



Second Session - Thirty-Seventh Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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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. |
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| DRIEDGER, Myrna | Charleswood | P.C. |
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| ENNS, Harry | Lakeside | P.C. |
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| FRIESEN, Jean, Hon. | Wolseley | N.D.P. |
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| LAURENDEAU, Marcel | St. Norbert | P.C. |
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| PENNER, Jim | Steinbach | P.C. |
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LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, July 3, 2001

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Kenaston Underpass

Mr. John Loewen (Fort Whyte): I beg to present the petition of Joe Florentino, Maria Stabene, R. Florentino and others, praying that the Premier of Manitoba (Mr. Doer) consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

Mrs. Myrna Driedger (Charleswood): I beg to present the petition of Gene Dunn, Roy Cook, Ray Snitynsky, praying that the Premier of Manitoba (Mr. Doer) consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

READING AND RECEIVING PETITIONS

Kenaston Underpass

Mr. Speaker: The honourable Member for Fort Whyte (Mr. Loewen), I have reviewed the petition and it complies with the rules and practices of the House. Is it the will of the House to have the petition read? *[Agreed]*

Madam Clerk (Patricia Chaychuk): The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the intersection at Wilkes and Kenaston has grown to become the largest unseparated crossing in Canada; and

THAT the volume of traffic for this railroad crossing is twelve times the acceptable limit as set out by Transport Canada; and

THAT vehicles which have to wait for trains at this intersection burn up approximately \$1.4 million in fuel, pollute the environment with over 8 tons of emissions and cause approximately \$7.3 million in motorist delays every year.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Premier of Manitoba consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

Mr. Speaker: The honourable Member for Charleswood (Mrs. Driedger), I have reviewed the petition and it complies with the rules and practices of the House. Is it the will of the House to have the petition read? *[Agreed]*

Madam Clerk: The petition of the undersigned citizens of the province of Manitoba humbly sheweth:

THAT the intersection at Wilkes and Kenaston has grown to become the largest unseparated crossing in Canada; and

THAT the volume of traffic for this railroad crossing is twelve times the acceptable limit as set out by Transport Canada; and

THAT vehicles which have to wait for trains at this intersection burn up approximately \$1.4 million in fuel, pollute the environment with over 8 tons of emissions and cause approximately \$7.3 million in motorist delays every year.

WHEREFORE YOUR PETITIONERS HUMBLY PRAY THAT the Premier of Manitoba consider reversing his decision to not support construction of an underpass at Kenaston and Wilkes.

* (13:35)

**PRESENTING REPORTS BY
STANDING AND SPECIAL COMMITTEES**

**Standing Committee on Municipal Affairs
Second Report**

Mr. Harry Schellenberg (Vice-Chairperson): Mr. Speaker, I beg to present the Second Report of the Committee on Municipal Affairs.

Madam Clerk (Patricia Chaychuk): Your Standing Committee on Municipal Affairs presents the following—

Some Honourable Members: Dispense.

Mr. Speaker: Dispense.

Your Standing Committee on Municipal Affairs presents the following as its Second Report.

Meetings:

Your committee met on:

Thursday, June 28, 2001, at 10 a.m.

Thursday, June 28, 2001, at 6:30 p.m.

All meetings were held in Room 254 of the Legislative Building

Matters Under Consideration:

Bill 31—The Municipal Assessment Amendment Act/Loi modifiant la Loi sur l'évaluation municipale

Bill 32—The City of Winnipeg Amendment Act/Loi modifiant la Loi sur la Ville de Winnipeg

Bill 34—The Municipal Amendment Act/Loi modifiant la Loi sur les municipalités

Bill 38—The Local Authorities Election Amendment Act/Loi modifiant la Loi sur l'élection des autorités locales

Bill 43—The Auditor General Act/Loi sur le vérificateur général

Bill 48—The City of Winnipeg Amendment (Pensions) Act/Loi modifiant la Loi sur la Ville de Winnipeg (régime de pension)

Membership Resignations/Elections:

At the Thursday, June 28, 2001, at 10 a.m. meeting, your committee elected Mr. Schellenberg as the Vice-Chairperson.

Substitutions received prior to commencement of the Thursday, June 28, 2001, at 10 a.m. meeting:

Ms. Cerilli for Mr. Dewar

Hon. Mr. Selinger for Hon. Ms. Wowchuk

Mr. Loewen for Mr. Cummings

Mr. Laurendeau for Mr. Penner (Emerson)

Mr. Derkach for Mr. Pitura

Substitutions made, by leave, during committee proceedings at the Thursday, June 28, 2001, at 10 a.m. meeting:

Mr. Tweed for Mr. Loewen

Substitutions received prior to commencement of the Thursday, June 28, 2001, at 6:30 p.m. meeting:

Mrs. Smith (Fort Garry) for Mr. Tweed

Mr. Martindale for Mr. Struthers

Hon. Ms. McGifford for Ms. Cerilli

Substitutions made, by leave, during committee proceedings at the Thursday, June 28, 2001, at 6:30 p.m. meeting:

Mr. Faurshou for Mrs. Smith (Fort Garry).

Public Presentations:

The following individuals and/or organizations made presentations on Bill 31—The Municipal Assessment Amendment Act/Loi modifiant la Loi sur l'évaluation municipale:

David Sanders, Colliers Pratt McGarry

Rick Weind, CUPE Local 500

Councillor Jae Eadie, City of Winnipeg

Henri Dupont, KPMG

Jim Baker, Manitoba Hotel Association

Antoine Hacault, Private Citizen

John Petrinka, Norman Commercial Realty Ltd.

The following individuals and/or organizations made presentations on Bill 32—The City of Winnipeg Amendment Act/Loi modifiant la Loi sur la Ville de Winnipeg:

Councillor Jae Eadie, Councillor, City of Winnipeg

David Sanders, Colliers Pratt McGarry

The following individuals and/or organizations made presentations on Bill 38—The Local Authorities Election Amendment Act/Loi modifiant la Loi sur l'élection des autorités locales:

Councillor Jae Eadie, Councillor, City of Winnipeg

Roger Goethals, Reeve, R.M. of Winchester

Neil Hathaway, Private Citizen

Richard Sexton, Private Citizen

Bob McCallum, Reeve, R.M. of Morton

* (13:40)

Written Submissions:

The committee received one written submission on Bill 31—The Municipal Assessment Amendment Act/Loi modifiant la Loi sur l'évaluation municipale from:

Joe Masi, Association of Manitoba Municipalities

The committee received one written submission on Bill 32—The City of Winnipeg Amendment Act/Loi modifiant la Loi sur la Ville de Winnipeg from:

Joe Masi, Association of Manitoba Municipalities

The committee received one written submission on Bill 34—The Municipal Amendment Act/Loi modifiant la Loi sur les municipalités from:

Joe Masi, Association of Manitoba Municipalities

The committee received one written submission on Bill 38—The Local Authorities Election Amendment Act/Loi modifiant la Loi sur l'élection des autorités locales from:

Wayne Motheral, President, Association of Manitoba Municipalities

Bills Considered and Reported:

Bill 31—The Municipal Assessment Amendment Act/Loi modifiant la Loi sur l'évaluation municipale

Your committee agreed to report this bill, without amendment, on division.

Bill 32—The City of Winnipeg Amendment Act/Loi modifiant la Loi sur la Ville de Winnipeg

Your committee agreed to report this bill, with the following amendment:

THAT the proposed subsection 138.4(2), as set out in section 4 of the Bill, be struck out.

Bill 34—The Municipal Amendment Act/Loi modifiant la Loi sur les municipalités

Your committee agreed to report this bill, without amendment.

Bill 38—The Local Authorities Election Amendment Act/Loi modifiant la Loi sur l'élection des autorités locales

Your committee agreed to report this bill, with the following amendments, on division:

THAT subsection 17(2) of the Bill be amended

(a) by striking out "clause 2(a) and" in the section heading; and

(b) by striking out "Clause 2(a) and sections" and substituting "Sections".

THAT the heading of the Schedule to the Bill be replaced with the following:

SCHEDULE
(Section 14)

Bill 43—The Auditor General Act/Loi sur le vérificateur général

Your committee agreed to report this bill, without amendment.

Bill 48—The City of Winnipeg Amendment (Pensions) Act/Loi modifiant la Loi sur la Ville de Winnipeg (régime de pension)

Your committee agreed to report this bill, without amendment.

Mr. Schellenberg: Mr. Speaker, I move, seconded by the honourable Member for Radisson (Ms. Cerilli), that the report of the committee be received.

Motion agreed to.

* (13:45)

TABLING OF REPORTS

Hon. Ron Lemieux (Minister of Culture, Heritage and Tourism): I rise today to table The Freedom of Information and Protection of Privacy Act, 2000 Annual Report.

Hon. Oscar Lathlin (Minister of Conservation): Mr. Speaker, I am tabling today three documents, the first one being the Round Table Report and Recommendations on Manitoba Sustainability Indicators; secondly, a Provincial Sustainable Development Code of Practice; and, thirdly, a set of principles of Sustainable Development Financial Management and Guidelines.

ORAL QUESTION PERIOD**Antigang Strategy
Government Commitment**

Mr. Stuart Murray (Leader of the Official Opposition): Mr. Speaker, first off, I would like to applaud the work of the Winnipeg Police Service for their dedication to making our community safer, including the recent arrests of four gang members in relation to recent shootings and today's charges against a member of the Hells Angels in connection with a stabbing last Friday. The police have done a tremendous job, unlike the Doer government who, after nearly two years in office, has failed to keep a key election promise. The Premier at that time said: We promise to keep our communities safer.

Over the weekend, a home in Winnipeg's West End was fire-bombed and there was a home invasion in Selkirk. The violence continues under the Doer government. Why has the Premier not taken action, and why has he failed to implement more than half of his 18-point gang action plan?

Hon. Gary Doer (Premier): I, too, want to applaud the police forces, whether they be the Winnipeg police forces or other police forces working across and around Manitoba.

The situation is that there are a number of bills before this Legislature, including a bill to deal with the unacceptably high numbers of car thefts, increasing the penalties for individuals prosecuted and convicted of car thefts.

In addition we have a bill, The Liquor Control Act, also—

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: Thank you, Mr. Speaker. We also have amended The Liquor Control Act to increase the responsibilities of hotel owners and licensees for the safety of citizens in the parking lot. We are looking at other ways, under Bill 10 and the new federal law, to continue to give the police more tools to deal with unacceptable violence in our community.

Mr. Murray: Well, Mr. Speaker, in spite of all the rhetoric we hear, Manitobans are fearing for their lives. They do not feel safe. Press releases may get the Premier a headline, but they are not making our community safer.

Why is the Premier breaking his promise to do everything he can to stamp out gang activity here in Manitoba?

Mr. Doer: Mr. Speaker, I have already answered a question last week on the matter of gang houses and their locations and requiring greater legal abilities to deal with those houses that are in our neighbourhoods.

We have applied a specific Crown Prosecutions branch in terms of the gang activity. They are working obviously with the law enforcement agencies. We certainly want to see the federal Criminal Code be tougher, have more implementation ability than the existing laws. We are passing Bill 10, dealing with booze cans and houses of prostitution. We are systematically changing and amending laws to give the police more tools to deal with unacceptable violence in our community.

Mr. Murray: Mr. Speaker, the First Minister says that they are expecting the federal code to

be tougher. Manitobans are expecting that Government to be tougher.

Mr. Speaker, a national story described how Winnipeggers are bracing for a summer biker gang war after three men in one week—three men in one week—were shot on our streets. Residents are on edge. Children are fearing that they might get hit in the crossfire. Why is the Premier standing by as gang violence, shootings, fire bombings and other violent acts such as home invasions persist in Manitoba?

Mr. Doer: Mr. Speaker, I have already outlined a number of amendments and improvements we are making in the laws of Manitoba that build upon the laws when we took office.

We have a separate creation of a Criminal Organization Unit with specialized prosecution and supervision of high-risk offenders. That operation is currently in place. We have provided more money and more funds for the RCMP in Manitoba that co-ordinate the activity of gang surveillance on a national basis. We have increased the number of officers over and above what was there when we came into office when members left office. We are amending Bill 10. We are amending The Liquor Control Act. We are amending laws systematically to increase protection for the people.

* (13:50)

Private Health Care Clinics Government Position

Mrs. Myrna Driedger (Charleswood): Mr. Speaker, the Doer government would like us to believe that private clinics cause longer waiting lists and result in higher health care costs. Well, this is simply not true.

Can the minister explain why in France, where they have a collaboration of public and private health care systems, they have absolutely no waiting lists and in fact think that a waiting list of two weeks is very long? Can he explain how that can possibly happen?

Hon. Dave Chomiak (Minister of Health): Mr. Speaker, first off, in Manitoba we have had studies by the Manitoba Centre for Health Policy

and Evaluation, an organization set up by members opposite, a study undertaken by members opposite, done in Manitoba, that shows that not only do the waiting lists go up but it causes more difficulties when you operate private beside public.

We have the experience in Alberta where the Alberta Consumers' Association outlined, in fact, that waiting lists went up and costs were more expensive when you ran private beside public.

They do not have studies, Mr. Speaker. All they have is France, a country where you pay user fees, and that is clearly where members opposite want to go.

Mrs. Driedger: Is the Minister of Health aware that the Montreal Economic Institute, in a research paper completed September 2000, stated the following: Canada's prohibition of voluntary parallel private health insurance and private medical services in hospitals precludes any Canadian-based comparison and control for the current experiment in provincial government health insurance policies?

Mr. Chomiak: What I do know, Mr. Speaker, is when the former government tried to privatize home care and said it would save \$10 million, not only did the public indicate they were not in favour of privatizing home care, but it cost more money to privatize home care by their own example. So I do not need examples from France, where they charge a 10% or 20% user fee.

We have examples in Canada that show it is a difficulty and a problem. It is very clear that they want for-profit hospitals. We are protecting medicare.

Mrs. Driedger: I wonder if the Minister of Health could explain then how a year ago he signed a contract for private home care services, and that seems to blend okay because these private home care services are offered through the WRHA, and he signed a contract for them last year.

How does it work there and he does not see the same kind of opportunity existing in clinics?

Mr. Chomiak: As I have explained on many occasions to members opposite during Estimates, we renewed a number of contracts. It is a backup contract for home care. We renewed them and we are continuing to renew contracts that were entered into by members opposite, Mr. Speaker, because we want to be pragmatic.

But what we want to do is we do not want to go steadfast as members opposite would say. Members opposite want for-profit hospitals. They want private clinics. We are saying we have a line in the sand. We have a Manitoba solution that is innovative, will have some benefits of the private sector by rolling it into the public sector.

The issue is very clear, Mr. Speaker. Members opposite when they were government tried to privatize home care. The public was very clearly against it. We are not in favour of that. We are in favour of innovation that would see the development of our public sector to provide more services within the public context, which we believe is what Manitobans want.

Election Finances Act Amendments

Mr. John Loewen (Fort Whyte): Under the guise of introducing legislation that would promote fairness in the election process, last year the Premier introduced Bill 4, which is not only unconstitutional but which through section 44 will force Manitobans to contribute to registered political parties through their tax dollars. Interesting that he did not even mention that section when he introduced the bill into this House.

Does the Premier not feel that Manitobans are wise enough to choose whether or not they want to support any particular political party? In fact, does he not give them enough credit for being able to choose which party they will support? Does he really believe that they must have government tax dollars to keep it going?

Hon. Gary Doer (Premier): I think the public are very wise, and they were particularly wise on September 21, 1999.

* (13:55)

Mr. Speaker: Order. Just to remind all honourable members that the clock is running.

Mr. Loewen: Obviously, the Premier does not want to touch this part of his hidden agenda. The Premier and his Cabinet surely must have a better use for the close to \$100,000 that will be distributed to political parties. Surely that money could be spent on improving health care or maintaining and restoring safety in our streets.

Mr. Doer: I recall the debates of yesteryear when members opposite promised that under the elections finances law they would not take any money under the changed election laws. I think the tally is over a million dollars that the Conservative Party has taken, Mr. Speaker.

Mr. Loewen: Mr. Speaker, I would ask the Premier: Is the NDP so hard up for ideas to raise funds from their political allies that it has to resort to using taxpayer dollars to fund their political agenda, or in fact are they just lazy socialists?

Mr. Doer: Mr. Speaker, getting a lecture from Tories on election tactics is like expecting a buzzard to say grace before meals, with all credit to Sterling Lyon for another use of the same term.

The report deals with the portion of the savings under the new elections law. These savings were calculated not by the Government but by the Department of Finance in terms of the corporate donations and the tax deductibility of those. I have not even read the report from the Chief Electoral Officer. There is no decision—

An Honourable Member: It is your bill.

Some Honourable Members: Oh, oh.

Mr. Speaker: Order.

Mr. Doer: Mr. Speaker, there has been no decision made on the recommendations from the individual, the Chief Electoral Officer.

Point No. 3: We felt it was important to proceed into the future with banning of union and corporate donations. When you look at the United States and the big debate going on, the

McCain-Finegold bill and other activity, we believe in Canada, as well, that having a political system over the long haul that is free of the perception of influence is a noble goal and one which we are committed to.

Whitemud Watershed Disaster Assistance

Mr. Glen Cummings (Ste. Rose): My question is for the Minister of Government Services. Again, for the second time this year, the Whitemud Watershed has gone on a rampage. My question to this minister is these communities have already suffered considerable disaster. They have lost roads, bridges, culverts—huge bills to which they have not had clear direction from this minister as to any relief that may be available. When will they know whether or not, the first disaster, they will get any assistance?

Hon. Steve Ashton (Minister of Transportation and Government Services): Mr. Speaker, I have reported to the House on a number of occasions that we have recognized the difficult situation many Manitobans face going back to last fall with excessive moisture, and again this spring. In fact, I indicated in the House a short while ago that we anticipate being able to make an announcement very shortly on that. In fact, I am sure the member will find that we will in fact be in a position to provide the assistance that is available under Disaster Financial Assistance to the many Manitobans in that area of the province and many other areas of the province that have been affected by disasters and emergencies in the last several months.

Mr. Cummings: Well, Mr. Speaker, this is cold comfort when that is just about the same answer that this minister gave twice before. That was in April and May that they suffered the damage. They have again had their roads washed out, and they still do not know if they will get any assistance.

When will he deal with this problem?

Mr. Ashton: Mr. Speaker, we have been dealing with this problem. In fact, the first concern of EMO, including this weekend, is to get in, get on the site, work with Conservation, work with

local governments through the front line in terms of emergency services. So we have been dealing with the situation.

The first priority was to deal with the emergency, and we are now going to be very shortly in a position to be able to announce compensation under the Disaster Financial Assistance program.

* (14:00)

Mr. Cummings: Mr. Speaker, when a community of a very small population has hundreds of thousands of dollars worth of damage, every decision that council makes hinges on whether or not they know they can be backed up by the provincial government in getting the support they need.

When will he address it?

Mr. Ashton: Mr. Speaker, once again, we have been addressing it. The first priority was to respond to the emergency. We have had EMO people out, in fact, working around the clock in many situations, along with other departments of government. Whether it be Conservation or highways, we have been out there.

As I indicated to the member opposite, we are still in fact receiving applications even from this weekend from another community affected by disasters. He should anticipate an announcement very shortly on this.

But our priority, once again, is to deal with the emergency first and then deal with the compensation afterwards.

R.M. of Stuartburn Drainage Plans

Mr. Jack Penner (Emerson): Mr. Speaker, my question is to the Minister of Conservation.

Attending the Canada Day celebrations in Vita this last weekend, I met many, many people in that area that were not very happy on Canada Day. The reeve of the municipality tells me that 90 percent of the arable land in the municipality of Stuartburn has not been seeded this year. The reeve also told me that many people were not

aware that they could sign into a Crop Insurance non-seeded acreage program.

The question is to the minister. Can the minister tell me when the plan that was supposed to be drawn for drainage projects in the R.M. of Stuartburn will be tabled, and when will he initiate the plan for drainage in the R.M. of Stuartburn?

Hon. Oscar Lathlin (Minister of Conservation): Mr. Speaker, I can indicate to the member, as I have done on previous occasions, that we have reviewed the rather huge challenge that we have in the area of drainage for municipalities, farmers and so on. We have injected some new money into the drainage budget this year. At the moment, plans are being finalized to allocate the funds, knowing full well that whatever we allocate will not address the full situation that was left there by the previous government.

Mr. Jack Penner: Mr. Speaker, as the minister knows if his department has briefed him, as I am sure they have, there is water coming across the U.S. border into the R.M. of Stuartburn. It comes cross-country, and there needs to be a drainage plan done in the R.M. of Stuartburn. There was a road built by the Pawley administration or by the—

Mr. Speaker: Order.

Point of Order

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you please remind the member, who I am sure knows this full well, that a supplementary question requires no preamble. Thank you.

Mr. Speaker: On the point of order raised by the honourable Government House Leader, I would like to take this opportunity to remind all honourable members, *Beauchesne's* Citation 409(2) advises that a supplementary question should not require a preamble. I would ask the honourable member to please put his question.

* * *

Mr. Jack Penner: Thank you very much, Mr. Speaker. I will ask the question of the minister.

When is he prepared to go out to Stuartburn and explain to the municipality of Stuartburn and the people in Stuartburn how he will remediate for damages that his inaction has caused to the farmers in that area, and when will he put in place a drainage plan that he promised last fall to the people of the R.M. of Stuartburn?

Mr. Lathlin: Mr. Speaker, we on this side of course recognize that the issue of drainage is an important concern for those producers, those residents and municipalities, especially throughout southern Manitoba. Their concerns are valid, and I might say that they have been voicing those concerns for many years to their previous governments and nothing had been done. We are trying our best to address the situation with the resources that we have.

Mr. Jack Penner: I want to ask the minister whether he is aware that his department sanctioned the closure of six culverts which has flooded huge areas of land, which is against the law, and closed off natural drainages, whether he is aware of the damage that has been caused. Has he been given an estimate yet by the municipality of Stuartburn and by the people of Stuartburn as to the total amount of damages caused by the action of his department?

Mr. Lathlin: I recognize that the work of Conservation with respect to addressing the drainage problem is a huge problem.

I remember during Estimates last year the Member for Pembina (Mr. Dyck) advising me something to the effect that Conservation is faced with a very difficult problem in that a substantial amount of the budget had been cut from the Department of Natural Resources over several years. In fact, after 11 years of Tory government, Mr. Speaker, that budget had been reduced from about \$20 million to about \$5 million. That explains why we are having to deal with some of those very issues today.

Eaton's Building Sustainable Development Issues

Hon. Jon Gerrard (River Heights): Mr. Speaker, my question is to the Minister of Conservation. Today the minister tabled Manitoba's Provincial Sustainable Development Code

of Practice, a practice which includes meaningful opportunity for public consultation and due process and ensuring the assessment of proposed programs and projects are carried out to determine and address their sustainability impact. I would ask the minister if he is planning to use his code of practice to assess one of the most significant projects of today, that is the demolition of the Eaton's building and the construction of the new arena.

Hon. Oscar Lathlin (Minister of Conservation): I can indicate to the member that the code of practice report was tabled today and, effective immediately, government departments through a structure of officials will be looking at the various indicators with a view to maybe clarifying or refining and maybe even adding on some other indicators where the report might have been deficient, as the Manitoba Round Table has told us in their report. The Manitoba Round Table has advised, has recommended to Government that we go back and conduct more consultation with respect to Aboriginal people and youth. So that is what we will be doing for the next year or so.

Mr. Gerrard: Mr. Speaker, my question to the Minister of Conservation is whether he will use the report on the code of practice, which he has tabled today and said is effective immediately, as part of his basis for assessing the sustainable development issues which surround the demolition of the Eaton's building and the construction of the new arena.

Mr. Lathlin: I can indicate to the member again that we have accepted the reports and we are tabling them today. We are going to be implementing them as—

Some Honourable Members: Oh, oh.

Mr. Speaker: The honourable Member for River Heights.

Mr. Gerrard: Mr. Speaker, my supplementary. I assume the minister is not going to not follow his code of practice, so I will ask the minister: When is he going to start the assessment of the demolition of the Eaton's building and the building of the new arena under the terms of his code of practice?

Hon. Gary Doer (Premier): Mr. Speaker, well, this policy applies across all of government, as the member opposite knows. Section 9, section 11 and section 12 have applications for the Department of Conservation and all of government.

