade on a number of initiatives and has been very supportive to government in her role in Minneapolis. But I have not had an opportunity to go down to Minneapolis personally; we did talk.

I have had one opportunity to go on a trade mission and found it fascinating and useful, and at that time we talked about the midcontinental trade corridor and the possibility of perhaps hosting a meeting of the state and ministerial representatives along the corridor, an initiative that has not taken place.

That may be another way to enhance that trade corridor. So, at that time, I am sure that there would be discussions with our representative in Minneapolis since it is a key factor of that corridor.

Mr. Chairperson in the Chair

* (17:30)

Mr. Tweed: I would concur. I think that Ms. Thompson has probably a soft spot in her heart for Manitoba and Winnipeg, and I think any advantage that we can use to promote Manitoba and Manitoba business would be good. I suggest that the Minister perhaps take time out of her

that the Minister perhaps take time out of her busy schedule and meet and perhaps find out new opportunities that are out there.

The Minister has mentioned that she has been on one trade exchange. Can I ask where the Minister went?

Ms. Mihychuk: We had an opportunity to go to Guadalajara and met with the governor of the state of Jalisco, where we were part of a mission that included several Manitoba businesses that were participating in an international agricultural show. At that same time, we signed an agreement with Jaltrade, their trade organization in Jalisco, with Manitoba Trade.

I also had an opportunity to visit the Canadian consul, and we have established clear guidelines or expectations from that office and from our group in Manitoba Trade. We visited the government; we visited the agricultural show; hosted a dinner for our Manitoba businesses where they brought some of their representatives; and had an opportunity, compliments of the governor of Jalisco, to tour the southern portion of the province, including a live volcano. So that was of special relevance to me, of course, and thrill of a lifetime. So I do appreciate it. I had a wonderful opportunity to see the coastline and the tourist area of Jalisco, as well as doing the agricultural business with Manitoba businesses in Guadalajara.

Mr. Tweed: Has the Minister established an office in Guadalajara, then, for the trade representative?

Ms. Mihychuk: We do not establish offices in these jurisdictions; we hire trade representatives. So the agreement was with Gabriel, who will be providing that type of business support in Guadalajara and that region.

So there is not a specific office per se. We use the money, I think, in a model that has been very successful in the consulting work that our business agents conduct for us.

Mr. Tweed: I would hope the Minister in her trip to Jalisco had an opportunity to visit Puerto Vallarta, which is one of the major tourist areas of that particular state. Maybe she did and

maybe she did not. Maybe I will ask her if she did.

Ms. Mihychuk: No, I did not have an opportunity to visit the tourist resorts. It was just work, work, work. Going down to Mexico, I have got to say, it was great, and it is an opportunity that I will not forget.

But there were no junkets on this trip at all. We worked from early in the morning until late at night, did not go to the resort. I did have, in the original agenda, one day off, but we then ended up doing a lot of geology. We went to visit a research centre at the base of the volcano. We visited scientists there, and, like I said, we toured the active volcano and the community around there.

So we did not have an opportunity to go and stop at the tourist resorts, but I do understand that there are a lot of Canadians and Manitobans who visit in that area. I have to say from my vantage, flying over, it sure looks pretty gorgeous there. Having that partnership with Mexico is one, I think, that Manitobans should take advantage of and go down and visit. I would invite all those people from Guadalajara to come up to Winnipeg where the weather is just right, at this time of the year.

Mr. Tweed: I am sure that the Minister is aware of the hosting that the Province of Manitoba did with the delegates from Jalisco just prior to the Pan Am Games, and I certainly think that there is a real opportunity there. You were probably in my seat when you went, but I would think that it would be a good opportunity for the Province. *[interjection]*

Mr. Chairperson: Order please. Comments should be directed to the Chair.

Mr. Tweed: I am actually going to change direction a little bit, Mr. Chair, just because I do have a couple of questions that I want to get in before the day. Can the Minister just bring us up-to-date on the negotiations or what might be happening with the New Holland plant in Winnipeg?

Ms. Mihychuk: What I can report is that John Buhler is down—well, I am not even too sure if

he is still down there, but the last time I spoke to him, which was last week, he was negotiating with the U.S. Justice Department and felt fairly confident that the deal would be done. We are hopeful that that negotiation will conclude and we anticipate a decision fairly soon.

Mr. Tweed: Can the Minister tell us if the Province of Manitoba is involved in any of the negotiations?

Ms. Mihychuk: The Premier (Mr. Doer) has written a letter of support for the purchase of Versatile by Buhler, and we have provided support in that way through the federal government, but we are not directly involved.

Mr. Tweed: Is it a fair statement, then, to say that the Manitoba Government has no financial activity within this deal?

Ms. Mihychuk: We have been engaged with the individuals, and I think it is fair to say we have not come to any conclusion. The deal is still up in the air, but the province has been in contact with Buhler.

Mr. Tweed: Can the Minister tell the House if there are any other companies that are interested in the New Holland plant?

Ms. Mihychuk: At this time it is our understanding that there is only one interested party, and that was identified by the Member as John Buhler of Buhler Industries. There are no other offers pending.

* (17:40)

Mr. Tweed: Has the Minister met with anyone else in regard to the sale of the plant? I am thinking management, New Holland, the union or any other groups.

Ms. Mihychuk: There have been ongoing discussions through a working group with the union. I have met with the principals of Buhler and had a brief discussion with another company that was reviewing the facility in Winnipeg.