The member should recall that on Thursday, when the member first asked the question on this issue, the Minister of Culture (Mr. Lemieux) tabled a document from Mr. Tom Carson, the Deputy Minister of Culture, Heritage and Tourism. In the re-use potential section on page 2 of the report it says: When considering possible locations for a downtown campus of Red River College, Manitoba Transportation, et cetera, evaluated the Eaton's store, the Princess block and the site of U of W.

In other words, they talked about a number of re-use possibilities over the last 18 months. The report described the Eaton's building as poorly suited for conversion to a 21st century learning centre. So the whole issue of sustainability has been considered all the way throughout the decisions on the proposed new True North complex.

Red River Dredging

Mr. Edward Helwer (Gimli): Mr. Speaker, recently there was a barge stuck in the Red River trying to go from Selkirk to Lake Winnipeg. The water was only three feet deep in some places at the mouth of the river. The river needs to be kept open for navigation purposes and also for the fishing industry, both sport and commercial fishing.

Will the Minister of Conservation today commit to getting his federal counterparts to undertake the needed dredging along the Red River?

Hon. Oscar Lathlin (Minister of Conservation): Mr. Speaker, I apologize for not getting the question. I had difficulty hearing and I am trying to find my—

Mr. Helwer: Mr. Speaker, I will repeat the question again for the Minister of Conservation. Will the minister today commit to getting his

federal counterparts to undertake the needed dredging along the Red River?

Mr. Lathlin: I thank the member for the question. Let me advise the member I will look into that situation and report back to him before the week is up.

* (14:10)

Mr. Helwer: Mr. Speaker, many of the channels that are leading into Lake Winnipeg are being silted in. Will the minister explain what steps will be taken to ensure the heavy silting along the channels of both the Red River and Netley Creek and some of the other channels at the mouth of the Red River so that that does not lead to increased risk of flooding?

Mr. Lathlin: Mr. Speaker, as I indicated to the member already, I will review the situation he has raised here today. I will be in contact with the federal government with a view to coming up with a positive response for the member before the week is up.

Selkirk/Gimli Docks Dredging

Mr. Edward Helwer (Gimli): Mr. Speaker, the docks at both Selkirk and at Gimli are silted in so bad that they are rendered useless by many in the shipping industry. Will the minister commit to dredging the docks at both Selkirk and Gimli so that the freight can be shipped by barge through northern Manitoba?

Hon. Oscar Lathlin (Minister of Conservation): I am sorry, I am just going to have to repeat my response to the member. I will be in contact with the federal government with a view to maybe getting some assistance from them in order that we can address the situation in Selkirk.

Rural Municipalities Drainage Projects

Mr. Jim Penner (Steinbach): My question is to the Minister of Conservation. The Southeast Water Management Association, an organization comprised of 16 Manitoba municipalities, has indicated that simple drainage ditches that

alleviate flooding from farmland are not being built because of the demand by officials of the federal Department of Fisheries and Oceans for information on possible fish habitats in these ditches, these ditches which remain dry most of the year.

Can the Minister of Conservation indicate what assistance staff in his office have provided Manitoba municipalities to alleviate this problem?

Hon. Oscar Lathlin (Minister of Conservation): The member is absolutely correct. The federal government, some time back, made a unilateral decision with respect to placing. I believe it was 40 positions in Manitoba. Mr. Speaker, 20 of them were located here in Winnipeg and I believe the other 20 were located in Dauphin. Our officials have been in meetings with the federal officials with a view to getting the federal government to change some of the directions that it has taken. I know that it has placed a lot of people in a very difficult situation, and it is our hope that through our meetings with the federal government we can get some co-operative action together.

Mr. Jim Penner: Mr. Speaker, we need some action. Can the minister indicate how municipalities are expected to bear the increased costs associated with supplying what municipal officials have described as ridiculous information when in some cases it is making a \$10,000 drainage project into a \$40,000 project?

Mr. Lathlin: Mr. Speaker, again I want to indicate to the member that I take the issue very seriously, because I note that it affects the people in the communities in a very serious way. That is why we are so determined to continue our discussions with the federal government and hopefully they will change the direction that they have taken in Manitoba.

Mr. Jim Penner: We need some kind of an action. Can the minister today commit to contacting the federal Fisheries Minister directly to negotiate an end to this problem and to report this back to the House?

Mr. Lathlin: Mr. Speaker, in fact, meetings have already been held by our officials meeting

with the federal officials, and hopefully we will be in a position to indicate to the member as to whether the federal government is in a position to change its direction that it has recently taken.

**St. Norbert
Flood Protection**

Mr. Marcel Laurendeau (St. Norbert): Mr. Speaker, my question is for the Premier. Within my constituency, we have some concerns about the potential of flooding and about claims that have not been paid in the past. When we read in the newspaper that the Minister of Government Services (Mr. Ashton) wants to install new bells, that the Minister of Government Services is installing new carpets and that this Premier wants to fund political parties, can he tell us where his priority is? Will he help the people of St. Norbert who have been attempting to get this money now for the past few months? Will he assist us in receiving the money that is due to the people of St. Norbert?

Hon. Gary Doer (Premier): Mr. Speaker, I suppose rhetorically one could ask about the regrettable situation of Isobord and the \$15 million that we had to deal with coming into office.

Having said that, the member did ask a question dealing with his residents. As I recall the sequence, the vote on protection in the area that the member opposite has raised is scheduled to be completed at the end of June. We should know the results shortly on the various options that are proposed.

Secondly, Mr. Speaker, there is a concern about how much money has been spent and if all the allocation has been spent under the Canada-Manitoba city agreement. I can assure members opposite, when you look at \$82 million in the provincial Budget for flood protection, flood protection is a very high priority for, I know, members opposite and for this side as well.

Mr. Laurendeau: Mr. Speaker, can the First Minister then explain why it is more important for bells to have a better sound, why we need a carpet at the bottom of the stairs, why we have to support political parties, when the people of St. Norbert have been asking for this money to be

received? Why is it that the Premier sees it more important to fund political parties than he does to support the people in my constituency who need the flood protection?

Mr. Doer: The member opposite is part of a political party that campaigned in 1986 against receiving funds from Elections Manitoba. I think the tally is at least \$450,000 they received in the 1995 election alone, filing from one political party that they filed in that election campaign.

Having said that, Mr. Speaker, the issue in his constituency is serious. I do not think it should be juxtaposed against the bells. I am not aware of any decision that was made on the bells.

An Honourable Member: How about the carpet?

Mr. Doer: Well, Mr. Speaker, that heraldic design that is now adopted in this Legislature, some of us actually voted against that heraldic design, if I recall correctly. I do not want to tell the member opposite how many dollars were spent by the previous government changing everything from the former heraldic design to the present heraldic design that was brought in by members opposite.

Having said that, Mr. Speaker, I voted against it, but I am just an old-fashioned person. I am not aware of the results of the optional vote that took place in the member's constituency. As I understand it, Conservation usually allows a 24-hour grace period for all the ballots to be in or all the votes to be taken and then will inform us.

I am sure the member opposite is aware of the views, but the first decision starts with the people in his constituency, and I know he respects that process as well.

Mr. Speaker: Time for Oral Questions has expired.

MEMBERS' STATEMENTS

Commander Ivan Poitras

Mr. Frank Pitura (Morris): Mr. Speaker, on June 3, 2001, I had the privilege of attending a

decoration day at Morris to recognize Commander Ivan Poitras, who has recently retired from the Canadian Forces.

* (14:20)

Commander Poitras has served in numerous peacekeeping missions and is a representative of the Manitoba Chapter of the Canadian Association of Veterans in United Nations Peacekeeping.

Individuals such as Commander Poitras remind us just how crucial a role Canadian peacekeepers serve around the world each day. Since the first peacekeeping force was created in 1956, in response to the Suez crisis, more than 100 000 Canadians have participated in United Nations peacekeeping duties.

Canada honoured its peacekeepers through the dedication of a monument, which was unveiled in Ottawa in October 1992. Manitoba also recently recognized the important work of peacekeepers by proclaiming August 9, 2000, as Peacekeeping Day. Currently, there are some 2500 Canadians serving in operations.

I would like to personally congratulate Commander Poitras on his retirement and on his outstanding career, as well as all Manitobans past and present who have served in peacekeeping missions abroad. Thank you.

Sperling Centennial

Mr. Daryl Reid (Transcona): Mr. Speaker, 100 years ago signalled the official start of a rural community nestled between Brunkild and Carman just northwest of Morris. In 1901, Sperling, Manitoba, became a noted Manitoba community.

This past weekend, I had the opportunity to attend Sperling's 100th birthday celebration. This centennial homecoming started with the parade on Saturday morning, June 30. The parade was led through the community by St. Andrews Society Pipe and Drum Band, followed by many floats and antique vehicles of all shapes and sizes, including the M.P. for Provencher and the MLA for Morris (Mr. Pitura).

Also, the Transcona and District pipes and drums youth band were proud participants in the Sperling parade, showcasing their talent to many hundreds of route spectators. The parade wound its way from Station Street to Main, then to Henry, onto New Street and back to Station Street. Spectators were very supportive and warmed by the parade participants, despite the very cool morning.

Visitors came from as far away as California and from many communities in Manitoba to participate in Sperling's 100th birthday celebration. After the parade, all were welcomed back to the community hall and refreshment tent. Displayed in the community hall were many items of remembrance from the community's 100-year history, including pictures of significant events in and of the community, including families, family special celebrations and sports teams. Also on display were curling sweaters from championship teams and pictures of several local hockey teams from over the years.

I am sure that all members of the Legislature join with me in congratulating the residents of Sperling, Manitoba, on their first 100 years. This is a proud Manitoba community with a proud history. We wish them all well in their next 100 years. Thank you, Mr. Speaker.

Saskferco Products Incorporated

Mr. Denis Rocan (Carman): I am pleased to rise before the House this afternoon and put a few words on the record about a grand opening in the Carman constituency which I had the pleasure to attend and speak at on June 28, 2001. Regina-based Saskferco Products Incorporated has opened a new fertilizer storage facility in Carman. Saskferco is well known as North America's largest producer of granular urea and anhydrous ammonia.

This new facility will enable the company to better serve its customers in the Red River Valley, both in Canada and the United States. It will house 80 000 metric tonnes of granular urea for timely and efficient local and international distribution. It is this type of vision that has made this company so successful in the global marketplace.

This new facility provided excellent opportunities for the people who were employed during the construction phase, which began nearly one year ago, and those who will be involved in the plant's daily operations. The greatest benefit, however, will be for Manitoba producers who will be the end consumers of these fertilizer products. They can now be assured of secure, local fertilizer stocks capable of meeting peak demand periods.

I and my constituents would like to welcome Saskferco into Manitoba and wish them every success in doing business with friendly Manitobans. Thank you very much, Mr. Speaker.

Canada Day Celebrations

Mr. Stan Struthers (Dauphin-Roblin): The July long weekend in the Parklands is always a very busy, busy weekend. I know that the Minister of Industry, Trade and Mines (Ms. Mihychuk) and the Member for Gimli (Mr. Helwer) will agree with me that there were many, many events to be attended in our area. I saw the minister at our ag society fair and at Countryfest, and I had a chance to speak with the Member for Gimli at Countryfest as well. I appreciate their support of our ongoing community efforts.

Other events that we had a multitude of in our Parkland area were Canada Day celebrations in Rorketon, and in Dauphin, Gilbert Plains and Grandview.

Mr. Speaker, I specifically want to talk a little bit about the Canada Day celebration that they organized in Roblin. The Roblin recreation commission and the economic development committee joined forces with Mayor Lorne Boguski and his town council to have an excellent day of celebrations and an excellent contribution to Canada Day celebrations in our country.

I want to particularly mention Jana Watt of the economic development committee, and Lance Vaillancourt [*phonetic*] of the rec commission for their work in organizing the Canada Day celebrations.

The committee sponsored everything from church services to pie auctions and eventually pie throwing, to ball games. There were many local bands that performed at Curey Park in Roblin and finished off the evening with fireworks after it became dark.

I had the pleasure to present at Roblin that day the Canada Youth Award to a young lady by the name of Nicole Branconnier, who is the president and VP of the 4-H, a member of the Big Sisters and Little Sisters, and she also volunteers at the recycling depot. So thank you very much, Mr. Speaker.

Provincial High School Track Meet

Mr. David Faurshou (Portage la Prairie): Mr. Speaker, it gives me great pleasure to rise in the House today to recognize the hard work of athletes from Portage la Prairie who once again brought home the gold. I rise today to congratulate them on their outstanding performance in the 2001 Provincial High School Track Meet.

Whitney Blight of Portage Collegiate Institute won the junior girls discus with a throw 31.54 metres, an improvement of several metres over her performance in the rural provincials. Joey Patsack of Arthur Meighen High School took first place in the junior boys 100 metre hurdles. This victory was even more impressive due to the fact that Joey was unable to train prior to the meet due to an injury.

In addition to these two gold medalists, Daniel Narvey, in an outstanding effort, brought home medals in three separate events. He earned a silver medal for the junior boys 1500 metre run, a bronze medal in the 3000 metre run and another bronze in the 800 metre. Benson Stobie also won a bronze medal for his performance in the junior boys discus. I would also like to recognize Chris Caister for his seventh place finish in the 400 metre, and Ali Bouchard also placing seventh in the junior girls shot-put.

Mr. Speaker, bravo to all the athletes who participated in the 2001 Provincial High School Track Meet, and a special congratulations to all those who reached or surpassed their personal goals in that attendance. Thank you, Mr. Speaker.

ORDERS OF THE DAY

House Business

Hon. Gord Mackintosh (Government House Leader): Mr. Speaker, would you please seek leave of the House for an Opposition Day to be held tomorrow to consider the Opposition motion that is on today's notice paper?

Mr. Speaker: Is there leave of the House for an Opposition Day to be held tomorrow to consider the Opposition motion that is on today's notice paper? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, would you also seek leave of the House to not see the clock tonight at 6 p.m. until 8 p.m., and for the two standing committees to sit concurrently with the House this evening, and also ask if there is leave to waive the quorum requirements for today?

Mr. Speaker: Is there leave of the House to not see the clock at six o'clock until 8 p.m., and for the two standing committees to sit concurrently with the House this evening? Also, is there leave of the House to waive the quorum requirement for today? *[Agreed]*

Mr. Mackintosh: Mr. Speaker, would you please call debate on second readings No. 28, and then call second readings No. 47?

* (14:30)

DEBATE ON SECOND READINGS

Bill 28—The Labour-Sponsored Investment Funds (Various Acts Amended) Act

Mr. Speaker: Resume debate on second reading of Bill 28, The Labour-Sponsored Investment Funds (Various Acts Amended) Act, standing in the name of the honourable Member for Morris (Mr. Pitura).

Is there leave of the House for the bill to remain standing in the name of the honourable Member for Morris?

Some Honourable Members: No.

Mr. Speaker: Leave has been denied.

Mr. Mervin Tweed (Turtle Mountain): I am pleased to take a couple of moments just to put some comments on the record in regard to the bill.

We did have the opportunity of a briefing from the department on Thursday. I think, Mr. Speaker, that the concerns that we have expressed at the start of this, when the bill was first brought forward, I think it is important that we do lay out a bit of the history of this, and the fact that this bill was brought forward after the fact when they found out, when the Government discovered, that they could not support the arena project with the Crocus funding without some changes to the labour-sponsored bill.

I guess from this side of the House we find that despicable, that governments would get themselves into a position where they found that they could not work within the guidelines that were already out there. It is quite obvious that this is the way the Government of the day in Manitoba operates, as they continually find that the rules that they are set up to work within, if they do not like them, this Government makes two choices. They choose to ignore them, or they choose to change them. In this case, they have done that.

What they have done is they have opened up the investment capabilities of the labour-sponsored funds to include facilities such as the Winnipeg Arena, which would not have been allowed without these changes under the old guidelines. It is really purely a defensive mechanism. When they found out that they were caught and could not make it happen without these changes, they brought forward the legislation. I think there have been words thrown around back and forth from both sides of the House, but certainly the loan that was being prepared and offered to True North would have been ineligible based on the previous rules and regulations of the past labour bill.

So again what this Government does is, if they do not like a rule, they change it or break it. We are seeing it again in a presentation that we are seeing in this bill.

Mr. Speaker, we are prepared to pass this on. I know a couple of my colleagues want to

make a couple of comments. But the list is becoming unending as far as what this Government does to have their way. They tend to strong-arm everybody through the process and change rules or break rules, break laws as we go through. We will be eagerly awaiting the committee hearings and further comments back here after that.

Mr. John Loewen (Fort Whyte): Mr. Speaker, Bill 28 will go forward to committee. As we heard, it is a bill that the primary purpose is to change the legislation regarding the Crocus Fund. The primary purpose of that is to allow this Government to proceed with its hidden agenda, with its agenda to build a downtown entertainment complex. On a number of occasions we have pointed that out in this House.

Mr. Conrad Santos, Deputy Speaker, in the Chair

I think it is particularly interesting to make note of the sequence of events that took place regarding this bill. On May 9 I posed a question to the Minister of Industry, Trade and Mines (Ms. Mihychuk) regarding the ineligible investments for the Crocus Fund, in particular their ability under the existing act to invest in real estate, which obviously an investment in the True North project would be. I pointed that out to the minister on that day. It was interesting that she did not really have an answer. She said she would take it under advisement and get back to us. We never did hear back from the minister.

I also pointed out to the minister that under The Securities Act, basically I felt that the investment that was being undertaken by the Crocus Fund and the True North project was in fact illegal. It was illegal because, in January, the Crocus Fund issued a prospectus which clearly stated within that prospectus that an ineligible investment would be one that involved an investment in real estate. It also states quite clearly in that prospectus that the Crocus Fund will not invest in any project where the assets exceed \$50 million.

That is what the fund was designed for, designed to make smaller investments in small-cap equity companies, growth companies, turn-arounds of that nature to create jobs; not to

invest in real estate and not to invest in projects that had assets of more than \$50 million, both of which the True North project falls under.

In addition to that, The Securities Act quite clearly states under section 136 that any organization that issues a prospectus, and then raises funds, and, subsequent to that, turns around and uses those funds for purposes that do not coincide with the issuance of the prospectus and the terms thereof, does so under the threat of a fine of up to \$1 million. In fact, that is what the Securities Commission could rule should they choose to look into this potential investment by the Crocus Fund. I am confident that this Premier (Mr. Doer) and his Government were aware of that. They stated that they had been in negotiations behind closed doors for over 18 months. Surely the Premier and surely his Government must have been aware of the difficulties that would be involved with the Crocus Fund investing in a project that had more than \$50 million in assets and investing in a project that primarily involved the leasing or rental of space as a means of deriving income. Both clearly fall in the realm of the True North Project.

* (14:40)

But, instead of standing up in this House on May 9 and answering the question and simply telling the people of Manitoba, telling the elected officials that they believe the project was worthwhile and it should go ahead, to do it they were going to have to change The Crocus Investment Fund Act, the minister stood up in this House and said: Oh, no. I will take it under advisement. It does not go against the legalities or the spirit of the Crocus Fund, when in fact the Premier and his Government knew full well at the time that it did.

So what was their response? Well, their response was on May 14. You know, just five days later on a Monday, when I had asked the question on a Thursday. On the next Monday they introduced legislation into this House. Of course, they did not tell us what was in the legislation. They let it sit on the Order Paper for close to five weeks before they even released the legislation to this House. Then when they did it, they released the legislation on a Monday some

six weeks later near the end of that particular day's session so that it would not attract attention. But they knew when they introduced the bill, just as they knew before May 9. They knew on May 14 that the primary purpose of this bill was to remove the section of the Crocus act that identified what constituted an ineligible investment under the Crocus Fund. By doing so they changed the very nature of the fund.

Basically, what they are saying is the fund now has carte blanche to invest in any organization in Manitoba. The Government and the Crocus Fund should not have to be reminded that they have gone out in Manitoba and, on the basis of a very generous tax credit program, they have raised well over \$100 million, probably at this point \$175 million or close to \$200 million, of funds from Manitobans, most of whom have put those funds in on the basis that they get a large tax credit and most of whom will be encouraged to put their investment in Crocus, in their RRSP fund, to maximize that tax credit. So they will receive in fact 80 percent of an investment less than \$5,000 as a tax credit.

So the Crocus Fund has gone out year after year to raise this capital every year on the basis that they would not invest in real estate because if they did they stood the risk of losing that tax credit, which has certainly been one of the primary reasons that individual Manitobans have chosen to invest in that fund. They would not put that at risk, and so, year after year, they have gone out raising these funds on the premise that they are going to invest them in small cap Manitoba companies, that they are going to invest in turnaround situations that will create jobs in Manitoba. Quite frankly, they have put out to the public on more than one occasion that Manitobans will receive an excellent rate of return. In fact, they have talked about a rate of return as high as 30 percent after you have allowed for the tax credit.

So this is the type of fund it was structured for. It was a venture capital fund. People knew at the outset, when they put their money in, that that is what the corporation would be investing in. They had confidence because this organization will be making a number of investments, and they will be balancing their risk of their

portfolio and in high-risk venture capital funds. That is what has to be done. But now we have seen that change dramatically and within months of the Crocus Fund going out and raising close to another \$30 million this year, maybe a little above, maybe a little below. But I understand it is in the neighbourhood of \$30 million raised, again based on the prospectus that was issued January 14 of this year, which clearly stated that they would not be investing in real estate projects and they would not invest in projects that had assets over \$50 million.

This Government is driving the agenda, it is obvious, behind the True North project. It is this Premier, the mayor of the City of Winnipeg, Mayor Murray, who were the primary drivers behind the construction of a new arena. Quite frankly, this bill that we have before us, Bill 28, demonstrates to what lengths they will go to drive this project through. In fact, they are willing to put their own ministers in a compromised position. They are willing to see the people who run the Crocus Fund put in a compromised position, all on the basis that I am sure, at some point during the last 18 months, the Premier has said to the Crocus Fund, who have been involved in these closed-door negotiations, not to worry about it. Do not worry. We will simply change the legislation. We will remove any reference to ineligible investments, and you will be able to do what you want. So just come along with us and do not worry about it, because we will fix it.

That is a characteristic that we have seen a number of times with this Government. Even the Minister of Education has done that and was chastised for it by the Auditor when he advised the Pension Fund to break the law on the basis that, well, we will just make a change to the legislation. We have seen the same thing with regard to Manitoba Hydro when they talk about rate equalization throughout the province, which is a good thing, but instead of taking it to the Public Utilities Board, which Manitoba Hydro was fully prepared to do, they said, no, do not worry about that. We will just change the legislation so you can do what you want. Then, by the way, we will just, in their case, go back to the old legislation because we just want to do it one time.

So I think, Mr. Deputy Speaker, we see quite clearly that this Government has a hidden agenda, one that shows a great deal of disrespect for the laws of the province of Manitoba, an agenda which will allow them to instruct the management of the Crocus Fund to go ahead and propose an investment and make an investment in spite of the risk of losing their funds' ability to provide tax credits under The Income Tax Act, in spite of the fact that it goes directly against the prospectus that was issued on January 14 and in spite of the fact that, by doing that, the Crocus Fund and its senior management could be subject to a million-dollar fine under The Manitoba Securities Act.

So, Mr. Deputy Speaker, during committee, we want to delve into the process to see what actually went on behind closed doors, why it was necessary for this Government to basically override the basic principles that led to the establishment of the Crocus, that led this Government, with a wink and a nod behind closed doors, to tell the Crocus Fund to go ahead and break the law; and by the way, when you do it, you might also have to stand up in public and declare that you really have not broken the law when in fact it is very, very obvious that the investment they have proposed in the True North project goes against the very principles of The Crocus Act which is being amended through Bill 28 before this House today.

I might also add that we saw recently in the newspaper reports and quotes from Mr. Kreiner, the head of the Crocus Fund, talking about their desire to invest in housing in downtown Winnipeg, Mr. Deputy Speaker, to help with their vision of revitalizing downtown Winnipeg. So, once again, we have the CEO of the Crocus Fund, in public, saying they want to make investments which are clearly against the principles of the act that is set out at this particular time, and he could have only done that had the minister, had the Premier (Mr. Doer), again behind closed doors, said, okay, we are going to use the Crocus Fund not as a means of investing in venture capital, not as a means of providing jobs in Manitoba, not as a means of helping start-ups, of helping turnaround companies, smaller, growing companies that need funding in Manitoba; we are going to use the Crocus Fund as an instrument of public policy,

and you, sir, are going to invest in real estate. You are going to come out publicly and say you are going to invest in real estate in spite of the fact that the act clearly states that any investment in real estate where a return is derived primarily from the leasing or from the sale of real estate means that it is an ineligible investment.

* (14:50)

Mr. Deputy Speaker, ineligible investments can be made, but they can only be made as the law stands today with the prior written authority from the Minister of Industry, Trade and Mines (Ms. Mihychuk). So if, once again, it is the policy of the Government to use the Crocus Fund as an instrument for public policy similarly as they tried to use the \$30 million they took out of MPI; similarly as they are using the extra \$65 million that they have hauled out of Hydro this year and the \$23 million they are using to build a northern road out of Hydro profits instead of using it as it was originally intended: to provide Manitobans with the lowest rates possible. Here is just another example where they have said to the senior management of an organization and operation that they clearly control; they have said: do not worry about the law as it stands today; just go ahead and do what we are telling you to do, and we will change the law.

I hope that the Provincial Auditor, soon to be referred to as the Auditor General when we pass that act, I hope that he, in his capacity, will look as harshly on these activities as he looked on the activities of the Minister of Education (Mr. Caldwell) when he advised his pension board to, in essence, break the law simply on the understanding that at some point in time the Minister of Education would change the law.

There is no difference here. We have the Crocus Fund basically contravening The Manitoba Securities Act, contravening their own legislation which is in place today on a simple wink and a nod from the Premier and from the minister behind closed doors, that they should not concern themselves with it because the Government will simply change the law.

Mr. Deputy Speaker, quite rightly, there are, I believe, a good deal of the 27 000 Manitobans who have invested in the Crocus Fund since its

inception, there are a good number—and I have heard from a number of them—who are very, very concerned about this legislation, who are very, very concerned about the change in focus, a dramatic change that will take place in the investment practices of the Crocus Fund under this Government.

I should remind this Government and I should remind the Premier (Mr. Doer) and I should remind the Minister of Finance (Mr. Selinger) that these are Manitobans who have invested in this fund on the premise that the Crocus Fund would invest in high-risk start-up or turnaround situations that would create jobs in Manitoba on the basis that by their very nature some of those high-risk investments had the potential for turning very, very significant profits; something that one does not see from real estate, that one will not see from an investment in the True North project, that one will not see from investment in downtown housing.

At the same time that the Government is doing this, they also must recognize that they are restricting those 27 000 Manitobans from taking their funds out of the Crocus Fund because they have an eight-year hold from the time they invest until the time they are free, that they have their own liberty to take their own money out.

So I would urge the Government that if they are going to make, and this was another question I posed on May 14 during Question Period, if the Government, as a matter of public is going to make such a dramatic change to the Crocus Fund that in essence it changes the very nature of the investment in such a dramatic way that people who invest in it would want to think twice. At the very least, this Government has the obligation to the people who have invested in this fund to say, okay, we have changed the nature of the fund, if you do not agree with it, redeem your portion of the fund at no cost, I mean, at today's share value, but without the loss of the tax credit that was given to them as a carrot to make the investment. Take those funds and invest in something that you are comfortable with.

Because anybody who is managing their RRSP properly will have a mix of investment.

They will have some investments in bonds, they will have some investments in high risk, they will have some investments, hopefully, in blue-chip stocks. But the whole idea of an investment for your retirement is to have a balanced approach to it. So many of those 27 000 contributors to the Crocus Fund will have made it on the basis that this portion of their investment, hopefully, for their sake, was going into high-risk venture capital funds, which, by the very nature of the fund, could understandably lose it all, or they could see a very, very high rate of return. They certainly did not put that money in, up to this point, expecting this fund to invest in real estate. In fact, exactly the opposite.

So this Government, with a stroke of the pen, behind closed doors, with a wink and a nod behind closed doors, has changed the nature of the Crocus Fund forever. We see management reacting to that. At the very least, I mean, our original premise is they should not tamper with it—period. The fund was set up to be a venture capital fund. The fund was set up to make investments in high risk, start-ups and turnaround situations.

Mr. Deputy Speaker, we see the balance sheet. I mean, it is easy to look at the balance sheet and pick out another \$40 million or \$50 million of that \$200-million fund that today is at risk and could very easily, on the opinion of an independent evaluation, be written off. That is the nature of the fund. That is why it was set up, as a venture capital fund and a high-risk fund. To change the nature of that fund to invest in real estate without giving proper notice would have been advice in the prospectus that was issued January 14, because this Government knew, this Premier (Mr. Doer) knew, the minister knew by January 14 that they needed that Crocus Fund to solidify the investment in the new downtown entertainment complex; to solidify the prospects of going forward with the Premier's agenda, with the mayor's agenda in building an entertainment complex on the Eaton's site.

Without the involvement of the Crocus Fund, this deal will fall apart.

An Honourable Member: Are you for it or agin' it?

Mr. Loewen: The Premier asks am I agin' it or am I against it? Well, as I told the Premier the other day, I am for, have been for a long time, worked hard in '95-96 under different circumstances to see a new entertainment complex built in downtown Winnipeg. But I am also for truth and honesty. We do not have that in this process. We do not have that in this Chamber.

We have a minister of the Crown standing up and saying she does not understand, when in fact four days later—not even four days later—the next sitting day of this House, she introduced legislation to wipe out ineligible investments. Now, that is not open and honest government. All we asked of this Government, if that was the case they should have stood up on May 9 and said: we are going to change the Crocus act. We need to change the Crocus act because we have a project that we stand behind. But no, they hid behind it, and they brought in some other amendments.

We do not object to all the other amendments which even out the investment policies of the Crocus Fund and the ENSIS Fund. In fact, in this House I argued a year ago that that should have been done when the minister introduced another piece of legislation over a year ago which basically took a very, very small step, a very timid step in its approach to equalizing the two funds. So, in terms of the equalization of the ENSIS Fund and the Crocus Fund in this bill, we think that is overdue. But to hide that, to hide behind that, the fact that this Government is changing the very nature of the Crocus Fund, not to the benefit of the investors, not to the benefit of the 27 000 Manitobans who have made an investment in this fund, but to suit their own hidden agenda. They are using those 27 000 investors, their funds, their retirement funds, the money they are counting on. These are hard-working, honest Manitobans. They are counting on these funds to grow so, when they enter their retirement years, those funds will be there to support them.

* (15:00)

Well, I daresay, with this change in legislation, that quite likely may not be the case. So we would urge this Government, if it is their desire to change the legislation, to open up the Crocus Fund to be used as an instrument of

public policy, to invest in projects like True North, to invest in downtown housing. We ask them to do it openly, and to do it honestly. Because they chose not to do it that way, because they chose not to indicate that in their prospectus that was issued January 14, we would ask them, through this legislation, to open the door to any Manitoban who may want to remove and redeem their shares in the Crocus Fund, to be able to do so now and to have a window of perhaps six months or eight months so that they could make an assessed judgment based on the new direction of the Crocus Fund and not only redeem this year's contribution but redeem any contribution that they have made over the life of the Crocus Fund, because that is how fundamentally this bill will change the nature of the Crocus Fund forever.

Mr. Speaker, we are anxious to get this bill moved on to committee. We will look forward to questioning the Government, and particularly the minister, on the exact reasons and some of the exact timing for the changes that have been brought forward to this House with regard particularly to the Crocus Fund. Thank you.

Mr. Harry Enns (Lakeside): I have just a very few comments. My colleague the Member for Fort Whyte (Mr. Loewen) has very clearly laid out what, in fact, is happening here. I honestly believe that the Government and particularly the minister owe the Member for Fort Whyte an abject apology. I can recall the Member for Fort Whyte raising this issue, it being just set aside as ill-founded Opposition criticism. I am deeply disturbed that it would appear that senior management with the Crocus Fund went along with the Government's program, and that bothers me, because these are the people, as the Member for Fort Whyte repeatedly pointed out—these are the stewards of 27 000 Manitobans who have chosen the Crocus vehicle for their investment, or a portion of their investments.

I understand why, and you will see the reason why the winking and the nodding took place, because the Premier (Mr. Doer), this Government, did not want to be up front saying, yes, legislation will have to be changed to accommodate this project within the Crocus Fund rules and regulations. That would kind of flavour the whole deal a little differently.

If you had to go in acknowledging that it was ineligible today, but we are a majority government, we had the power, we can change the legislation, that is what has happened with Bill 28. Far more importantly, Mr. Deputy Speaker, than the whole thing, and I am hoping we will have an opportunity to examine the managers of the Crocus Fund during committee stage of the bill, is this tinkling with the fundamental objectives of the Crocus Fund. That is where members opposite quite frankly, and I say that benignly, do not always know what they are doing. They are changing a fundamental principle within the Crocus Fund that has been successful, that has attracted 28 000 investors and the dollars that are there. If you want to use it for other social programming within the department of government, then it has to be said up front and opportunities have to be provided for people to make an assessment as to whether they want to continue leaving their money in that particular fund.

Mr. Deputy Speaker, with those too kind few words, I really do believe the Member for Fort Whyte (Mr. Loewen) is owed an apology.

Mr. Deputy Speaker: Is the House ready for the question?

Some Honourable Members: Question.

Mr. Deputy Speaker: The question before the House is second reading of Bill 28, The Labour-Sponsored Investment Funds (Various Acts Amended) Act; Loi sur les fonds de placement des travailleurs (modification de diverses dispositions législatives). Is it the pleasure of the House to adopt the motion?

Some Honourable Members: No.

Voice Vote

Mr. Deputy Speaker: All those in favour of adopting the motion, say yea.

Some Honourable Members: Yea.

Mr. Deputy Speaker: All those opposed, say nay.

Some Honourable Members: Nay.

Mr. Deputy Speaker: In my opinion, the Yeas have it.

Mr. Marcel Laurendeau (Opposition House Leader): Mr. Speaker, on division.

Mr. Deputy Speaker: On division.

SECOND READINGS

Bill 47--The Budget Implementation and Tax Statutes Amendment Act, 2001

Hon. Greg Selinger (Minister of Finance): I move, seconded by the Minister of Health (Mr. Chomiak), that Bill 47, The Budget Implementation and Tax Statutes Amendment Act, 2001; Loi d'exécution du budget de 2001 et modifiant diverses dispositions législatives en matière de fiscalité, be now read a second time and be referred to a committee of this House.

Motion presented.

Mr. Selinger: Mr. Speaker, I am pleased to present for second reading Bill 47, The Budget Implementation and Tax Statutes Amendment Act, otherwise known as BITSA. Bill 47 introduces a number of tax amendments that were announced in the 2001 Budget, which I had the pleasure of delivering to the Assembly on April 10. We have renamed this statute. Formerly known as The Statute Law Amendment Taxation Act or SLATA, it has now been changed to BITSA to more clearly reflect its coverage.

The thrust of the tax measures contained in the 2001 Budget and in Bill 47 reflect the pre-Budget public consultations with Manitobans, a number of which I and my colleagues from both sides of the House had the pleasure of attending. This Budget, therefore, based on those consultations and our election commitments, reflects the priorities Manitobans asked us to address through a balanced approach.

I would like to begin with Part 4, which contains the most comprehensive and detailed provisions in Bill 47 pertaining to The Income Tax Act. The first section, section 13 through section 24, amends a number of provisions that serve to reduce taxes paid by individual Manitobans. Bill 47 builds upon the \$102 million in

personal tax reductions we introduced in our first budget and adds another \$80.4 million in tax relief to individual Manitobans throughout the province.

Because of reductions we introduced in the 2000 and 2001 budgets, Manitobans will see their average tax bill reduced by 10.5 percent by 2003. This is not counting labour-sponsored tax breaks that people will get.

These reductions are significant and important in keeping Manitoba competitive with other provinces' income tax regimes without sacrificing our health, family services or education systems.

* (15:10)

I would now like to outline some of the particular reductions contained in Bill 47. The top income tax rate is reduced from 17.5 to 17.4. In 2000, the rate was 17.63. The middle income tax rate is reduced from 15.6 to 15.4 in 2002; then to 14.9 in 2003.

The nonrefundable credits are increased by 2.5 percent over the 2000 amounts; the supplementary increases to disability, caregiver and infirm dependants' credit amounts.

The property tax credit is now more appropriately called the education property tax credit. Most importantly, the amount is being increased by \$75 in 2001, including the homeowner advance that qualifying Manitoba homeowners receive directly on their annual property and school tax bill. This is in addition to the \$75 increase we announced in the 2000 Budget, raising the minimum credit from \$250 to \$400 in just two years.

The refundable learning tax credit is being reduced from 7 percent to 4 percent commencing in 2001. Despite the rate reductions, students will still earn a higher credit in 2001 because of the doubling of the education amount from \$200 to \$400, which automatically increases the amount of the learning tax credit.

The 2001 Budget also introduced a number of reductions for businesses in Manitoba. The general corporate income tax rate, which had

been fixed at 17 percent since 1986, is being reduced in four equal increments to 15 percent in the year 2005. The active business income threshold for businesses eligible for the small business corporate income tax rate, which we have systemically reduced down to 5 percent by 2002, has increased from a threshold of \$200,000 to \$300,000, commencing in 2002. Corporate income that qualifies for the federal small business deduction will have that amount increased by 50 percent for purposes of calculating the Manitoba small business corporate income tax rate.

The Manitoba Film and Video Protection Tax credit has been extended for three years. In addition, the \$50-million asset cap has been eliminated, which will assist smaller Manitoba-based production companies who wish to engage in co-production with larger production companies.

Part 1 amends The Corporation Capital Tax Act. The first amendment clarifies that interest is not paid on the refund of tax instalments. Corporations are already entitled to reduce their tax instalments based on an estimate of their actual tax payable. The second amendment clarifies that corporations that do not comply with the statutory requirement to make their records available for audit in Manitoba are required to pay an auditor's travel costs to conduct the audit outside Manitoba.

Part 2 amends The Health and Post Secondary Education Tax Levy Act. The annual payroll tax exemption at \$1 million must be prorated for employers who operate in Manitoba for less than a year commencing January 1, 2002. This will put Manitoba-based employers on a more equal footing with their part-year employers similar to other provinces that have a payroll tax. Also, as with the corporation capital tax, employers must pay an auditor's travel costs to conduct an audit outside Manitoba where the employer fails to make its records available within Manitoba.

Part 3 renames The Homeowners Tax and Insulation Assistance Act to The Property Tax and Insulation Assistance Act in order to more accurately reflect its scope.

The Environmentally Sensitive Areas Tax Credit which I announced in the 2001 Budget is introduced under the renamed statute. The program provides private landowners or occupiers with a property tax credit funded by the Province to offset costs associated with the restoration or protection of prescribed land. Further details under this program, such as eligibility criteria, will be subsequently introduced by way of regulation.

Part 5 amends The Motive Fuel Tax Act, correcting the statutory language such as only the director, not a collector or other person, may issue a licence under the statute.

Part 6 amends The Retail Sales Tax Act. The 2001 Budget announced several measures that are being implemented through Bill 47. The sales tax exemption for manure slurry tanks and lagoon liners for livestock operations, which is designed to promote safe handling of animal waste, is extended until June 30, 2002.

Concomitantly, I announced in this year's Budget that non-farmyard use of agro-chemicals will no longer be exempt from the sales tax effective May 1, 2001. The exemption will continue to apply to non-chemical products used ordinarily in agriculture or horticulture regardless of whether purchased for farm, residential or other use. Combining these measures, along with the environmentally sensitive tax credit, ensure that our taxation policies are effectively targeted to promote more environmentally safe and friendly practices.

Members may also notice that the extension of the sales tax exemption from only hard-copy books to include electronic forms of books announced in the 2001 Budget is not included in Bill 47. I would like to inform the Assembly that the exemption has been in effect since May 1, 2001, and the necessary amendments will be reintroduced by way of regulation in the near future.

Manitoba is now a member of the international registration plan. Effective commencing March 1, 2001, Manitoba will now be able to better audit and tax more equitably interjurisdictional commercial truckers who are now required to pay sales tax as the vehicle is

consumed or used, rather than upon acquisition based on the entire purchase price. Membership will aid the Province in ensuring that commercial truckers who frequently commute to Manitoba contribute to the sales tax in the same way that provincially based truckers are required.

Part 6 also introduces a number of housekeeping and administrative amendments designed to better reflect past policies and practices in the department, as well as to tighten the Province's standing as a creditor under The Retail Sales Tax Act. The sales tax exemption for food and beverages purchased by commercial airline carriers for consumption by passengers is now legislated to conform to the department's practice. The exemption of assets transferred from an individual partnership or corporation that does not wholly own and control the purchasing corporation requires that the transferor receive shares in the transferee corporation. Parallel with the Ontario exemption, the transferor must now retain the shares for at least six months.

Similarly, where the purchaser of an existing manufacturing plant includes used machinery and equipment, the exemption on the machinery and equipment will now require that the assets continue to be used for at least six months in accordance with the department's practice.

Manitoba, like other provinces, requires the issuance of a ministerial clearance certificate upon the bulk sale of a business to ensure that the vendor has paid all the applicable taxes up to the date the business was sold. Currently, certificates are only required to state that the seller of the business has remitted all tax collected. The amendment will require certification that all sales tax payable by the seller to the Province has been paid. The department's collection powers are now expanded to match those provided for under the federal Income Tax Act and excise tax legislation covering third party demands against funds owing from a tax debtor to a secured creditor. This legislation is similar to that implemented in Nova Scotia.

Part 7 amends The Tobacco Tax Act in order to allow for the increase in the tobacco tax rates announced in the 2001 Budget. The taxes

from the increase on cigarettes has increased from 8.6 to 9.6 per cigarette, from 7.3 to 8.3 per gram on fine-cut tobacco and from 6 percent to 7 percent per gram on raw-leaf tobacco. Recent statistics show that tobacco consumption is on the rise again, and it is universally recognized that the consumption of tobacco has a harmful impact on users and those subjected to second-hand smoke. Taxes are often used by governments to discourage tobacco use and to generate more funds to compensate for the increased costs of health care attributable to smoking.

Part 8 amends The Water Power Act to allow for the increase in the water power rental rates announced in the 2001 Budget.

Part 9 enumerates the coming-into-force provisions applicable to the various amendments in Bill 47.

Bill 47 introduces several other house-keeping amendments as well as new measures designed to ensure that Manitoba's income tax legislation is in step with federal changes and changes made to the provincial legislation in 2000. Provisions affecting the tax treatment of mutual fund trusts are amended to account for the 2000 tax reform that moved from a tax on personal income tax regime to a tax-on-income system. Shares acquired under the Equity Tax Credit Program are deemed to be held in a stock savings plan. This is a federal requirement to ensure that such shares receive the same federal income tax treatment as shares acquired through a labour-sponsored venture capital corporation.

Federal income tax legislation now has civil penalties for any misrepresentation on tax matters by tax planners and tax advisers. Section 30 introduces parallel provisions under Manitoba's income tax legislation. Manitoba, like other provinces, is continuing to renegotiate with the federal government the renewal of the tax collection agreements pending the successful resolution of discussions, and in order to avoid potential confusion on the part of taxpayers, section 31 provides that any inconsistency between Manitoba's income tax legislation and the tax collection agreement does not remove federal authority to collect and administer Manitoba's income taxes.

I invite members and Manitobans to read Bill 47. I have covered most of the provisions, but there are consequential amendments contained in the bill that flow from these measures that I have discussed today. Thank you, Mr. Speaker.

Mr. John Loewen (Fort Whyte): I move, seconded by the Member for St. Norbert (Mr. Laurendeau), that debate be adjourned on Bill 47.

Motion agreed to.

* (15:20)

House Business

Hon. Tim Sale (Acting Government House Leader): I would like to announce that Bill 28 is being referred to the meeting of the Standing Committee on Municipal Affairs for 6:30 this evening.

Mr. Deputy Speaker: It has been announced by the Acting Government House Leader that Bill 28 is being referred to the meeting of the Standing Committee on Municipal Affairs for 6:30 p.m. this evening.

Mr. Sale: I believe, Mr. Deputy Speaker, that it is in order to move that the House resolve itself into a Committee of Supply, seconded by the Minister of Health (Mr. Chomiak).

Motion agreed to.

COMMITTEE OF SUPPLY

Concurrence Motion

Mr. Chairperson (Conrad Santos): The Committee of Supply has before it for our consideration a motion concurring in all Supply resolutions relating to the Estimates of Expenditure for the fiscal year ending March 31, 2002.

The floor is now open to questions.

Mr. Stuart Murray (Leader of the Official Opposition): To the Premier: I wonder if the Premier could confirm that the Government of Manitoba has appointed an agency of record with respect to advertising.

Hon. Gary Doer (Premier): I remember the question was raised about advertising in my Estimates, and I suggested that the members opposite deal with the IRD department in the department of cultural affairs, as I recall it. I am not sure whether this was raised or not.

I will have to take the question as notice. I think advertising takes place in the standard tendering way.

Mr. Murray: I just would be somewhat surprised that the Premier would not be aware if there is an agency of record. I think it follows under sort of a format that he would either take some interest in or know.

So I will ask him again. If he is going to give the same answer, I would consider moving on, but I just think an agency of record for the Government of Manitoba is something that the Premier would be aware of.

Mr. Doer: Well, again, the question was raised about advertising under my Estimates, and I suggested the members opposite asked in cultural affairs. I will review Hansard. I know there are tenders for advertising. I know some of the companies, for example, if I recall correctly, McKim wanted a bid on the issue of Tourism, which is a large contract, through a tendering process. I expect the process is similar to what has been in place before. The issue of agency of record, I am not a PR person myself, so I do not know some of the kind of terms necessarily that the member opposite may be aware of more intimately, but that does not mean to say I should not know it. So I will take it as notice.

Mr. Murray: I wondered if the Premier is aware of a communications agency out of Vancouver called NOW Communications.

Mr. Doer: Yes, I am.

Mr. Murray: Would the Premier know if NOW Communications is doing any advertising for the Government of Manitoba? When I say now, I mean currently doing some advertising for the Government of Manitoba.

Mr. Doer: I will have to take it as notice. Again, I think this question was raised with me. We

agreed in Estimates of the Premier that we would ask the questions in cultural affairs. I will go back to cultural affairs and find out whether they are working.

I know that two of the public contracts have become an issue. One is the Lotteries contract. I think that is with McKim, if I am not mistaken, but it is certainly not a decision we made in Government. I will double-check that just to try to get the range. I know that they have set up an office here, and I know that they have got some work; but it has all been under the tendering process, as I understand it. We will produce all the contracts.

The amount of advertising generally, I believe, has been comparable to the past. There was a major health ad campaign dealing with childhood injuries. I will check and see who did that. I know we wanted the advice we received from the Department of Health, if we could reduce some injuries it could make a significant difference to families. I will take a look at all the contracts and provide them to the member.

Mr. Murray: I thought the health ad was an excellent ad, by the way. I thought it was very well done.

Would the Premier provide the House and the people of Manitoba with a list of all Manitoba suppliers contracted, either hired or contracted by NOW Communications?

Mr. Doer: I did not understand the question. The question was: Will we supply a list of all contracts they received from the Government?

Mr. Murray: A list of suppliers contracted or hired by NOW Communications, if they have contracted out for work.

Mr. Doer: If they have contracted out work that has been done by the Government, in other words, it is public money—I will, again, take the question as notice. I will have to find out whether first of all if they have done any contracts and then secondly if they have any suppliers. I know they have set up an office here and I know they have bid on contracts.

Mr. Murray: I wonder if the Premier could tell the House what the process or the procedure is between NOW Communications and IRD and the information resources division of Culture, Heritage and Tourism.

*(15:30)

Mr. Doer: I do not believe there has been any change in procedures from the previous government. There has been no change in procedures. I hear of the odd comment from time to time, not about NOW but other groups that allegedly do not get enough law practice or advertising work, whatever. We have not generally paid much attention to that and allow it to go through the proper tendering process. Hopefully, merit will determine the awarding of contracts, merit being cost-effectiveness. Usually, the departments are more involved with IRD than we are.

For example, in the tourism contracts, obviously it is a big contract, I believe there was some diligence paid to it in terms of what shifts we could have in tourism strategies, particularly over the long term for American tourists. I do not believe there has been any change in procedures, but I will check that.

We have been lobbied by local Manitoba firms for purposes of Crown corporations about how much was this content or that content, but I remember being in Opposition and getting lobbied by some of the same excellent individuals on directors who were hired outside of the province or ad companies that were hired outside of the province and that's impact on the local industry.