Mr. Tweed: I am sorry, I did not fully hear the response, but I am sure I can read about it tomorrow. I guess I would just like to make a

comment about it and the fact that I do think there is an opportunity for that plant to continue. I would hope, I guess depending on the requests and the concerns, that the Government or the Province look very strongly at trying to encourage some investment in that particular area. We have seen the loss of major manufacturers in the agricultural equipment industry all across North America, and this plant is the last one in Canada. Is the plant still operating, can I ask that?

Ms. Mihychuk: The plant is still operating considerably in a smaller scale than full operations. I believe there are approximately 250 individuals employed at that plant, down from 600. We are equally as anxious as members across the way to ensure that this plant remains viable, and we have worked with this company and have been quite aggressive in terms of marketing the opportunity previous to this by sending out letters to potential buyers. The Department did that, and I was pleased to participate by sending off letters encouraging companies to look at the facilities. So, at this stage, we just let our views be known to the federal government and others that we are very anxious. It is a very important industry and resource for Manitoba and for Canada. Indications are that the federal government understands that situation and has actively been involved in negotiations with the American government.

Mr. Tweed: I note that you have sent out letters to other companies, hoping that they would express an interest. Is the Province offering any incentives at this point in time?

Ms. Mihychuk: No.

Mr. Tweed: Mr. Chairman, my reason I guess for heading down that path at this point in time is I had spoken to the Minister earlier in regard to an ag waste management corp. Can I ask today where we are or if the Minister has had any opportunity to review the file?

Ms. Mihychuk: There is a company that the Member raised that is developing an implement that will inject fertilizer or manure and would fit well with our diversification and, obviously, with the hog expansion in Manitoba. I have

reviewed the file. The individuals involved have not completed a business plan to the full requirement of the Department, and we are working actively with the company. I know that they have gone through several modifications, but there is an onus on behalf of Manitoba as a government to ensure that what we invest in has a solid business plan.

Even though Jane Stewart and the federal government have indicated that they are ready to put their money in, I take some pride in saying I am a harder sell. The individual companies will have to have a valid business plan, and I am not going to be very likely—less inclined to invest our money in a project that may not be viable.

The Department, it is my understanding, is working actively with this company and we hope to see some success in the future.

Mr. Tweed: Has the Minister had an opportunity to meet with the proponents of this idea?

Ms. Mihychuk: I know that I have received correspondence from the company in question. To my recollection, a meeting has not been requested.

Mr. Tweed: Does the Minister know if anyone in her department has met with them recently? I know she had mentioned that they were talking about helping them complete a business plan. Is the Minister aware of any meetings that have taken place in the last little while with her department? Again, I understand she does not necessarily have people that can advise her of that.

Mr. Chairperson: The Opposition critic will ask the question again.

Mr. Tweed: Do you want me to ask the question again? *[interjection]* I am just wondering if there have been any department meetings with these proponents recently?

Ms. Mihychuk: I would like to introduce the ADM for Industry Development, Ian Robertson, who informs me that we have had a number of meetings with the company in question. In fact, the department will be meeting with the

company very soon, this week or early next week.

Mr. Tweed: I appreciate that. I would be interested if it is proper just to be notified after the meeting, if there was an outcome. I have received some correspondence from the proponents, and I think as much as anything, there is probably a misunderstanding. I do think with the way the industry in Manitoba is growing, particularly in the management of agricultural waste, this may be an opportunity. Again, I do not propose to be a professional, but it certainly may be another opportunity for Manitoba to develop an industry within its province. I understand that the people involved have invested a lot of their own money, and I am led to believe that they are not asking for a whole lot of money. But I would just, as a request by them, bring this forward. I am asking the questions, and I would hope that, if it is a doable deal, we can move forward and help this organization out. Do you want to respond?

* (17:50)

Ms. Mihychuk: There is no problem with informing the Member at the conclusion of the meeting with the company, and I agree with him. If we can get some process that fits in so well with where we are going as a province in terms of agriculture, this would be a plus-plus. So we are anxious to get it going, and the department will be in contact with the Member to update on this progress that may happen. Thank you.

Mr. Tweed: I appreciate those comments from the Minister. I am wondering, as we are getting closer to six o'clock, as we started the discussion, we have kind of been all over the map, and tomorrow, for the convenience of the Minister, if I could just tell her the areas, then she will not feel that she has to bring her entire department unless she chooses to. Would that be fair with the Minister?

Ms. Mihychuk: That is a yes. Where are you going?

Mr. Tweed: I am wondering if tomorrow we are probably going to spend a little bit of time just on the number crunching. So I would think your finance people in your administration side—they

may even be here today, I am not sure. We would probably want to just ask questions in relationship to employee numbers, dollars and cents, those types of issues.

We will probably talk about the Horse Racing Commission, if that is suitable to the Minister. I do not have any tough, detailed questions on the Horse Racing Commission; it is very general.

Mr. Chairman, 10.2, Business Services, Industry Development, we have spent some time on these, but I think we would be able to get down to more detail on it. Manitoba Trade, is that fair? If we happen to go beyond that, then I would certainly understand again, as today, if your staff is not available, then we can move to some more general questions and continue to move forward.

I do not know if I have the floor still.

Mr. Chairperson: You still have the floor.

Mr. Tweed: Being it is five minutes to, I am prepared to let the Minister go for the day and we will start again tomorrow if that is reasonable.

Mr. Chairperson: Shall the committee rise?
[Agreed] Committee rise.

Call in the Speaker.

IN SESSION

Mr. Deputy Speaker (Conrad Santos): Order, please. The House is now adjourned and stands adjourned until 1:30 tomorrow (Wednesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 23, 2000

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