Again, I will take the question as notice, but I do not think there has been any top-down decision making for me on changing the procedures in, for example, awarding the contract in tourism when the contract was awarded to Biggar and Associates a few years ago. I believe it was the same process that was used to hire McKim, if I am not mistaken. That is a big one. That is an obvious big one in government. The other one I can think of is the health one.

Mr. Murray: So, just for clarification, Mr. Deputy Speaker, if there is any tendering of any

contracts in terms of advertising, those decisions would be made by IRD?

Mr. Doer: Well, they are mainly in consultation with the departments. For example, in Tourism, you would have, I believe Mr. Mesman was put in place prior to that. I cannot remember the sequence of events because there was somebody else in that job for a period of time. Mr. Mesman has worked, for a long time, in Tourism. He was involved, I believe, in the Tourism contract. The IRD is involved, but I can get the selection committee. Oftentimes, with major decisions, there is a multi-department, multi-stakeholder group of people, as there was in the past, and I do not believe there has been any change in that.

Mr. Murray: So, just again for clarification, the Premier states that IRD working in consultation with the departments would make the decision. In other words, whatever the agency that would have done the health advertising would have appeared before IRD, and they would have worked with the Health Department to decide which agency to work with.

Mr. Doer: I am most familiar with tourism, but there was work with the Tourism contract and the awarding of the contract. There were bids from a number of companies, and there was a pretty technical exercise. I think that the member opposite knows the ad companies, and knows their history, and knows that this would be awarded on what was perceived to be a bit of a shift in some of the directions we wanted to take. There is still a lot of work to do. We have got a lot more work to do on tourism. For example, we wanted to start putting some small Tourism spots in the Minneapolis market, and over time we wanted to do more in the midwestern United States and make sure that we try to capture some of that, but the issue of who gets the contracts, there is a committee. I can report back. I know there is a multi-stakeholder committee from time to time on some of the technical committees that would be involved. We have created a number of multi-stakeholder committees. I mean, the Red River community college, we had about four or five departments working on it, maybe six departments. The new entertainment centre, the True North project, we had a number of people across departments. For example, we wanted to know ahead of time what is the historic

significance of the Eaton's building. Well, obviously, you are asking questions before you make decisions, because they get asked after you make the decision. So there is a group of people. A lot of times we will use a different set of representatives to try to make sure we can get the best decision.

Mr. Murray: Is there any direct relationship between the Premier's office and IRD?

Mr. Doer: IRD and the Premier's communications office worked in the past together and work currently together. There is no change in that relationship. Communicators, hopefully, communicate. I was at an announcement just recently with Mr. Fawcett from that office. There were two people I think when we had the all-party group meeting with South Dakota, North Dakota and Minnesota. There was an individual from the IRD. They were working with individuals from our office because of the media requests in the Midwest. That is I think as it was before. I remember dealing with public events with the former Premier. There was sometimes, say, Mr. Fawcett. Then sometimes there were people from Information Services, sometimes they were IRD, and sometimes it is from the Premier's office. Hopefully, they are communicating. Hopefully, they are working together.

Mr. Murray: Mr. Chairperson, I would have to go back and check some of the comments that were made when we were going through Estimates. If memory serves, and I do stand to be corrected, I was under the impression that you said that there was no relationship between the Premier's office and IRD. Now you are saying that there is some relationship.

Mr. Doer: I will go back and check, but there is a difference between communications and decision making. I am assuming that they are communicating to each other. I know that they are. I will check Hansard as well. I mean, there is a difference between lines of authority in decision making and communications.

Mr. Murray: I agree. I think there is a noticeable difference. That is just sort of why I am asking the question, just to ensure that if the process, as the First Minister states, is really one

that involves IRD with working with the departments that there is no direction given from the First Minister's office. I think that is something that we were trying to find out what that relationship was when we were talking through Estimates. I think that is really what we are trying to find out now, if there is any change or if there is any direct reporting that the Premier's office can either have decision making with IRD or any kind of influence on IRD's decisions, because I think that that is something that the First Minister makes a comment on, that there has been no change to the way it is currently now to the way it was under the former government. I just want to ensure that I get it very clearly from him that the process that existed under the former government, with the relationship between the Premier's office and IRD, is the same current relationship between this Premier's office and the IRD.

Mr. Doer: Well, I think it is safe to say even under the former government there was a difference, in my view, from people I talked to, and the member opposite will have his own sources, between the former director of communications for the Premier's office and one Barbara Biggar and the relationship and style of Bonnie Staples, so is that a product of function or communication style or whatever? I think it is safe to say. I had sources, when I was in Opposition. The member opposite has got sources now. I think the style of communication, the functional area of working together, should be similar. I know, from the past, there was even a change in style with the change in government, just a change in some of the personalities.

* (15:40)

The bottom line is the public interest should be served, whether it is a tendering of contracts or in production of materials for the public, or whether it is in just making sure that we have some kind of relationship with the requirements of the media. For example, the flood report, we had a technical report ready. We had to get clearance from the federal government who was co-sharing that, so there was work between our office and the federal government for releasing a report that we thought was important.

What was in the report and how it was released, it was done by the Department of

Conservation with IRD people. So sometimes there is even work beyond our office, to Minister Duhamel's office or the Western Diversification office or some other office always. So there is lots of communication going on about communications. We do not always have the unilateral right when we are dealing with the private sector agreement. We read about it. We were answering questions in the House one day and half of it was in the *Free Press* the next day. That is just—[interjection] What is that?

Some Honourable Members: Oh, oh.

Mr. Chairperson: Order, please.

Mr. Doer: Well, I tried to say it would be released on such and such a day, but the media has a way of getting their own story so.

Mr. Murray: As you look at advertising in other areas, tourism and that sort of thing, particularly in the States, can you just maybe inform the House as to the process, how that would work in terms of agencies here in Manitoba versus agencies abroad, what that process would be?

Mr. Doer: I am not sure how an agency of record, if there is an agency of record in tourism, for example, the first thing I want to check out is I mentioned the tourism account which I am familiar with. Is there only one agency of record, or are there more than one agency of record? Secondly, how does that agency work with another agency? For example, just for the purposes of a buy, is there the ability to do it right here with a company that has worked already in the United States, or do you have to go through another agency? I am not sure of that. I will come back to the member opposite.

We have never advertised in the United States politically, but I would not have any involvement in that either in the last campaign or any other campaign. I am not intimately aware of how all these things work except in terms of who the agency of record is, et cetera, and whether there is one agency record or more than one and how they work with an American agency if they have to for a buy, or can they go directly to the providers of those services?

For example, we had three billboards down in Minneapolis last year: one dealing with Clear Lake, I think one dealing with The Forks, a third one I am not sure what it was, three sites in Manitoba to feature. We certainly did not want it to be all Winnipeg. That was just a preliminary attempt to try to get some notice into that market. We are going to try to do some other things too because a lot of Americans, their dollar has such an advantage here right now. If we do not have an event like the Pan Am Games, what else can we do to get more people here in the summer and all year round, all four seasons kind of situation?

Mr. Murray: I would like to ask the Premier some questions on True North. I would certainly like to go on record saying that unlike some of the things that may have been said from the other side that we are very supportive of a downtown entertainment complex, as it is known as True North today, on the basis that what we have been told is that it is a 70-30 split, 70% private sector, 30 percent of the monies being put in by the public sector. That is something that we support very much. I think private sector-driven initiatives are to be encouraged, of course with all the right regulations behind them. This group that is putting this together are known to the First Minister, as they are known to myself. They are first-class Manitobans. They want to do the right thing for Manitoba. There is no doubt in my mind about that. So I think it is important that the record indicate that we are very, very supportive of a 70-30 split downtown entertainment complex.

The question that I would like to ask the Premier really is: Just what is the ceiling? What is the most that the taxpayers of Manitoba will be involved in this project? Maybe the Premier, maybe I could start there by just saying: what is the maximum risk for the taxpayers of Manitoba for the True North project?

Mr. Doer: I tabled the term sheet to the media in the press release when it was first released. It dealt with the capital asset. There are two parts of this agreement, as the member opposite will know. One is the capital investment and the other is the operating. On the capital side it is pretty straightforward, although even there you

could argue that it is less than even the money that is there. For example, we have got \$10 million that we would have spent in another place in the infrastructure program, because we agreed to the infrastructure program and a \$3-million urban grant on the capital side.

The Department of Industry and Trade has provided and the statistics branch has provided us with revenue projections for sales tax, salaries, related investment that will be available to Manitoba up to \$11 million out of the \$13 million. Because we are both a provider of investment and a taxpayer, if you will, in the sales tax and the income tax side, albeit with lower taxes than when we came into office, you could argue these numbers, worst case, best case.

I think it is safe to say that the capital side is pretty straightforward. The operating side is a different matter. It is going to require I think by the year 2004, we will know for example the actual investment in how many events there are per year, how much revenue that generates, what is the projected VLT revenue.

We looked at both the art gallery as one model, where the Province funds \$2 million a year on an annual grant for the operating expenses. We looked at Assiniboia Downs. We actually looked at the Assiniboia Downs as the business model with some amendments, the Assiniboia Downs model. It was not going to be reallocated, or they were going to be reallocated as opposed to expanded VLTs. We thought that downtown Winnipeg, the 50 VLTs being reallocated, the model for the Assiniboia Downs is a good one to get a new downtown arena. We will not know till sometime in 2004 whether it is above or below the \$1.5 million. The projections were based on numbers from Lotteries Manitoba and based on average use, not coin-in scenarios that are in your resolution but rather on coin-out revenues. Even there, if you look at the model of the most underutilized VLTs, the cost to the Province is lower than the value to the investors.

* (15:50)

There are two other issues of operating that are important, and these are all in the term sheet. I am giving you a verbal description of them, but the detail is all in the term sheet, which has been

tabled in my Estimates. The other provision is to have comparability with the former building on the basis of tax consideration, which I thought was missing from some of the first articles. Actually, the first verbal briefing I gave, I tried to make that very clear to the public through the media.

Three, the community access: we also, for our investment, are going to get community access. The United Way is working with the project, so there is not only a cost to us of the VLT machines on the operating side, there is also a community value that we are still working on.

We think, all in all, it is a good package; it is a worthy package. When one considers we have 4000 VLTs in Manitoba, in Winnipeg in fact, and we are reallocating 50 of them, the value to the investors is going to be lower than just one major hotel chain in this city, whom the member would probably be able to suggest.

So these decisions are made by governments, and we think it is, all around, a very defensible package. Most of the feedback we have been getting is pretty positive about going ahead, and I am sure the member opposite has as well.

A perfect deal for us is 100% private sector investment and 100% private sector risk and 100% private sector operating risk. The second best deal for us is limiting the capital risk and the operating risk and knowing ahead of time what the exposure will be, and it is the 50 VLTs with the formula that has been articulated in the term sheet.

Mr. Murray: We have had debates in this House over what was said, what the First Minister is reported to have said or what we know he said on CBC TV. At that time, the comment was that there would be a cap on the VLT revenues, and that amount was deemed by the Premier at that time to be \$1.5 million.

Certainly I want the First Minister to know that when asked by the media, what did our side think of the Government's involvement in this project, I responded by saying that there is a role for the Government to play in this facility. That

my responsibility, I felt, as Leader of the P.C. Party of Manitoba and Leader of the Official Opposition, was to ensure that we did the due diligence of the deal with the government of the day on the basis of ensuring that the taxpayers of Manitoba knew what the Government was committing the taxpayer of Manitoba to.

So, on the capital side, certainly I think the First Minister makes a very interesting play on saying that of the \$10 million and the \$3 million urban grant, that that could be paid as a tax collector, that those things would be paid back over a short period of time, and I think he is absolutely right. I think that that debate that tried to take place around '95 fell on deaf ears because I do think there is a way to get the monies back as a tax collector if you can create and generate some activity so the \$10 million and the \$3 million urban grant is certainly something that I understand.

The First Minister makes reference to the term sheet. I know we have had these discussions, but I would ask the First Minister: on the basis that if I were answering to a taxpayer in my constituency, what best can you tell me in terms of our risk as a taxpayer? We understand there are 50 VLTs going in. I do not think anybody is quarrelling with the number of VLTs. They understand there are 50 going in. But it is a matter of saying: is this a sliding scale? Is something changed? Because I can tell you I have been on record as supporting what the Premier alleged to the House, which I believe was the \$10 million on the capital investment, the \$3 million on the urban grant, and a cap of 1.5 for 25 years, as I understand it, was on the VLT. So when you deal with the 50 VLTs, what is the maximum exposure for the taxpayer of Manitoba, understanding that we have dealt with the capital side, but looking on the operations side?

Mr. Doer: The best way to describe it is, it is in the term sheet. There are 50 VLTs. Even when I was being interviewed, verbal interviews with a lot of media, I said that all the details, all the details and the more precise details, would be in the term sheet that would be released publicly. Even in the interview that was mentioned I said that all the details will be released, because we were getting questions on Assiniboia Downs, we

were getting questions on different ownership and flipping and all these kinds of other things.

The terms sheet describes in full detail the terms and conditions of the operating requirements from the Government. It also describes in full detail where we do not have operating requirements, for example. I do not think this will happen, but say you only had 50 hockey games and 10 other events instead of more than a hundred events a year. The taxpayers of Manitoba would be subject to, you know, there is the investment of the reallocated VLTs, but there is not a requirement that we would pony up, if I can use that term, some additional revenue to deal with an operating shortfall. That risk, beyond the conditions that are in the term sheets, that risk is clearly articulated in the term sheet with the private sector.

Then the question gets asked: well, how come you have no equity in it? Well, we did not want equity in it because we did not want risk in it in terms of the taxpayers. We did not want the criticism being: Well, if they lose \$10 million a year, you have got 25% equity and therefore you are subject to \$2.5 million a year or you are subject to, if it loses \$20 million a year, you are subject to \$5 million or some other proportion of that.

So we thought that one of our conditions, and then I got criticized for not having equity in the agreement. We thought that no matter who is in government, over time, and that, we know, I know will change, that somebody will not have—it will change in 12 years or 16 years, I do not know. But I never—

An Honourable Member: Try two.

Mr. Doer: Well, anything is possible. I am convinced that whoever is in government would not be writing a cheque that is beyond the term sheets that have been tabled in the House. I think it will take at least a year to be more definitive on, as it was probably with members opposite. They had to make a decision, for example, there are management decisions every day. You make a decision to go to a 20% return to hotel owners as opposed to Saskatchewan going to 15 or Alberta going to 15. You have made a decision on \$7 million or \$8 million a year that could go

to the public purse or up to \$10 million a year versus the vendor, the private sector owners going from 15 to 20 percent, a liability or a cost or whatever else, you know, it was a decision that was made. So these VLTs, the other part of them is: What will the revenue be? We have models, not based on the Assiniboia Downs modelling because it has Sunday openings, which is one of their most lucrative days, but when you talk about revenues, I think the question was raised by Mr. Reimer in the House, or the member for Niakwa in the House. He had a number of revenues that were higher than the 150 VLTs without a formula change at Assiniboia Downs with Sunday openings. It is almost implausible for that to happen. *[interjection]* Yes, they do.

* (16:00)

An Honourable Member: You learn something new every day.

Mr. Doer: Well, you know, you do learn something every day. When you poke around at some of these things, you learn a lot. I am not saying right now that I have learned everything about VLTs. To be perfectly honest, I have never put a quarter in one. But I also said in the '99 election, and I think even the '95 election, that we would not be able to reverse what happened, and we obviously have not.

I think we will know in probably November of 2004 whether it is below \$1.5 million, at \$1.5 million, which were the projections we were given. There may not be the volume through that VLT centre in a new entertainment centre, and at that point it may be well below \$1.5 million because I have heard the statement caps and minimums and everything else. We will know in October, November of 2004 whether the projections were accurate, whether it exceeded projections. I actually think there is a greater chance of not exceeding \$1.5 million, of actually being below that because of the volume, but I am not sure, and neither are the risk takers that are, I think, doing it for the best interests of the community.

Mr. Murray: Mr. Chairperson, so there is a possibility, if something happens on the VLT revenue, that it could be less than \$1.5 million per year.

Mr. Doer: The terms are in the term sheet. I think it is going—*[interjection]* You have already accused me of bankrolling \$50 million of Crocus money, the member for St. Norbert, and demanding that Mr. Kostyra go to City Council to present this, as I recall the last conversation we had. It is in the term sheet, and there were about 28 conditions in the term sheet, some of which are still going to take a little time to determine the exact amounts, because it will be based on experience, but the numbers we got were from the Lotteries Corporation based on the expectation of not coin-in, but coin-out return.

Mr. Murray: If the machines, the VLTs, do not generate \$1.5 million, will the machines be pulled from the True North project?

Mr. Doer: You can see, in the term sheet, that that does not apply. *[interjection]* Well, they will not make as much money as some hotels, the hotel chains. We will have a good chat in the fall of 2004, and there is lots of Hansard here to have the chat over. I just think that, for reallocating 50 VLTs, as I said, we looked at the model of the Art Gallery, the \$2 million a year which is sometimes interesting. I believe that this will be a very sustainable agreement for the public sector. I hope it is sustainable for the private sector. I do want them to make a fair rate of return. They are taking all the risk in terms of beyond the public investment with some operating contributions with the VLTs, some capital investments. I am hoping the individuals are successful and I am hoping there will be over a hundred events a year. I am hoping that all the estimates that go into the thinking of the private investor making these decisions are accurate. I hope the optimism that they have displayed in the number of events they have talked about come true and they get a fair rate of return on their investment. I would be very happy if they did and I think the community would be too.

I respect the individuals. I do not know them all well. I mean, I got to know them a lot better through this process. I think there is some sense of community concern. At one meeting I heard one of the individuals. I mean, we have all talked about this. We are all interested in our own kids staying in this community. Actually I have had more young people come up and say, well, there

is some attempt to get this city going and this province going. I think that is good. I think it is good we are all on the same page on this, because I think it is good for this community. We are going to fight on things, healthcare, perhaps, and a few other things, but rebuilding downtown I think is good. I think this is a very good deal. I feel happy to defend it and propose it anywhere.

Well, that is another issue too. The Convention Centre, there is another subsidy from the public sector. Well, through you, we did look at the Convention Centre first, the Province did. There is no secret to that. You know that; I have said that. Our first discussions with Mr. Chipman dealt with the parking lot adjacent to the Convention Centre. We also looked at the Eaton's centre for the new Red River when we were going back to look at the due diligence on the expanded Red River. So both things we looked at as we were proceeding.

Mr. Murray: You know, I agree with a lot of your comments. I think the biggest thing that we are trying to get to come to terms with, and the reason we asked the questions on the term sheet, I do not think is any magic to the Premier (Mr. Doer). If you were Leader of the Opposition, you would be looking at it as I believe all taxpayers would expect you to do so. That is, when you make a commitment of taxpayers' money, what is the risk, what is the upside?

I think that the Premier himself has made a couple of comments that he has sort of said, well, you know, people are nitpicking, we just want to get this done. Well, you know, I think the taxpayers of Manitoba would like to see it be done as well, but they are saying, you know, at what cost? I mean, let us ensure that if we are going to go into these things, you know, the Premier has said himself that sports ventures tend to get a lot more public scrutiny from a lot of people that frankly never will darken the doorway. I mean, it is a topic of conversation. So people get behind that.

I understand what the term sheets are. I think the important thing that we are trying to go through in this process is to ensure that the First Minister has a solid understanding of what the

term sheets say. I will ask you two questions just so I can get a very straight-ahead answer. Is there a possibility that the VLT revenue could exceed \$1.5 million?

Mr. Doer: The member has the term sheet. It is very clear in the term sheet what that will mean. We have got calculations based on cash out and the formula to provide a number that the Government, that Lotteries has prepared for purposes of predictable revenue. They do it on the basis of the Winnipeg projections of revenues. I believe that, after all the theoretical debates are finished, the \$1.5 million number is a very consistent number with what we have been given in projections, and for me, looking at what is the probable estimate here, you know, that is a fair number to use for the public because I think they want to know, is it \$10 million? I think it is important for the public to know what is the predictable amount of money. We did not shirk that and say it was nothing. We did not give the public a number based on our cost because, if you take an underutilized VLT machine and allocate it to this centre, the cost to the Government is quite a bit lower than the value to the investor. For example, if you have a very, very low-volume machine and you reallocate it, you could provide a number that would be, I think, somewhat misleading.

*(16:10)

So we had some number crunching. We think it is going to be for the public where we say 50 machines based on, generally, the Assiniboia Downs formula. We think it will be about \$1.5 million and that is what I think will stand until 2004. So when the public wants to know is it \$10 million or is it \$100,000, we think it is going to be in and around the \$1.5 million, and that is what we feel we can defend with the public as well. I guess I will know a little bit more, and you have read the term sheet, after 2004. The other thing is we were not going to unplug the machines once it reached a certain amount. I think that would be criticized if we turned the lights out on the new centre.

So if you look at it all together, it is a good common sense proposal relative to what the demands of government are and the affordability. If you compare it to Assiniboia Downs,

where there are three times more machines, expanded with a different formula after a certain point, or no change in the formula, we think this is a good way to deal with the operating shortfalls that we thought would take place. We did not want to be funding it like, as they say, the operating shortfalls of the Art Gallery at \$2 million a year. We thought that this was a better way to go.

Mr. Murray: Is it the Government's intention to have no more than 50 VLTs? Is that the maximum number of VLTs that will be allocated to True North?

Mr. Doer: I will have to read the term sheet for the exact wording. But it is 50. I am pretty sure that it is 50, and it has the formula in it accordingly. I will double-check the wording. I did not bring the term sheet with me. I will bring the term sheet back. *[interjection]* I have a note on The Maples Surgical Centre, so I should not say that, Dave. *[interjection]* It does not tell me a lot. The Maples Surgical Centre is the question there on some of the stuff I have, and Lord Avenue is another one I have.

Mr. Murray: I guess the question I would ask on the VLT revenue: Is there a cap on what the Government would be giving to True North Project on an annual basis? Is there a cap on the VLT revenue?

Mr. Doer: I said when I was doing all my verbal interviews that all the details would be in the term sheet and those details are in the term sheet. That is what I said in my interviews when I said: You will get all the details in the term sheet.

Mr. Murray: I think the reason that I asked the questions is that, and I appreciate the response that the answers are in the term sheet. On behalf of the taxpayers of Manitoba, as you are signing that deal I would ask you to ensure that you understand what the term sheet means so that you are not just reflecting back and saying, well, go see the term sheet. I mean, that is like talking to a banker about buying a house, and he says, well, you know, just kind of check the mortgage. I mean, if you are lending the money or putting money in, you know what it is you are putting money into and what you are signing. Are you

not sure whether there is a maximum on the VLT revenue?

Mr. Doer: I am sure that the term sheet is the document that I will use to have clarity on any issue. I think if you are having a lot of verbal statements, if you look through Hansard in this House where the record is clear, I think you will find that, hopefully, everything we have said here generally has been specifically in the term sheet. I always said to the member opposite, even when the documents were first being in the media, there were a number of questions in the media. I said the term sheet will be released in this House. It will be released in the Legislature.

You talk about the previous experiences. We did not have term sheets to go by years ago, and starting right with an operating loss agreement in 1992, but the term sheet is a public document. If there is any amendment from the term sheet to any final contracts that are signed, I will absolutely promise to bring any amendment to that to this House. I think legal counsels are going over them now. I always said the term sheet would be the predominant document for purposes of interpreting a lot of the issues contained within the agreement.

For the public too, it is a complicated formula. I dare say most of the public, and you even heard a member of the former government caucus say that they were not aware that VLT machines were available under the formula at Assiniboia Downs on Sundays. I can quite frankly tell you that I do not even pretend to know everything about VLTs in Manitoba right now. I found out things dealing with this issue on terms of revenues and coin in and coin out that a former Minister of Lotteries might not know about in terms of the resolution he has got before the Chamber for tomorrow.

So I try to keep it simple for the public of what would 50 machines be under the agreement that is in the term sheets. It is probably going to be \$1.5 million. It is not going to be 10. It is not going to be \$100,000. It is a figure to try to give the public a sense of the proportion of the deal. It was not a paper on litigation in terms of just telling the public what the essence of the deal is. I feel very confident that the essence of the deal has been communicated consistent with the term

sheet. I try to make it simple for the public. I think that is important.

Mr. Murray: I think it is important that the deal be kept simple. I think that is where the taxpayers would like it to be. Again I just will ask, you are saying then, as I interpret it, there is no cap on the VLT revenue, as you understand it, in the term sheet.

Mr. Doer: I am flattered that you ask me so many legal opinions. The last time we were in Estimates was on The Maples clinic and whether it was in fact this or that definition, et cetera. I trust the member opposite fully to be able to understand completely the term sheet. I believe the term sheet accurately reflects the agreement that we made. That is why we tabled it in the House.

Mr. Murray: And I am flattered that the Premier would trust me implicitly. I appreciate that. I would like to be able to, as I travel around Manitoba, quote the Premier and say that we support this deal because the Premier himself has said that we as taxpayers and he as the premier of the day are going to ensure that we put in on the capital side \$10 million, \$3 million in an urban grant and, on the operating side, that the taxpayers of Manitoba will be putting in the following. So all I am looking to do is, when I talked to the taxpayers of Manitoba, to say, look, why we support this deal is because we know what the taxpayers of Manitoba are putting in, and on the operating side, it just seems that there is no number.

* (16:20)

So I know that you say you are working within \$1.5 million because it is sort of a guesstimate, and that is what you have to do in these things. I mean, you have to look at a guesstimate as to what Lotteries will give you, but then it says to me that it is open-ended. Open-ended is, in my mind, something that needs to be reflected on and needs to have an answer. If the answer is that it is open-ended, that is the answer. If the answer is, no, it is not \$10 million, it is not \$100,000, to quote the Premier, it is a number.

Well, it is fine to say they were using \$1.5 million, but surely, at some point, there is a limit

to which you are going to say, no, this is where we want to go, whatever that number is. What I am looking for is in the term sheet from the Premier. I am looking for a number so that the people of Manitoba, I can stand up and stand side to side with the Premier and say, well, we support this because it is clear what the taxpayer of Manitoba is putting in, but I do not get a sense that the Premier is able to give direction as to what the VLT revenue will ultimately be on an annualized basis.

Mr. Doer: We estimate it as \$1.5 million.

Mr. Murray: Again, as they say, you know estimates are like close, and close only counts in hand grenades. What we are trying to find out here is, again, an understanding that, if this was the Member for Concordia, if he personally were putting in X number of dollars out of his own pocket, this conversation would not take place. He has been acting on behalf of the Manitoba taxpayers, so what we are trying to find out for the taxpayers is: What exactly is their amount that they are going to have to put in on VLT revenues? What is their portion? What is their responsibility?

Again, I do not want to sort of go around in circles. I assume that, if the Premier says that it is in the term sheet and we live by the term sheet, I have to assume that the Premier does not know. If that is the situation, then I would appreciate his being straightforward. I will just say, when asked how we feel about it, that we have some concerns because the Premier does not know what the amount is on the VLT revenues. He can guesstimate, but when you come down to taxpayers' money, guesstimating can potentially be hazardous. So, again, I just would ask the Premier one more time: Is there a cap on the VLT revenue?

Mr. Doer: In my view, when you say to members of the public that all the details will be released and they will be in the term sheets, and then you try to explain an agreement that is fairly complicated, that even the members opposite have, after receiving the term sheet, interpreted it in such a way, my view is to just be quite consistent and say what I said when I announced the deal, that all the details are in the term sheet.

I tried to speak straight with the public about what it means. It is not a guesstimate; it is an estimate based on revenues. It is not a guess. They are in the term sheet and getting to the big picture because ultimately these deals have to take place. You have to make decisions. Looking at the Assiniboia Downs 150 VLTs and looking at the need for downtown Winnipeg, looking at reallocating 50 to downtown Winnipeg as opposed to expanding by 150 at the Assiniboia Downs, we think the model is well established.

You could sit here and talk about VLTs all day long. For example, why did the previous government have a percentage returned to the private hotel owners of 20 percent and the private restaurant owners of 20 percent when in Alberta and Saskatchewan it is 15 percent? Is that taking \$8 million a year since VLTs have been introduced in '92, and 10 years later is that \$80 million we have lost. Is that any exposure that we had by having a different percentage change? So a lot of these permutations of VLTs can be argued and debated in many different ways. That is why the term sheet is clear and the debate is subjective.

Mr. Loewen: With regard to the term sheet and the VLTs, I understand that the True North group will get 75 percent of the revenue up to a minimum of \$1.5 million; if they do not reach that minimum, they will get 90 percent.

Mr. Doer: I will have to get a copy of the term sheet. *[interjection]* As I say, we used part of the Assiniboia Downs in a smaller number reallocated as opposed to expanded as the model. That was for a public asset that has private horse owners involved in it with private purses supplied to private horse people. The bottom line is we think the 50 VLT reallocations is a smart idea to get the arena going. *[interjection]* It is very good in rural Manitoba.

Actually, the former Member for St. James was critical of that agreement, but we did not nitpick it to death, and we knew what was in it. It saved the race track. We have met with the race track since. This is a much more modest proposal to that for downtown Winnipeg. We think downtown Winnipeg should get just as much support, or, it is not getting more support.

It is probably getting a lot less support through this agreement than the Assiniboia Downs.

Mr. Loewen: The term sheet also indicates that once the minimum revenue of \$1.5 million is reached from VLTs, that any excess will be at a negotiated rate somewhere between 75 percent and may—and I would emphasize the word "may" that is right in the term sheet—drop to as low as 20 percent. Can the Premier tell us what the process is anticipated for negotiating what rate will be received over \$1.5 million? Does it automatically drop to 20 percent or is it a matter of, as the term sheet would indicate, a negotiation taking place to determine what that new rate will be?

Mr. Doer: Again, the member opposite mentions the 80-20 issue. The Government has the ability to change that for every hotel owner. It could go to the Saskatchewan and Alberta model tomorrow if it so desired. We are not suggesting we would, but you could argue that that is a subsidy of \$8 million from Manitoba to the private owners of hotels. But I will take the question as notice and come back on the operating implementation of that.

Mr. Loewen: I appreciate if the Premier could get back to us on that. I am wondering if he would be willing to table the estimate and the calculation that he has got from the Lotteries Commission on the revenue, because it certainly does not correspond to the information we have received, which indicates that a good VLT in a good location in a hotel would generate approximately \$200 a day of profit. If one takes that at the 75 percent level and even drops it down to 20 percent, the revenue would certainly amount closer to in the neighbourhood of \$2.5 million to \$3 million a year based on the formula that is in the term sheet. I wonder if the Premier would be willing to provide us with the calculation he has talked about that demonstrates it will be at approximately \$1.5 million.

* (16:30)

Mr. Doer: I will endeavour to get that from the Lotteries Corporation. We do have it. The confidentiality of that I am not 100 percent sure because of the private owners of the machines. Just to give you another example, I believe that

the racetrack, the Assiniboia Downs Jockey Club makes about \$5 million a year from 150 VLTs that have no change in the formula, and they are open on Sundays. Here we have 50 VLTs not open because the terminology in the term sheet talks about comparable to the other parts of the industry, which is the hotel and restaurants. Restaurant VLTs are not open on Sundays either, something we had to check with the beverage rooms when we proposed to change the law.

I will endeavour to get that, but you can see the ratios. If you have got something that is open on Sundays, apparently the busiest day for the racetrack for VLT generation of funds is Sunday. So you have three times more machines and you have 52 more days, those days being apparently the most lucrative because hotels and restaurants are closed. You can see the relationship, the ratios are pretty easy to see in terms of the estimated \$1.5 million.

Mr. Loewen: I am sure the Premier is aware that having a VLT in downtown Winnipeg, where there is heavy population five days a week with everybody that works downtown and travels downtown, is certainly a different scenario than trying to compare it to Assiniboia Downs, where most people travel considerable distance to get there. Certainly the information we have indicates that the downtown location will spur the revenue side of it. So we would be interested in taking a look at that calculation and having possibly some independent verification of it.

Does the Premier still believe, as he stated many times, that the ratio of public sector funds to private sector funds is 70-30, with 70 being the private sector contribution to this project and 30 being the public sector contribution?

Mr. Doer: The question is redundant. The Leader of the Opposition went over this at some length a few minutes ago. My answer in Hansard stands.

Mr. Loewen: Is there any third-party verification for the people of Manitoba to confirm what percentage is public sector funded and what percentage is private sector funded?

Mr. Doer: The numbers for the capital expenditures, again, if you want to look at my answers to the Leader of the Opposition, I think that you will find that I have already dealt with the issue of capital versus operating.

Mr. Loewen: It is anticipated that the term sheet calls for \$25 million in equity from the private sector partners as opposed to \$38.5 million from the three public bodies. Can the Premier identify how much of that \$25 million is cash and how much is contributed equity?

Mr. Doer: I do not know whether I can get the breakdown for the member, I will take the question as notice, in terms of private sector confidentiality. I would point out that the risks are all, if there is a capital overrun or an operating overrun beyond the specifics in the term sheet, with the private sector. That was one of the key issues for us, because we did not want, and the member opposite will know, with the operating loss agreement that was signed in 1991-92 and stated in this House it would cost us \$4.5 million. We did not want the situation where the risk to us was not clearly identified and clearly limited in the term sheet. That was one of the key conditions for us going in. Otherwise people would purport this amount of public money and that amount of public money. So that is why the term sheet clearly has the risk identified with the private investors.

As the Leader of the Opposition stated a few moments ago in the House, they are good people and we think they have the community's best interests at heart. Feedback we are getting is very, very positive, particularly from young people about going ahead with this. We are getting a lot of positive feedback. We have travelled around Manitoba listening to people. Even the *Brandon Sun* looked at the term sheet and said it is a good deal, and they were opposed to the deal in '95, but there was a different sort of issue there in '95 with the hockey team.

But we think the term sheet is out there in the public, the media has got it, the legislators have got it, the city councillors have got it, the federal people have got it, the critics have got it,

the supporters have got it. It is out there, the whole term sheet.

Mr. Loewen: A senior official at the City of Winnipeg is determined that the city's contribution with regard to operating costs for this includes rebate of the amusement taxes and other tax breaks that will be valued at approximately \$2.2 million per year for 25 years. Can the Premier confirm that?

Mr. Doer: I am not aware of the amusement tax issue except to say that the present arena in many events in the present operations do not provide the amusement tax. So there are different agreements with the new baseball team, there are many agreements with the existing arena and amusement tax. The cost to the City if the amusement tax was not remitted to the City in the existing arena would be quite different than if it was. The City has got probably the largest obligations here because it has the existing facility, which is part of the agreement to be dealt with. It also has the amusement tax consideration. It is treating the revenues from the issue of value of a building versus comparability with former taxes for property tax purposes as a potential issue. It has also got some of the issues of assembly of land and everything else.

The Province and the federal government get more revenues back for our investment because we get sales tax and we get income taxes back from the construction of the facility. So I think it is safe to say that each level of government did their own due diligence. The mayor was working with their own financial people. Everything has been fully disclosed. One of the things that we wanted to make sure was the term sheet was in the public arena, if you will, including this Legislature. We are not holding back. We are not just going on a press release and then holding back all the details until all the contracts are signed. The term sheets have been made public. As I said to the Leader of the Opposition, if there are any amendments to those term sheets we will certainly make those public in this Chamber.

Mr. Loewen: The Premier is fully aware that the term sheet is very sketchy on the details. In fact, the only document that would have the full details would be a business plan. He has signed,

presumably his Government signed a term sheet which precludes through a confidentiality clause the public ever knowing what the details are behind the term sheet.

Is the Premier telling us that he has carried on negotiations for 18 months behind closed doors, taking it as far as signing a term sheet and in that time does not know and cannot tell this House what the rebates for the amusement tax and the property tax that are called for in the term sheet will amount to? Is he saying he has not seen that number?

Mr. Doer: No, I just say that I want to have accuracy in terms of the answers, and we will provide accuracy. The member commented about a senior official at City Hall. I have seen statements made by people who have been accurate about this agreement and some statements have been slightly off, well intended. Part of the question is, again, it is like VLTs that are being reallocated. There is a different cost to us and is of higher value for the investor. We thought just keeping it simple was probably the best way to explain it to the public, and I do not think there is much different in the agreement than what has been stated in the agreement.

* (16:40)

Mr. Loewen: Well, the Premier knows, and I know, from experience that these deals are never simple.

Can the Premier advise how much it would take in terms of interest payments amortized over 25 years to eliminate the \$61.5 million of debt that the private sector is attempting to raise for this project? Has he seen that number?

Mr. Doer: Here we have examples of, and we have a lot of examples of some of these issues, where we have public investment with public value with public advantages that is in a private investment with private risk and private decisions with people who have private investments. Of course, if we would have made 100 percent of all the investments in the public sector, then every one of these questions should and must be answered by the public sector. We are answering all questions in this House on the basis of the public sector investment and the

public sector terms and conditions of those investments.

Mr. Loewen: Could the Premier indicate to the people of Manitoba what percentage of public sector investment it takes before they are entitled to know the full details of the nature of the investment and all of its ramifications? He is saying that at 30 percent, which is his number for public sector involvement, that the public does not have a right to know, that there is confidentiality on the private sector. He is saying, on the Pan Am Clinic, that at 100 percent they do have the right to know. What is the number? Is it 40 percent? Is it 50 percent? At what point does the public have a right to know all of the details of any agreement like this? What is the percentage of public sector involvement before they have the right to know the details?

Mr. Doer: Well, you are probably choosing a bad day to ask us. We are going through some of the remnants of a deal that was made in 1996 on a company called Isobord. It is one of many companies we have been dealing with since we have been elected. It was written off by Deloitte and Touche, and trying to find out who the heck had a business plan in government for the investment and why was the province of Manitoba so low on the protection list of secured investors so that the taxpayers were left high and dry. I think the member opposite, in this Chamber, is fully entitled to all the terms that deal with public sector investment, and it is all in the term sheet.

Mr. Loewen: Well, the Premier and I will have to disagree on that, because it is not in the term sheet. It is in the business plan. He is the one who has negotiated the business plan behind closed doors for the last 18 months, taken it to the point of signing a term sheet, and in that term sheet he has signed a confidentiality clause that basically gave away the right for the public of Manitoba to know what the deal is for 25 years. So I would ask the Premier, if he has seen all the numbers and he believes that public disclosure is important, when will we see the business plan?

Mr. Doer: The numbers are in the term sheet, and we think the term sheet accurately reflects the public investment, reflects the public

advantage. We think overall the public is pleased that we have no risk in the public sector, if there is any ongoing operating losses beyond what is projected in terms of revenue surplus or losses. We think the public is pleased that we have no risk in the public sector if there are any ongoing operating losses beyond what is projected in terms of revenue surplus or losses.

We think the public is pleased that the public sector has joined together in harmony to get this agreement in place with no capital overrun. The public knows about the Norwood Bridge and the capital overruns there. They should know about the Lotteries Corporation and the huge cost capital overruns there. This agreement provides for no capital overruns for risk of the public.

I think there is unprecedented co-operation going on now between the federal, provincial and civic governments. I remember there was an agreement in 1984, in fact, between former Minister Axworthy, former Premier Pawley. It was killed at City Hall mostly because of the influence of Winnipeg Enterprises. That project I think had almost 100% public money, a \$65-million arena. We think the portions and investments and the risks are very, very good for the public. They are disclosed fully in the term sheets.

Mr. Loewen: Well, I am sure through his negotiations the Premier has learned that in these projects all throughout North America that they are built on a fixed contract with a constructor and that the risk does not fall to the owners, it falls to the constructor. I would just ask him if at any point during those 18 months of behind-closed-door negotiations he was made aware of the fact that the True North project would be looking for a fixed contract with a construction company to build an arena at a fixed cost.

Mr. Doer: I am surprised the member opposite would not remember the biggest boondoggle of all arenas and stadiums in all of Canada. If a person named Mayor Drapeau comes to his mind he might remember that there was a huge, huge, huge cost overrun in a proposed site. The public sector bore the brunt of it. In fact, the member opposite has some views about gambling. He might remember that the creation of the first

lottery was to pay for a billion-dollar boondoggle that was made by Mayor Drapeau and his group of civic members on the Conservative-Liberal coalition that ran Montréal city hall. I remember the architect making statements about, you know, we do not care what it is going to cost. It is going to live on forever as a monument to Montréal and the Olympic Games. I do not think the Alouettes play in that stadium. I am worried about the mighty Expos, a team I love to watch in terms of baseball. But the member opposite tells me that we should not be worried about any cost overruns in a capital expenditure. You may want to criticize us for 50 VLTs, but we are not going to build a billion-dollar unfunded capital expenditure a la Mayor Drapeau.

The architect said, oh, this is going to be a monument for a thousand years, and the taxpayers of Canada are still paying for it. *[interjection]* No, we do not want that. It will be the Graveses and the Chipmans and all the other people, all the private risk takers. I am surprised members opposite are not celebrating those risk takers that are so prominent in this project, good friends of members opposite.

They tell me: What are they doing nitpicking this deal? What are those guys doing down there? They would love to have a deal like this. I say I do not know what they are doing. Even the *Brandon Sun* supports it.

Mr. Loewen: The Premier should be aware that, and it is unfortunate that he is not, between a period of 1967 and today business has progressed quite a bit. It is unfortunate that the Premier's latest foray into the business world brings him up to date to '67 and not 2001. I would agree with Mr. Chipman. It is a wonderful deal, particularly for Mr. Chipman and his group. I guess I would suggest to the Premier that anybody would take a deal where, for an investment of less than \$25 million, they get to own and control a \$125-million asset with the capital and the debt basically paid for through public funds. I mean, who would not want a deal like that?

* (16:50)

But based on that, my question to the Premier would be: Given that the owners are

only putting in under \$25 million in cash in this project, why for that paltry sum are they getting ownership of a \$125-million project and the land it sits on?

Mr. Doer: Well, I am just going by memory now, but I think the member from Fort Whyte is wrong again. I do not believe it was 1967 that the Olympics took place. I believe, and this is a good trivia question, it is 1976. I believe that it was 1976 that Jean Drapeau built the stadium. I am surprised that the member opposite did not know that; he was probably invited by Queen Elizabeth to go on the royal yacht *Britannia* while the rest of us were working away at Robin Hood flour mills. I am sure he would be there with John Turner and all the other members of the Canadian establishment. He might have even been on a basketball team or two with Darrell Rumsey *[phonetic]* in those years. I do not know whether he made these Olympic teams or not. I know he thinks he should have, and I do, too, I might add. But the key to the question is the debt—

An Honourable Member: Even Linda was a liberal back then.

Mr. Doer: She is a fine person, a fine person. She knew the date of 1976. I think you would have been eliminated at the \$2,000 question on *Who Wants To Be a Millionaire* on that one. I do not even think that would have been the \$32,000 question. Having said that, the cash up front and the debt are going to be borne by the private investors, subject to the terms and conditions. We think it is a good agreement. As I said, the best agreement we could make is 100% private owned, 100% private capital, 100% private operating, 100% private everything. The member opposite knows that. We did not have those circumstances. We are a can-do government. We want to get things done. We do not want to nitpick ourselves into not getting things done. We want to get things done. You know what? I know the member opposite silently, underneath his bitterness, privately agrees with us, and that is fine. *[interjection]*

I am not talking about you. I do not know where you are at with it.

Mr. Loewen: Would the Premier be willing to allow the Provincial Auditor or, heaven forbid,

maybe even a firm as well renowned as Deloitte and Touche to step in and give an unbiased opinion on what the percentage of private sector versus public sector contribution is to this project. We believe a new arena needs to be constructed. We have said that in this House, but we believe that the people of Manitoba deserve no less than an honest, independent opinion on what percentage is being funded through public funds. That is all we are asking for. Simple answers. So, if the Premier will not give it or has signed away the option to give it based on his negotiating behind closed doors of the agreement and the term sheet, will he allow an independent body to come in and simply tell the people of Manitoba what percentage of this deal is being funded both at the capital and debt-servicing level, what percentage is being funded by the public sector?

Mr. Doer: Mr. Chairperson, the capital issue has been discussed, before the member opposite started asking questions with the Leader of the Opposition. We believe the overall deal, the capital percentages and the operating agreements in the term sheet are in the best interest of Manitobans. We believe it is in the best interest of Winnipeg. We believe it is in the best interest of downtown Winnipeg.

I mean, if you were going to ask me to say no to a new arena on the operating side for 50 VLTs to be reallocated, to be saying no to a whole new arena, for taking 50 VLT machines out of 4000 machines in Winnipeg and using a similar model that was used by members opposite, Mr. Chairperson, when in government, for the Assiniboia Downs, if the public would have heard that the Government said, no, they did not want to allocate 50 VLT machines for the operating revenues of an ongoing entertainment centre, they would think that we were quite frankly coming down the Red River in a bubble.

I mean, I cannot believe it. The members opposite would want to kill a new arena or a new entertainment centre for reallocating 50 VLT machines. I mean, where has this gone? The Auditor, Mr. Chairperson, is available, and that is a subsidy from the public sector. We have always said that. The other side of that, having 4000 machines in Winnipeg, some of which were underutilized, not being used for economic

leverage, some of them, and this to be used for economic leverage, I mean, it is a positive idea.

The Auditor has the sovereign right, which we are strengthening in legislation, to look at anything in Government. I have got some projects that I would love to see him look at, but I do not tell him or her what to do. If they think that there is some difficulty in a project or something is referred to them, they have the right to fully see all documents. I really worry about the Legislature and the Government instructing the Auditor what to do. We think the deal is pretty straightforward, and, you know what, the legislation is there.

The term sheets say that all laws of Manitoba will be followed. We not only have the existing laws with the Auditor, we are strengthening the laws with the Auditor as we speak. So all laws will be followed.

Mr. Loewen: Tell us what percentage of this project is being funded through the public sector funds both in terms of the capital contribution and the ongoing operating contribution. What percentage is public? What percentage is private?

Mr. Doer: The member opposite has mixed operating and capital before in his questions. The operating percentages are clearly before the Member, or the capital expenditures are clearly before the public. The operating percentages, we have never used figures on that, and the operating numbers are in the term sheet. The capital is very straightforward, but you could argue the capital as I did before with the Leader of the Opposition. Because we get revenues, you can even argue that it is less than for the provincial sector and for the federal sector that gets federal income taxes, we get provincial income taxes, and sales taxes which we get on some capital equipment. You could argue that it is even less than in the sheet. This is where the problem becomes, if you start nitpicking it either way, we think the project will never get done. We just say the project, the general terms and conditions of the capital and the operating are sensible for the taxpayers of Manitoba and for the public of Winnipeg in Manitoba, and let us get on with it. Let us not have this be strike four

when it comes to proposed entertainment centres.

Mr. Stan Struthers, Acting Chairperson, in the Chair

Mr. Loewen: With regard to the Premier's ranting on this, it is obvious from the term sheet that, on the capital side, it is \$38.5 million versus less than \$25 million. It does not sound to me like it is 70-30 private. We know on the operating side that there is going to be a minimum of \$4 million, in terms of operating revenue. The Premier should have seen enough in the business plan to be aware that, at an interest rate of approximately 6.25 percent which is the interest rate the province enjoys, roughly \$4.8 to \$5 million will be needed to amortize \$61.5 million in debt over a period of 25 years. So, if the province is contributing over \$4 million, it is certainly not 70-30 percentage there.

Again, nobody here is nitpicking. If we had the availability of the business plan, we would have the numbers. Plain and simple. That is all we are asking. It is not nitpicking to request a premier to release a business plan when he is expending what will be well over \$100 million over the course of 25 years. If he has not got an argument other than calling it nitpicking, then the strength of his argument is obviously pretty weak.

I would ask the Premier what would happen to the VLT revenue if, in the next civic election which is less than two years away, there was a referendum passed by the City of Winnipeg, as allowable under all municipalities to eliminate VLTs from the city of Winnipeg. How would that be handled with regard to the True North project?

Mr. Doer: The member opposite knows that the City was part of this agreement. He also knows there is a law in place in the province, an amendment to the Lotteries Act. The City of Winnipeg participated fully in the term sheet, which includes the VLTs.

Mr. Loewen: Well, we will be in a fine pickle then if that is what actually happens and VLTs are, by law, forced to be removed from all

locations in Winnipeg. We will be into another negotiation at that point.

Will the owners of the True North project be required to file, in a public way, an annual financial statement?

Mr. Doer: There are 4000 machines in Winnipeg, X number of machines at the two lottery centres that are not subject to a referendum under the Tory law, and Y number of machines which are not VLT machines. They are electronic gaming machines.

The similar argument could be made that, if the council at Headingley decided to have a plebiscite, the 150 machines could be removed there and that would be the end of the racetrack. That would be a fine pickle as well. So these situations have been put in place by other members in other circumstances to deal with other challenges. Again, all the matters are in the term sheet, and I will take the question as notice.

* (17:00)

The bottom line is, though, I think it is important for the member to realize that we wanted the private sector to carry the capital risk, the debt risk and the operating risk. We are going to have access to the community. We think this is a reasonable set of operating and capital investments. There are a lot of arenas that have been built in Canada and the United States that have had 100 percent of capital and a high degree of public operating losses being carried on by the public. There are a lot of arenas, there are a lot of entertainment complexes that have had 100% public money and 100% public risk.

The member opposite will recognize in the term sheet that this is a lot more restricted on the capital side and on the operating side in terms of the public sector. Therefore, we think it is worthy of support. There is the rate of return issues that the member opposite has not dealt with. He has raised the debt question at present interest rates. There is also the operating cost of the facility and operating revenues and return on investment.

Mr. Loewen: My comment to the Premier is if he thinks it is such a great deal, and maybe it is,

it is unfortunate the people of Manitoba will never know, because he has negotiated an agreement that will see all the details be kept confidential for 25 years. At the same time he is unwilling to release a business plan. If you are proud of a deal just show people what it is and stand up for it. Quit hiding behind it.

To move on to other topics with regard to this, I understand that the Premier and his Cabinet met with a group this morning who is attempting to save the Eaton's building for its historical and heritage value to the city of Winnipeg. In fact I understand that they were able to present options for the restoration and other use of the building. I wonder if that presentation has done anything to sway the Premier's determination to rush this process along.

Mr. Doer: I was not at the meeting, although I had a phone call from and a conversation subsequent to that with one of the individuals. So I was not there at the meeting. I had already had commitments that I had to deal with. But there were some members from the Government there.

Mr. Loewen: Has the Premier been approached by any other of the Cabinet that was at this meeting with the suggestion that maybe the process should be slowed down until a proper evaluation and a public consultation has been done and in fact all the options have been considered for the Eaton's building? Is there anybody in his Cabinet that is suggesting that to him at this point?

Mr. Doer: The member opposite I assume has read the report from the deputy minister. I can say to the member opposite that notwithstanding a new entertainment complex, the whole Eaton's building and its size and location in Winnipeg was an abandoned building for literally 18 months. First of all the mayor I know tried a number of different options to reuse that building. I think generally speaking when you look at the Government we have tried to reuse other facilities in the past. The Heaps building on Portage Avenue is not far away from the Eaton's building and was restored and retained for our history. There are examples all across Manitoba, whether it is the courthouse in

Neepawa or the municipal office in Boissevain, et cetera, the rail station in Dauphin.

We looked at other options for that Eaton's building for 18 months ourselves. Investors were contacted by the mayor. When we first looked at the analysis of the community college options, especially with our expansion of community colleges, we looked at that site. I have taken my paper out, but I quoted from it today in Question Period. We looked at it for the Red River community college expansion. The feasibility came back and said we could not do it. It would not be appropriate for some of the technology that would be in a new, expanded centre. I know the mayor on a number of occasions was looking for, through CentreVenture and other means, another use for that building with the private holder of the building.

For me there is another historic department store in downtown Winnipeg. It is called the Hudson's Bay Company. I have to say that one of the things I say to anybody interested in the Eaton's site is make sure—I am not going to tell you where to shop, but do not let The Bay die because of lack of volume and lack of interest and people.

I think the Member for St. Norbert (Mr. Laurendeau) knows The Bay is a large department store in an area that does not have the same traffic, i.e., volume of people, as it did years ago, partly due to some of the expansion of shopping opportunities in suburban sites. I believe strongly in more people downtown and more activity downtown, whether it is this project or CentreVenture or the CanWest Global announcement and other announcements at Red River community college, which, hopefully, will allow for more living, working activity for the purposes of all businesses downtown, including a magnificent building called the Hudson's Bay Company and the gateway to downtown, which, I am hoping—and I am talking as an individual; I do not know what the designations are—will be viable forever and be a historic building that is not abandoned in downtown Winnipeg.

* (17:10)

I do not think that we can assume, you can never assume every year that business will allow

buildings like that to be there forever. We have seen from Eaton's that the assumption that Eaton's would be there forever, which, I think, a lot of Winnipeggers would have probably had 15 years ago—you cannot make those assumptions.

Mr. Loewen: Well, certainly from a public policy perspective, it is important that people live, work and spend a lot of time downtown. I guess our disagreement will be over the fact that, in my view, the Premier is replacing a building that has historic value, has heritage value in this community and has sat empty for a period of 18 months. The Premier also tells us that for at least a year of those 18 months he was negotiating behind closed doors to make it into an arena site, so I discount the amount of effort that either the mayor or Osmington would have been interested in putting into the alternative development for that particular site.

I can assure the Premier that, when I was chair of Economic Development Winnipeg, the local manager for The Bay sat on our committee, which recommended to the City and the Province a formation of CentreVenture. The whole premise of CentreVenture was to look for adaptive reuse of buildings downtown to increase the number of people living downtown, working downtown, being here on a full-time basis.

One only has to look over a few square blocks of downtown to see what has potentially led to the destruction of our downtown. One only need to look as far as north Portage, which took people off the street and inside very unsuccessfully and led to a flight from the retail sector of many shops. One only has to look at the Convention Centre, which blocks off streets, blocks off access, makes it difficult to circulate around the building. Look at the library which has the same problem in that it blocks off sidewalks, blocks off access.

We now see a construction project for the True North project that is going to close down lanes, close down sidewalk access. It is going to be a large, significant, empty structure, which is basically windowless on three sides, very uninviting, which is going to sit empty basically 340 days a year and probably 250, 275, maybe even

as many as 300 nights a year, depending on how successful people are at promoting events there.

So forgive me if I have a little different vision or see things a little differently than the Premier. I have mentioned to him before that in my view, and in the view of a lot of people, this is a very, very high-risk project for our downtown. He touts it as an economic catalyst and redevelopment for downtown. It could just as easily be the white elephant that buries downtown for the next 50 years.

Getting back to the original question, if the Premier and his Cabinet had made up their mind that, based on a report that the Minister of Culture, Heritage and Tourism (Mr. Lemieux) basically sat on for a period of time, why did his Cabinet waste the time of the people who are looking to save the Eaton's building when they knew before the presentation that they were not going to stop the process and they were boring full steam ahead? Why did you even bother to meet with them?

Mr. Doer: Well, you made a number of statements that are wrong, that we had decided for a year that we were going to go to the Eaton's site. We initially had. You know it is a year ago April 2000. I do not know whether the member opposite has read the report, I do not think he has, from the deputy minister of Culture and Tourism. He talks about April of the year 2000, about looking at Red River. I have said before my first preference, when we first started discussions on a new site for an entertainment complex, the True North site, our initial correspondence deals with adjacent to the Convention Centre, something I said to the member opposite when they were looking at The Forks sites for the arena.

An Honourable Member: North of The Forks.

Mr. Doer: Yes, north of The Forks. That is right.

An Honourable Member: Where the ballpark is.

Mr. Doer: Yeah, well, it is a good ballpark.

An Honourable Member: It is a good site for an entertainment complex.

Mr. Doer: Well, I still think the member opposite is bitter. I cannot believe—*[interjection]* Okay, neither do I.

So the statement about we have already made up our mind for a year, we had not made up our mind for a year, and we were working very hard, and the mayor. I mean, I am not just talking about us. The mayor was working hard on getting another site.

I think you can look at the buildings we have adapted. I was involved in the original Ashdown's warehouse back in the Exchange District. I was involved in The Forks agreement to restore the Johnston Terminal and many of those places with Jake Epp and Bill Norrie. I was involved with the adaptive re-use of the Grain Exchange facade on Princess Street. We are involved in the Big 4, Ashdown and a house of arts, which we are trying to reuse as well. We are involved with Mountain Equipment Co-op as a private sector investment on Portage Avenue. So there are a number of different projects that we think are important. *[interjection]* That is what I said. Well, I want to say that, according to the deputy minister, not every building, one of the things that the provincial government tries to do is work with the private owners. I asked a question. When some of the discussions had led from there is no other proposal to go into the present Eaton's Centre, I asked the question: Is this a historic building? Has it been designated as a historic building? Well, again, in terms of factual errors, it was not the Minister of Cultural Affairs that wrote the report; it was the Deputy Minister of Cultural Affairs, somebody that has been around quite a bit of time. So those are a couple of factual statement I want to correct.

Mr. Marcel Laurendeau (St. Norbert): Mr. Chairperson, I think we will just change the subject for a few questions. Hopefully, we can keep this short, if the Premier's answers are short and concise and to the point.

Mr. Chair, I was wondering if the Premier could fill me in on what his position is on photo radar.

Mr. Doer: We just received a technical report quite late in the game in terms of what agreements we had with members opposite on

timing of issues on the legislative side, a number of administrative questions and justice questions still to be answered, including more work on the injury side. To us the goal is the safety, not revenue, whether it is the provincial government or civic governments, so we have not come to any conclusions.

We are concerned about the high number of incidents of accidents in this community. We think that some of the advice we are getting from the police, particularly around red lights, is important for us, but we want to make sure that we have our proper research done before we make any final decisions as a government. We recognize that if we only were to proceed with red lights, the legislation is already in place. I mean there is a political dimension to this. I do not like my kids being at risk, nor does any other member, of any accidents that could be prevented. So we have made no final decisions.

The City is doing a lot of work, and the City of Winnipeg police are doing a lot of work. So is Brandon. The law is already in place on the photo devices for red lights. As I understand it, we have been informed that is not cost sustainable. But we also know that, if you look at an average of 40, 50 accidents per year at one red light site, you say to yourself: Is there a better way to go?

* (17:20)

I do not have the answer. We have not made any decisions yet. Safety will be more of a consideration to us and be the predominant consideration for us, not revenue. *[interjection]* It does get mixed into the equation but it cannot. For us, it has to be very clear. It has to be safety.

Mr. Laurendeau: So what will the determining factor be for the Premier when he goes through the technical report, bringing forward the recommendations from the technical report and coming forward with legislation in support, if it meets his criteria, of the factors that he has put in place?

Mr. Doer: Our technical working group, the departments, we have a lot more research to do before I can answer that question.

Mr. Laurendeau: I was wondering if the Premier could fill us in on what types of questions he had of the working group or the steering committee that worked on his technical report.

Mr. Doer: Well, what are the safety advantages that are clearly demonstrated? Why can we not proceed with the red light law that has already been passed by the former members and not proclaimed? Why is the administrative cost from the provincial government so high; or, what are the revenue projections from various municipalities? What would that mean in terms of safety versus revenue?

Mr. Laurendeau: When you were talking about the expenditures the province would have to put in, did the steering committee look at the costs dropping after a period of six months the way it has in every other province, or did they just allocate X amount of dollars that would have to go into place for, say, clerks and more judges and more enforcement and more cashiers and those types of areas? Or did they look at a temporary fix to put in place a temporary slide?

Mr. Doer: Well, we have asked them to go back and do more work.

Mr. Laurendeau: Will the First Minister let the House know, Mr. Chair, whether the technical report will be made public, or if it is available to us as an opposition?

Mr. Doer: The report is one that is not only produced by the provincial government. I think that there are various other agencies involved. Ultimately, I would say, concurrent with any decisions, the technical material should be made public. If there are any decisions to go ahead, and ahead could be two different things, one, it could be to proclaim the existing act passed in '97; and two, it could be to deal with any proposed legislation.

Mr. Laurendeau: Would the Premier not find it advantageous if we were able to deal with this report up front and centre with the public, so that the public would actually understand and, possibly, have more questions than he and his caucus or he and his Cabinet have at this time, if the public was actually able to look at such a

report that has already been prepared, that saw some of the factual information, that saw some of the polls that had been done, that saw some of the lifesaving mechanisms that could be in place if such a program were put in place?

Would the Premier not think that it would advantageous for this type of report to be put out front, in front of the public, as soon as possible rather than to be dealing with it on their own when the public could actually have questions that they would see and want answered, other than just a small group of Cabinet ministers unless the Premier is already distributing it between his caucus colleagues already. I am wondering if it would not be helpful if we were able to generate some of this information out to the public to see where they stood. The Environics poll showed 71 percent. They showed 80-some-odd percent in school zones for this type of procedure. Would it not be advantageous to get this out to the public so they could see exactly what the working group from the department of highways and the RCMP and everybody else that was on the committee and the steering committee had to say so that the public could actually have a debate about what is going on and help us work towards a resolution in the future?

Mr. Doer: We tried that with graduated licences and we found that kids would have to be about 84 years old to be driving a farm tractor by the time the report was put through the prism of some opponents of ours who will remain nameless for purposes of bringing in a graduated licence. We had the research that showed there was a 37% decrease in the number of accidents and deaths for kids, younger kids. We did not poll on this issue or that issue, for that matter.

So we tried that, putting a report out ahead of time. It unfortunately was miscommunicated. I think we have advice; we have a lot of questions. It is not even in a form that we could release anything. We have more work to do. I say to members opposite that some of the research that goes behind any decision we will be making either way can be released, but it should be released in a way that cannot be misinterpreted as well as improperly utilized for the debate.

I think if we could add material to the debate to help the public, yes, but we do not want to have a situation where some of the material becomes a political football when we are talking safety, after all, in terms of the public.

Mr. Laurendeau: I have to disagree with the Premier. I think the committee that went forward and did their homework and put together the plan for the graduated licence did an excellent job. I think they heard from the public. I think you brought back a full global area that we could all look at. Yes, there were some areas that people disagreed, but I think that was a very good process that it went through. I think the committee did an excellent job going out, hearing those presentations. I think you did a good job bringing forward the recommendations from it. I think we all had an opportunity to debate the bill. I think it gave us an opportunity to come up with fairly good legislation that we can all live with in the end.

The thing I do not understand is why we would not want to have this discussion out in the open. I do not know what it is from this committee that we would be wanting to hide from the public. Would it be other people from the committee that would not want this report coming forward, or is it the Department of Transportation that does not want this report to come forward, or is it the Premier that does not want the report to come forward because it might have some of his ideas in it?

Mr. Doer: Well, firstly, there is no final report. There are some technical briefings that have not been conclusive for the Government so far. Secondly, there is a debate going on. I see it sometimes in the newspapers, sometimes hear about it in the media. There is a debate going on. I think that I agree with the member that the report of the graduated licences was fine. I think they did good work.

But sometimes when people interpret something to be something that is wrong, you raise fears in people. For example, and members opposite know what I am talking about, how long you would have to be driving a tractor or how long you would have to be driving your kids to hockey, to school. But the report was excellent. Just having said that, the material is

not ready in my thinking anywhere near what the condition of the graduated licences was, but the idea of having public hearings is not a bad one either. So we will take that as advice from the member opposite.

Mr. Laurendeau: I understand from the Premier there is no final report out on the photo radar at this time from his last statement. But is the final report out and the Premier and his caucus or Cabinet did not like it and they are just sending it back for a little bit of gerrymandering, or is the Premier sure that this final report is not out at this time?

* (17:30)

Mr. Doer: No, to your first question. Your second question, we have received advice, but we have a lot more questions. We have not got the technical information yet to even make any decisions. We have not made any decisions.

Mr. Laurendeau: I see that the Premier was not satisfied with the final report from the Department of Transportation, and he is trying to gerrymander this report. I thought there was a fairly good number of people on this steering committee and a fairly good number of people in the working group that brought forward a very good final report. I am sure that is what it stated. I am trying to remember now in my mind, but I am sure it said something about final report right on the very front cover of that report. It listed everybody from the steering committee and the working group. It listed all the criteria. I thought it was a fairly well-presented report.

If there are some questions of the report, I was wondering is the Premier attempting to gerrymander this, or where are these questions coming from? Are they coming from the political side, or are we getting more advice from the Department of Transportation, who had people on it, or could it be that it could be another deputy minister who might have been on it, or where are we going to get this technical advice? I thought the steering committee and the working group were putting together this report, or is it all political gerrymandering that we are after at this time?

Mr. Doer: Again, the term the member opposite uses is not applicable to this process. Secondly,

ultimately, if there is going to be a decision on proclaiming the existing legislation passed in 1997, then that is going to be a decision ultimately that is made by the previous government to the next government by Order-in-Council. So the process they established is a Cabinet decision-making process. If it is going to be legislation and go beyond the existing law, then ultimately this Legislature will decide, which will include the public and the public hearings and everything else. It will be like any other piece of legislation before this Legislature.

We are not, in any way, shape or form, at a point of being able to say, and we get lots of reports all the time that ultimately you have to make decisions in government whether to accept technical advice or not, or to ask for more information or ask how this is going to work, or what are the costs going to be. Have they truly calculated the administrative costs of the Department of Justice? Have they overcalculated the administrative costs of Justice to be too much of a "revenue grab" at the expense of individuals? Those questions have not been answered yet, so we are not even at a point of knowing what conclusions we should come to and why.

Safety will be important for us. Even now, we are getting concluding advice about safety results in places like British Columbia. Having said that, we know, because everybody talks about B.C., but there is also Alberta that has photo radars in Edmonton and Calgary. We are trying to get advice on the results there. Ultimately, there are reports that are advocate reports, and there are reports that are technical reports. There are reports that are a little bit of both. We have got to make sure that we separate the advocacy from the technicalities. We do not feel we have done that yet.

Mr. Laurendeau: So has the Premier already sent the message off to his working group and steering committee that they were not happy with their final report and that they should rewrite this report and bring forward a report that would satisfy the Premier's needs to have this legislation coming forward? That seems to be that he is interested in the safety aspect. Seeing as this report from the working group and

the steering committee that was struck by this Government is not satisfactory, and it is going back for a rewrite, have you informed the committee of this at this time?

Mr. Doer: I did not say it was going back to this steering committee, I am saying there were lots of questions we did not feel we had adequately answered when we got the material presented to us as advice. We took our time on GDL, started the process a long time ago. Almost from the time of our election we knew that the Member for Portage la Prairie (Mr. Faurschou) was interested, and even when you were in government, I remember, I am sure the members opposite had this discussion. They only came up with photo devices at red light machines in 1997.

Mr. Chairperson in the Chair

I am sure you had the same discussion, but, you know, I think that, I just want to say the decision will be made on the basis of a lot of factors, safety being an important factor, and, secondly, the administration of justice being an important factor. The credibility of the justice system also is very important for us.

Mr. Laurendeau: Could the Premier confirm for me that the chair of the said committee was Andy Horosko?

Mr. Doer: Well, the Chair of Cabinet is the Leader of the Government, and then there is the Cabinet. Then there is—what is the name of the technical working group?

An Honourable Member: The Steering Committee.

Mr. Doer: The Steering Committee. As they said in the Bible, many are called, few are chosen. Many are called? I am going to get this. There is lots of technical advice you get. You sometimes send it back for more advice. You sometimes send it back for more information, and the whole credibility of the justice system, as well as safety considerations, is very important for us. People say: Well, they did not do it; they are taking it out in B.C. Are you going to say no to it? We have not said no to it. We have not said yes to it. Members opposite

have said yes to photo devices at red lights, but did not proclaim it. That is where it is at.

Mr. Laurendeau: I have just got a list of names. There are John Douglas, Vice President, Public Affairs, Manitoba Public Insurance; Marie Elliott, Deputy Minister, Manitoba Intergovernmental Affairs; Chief Superintendent Robert Embury *[phonetic]*, RCMP; Chief Jack Ewatski; Irene Hamilton; Glen Lovenstein *[phonetic]*; Carolyn Neufeld *[phonetic]*; Chief Richard Scott *[phonetic]*; Gale Stevens *[phonetic]*; Dianne deKock-Taylor; Paul Allen *[phonetic]*; Captain Wayne Blackmore *[phonetic]*, RCMP; Bob Chamberlain, Manitoba Justice. The list goes on and on of some very highly influential people who have a lot of know-how on establishing this final report that the Premier said was not complete.

I am just wondering: Is he going to send it back to this same group of people to be restudied, or is he sending it somewhere else to be established in a better fashion that he would find acceptable to him and his Cabinet?

Mr. Doer: On the basis of the member's statement, I am assuming that he supports the report in its full entirety.

Mr. Laurendeau: I love the way the Premier always puts words in my mouth, and this Premier knows that I am never afraid to step beyond the line and into the line of fire when it comes to an issue, Mr. Chairperson, but on this one the question was very clear. The question to the Premier was, with these influential people and these people in the know from all across Government, and throughout the issue of the police force, the RCMP, is the Premier going to send his questions back to the committee, or is he going to be seeking outside advice to be able to make his political decision?

Mr. Doer: Well, Mr. Chairperson, the member opposite who is championing this report knows full well that he can bring in a private member's bill. The Legislature ultimately will decide because the report goes beyond the existing law, which, as he knows, requires the issue of just proclamation by Order-in-Council. So we have concerns in our justice system. We have concerns in our highways department. We are

working with our own group of individuals to get us more answers to more questions. We have working groups on spring hunting. We have lodge owners that have advisory groups. We have advisory groups in agriculture. We have advisory groups in tourism that we just created. We have got advisory groups in education. We have advisory groups on historic buildings, heritage buildings. We have advisory groups in round tables and round tables and more round tables. Truckers are in an advisory group. Motorcyclists give us advice.

* (17:40)

We get advice, as the member opposite does, from really good people all the time. Ultimately, though, we are responsible in this House to come forward with either legislation or not come forward with it. We have not made the decision yet. I do not know how many times I am going to have to say we have not made the decision yet. We want to be as sure-footed on this issue as we can. I am glad to see that the member opposite has a position on this issue and he supports this report.

Mr. Laurendeau: I am glad to see this Premier is still able to put words in my mouth, but my question to the Premier, seeing as his people from the department of highways, seeing as the people from Justice, seeing as the people from the RCMP and all the rest of the list which this Premier has just read off to me were involved in creating this final report, who is he going to send his questions to? Is he sending it back to the same committee to get some simple information to explain to him or is he sending this out to his political junkies to get the political answers for himself? Is he concerned about safety or is he considered the political ramifications of this type of legislation. What is this Premier looking for?

I am looking to say, here is a report that is before this Government. It is a committee that was struck by this Government, who I suppose this Government had faith in when they put these people on this committee. Now the Premier is telling me: No, I do not have faith in this committee. I think I have got to send this out and get my political junkies to have a look at it, because we have to have the proper spin on this before we let the people of Manitoba make a

decision, because I do not want to be putting my fingers out there just in case.

Mr. Premier, you cannot have it both ways. You cannot have it both ways. Either you support the people that you put on a committee to bring back a report, and, yes, you can have some questions of them, but I would not put my political junkies out, especially on some respectable people such as this. Who are you sending these questions out to? Is it back to the same committee that sent you the final report?

Mr. Doer: Well, Mr. Speaker, we do not have political junkies except for probably members in this room that are the only ones that watch CNBC or some other show at 10 o'clock at night or something.

So I just want to make sure that members opposite understand that ultimately the decisions will be made by members in this room. Members opposite had the advice from every municipality, every seniors group, every consumer group in Manitoba not to sell the telephone system.

Did they send their junkies out to tell them to sell the telephone system and make a few people rich at the expense of all the rest of us. Who advised them to do that? I mean, ultimately it was a decision made by the government. Regrettably, it was a decision opposite to what they conveyed in the election campaign.

We have a report right now from a respected individual called the Chief Electoral Officer. Members just condemned the whole report all through Question Period. It does not mean we are going to follow the advice of that committee. Governments get advice and governments have to then choose. Sometimes governments need more technical information, and we are going to get it. Sometimes governments need to be sure-footed.

We took our time on GDL. We knew that there would be some flak, including some stuff that was released in high schools by members opposite saying this and that and everything else about GDL. I was very disappointed on how members purported to say how this would affect you with your graduated licensing.

So it is Mr. Safety now. It is the safety elephant now in the House. When it came to communicating the GDL, they were putting out material that was completely, completely misleading. So we have to assume, in this environment of political mischief on the opposite side, that the safety elephant that is purported by the member opposite will not be the value system that is in play. *[interjection]* We are going to make sure we do our homework. We are going to do our homework. I am surprised the member opposite is too wimpy that he will not tell me whether he supports that report or not.

Mr. Laurendeau: At least I am an honourable "wimpy." Mr. Chairperson, they can call me wimpy all they want, but I have put the question to the Premier in as many fashions as I can. I can see that the Premier just does not want to be on the record. When it comes to wimpy, we see where wimpy is. Wimpy is not on this side of the House right now. It is the member who refuses to answer a question; that is who wimpy is. We will remember that.

Mr. Doer: Well, I am saying to the House what I have said in public, that we feel that safety has to be the paramount concern. We also feel there are a lot of issues that we still have to address. It does not mean to say some of the issues are not addressed. When we are willing to make a decision, we will make it and stand by it and have reasons for it.

I think the member opposite for the first time ever, I do not know where he stands on an issue, and that is very unlike him. If he wants to give his advice to us having read the report, I am open to his advice. I am assuming he supports it because he said that that was a good report.

Mr. Edward Helwer (Gimli): Yes, I just have a question for the Premier on the floodway expansion that he has come out in favour of, a floodway expansion rather than looking at Ste. Agathe to dike. Just in the last few weeks, there has been a floodway protection coalition committee formed that takes in north of Winnipeg, takes in the constituency of Selkirk and also my constituency. The member from Selkirk and myself have been at most of these meetings to try to steer these people in the right direction.

They have identified the problems that are associated with this flooding. One is the dredging, of course, which is a federal responsibility, I realize. I think it is up to the Minister of Conservation (Mr. Lathlin) and the Premier to try to put some pressure on the federal government to get them to reinstate the dredging which they cancelled about three years ago.

Secondly, they identified ice control which is a problem on the Red River and which has caused the flooding both in '96 and '97. It was the ice that caused the great problem. But their main concern is the floodway and the expanded floodway. The two things that come under provincial jurisdiction are the ice control and the floodway. Apparently, the report is going to be out some time in the near future. Can the Premier give us any indication when? Since he has been on the record as saying that he prefers the floodway expansion rather than looking at some other alternatives, when is the report going to be finalized on the floodway expansion?

Mr. Doer: I also believe the member from Morris is also very much on the same wavelength in terms of options, so I am not alone in this Chamber when asked the preference on the south of Ste. Agathe devices. I know the member from Emerson has similar views and others in this Chamber that share the same views on this issue, as I do.

I think that when the first report came out, the IJC report, which was commissioned before we were elected and came out just shortly thereafter in the draft report, and then the final report, we said we would study all options. But when the public asked you: Are you going to build this device and set a device just south of Winnipeg, and what is its impact going to be? I stated that I was not inclined. That was when the costs were \$750 million for the floodway expansion and \$450 million to \$500 million for the south of Ste. Agathe option. I was not inclined to support the south of Ste. Agathe because it sounded like something very anti-Manitoban, and I know the former Premier Roblin had come to a similar conclusion looking at options that were similarly prepared for him.

* (17:50)

I think the member is right. The management of ice is very important in the areas he has described. I think that he is also correct in terms of the silting that is necessary to manage, as well, in terms of dredging. I think, also, the volumes of water in any kind of flood protection for Winnipeg must take into account areas north of the floodway inlet or outlet at north of Lockport. So we have asked that those be considered, as well as the intake area adjacent to the Grande Pointe area. We have already tried to put some protection in place with the parts of the west dikes starting and the twinning of 59 in terms of part of that twinning being a dike, as well as a highway. So we put that in place last year.

I expect the final report to be out some time this summer. It will have to go to an environmental impact study. We suggested to the federal government that it be a joint study or a joint impact study, with the south of Ste. Agathe, in particular, with the five devices. There are a lot of fishing issues, and, God, we have trouble with a drainage ditch now, let alone five dams on five different portions of rivers, and that we have a way of having that report back here at an all-party committee in the Legislature. I think, again, this investment should be beyond the government of the day, and there should be a mechanism to report back to all of us.

So that is what I have discussed with the federal minister. He, in turn, I think, has also stated his preference, and both of us know that the numbers have come closer from the original assessment. We were getting some criticism from one engineer that says, you know, why would you spend \$250 million more? Well, as it turns out, it may not be nearly that great a discrepancy with a lot more social and environmental damage in one location as opposed to another.

We do not want to replace southern Manitoba damage with north of the Lockport damage. Selkirk is much higher than Winnipeg in terms of its location and height and looking at 1826 models, but we know that the community is concerned or has its antenna up on this one. We know that the member from Selkirk and the member from Gimli are both concerned about this. I respect your concerns, and we will try to

incorporate them into getting the best protection for the most cost-effective way with the least amount of damage.

Mr. Helwer: Mr. Chairman, I am glad to hear that the Premier is concerned with the flooding north of the floodway outlet, and that is the part that is of concern to us, of course. I hope that the committee studying this, if they are going to expand the floodway and the capacity of the floodway, that they look at possibly going further north with it directly to the lake, plus look at other things maybe such as dams in North Dakota. I understand there is a possible Lake Charles there that could hold up some water and things of that nature. So I think there is a lot of other options besides only the present ones of just expanding the present floodway in the present form. I think you have to look at the cost that is going around Selkirk and going directly to the lake, plus other options.

Just a question to the Premier, the committee that is studying this, are they going to look at other options that could be available to Manitobans?

Mr. Doer: I think the member opposite probably read Cass Bouey's *[phonetic]* comments about how much more expensive—it was funny, one person was criticizing us for looking at something at \$600 million and then all of a sudden was proposing \$2 billion. We cannot build this alone. We need the federal government, like former Premier Roblin needed the federal government. Mr. Bouey *[phonetic]* has made statements about that. Having said that, yes, we are trying to deal with more mitigation and upper basin storage of water.

There have been a number of projects in Minnesota that could have some real positive impact on the Roseau River system on the eastern side of Manitoba that have been fought by environmentalists. We are actually trying to have outreach to environmentalists on stewarding water, more stewardship of water for recreation and protection in Minnesota, which also would result in protection here in Manitoba. North Dakota is, of course, proceeding in the opposite direction with their unilateral outlet of Devils Lake, which is opposite to what they were proposing as a unilateral inlet in 1992,

when it was a dry season. I think we are trying to ensure the maximum protection that is cost-effective, that can be negotiated with the federal government with the minimum damage.

Mr. Helwer: Just one more thing, and that is, I guess, the committee should look at the effect that backwater would have on the city of Winnipeg also, because there is a possibility that the water could back into Winnipeg from the north if it is held up in any way on the Red River, such as it was in 1996. When we went through the last two major floods, '96 and '97, actually, in '96, it was worse for the area of St. Andrews and Selkirk than '97, because of the ice damage, the ice jams on the river.

So there are many things to look at. I think, with the backwater from where the outlet comes into the river, it has to be looked at to see whether that will protect the south part of St. Andrews and West St. Paul and into Winnipeg. So I am just wondering if this report is going to look at all these other options.

Mr. Doer: Well, to look at any kind of hydraulic impact and the cfs flow in areas north of the Lockport outlet of the floodway, one has to consider ice management. There is no question about it. As the member indicated, that is part of what nailed the Selkirk golf course in '96, as I recall; part of what nailed it again in '97; part of what did the Breezy Point in this current year with ice and wind. So, yes, it has to consider those factors.

Mr. Helwer: Mr. Chairman, that is all I have on the floodway. I look forward to the report some time later on this summer. Thank you.

Mr. David Faurshou (Portage la Prairie): At the conclusion of Estimates, the First Minister did not have time to respond to the question I was just posing in regard to his discussions with other first ministers as it pertains to Fisheries and Oceans and the federal department, and how they have in fact been involved in a lot of projects that are what, by a lot of people's way of thinking, provincial matters. I raise this point in relationship to the bridge that the honourable minister of highways has been attempting to repair on Highway 26, which is just east of my constituency. Many constituents use that road for

all kinds of matters, a vital link coming into Portage la Prairie. This bridge went out because of the water that we all are acknowledging had to make its way into the river this spring.

This bridge has been there for decades, and yet the honourable Minister of Transportation cannot repair the bridge until Fisheries and Oceans signs off on it. Now I am hoping the First Minister can respond and take some leadership, which I believe his fellow Cabinet minister would most appreciate, to develop a protocol that would, in fact, not disregard the environment in any manner, however recognizing that there was an existing structure. To hold up repair of an existing structure for an environmental review from Fisheries and Oceans is, in a lot of people's minds, including my own, a bit of a bit of a stretch of authority.

Mr. Doer: There is no question that the federal government has hired a number of people from Fisheries to work in Manitoba. It has been very slow going on necessary projects in the province. That has been communicated at all levels of Government to the federal government, at all levels here in Manitoba. The lead minister is aware of it. It has been an issue even raised in the House of Commons. We are finding all over the province that making decisions based on good information is important, but being indecisive and therefore causing damage by not proceeding is regrettable. We have expressed that to the federal government.

* (18:00)

Mr. Faurchou: Well, I appreciate the First Minister's recognition of this problem. I just encourage him to take it to another level, because there are other members around the province on his own side of this House that are gravely concerned about drainage projects and that and highways projects that are being held up by Fisheries and Oceans.

I want to ask very specifically a question in regard to the arena project, which other colleagues have been talking about. I know he is probably appreciative of the Manitoba Junior Hockey League, which involves Dauphin, Portage la Prairie and Winkler, The Pas and other communities around that now has in place

a policy that one has to have a minimum of 2500 seats in order to host the Manitoba Major Junior Hockey League All-Star Game. I am wondering whether this arena project as slated which he has spoken very fondly of here in Winnipeg is a template of the support that can be looked upon by the various communities such as Dauphin, which is looking to required replacement of their arena surface, as is Portage.

Mr. Doer: Well, I would love to see a template that has debt and equity investment on the capital side as the highest percentage that we have here relative to the investments from the provincial, federal and municipal sector. There are four or five projects right now before the infrastructure committees. Included, I think, is a proposal from Portage, if I am not mistaken. Those are being evaluated hopefully on the same basis as the Winnipeg proposal. I think there is a gap between Community Places grants and not major capital but in-between capital for recreation. We are hoping that gap can be met. The money we are allocating here is from infrastructure. We know that for some communities water and the protection of water has been a higher priority, but, having said that, you know, we are certainly discussing some of these projects. I believe there are at least five of them before the federal, provincial and municipal infrastructure committees, one of which is in Portage, but there is a gap.

Mr. Faurchou: Once again I appreciate the First Minister's recognition of the need for more dollars going into recreation. Certainly the Minister responsible for Sport will be appreciative of that comment. The particular infrastructure project that both R.M. and city councils put before the infrastructure committee was on the access road that was alluded to by the previous government when McCain put in an \$85-million expansion to their plant in Portage la Prairie for the production of French fries and flakes, potatoes. This road was the only project put forward, not wanting to muddy the waters at all, but to be very clear in the priorities. It has not been considered just yet on the basis that I believe the terminology was green, only green infrastructure, which meant water and sewer. Projects were prioritized and being that an access road was not considered in the green category, this did not even appear on the also-

rans. It is distressing that an industrial road access to a vital, vital industry, not only for Portage la Prairie but also for the province, is denied because it is not considered green. I would hope that the criteria would be considered on merit. There is no one faulting that water and sewer are not important, but persons have to be employed as well, and this is a vital link that is needed.

My final question for the First Minister pertains to over 300 residents of Portage la Prairie, most commonly referred to as the Waterhen First Nations dissident band that will be, I do not believe, celebrating, but, certainly, recognizing their fifth anniversary since their arrival at Portage la Prairie on July 7, 1996. In four days from now, this is going to be five years.

I recognize, and I hope he appreciates that the court appeal process has taken a great deal of time. On June 15, 2000, the Supreme Court of Canada ruled that the Manitoba provincial government had the opportunity to retry, as the Supreme Court of Canada Appeal Court determined that there were errors made and that decisions were thrown out. It took until May 14 for the Department of Justice and the Attorney General's department to rule as to whether or not the first Waterhen dissidents were tried again. It was decided that they would not be retried.

Now, approximately two months, well, six weeks for certain, has elapsed. I am asking the First Minister whether, in consultation with his Aboriginal Affairs Minister, they have decided as to how they are going to approach these individuals that are residing in Portage and now, effectively, have been incarcerated on different occasions during the appeal process, and are really, really wanting to get on with their lives.

I know that the Minister for Aboriginal Affairs provincially here has said that he wants to meet with them as a collective group. However, you have got to appreciate that there is a diversity of thoughts in a large grouping such as that. I think it really is imperative that the First Minister take a leadership role in this and, at the very least, show some options of which this province that moved these individuals to Portage la Prairie almost five years ago, and give

some guidance as to what the province is prepared to do so that there is at least a starting point. If the Government leaves it to the individuals, there is going to be innumerable suggestions come forward from the former Waterhen residents that now reside in Portage la Prairie.

So I am asking the First Minister if he will dialogue with his Minister of Aboriginal Affairs to provide some guidance and potential options, because I do know that these individuals are not pressing the fact that they could in court start legal action because of their incarceration and now obvious errors that were made in law that resulted in this incarceration. I think they are waiting for the Government's first option. I would like the minister's response to that.

Mr. Doer: I will seek the advice of the member opposite to dialogue with the Minister of Aboriginal Affairs for Manitoba. I am sure the federal government would have some involvement as they did five years ago. On the issue of infrastructure, the word only green is not in the criteria. Green is part of it, obviously, but some of these projects are not precluded from consideration.

Mr. Jim Rondeau, Acting Chairperson, in the Chair

Mr. Faurchou: A letter has been sent to honourable Minister Nault, who is a federal Aboriginal Affairs Minister, asking the same question, looking for options. They have not responded, but I know patience is running thin. So I would hope that the First Minister would react shortly, and I appreciate it. Thank you.

* (18:10)

Hon. Jon Gerrard (River Heights): There are a fair number of people who are concerned, as I think you are aware, about the process or lack of process or lack of public input into aspects like the environmental or sustainable development issues which surround the demolition of the Eaton's building and the construction of the new arena on the Eaton's site. I think what people are more disturbed about than anything else is that there has not been, as is normally present under The Environment Act, for class 2 developments

or what would be under the COSDI report or the code of practice for sustainable development, open hearings led by the provincial side. I know there had been some efforts at the federal side.

There are laws and processes which apply, clearly at a provincial level, in terms of an environmental review. So I would ask what the plan is in terms of review of the environmental and sustainable development aspects of the demolition of the Eaton's building and the construction of the new arena.

Mr. Chairperson in the Chair

Mr. Doer: Well, I believe that this matter is going to be challenged in court. So I have to be very careful. The matter is before the court and requires some prudence. I will have to enquire on the exact status of that court request for an injunction. Having said that, the report which was tabled with the member opposite last Thursday indicated, I believe it was Thursday, that we did look at alternative reuses for the building; so did the mayor. I know the mayor worked very hard to try to find an alternative use for that building. I asked the question before we had agreed to the issue of: Is there other alternative uses, and is it an historic building? Has it been designated as an historic building? It had not been. There has been more interest now on the history since the announcement. But, for 18 months, there was no interest, no applications and no designations.

There was a lot of work through Centre-Venture and the mayor to try to get other uses. We first started off with the Convention Centre site. Then it became public that the Eaton's site was a possibility, and I guess nobody else came forward with any other proposals or requests. So we will follow all the existing laws, but I want to be very careful with the injunctions that are before the courts now.

Mr. Gerrard: One of the themes or central aspects of the environmental legislation and the COSDI report and The Sustainable Development Act code of practice is adequate opportunity for public participation, public hearings, public input, a feeling from people in the community that they have been able to have a careful look at what is happening and provide an avenue for

input for people. As I said, to this date, there has not been a provincial process which would have provided that kind of public input and public hearings and opportunity for people to have a careful look and for people in the community to provide input. I think the concern is that even though this is a pretty exciting proposal, there is a due process, as we all know, to go through. It would have been smart to have more public process than has been held to date at a provincial level indeed to be compliant with provincial laws and processes.

Let me ask: Is there a plan for any public hearings and formalized public input in terms of the environmental, sustainable development aspects of the demolition of the Eaton's building and of the building of the arena?

Mr. Doer: We deal with buildings consistently that are altered, amended, restored or replaced. I think when you look at the various buildings that we have dealt with in government, the Heaps building, the Big 4, the original Ashdown Warehouse, the Princess Street adaptive reuse, you can see a consistent effort to try to use buildings when we can. But it does not mean to say that, you know, when we are working with Mountain Equipment Co-op across from the former Eaton's site or the existing Eaton's site, we will follow the laws, but you have got to make decisions. We think it is very exciting. We did ask the questions. Is this a historic building? Has it got historic designation?

We have got lots of advice from some individuals that have been involved in the historic building sector that say you have got to preserve your history. You have got to build the future as well. You cannot just do one at the expense of the other. So we think we have got the proper balance in government. We are going to follow the laws. Most people have been very supportive of what is going on and why it is going on, particularly young people.

When we talk historic buildings, I personally believe The Bay is a real challenge for us, because I think all of us who care about preserving our heritage should be shopping—I should not be suggesting to anybody where to shop—at The Bay, because that is, in my view, a historic building, the gateway to downtown. Part

of our problem with downtown Winnipeg is years. Some of these decisions should have been dealt with 20 years ago when we built suburban shopping malls and suburban shopping plans and abandoned the downtown. Some of those decisions were made a number of years ago. We are trying to reverse it. We will follow the existing laws and we will be accountable for them.

Mr. Gerrard: I know that the Premier is being quite careful because of the fact that this is before the courts, but am I interpreting his statements to date that he has no plans at this point to do any further public consultations or hearings or seek input in relation to environmental or sustainable development aspects of the demolition of the Eaton's building or construction of the arena?

Mr. Doer: As I understand it, there was a public open house. The public were invited. The responses were very, very positive. There were public opportunities at the civic government. There are also laws in place at the federal government. All of us have stated in the term sheet that we are committed to the existing laws and we will comply with the existing laws. I said in the media it is not a nuclear power plant we are putting down there, it is a new arena. There may be different judgments about historical buildings and there might be different judgments on a new entertainment centre and the different other aspects, but we feel we have got a huge building in the middle of downtown Winnipeg that it was announced was closing down as Eaton's prior to our election. It has been sitting there for 18 months and I know that we tried to look at alternative uses for it. I know the City, to their credit—I see some criticism of the mayor—I have to say I think he tried. He was out trying to get uses and reuses and alternative uses for a good 12 months, at least. He was out everywhere trying to get another use for that building and options and tax options and different kinds of incentives, if I can use that term, to try to get alternative use.

* (18:20)

When you have got a building in downtown Winnipeg, one of the biggest buildings in downtown Winnipeg, that has been abandoned

by its owner, whose lights are off, it has some sentimental value to a lot of us, some positive, some negative. I have heard lots of negative sentimental value because of who they hired and who they did not hire. I have heard a different history of Eaton's.

Having said that, if it was an historic building and had been designated historic, we would not be proposing the arena go there. I respect the people that do not respectfully disagree, but, at the end, we are following the law. We are going to continue to follow the law and comply with the law, and we are going to continue to try to turn the lights back on in downtown Winnipeg at that site, hopefully conserve lights.

Mr. Gerrard: I have been dealing with the environmental aspects, and although there was an environmental open house, it was, as I understand it, a federal process, and having attended it, there were some federal evaluation and forms, that it is also quite clear that there is, under provincial statute, a requirement for provincial process.

Mr. Doer: It got to three-quarters of the open house who were there; we heard some of the presentations of the federal environmental people there and—then I missed that part.

Mr. Chairperson: The Member for River Heights, please repeat the question.

Mr. Gerrard: There has been, as the Premier acknowledged, an open house which was led at the federal level to comply with the federal environmental review. But there are also requirements, I believe, under provincial legislation for provincial environmental assessment and public input. I think that we will see where this goes and if, indeed, the courts provide an injunction because there has not been as much due process. That is going to be too bad because it will mean that it would have been better to have done that due process early on rather than to have to redo it later.

One of the aspects which you have alluded to is the heritage status and we had the report tabled last week which was the report of the deputy minister, and appended to that was

material which had been provided to or reviewed by the Manitoba Heritage Council. What was missing from that was the recommendation of the Heritage Council which, I gather, was a short recommendation that this Eaton's, in fact, be classed as a heritage building. Is that not correct?

Mr. Doer: I did not understand the question.

Mr. Gerrard: My understanding that the Manitoba Heritage Council had provided a short recommendation, as part of their report, that the Eaton's building be classified as a heritage building and that short recommendation that the Eaton's building be classified as a heritage building was, in fact, omitted from the material which was tabled last Thursday.

Mr. Doer: I will check. I will take the two. I do not have my document here. Actually I gave it to somebody in the media that asked the question about the reuse on the Red River, so I will check the document. I mean certainly I think it is public knowledge what the advisory committee recommended and what the department recommended. Having said that, I will double-check.

Mr. Gerrard: Let me get it clear from you that the Manitoba Heritage Council in fact did recommend that Eaton's be a heritage building and be classified as a heritage building.

Mr. Doer: After the decision was made, not prior to the decision being made of the proposed entertainment complex. From the period of time that the building was abandoned till when it was proposed to be another use, there was no designation.

Mr. Gerrard: Knowing that this was a landmark building in Winnipeg, it is surprising to me that your Government had not asked the Manitoba Heritage Council beforehand very early on in this process whether in fact this should be a heritage building. Why did you not ask earlier on?

Mr. Doer: This is advice. We ultimately had to get recommendations from the department and a deputy minister that has looked at these matters since 1986 on, since The Heritage Act was passed.

One of the parts of what you try to do in heritage buildings, and I have worked with a few of them on the other side of reusing them, is you try to ensure that you have an owner and a set of circumstances that can in fact, like the Heaps building, utilize the building in a historic way as opposed to keeping it as a great big landmark with nobody in it, except maybe rodents. So part of what you have to do is the whole issue of utilization and reuse and what is going to happen for use. So that is also part of historic buildings. I know that part for sure the mayor pursued relentlessly prior to the decision being made.

Our first preference was the Convention Centre site. We asked a considerable time ago, when there was some discussions about Eaton's, we asked is this a heritage building? We were told no. The department told us that. These are people who have worked with heritage buildings all the time, and usually they are pretty careful. This is a great big building that has sentimental value we think, but you know, I do not want to get into it. The bottom line is even in advisory committees they have different views in committees. Part of the criteria, as Mr. Carson has outlined, is the re-use of a facility. I just do not think it is in the community's best interest to have a building on Portage Avenue, one of the prime sites of this community, just vacant, big and vacant. It might provide a landmark, but not much else.

Mr. Gerrard: The concerns which have been raised in terms of heritage status in the early work question that you had asked in terms of was this a heritage building, did you in fact ask whether it should be classified as a heritage building?

Mr. Doer: Well, I asked: Is it a heritage building? The department advised the minister that they did not consider Eaton's a heritage building. It is a question we wanted to ask ahead of time. I asked whether it was designated or whether it would ever be considered to be and the answer was: no. There is a different opinion, by the way, on the Hudson's Bay Company, as I understand it, in terms of a department store that would considered to be a "heritage" building. *[interjection]* That is part of what we are trying to deal with.

Mr. Gerrard: I thank you for the answers.

* (18:30)

Mr. Doer: I have a phone call I was supposed to make at six. I thought I was on from two to six, two-thirty to six.

An Honourable Member: You are on tonight.

Mr. Doer: I am on forever.

Mr. Chairperson: The committee wishes to take a short recess. *[interjection]*

Mr. Doer: Well, I will keep going. How long is it going to be?

Mr. Chairperson: No recess?

Mr. Doer: No. We can keep going, because there are other questions of other ministers, I think. I was told there were other ministers required, as well. I will be back. We can keep going.

Mr. Chairperson: What is the will of the committee?

An Honourable Member: How long are you going to be?

Mr. Doer: Okay, maybe I can answer the questions from the member from Fort Garry.

Mrs. Joy Smith (Fort Garry): It might take a while. I was just asking how long would you be, because I know there are several of us who want to ask questions of you. If you need to make a phone call, as the honourable member from Lakeside, we would be very happy to have you do that. It is just, how long do you think you would be?

Mr. Doer: I will come back as soon as I can. You keep asking. Concurrence is still on.

Mr. Chairperson: Agreed. So we continue.

Mr. Jack Penner (Emerson): Mr. Chairperson, the Minister of Agriculture has just returned from a trip to Whitehorse to view the immense capacity of agriculture production in the Northwest Territories and has also participated

in a ministerial meeting, I understand, with the federal minister to work out the foundations, I suppose, or fundamentals of a New Age agreement.

I wonder if the minister could give us a bit of an overview as to what is really being contemplated, either by the federal government and/or an agreement with the provincial governments based on the agreement, in principle, and the so-called action plan for agricultural policy and framework that we received this morning. I wonder if she could give us her view of who brought the initiatives to the table and/or whether this is, in fact, a document that was worked out at the table, or is this the federal minister's agenda that they signed onto?

Hon. Rosann Wowchuk (Minister of Agriculture and Food): Mr. Chairman, the member is right. I did have the opportunity to go to Whitehorse and, indeed, did have the opportunity to view some of the agriculture in that northern part of this country and was quite surprised at the pioneering spirit of the farmers of the Yukon.

Discussion began at the Québec meeting earlier in the year when we had a discussion with the federal Minister of Agriculture who outlined his vision of support for agriculture, and that there was a need for change. But where the discussion began was that we could not continue with ad hoc programs, that we had to be looking at some of the long-term solutions for agriculture. Really, when you look at it, many of the things that the federal government is talking about are things that provinces are already doing. There was direction given at that time at the meeting in Québec City that we had to take a new direction and look to develop a framework that we could build on. The areas in that agreement are to deal with food safety, environment, safety net programs, life sciences and research and development. That is the framework. Nothing has been signed. What it is is a framework that the federal and provincial people will work on and try to develop an agreement that can be signed.

One of the major parts of it is the review of the safety net programs. The member is well

aware that this is a very important issue for me, because when we signed on the previous safety net agreement, I was very concerned about the change in formula. One of the conditions of signing that framework agreement was that there would be a full and thorough review of the safety net programs, what their impacts were, how we could improve on them and also an assessment of the funding formula and a review of the variety of programs that are offered in each province.

There was an agreement in principle to this framework agreement. Now it will go back to federal and provincial staff to work at getting more detail to the program. We hope to have further discussion on it this fall.

Mr. Jack Penner: The minister has placed some emphasis on the safety nets. Yet when I look at all the documentation that has come out of that meeting, all the news releases, the main focus, Mr. Chairman, has been on the environmental side and the massive changes that are going to be required environmentally to be adopted by the farm sector. There have even been some indications and some commentaries that this will require farmers to forward and submit a five-year environmental plan for their farm operations on an ongoing basis.

One has to wonder. That is why I asked the question of who developed this and whose initiative this is and whether there has been significant consultation with farm organizations and farm leaders across this nation before this kind of proposal would be set forward.

We are well known in Canada as being safe food producers. We are known in the marketplace as providing very safe and high-quality food standards in this province as well as internationally. I find I am somewhat apprehensive, quite frankly, that the connotations in this document would lead the consumer to believe that we might be lacking severely in our application of safe standards on the farm.

I would like to ask the minister what prompted and who prompted the discussion to this very significant level of the environmental side of the debate, which seems to be the primary focus throughout this document,

through all the documents that we have seen. Can the minister give us an idea as to who brought this approach and what initiated this debate along those environmental lines?

Ms. Wowchuk: Mr. Chairman, there is no doubt at all that we have a very safe food supply in Canada. The goal is to build on our reputation of having a very safe food supply and using that as a tool to promote Canadian products in the international market. This is a discussion that farmers and farm groups have been having for a long time. We have farm commodity groups working on trace-backs. The Manitoba Cattle Producers are developing a system of trace back, because they recognize the importance of being able to trace back to the site should there be a problem with the food supply. The Manitoba Pork Council, many commodity groups, are working on ways and developing the program called HACCP, to be able to have the trace back of the identity of the product to ensure that, should there be a problem, it can be identified. So the member is implying that the producers are not talking about this when in fact producers have been talking about this for a long time. In fact, the producers are the ones that have been driving, in some commodity groups, the issue of being able to trace back to source of supply.

* (18:40)

With respect to the environment, I believe that provinces have been doing a lot of work on protecting the environment, and involved in agriculture. The federal government has not been involved in this. What the federal government is looking for here is to develop, where there are different programs, to have some national programs, although they will not be the same in every province because many problems are at different levels. We all said that we do not want to have to go back to square one. We want to be able to build on what we have in our provinces already.

So there is recognition. There has been discussion with farm groups on this issue of the need to build on the reputation that we have of having a safe food supply, on being good stewards of our environment. The member says that he does not see the issue of safety nets in the document. Well, I want to assure him that the

review of the safety net program is very much a part of this. Also, there is a commitment on the part of the federal government that these new initiatives will not be brought in at the expense of safety nets. So safety nets are that we have and are very important to our producers, are part of the whole package that is being prepared.

Mr. Jack Penner: I am not going to get into that debate because that could be a debate in itself for a long time. The reference to our safety nets in this country are pitiful, to say the least. They are really pitiful compared to what the other countries are providing their farm community with. The Americans, on a per capita basis, and we only need to match on a per capita basis what the Americans would do to make our farms viable, yet the Americans would spend this year some \$78 billion on safety nets in the United States and the Europeans at a much higher level yet. Yet we in Canada have a deuce of a time trying to convince the various levels of government that we have to deal with that we should even recognize an amount that would be equal to the least countries in the world in their support for agriculture.

We would have a deuce of a time keeping up with Africa in its support for the agricultural economy in this province. So let us not speak very highly of our safety net programs in this country, nor in this province, because too many, far too many young farmers are leaving the farm. They are not leaving because they want to leave their farm; they are being forced off the farm. I think this document speaks to that very loudly and very clearly because it talks about the enhancement and the ability of farmers to make a living, and I will quote from the document: enhancing the capacity to earn off-farm income.

I think it is deplorable that a Minister of Agriculture (Ms. Wowchuk) of this province would sign on to a document such as this, transferring the farm to the next generation, or choosing non-farm options. For young farmers, I think that it is absolutely deplorable that a group of ministers would come out with a statement like that.

The other thing that we are really concerned about, and I speak as a farmer when I say this, is

the statement that is made in this document referring to the development of tracking systems and systems designed to trace right back to the farm any product that is produced on the farm. I know that there have been significant discussions amongst farm groups about the ability to do this. Well, sir, let me say this to you. There is an ability now through new technologies. You can trace and you can identify anything that is grown on a farm now by satellite tracking. The technology is all there.

What we worry about most on the farm these days is our ability to do business based on sound financial fundamental abilities and systems. Yet, what I see in this document hugely, hugely concerns me because we are going to let those that have no interest in the agricultural sector, or no interest in the primary production area to dictate and make policy for them without the involvement of the basic farm sector. The minister, Mr. Vanclief, said that this had been developed largely by the provinces. Well, I find that statement interesting because Lyle Vanclief, the minister, in La Broquerie just a month ago enunciated these very same ideas. He did not spell them out clearly, but he enunciated these same ideas. A year ago, the federal government was already toying with these very fundamental principles and I had not heard our minister, Mr. Chairman, nor any of the other provincial ministers touch on virtually any of these subjects.

So, that is why I ask the question. Was it the federal minister, and, of course, if you read his address to the ministers, it is very evident and very clear that it was the minister that brought the agenda; it was the federal minister, the federal government that brought the agenda. It is also very clear to me that they will drive this. We have heard lately municipalities talk about oceans and fisheries having moved into western Canada to look at culverts and dry ditches and all those kinds of things.

Well, the next question that comes to mind is, if these kinds of environmental principles are established that are identified here in all of the agricultural primary sector side, and if you then bring about a process that would require a farmer to put forward a five-year environmental

plan of operation for his farm, that that would be required, and then, if you read further in this document, the requirement of insuring that these environmental principles will be adhered to that leads one to believe that we are probably going to have a whole mess of federally-initiated environmental police running around this country, as well.

Now, I ask the minister: Did you have any discussion at your ministerial conference based on these economic principles that we talk about, and what the effect of that would be to the actual primary operator on farm operation? How do you see, as a minister, bringing them into the mainstream in this kind of planning?

Ms. Wowchuk: Mr. Chairman, I want to correct the record. The member said that in my comments that this was initiated by the provinces. That was not what I said. I said that this discussion began at the federal-provincial meeting in Québec City and it was initiated by the federal government. The federal government is the one that has been developing this. My view is that provinces are doing a variety of things on environmental protection, on food safety and on renewal, and the federal government is building on what the provinces are looking for some national standards on which to build on Canada's reputation.

* (18:50)

The member expressed concern about the fact that there is discussion on off-farm income, and that is part of the renewal discussion about how we keep farmers in agriculture. I am sure the member would not hesitate to admit that there are many people who have off-farm income right now. What we want to do is work with farmers to offer them the tools, the education to maybe where they can build on their agriculture products that they have and realize additional income.

This is not about taking people off the farm. I have indicated very clearly to the member and to the federal minister that I am not interested in working on policies that will take people off the land. But we have to also recognize that people make the decisions for themselves, and have been for years now, as to whether they want to

stay in agriculture or not. But they also make the decision as to whether they want to stay in teaching or whether they want to stay in business, whether they are running a grocery store, whether they want to stay in mining. People make changes to their occupations all the time, and there are some farmers who will make that decision too. I personally wish that we could have more farmers in Manitoba and in Canada and a viable rural population, but statistics show for themselves that there are people who make the decision, and we want to work with people.

The member raised an important issue, the one about the economic impact of changes. I want to tell the member that this is one of the areas that I did raise and one that I do have concern about, duplication of inspection and the cost of inspection and who is going to pay for the various proposals that are there. The same thing applies now to what Manitoba pork producers, Manitoba poultry producers, cattle producers are looking at as they look to bring standards to the farms as to who is going to be doing the auditing, who is going to be doing the monitoring, who is going to be paying. All of those are issues. Yes, I did raise those issues, and it will be a topic that I will raise at future meetings as well.

Mrs. Smith: I am very happy to have this opportunity to ask a question on behalf of a constituent of mine who has had an ongoing problem and who has tried to get the attention of the First Minister. I understand that Mr. Gordon Martin has been to your office and has asked for an interview and has had a very heart-wrenching story to tell about an accident he was in. In my research on the accident, I found out that Mr. Martin was a small-business man. He is an appliance repair person who has been a long-standing businessperson in south Winnipeg and a man who is very well respected by the community at large.

I have talked to several people about Mr. Gordon Martin. He is held in high esteem by the people in the area, and he is known as a very honest, forthright man. When this accident occurred, his business van was completely wiped out. As a result, he was injured, and as I say it was no fault of Mr. Gordon Martin's. He was a victim of this accident. This accident destroyed

his van and his livelihood, and he had permanent damage in his ear as a result of hitting his head on the window. So he has gone through a great deal of trouble.

Mr. Martin wanted to talk to the First Minister about the Manitoba Public Insurance and how that works here in the province of Manitoba.

Mr. Gordon Martin has been slamming up against brick walls with his case. He has gone through several avenues to try to get the replacement cost of his van. When you read the whole claim and when you read the whole story that Mr. Gordon Martin has gone through, I can understand why his patience is running out. He has gone through not only MPIC but also members of the NDP government from Mr. Lemieux to Ms. Becky Barrett to the First Minister (Mr. Doer) himself. What he is trying to do at this point in time is be able to get compensation for this accident that caused his business to be on hold.

Initially what happened is he did sign a paper that said he would get the replacement cost of his van and he would be satisfied with that. However, he disagreed very strongly with what the cost of the replacement van is. Now, I want to paint you a picture. I know in this very important room with the Premier of our province, this might seem like a small matter, but every individual Manitoban and every individual small-business person is a credit and an asset to this province of Manitoba.

Mr. Gordon Martin, who has such a stellar, excellent relationship with the community in south Winnipeg and the people who he serves, has been very, very frustrated with trying to reach the Premier to try to tell him his story simply because he has tried everything else. He just feels literally up against a brick wall.

Having said that, I understand that he actually met him in his office and in the corridor a couple of times to say: I really would like to have a meeting with you to talk about Manitoba Public Insurance and talk about what happens to a business person like himself who literally falls through the cracks.

The long and short of the story is that in spite of the fact Manitoba Public Insurance, MPI, stated that everything was settled, Mr. Gordon Martin felt so strongly about his case that there are three cheques that he has refused to cash. They were given to him in "settlement," but Mr. Martin has had several incidents where the information that came through to him was incorrect, information centred around the estimates that were obtained from different car dealerships. There has been a real breakdown of communication in a huge bureaucracy. Now Mr. Martin feels and is getting the very strong feeling that he is the troublesome client who will not go away and should be very, very satisfied with the settlement that is given to him.

In actual fact I have taken considerable lengths to go into the community and ask about what kind of a van he had, business people who knew and who know Mr. Gordon Martin very well and indeed agree that the van he has now is nowhere up to the same standard of his previous van.

Here you have a businessman minding his own business on a workday who was crashed into by another driver and who has had to pay the price dearly for that accident in which he was at no fault whatsoever. His biggest fault is refusing to back down, because he feels very strongly that he has contributed to the public insurance, he has contributed to everything all his life. In all fairness it was fully understood that when something like that occurs, at least your van should be replaced at the same level in which it was lost.

I have been dealing with Mr. Martin for the better part of a year and 18, 19 months now, and I, too, have gone through the bureaucratic swing, through everybody's offices in the Government. So today I want to inquire of this Premier if a small-business man's problems are important enough to this Premier to sit down and have a chat with him and perhaps take a look at the systems that are in place so that this does not happen to somebody else.

* (19:00)

As I say, although he is very persistent, Mr. Gordon Martin is a very intelligent, very well-respected businessman in southern Winnipeg,

and also a man who has a deep sense of justice. His own reputation in the community is one of being a very honest, straightforward, just man. When you read the whole file, and I know tonight we cannot go through the whole file, but I have letters from Minister Barrett, I have letters from Minister Lemieux. I have all this information that has been forthcoming, and basically what it says is that the system says this, so this is correct. Yet, when you look very carefully through Mr. Gordon Martin's information, and I have looked through it carefully and I have checked it out, I have done my homework, he is perfectly right. His van was not replaced anywhere near to the length his previous van should be. He spent months trying to recover from an inner-ear injury as a result of the accident. He still is living with constant ringing in his ears. He still goes to work every day. He is taking a lot of his own time to try to set this right.

He came to my office, Mr. Premier, because he felt that maybe I would be an avenue in which to open your door and sit down with this constituent and listen to his story because his objectives are far bigger now in my view than they started out to be. He started out to get his van replaced so that he could carry on with his business. Now, he also does not want this to ever happen to another businessperson because it took a good six months or so out of his work at repairing appliances, and it certainly upset his life. Now, no one can foresee someone being crashed into on a highway. No one can foresee that, but in the province of Manitoba there might be systems put in place that are fair and equitable so that people do not have to go to CEOs and presidents and premiers and ministers to try to get some justice.

So, when concurrence occurred, I wanted to take the opportunity to explain very briefly what was happening with Mr. Gordon Martin and to tell you that today on July 3, 2001, there is still no resolution to what he feels is fair and equitable to his case. Quite candidly, after seeing all the documents and having people look into it for me, looking into things myself, talking to businesspeople who knew Mr. Martin and still continue to know Mr. Martin, I am convinced that his van that he is driving now is not comparable to the one that was in the car

accident, and with regard to his ear injury, I guess that is something he will live with for the rest of his life. One thing I do know about Mr. Gordon Martin: Mr. Gordon Martin will not go away because he feels that there is justice here in Manitoba and he needs to pursue it.

I am asking the Premier: Will the Premier take time to sit down with Mr. Gordon Martin and hear his story and get some testimonies from people who know Mr. Gordon Martin and understand what he has been through, and examine this very closely? So it not only can be rectified from Mr. Martin, but if Mr. Martin did not have a lot of fortitude he would not have got this far, so it could be prevented for other Manitobans, as well.

Is the Premier familiar with this case? Do you remember Mr. Martin talking to you?

Mr. Gregory Dewar, Acting Chairperson, in the Chair

Mr. Doer: I do sometimes run into people in the outer office when they are dropping off material. The member has mentioned that this individual, Mr. Martin, was in the office. I am sure I will remember when I see him. I guess I have one question with the ear injury issue. Has that matter gone to the appeal body for bodily injury?

Mrs. Smith: Mr. Chair, it is my understanding that all the processes have been completed. He actually got a cheque for over \$2,000 and another one for \$600 for another part of it that Mr. Martin did not cash, because he just felt that, you know, his fan was not replaced, this whole issue was not resolved, that it was wrong. He felt that, really, the whole issue had to be looked at, and the structure in Manitoba Public Insurance needed to be revamped so the bureaucracy was very clear from one level to another, so people like himself would not get lost in the cracks. So, even though cheques were sent to him and they said the issue was over, he basically has said: No, I do not think so. We have to sit down and talk.

So, it is an issue that is unusual in terms of the tenacity of Mr. Gordon Martin. I know in your office and my office, we often run across a lot of people who do believe they are right and

who do have some sort of a flag to fly. But I have gone to considerable lengths to do my homework and to look into Mr. Gordon Martin, his work ethics, what people thought of his word, looked at his van, asked other business people who knew him previously with the other van, and, without a doubt, I have not been able to find a flaw in what Mr. Martin is saying.

So he believes that this is much bigger than just a van replacement. It is something that is worthy of taking to the Premier of this province to ensure this does not happen to anybody else, and he does want to get a fair and just claim settlement, as well. But as I say, there are three cheques, one for \$600, one for \$90 and one for over \$2,000 that he has not accepted.

Mr. Doer: Well, I am certainly willing to look at my files and ask for more information before I make a decision about whether to meet or not. I am not trying to replace people at Workers Compensation or at MPI, replace the people who are supposed to make the decisions and are entrusted to make the decisions. Having said that, if there are systemic issues that go beyond his case, then I think—there is no such thing as a perfect system, if you will, dealing with human beings. So I am willing to read the material.

I will check and see what I have and then I will ask the member for more information before I can commit to meet the individual or not. I am not saying no for sure, but I just want to get familiar with the case. As I say, there is no such thing as a perfect system. I do not overrule or do not try to interfere with decisions that have been legally delegated to people rather than systems. Having said that, sometimes we have had weaknesses in systems and part of that were changes that were made in even the no-fault insurance itself, and the amendments that were made after Mr. Iskiw [*phonetic*] reported after some of the concerns we raised and some of the questions we raised in the House.

So I am not sure what part of this is systemic, what part of this is human, what part of this is stubborn, and what part of this is unfair, but I am certainly willing to read our information and get more information from the member and to follow that directly with her.

* (19:10)

Mrs. Smith: Thank you for that consideration. It should be brought to your attention that I am well aware of protocol and well aware of systems and have worked in a bureaucracy myself. All of those systems have been gone through. I, myself, initiated going through your Minister Barrett's office as well and, indeed, Mr. Martin got a letter saying: Hey, I have talked to the bureaucrats, and I have done this and I have done that. They said this so you are wrong. I would hate to see the First Minister say: Well, I have got to touch base with the same people that Mr. Gordon Martin touched base with and then come back and say: Well, Mr. Martin, you are wrong. There is no problem here. Go away.

I understand what you are saying in terms of you cannot take on every single case. Indeed, I think, Mr. Premier, with all due respect, this is the first case I have ever brought to you. I have been working on it for the better part of 18 months. We did go through Minister Barrett's office. A letter went through Mr. Lemieux's office. A letter went through Minister Ashton's office. Every one of them sent the same form letter back, Mr. Premier. They consulted with the same people that Mr. Gordon Martin consulted with, wrote a letter to Mr. Gordon Martin and said: Sorry.

What Mr. Gordon Martin is saying now is that he went to your office asking you for a meeting because he felt there was clearly something unjust and something wrong about the system, apart from himself; there was something intrinsically wrong with the system. He wants to make it right, and he wants to be able to be justified. Keep in mind we are not looking at somebody on the street who is not well-known, not respected. We are looking at a businessman who is very well respected in the district, who has been a businessman for a lot of years, and who has never gotten involved with anything of significance until he got crashed into, until he was the innocent victim of a driver who went virtually through a red light.

So, from my point of view on this side of the House, I am bringing this to you. You are Premier of the province, and I am saying to you as MLA in Fort Garry: There is a big problem

here, and this man has not got compensation for what he should have got after paying into insurance all that time. I am saying to you as MLA, and I think my judgment is pretty clear, that this is a problem and I, too, get lots of letters for lots of people who have a problem. I guess I want more than you to say: I will check with my ministers, because I have checked with three of your ministers. It is no go. Nothing is happening.

Now I am checking with you out of all due respect because this should not be happening to a businessperson in Manitoba. It is not right. It is not just. It is not fair. So I would like your commitment to do a little bit more than check with the three ministers. I think that has already been done. I can xerox the form letter for you. I do not think you need it.

Mr. Doer: I said I would read my file and then come back to the member for more information. I understand what she is saying about getting the same people to draft letters for the Government that drafted letters to the person. We all know that has happened before. Everybody here that has signed those letters knows that. I am talking about a) acquainting myself with the file, b) talking to the member opposite about it and then digging deeper than the letters that we all sign from time to time, and on the basis of a systemic problem, that should be looked at as opposed to the individual case.

Mrs. Smith: I thank the First Minister for that consideration. My last question would be: When could I expect an answer from you? I know Minister Caldwell is used to saying, "in the fullness of time." I would like to have a more specific answer.

Mr. Doer: Well, I do not know exactly when the House is going to end, but I do know that that will free up a little more time, but you do not have to answer that question, either. You can answer in the fullness of time. I will try to make time for it. It is subject to other considerations that are beyond my control.

Mrs. Smith: Then, could I ask the First Minister: Could I say that you would get an answer to me by the end of August 2001? Is that fair?

Mr. Doer: I will read and get back to the Member long before that, but the issue of making a decision whether to meet with Mr. Martin—to not make that decision until I get more information from both you and the information I have.

Mrs. Smith: So, just to reiterate, I will hear from you before the end of August. Can I have a commitment that at that time, you will let me know when your decision will be made, at least within a framework?

Mr. Doer: I will try to, in the fullness of time. It sounds like it is a very serious situation for this individual. There are lots of serious situations. There are lots of real hard stories from individuals that are dealing with, as I say, either Workers Compensation or MPI, particularly people injured. I am definitely willing to meet or get more information on this and not just rely on the briefing material, as usual. I will do that, certainly, when I can make the time.

Mrs. Smith: I do not mean to belabour this, but you will get back to me before the end of August? At that time, if the First Minister could please let me know within what time line you will make a decision. It can be one month, two months, three months. The man has waited a long time.

Mr. Doer: I will definitely get back to the member before the end of August and try to be decisive about what the next step is going to be. I might need the information of the member before then. As I say, I am very careful dealing with the systemic stuff because I have to rely and trust on a lot of people to make these decisions in the best interests of the public and the agency, but I recognize that no system is perfect when it deals with human beings.

Mrs. Smith: It is true, Mr. Premier. That is why, in all due respect, I went through three of your ministers before we brought this up. I understand that you understand the gravity of this situation. So, I will leave it in your capable hands. I look forward to hearing from you.

Mr. Frank Pitura (Morris): Earlier on, the Premier was answering some questions for the Member for Gimli (Mr. Helwer) and he sparked

some interest from my advantage point. I would like to just follow-up on some of the questions that the Member for Gimli asked. Of course, my interest is south of the city and it deals with water in the Red River Valley.

I think the Premier well knows that my position on the dam at Ste. Agathe is being a non-starter because of the horrendous other costs that are attributed to it in terms of the economic and social impact to that area. But what I would like to do, though, is just follow the IJC report.

When it came back, it had indicated that there were two projects that they basically were taking a look at. One was the doubling of the size of the Red River Floodway. The second was the dam at Ste. Agathe. They alluded somewhat to a third area, but they only gave it about a paragraph or two of written word. This was to do with water management in the entire Red River Valley basin.

It had indicated that, from what they had seen, managing water throughout the basin would not contribute very much to flood mitigation. I do not tend to agree with that. I think that there is merit in having an overall water management strategy for the entire Red River Valley basin, which includes Minnesota, North Dakota, Manitoba. I was just wondering if the Premier had given any thought to taking the dollars that are so-called allocated for flood proofing and transferring them into minor water management projects throughout the entire basin.

* (19:20)

Mr. Doer: We, certainly, and the members opposite were at a meeting that was held just recently with Minnesota, North Dakota and South Dakota and Canada and Manitoba. We certainly support the idea of more upper basin storage water. We have participated in the IFMI process, the International Flood Mitigation process, because we believe, yes, we can make some improvements in Manitoba, but we also recognize that 80 percent of the water is south of the border. We have lobbied the congressional and senatorial representatives from those states. We signed an agreement and discussed an agreement. Former Governor Schafer and

Governor Ventura and ourselves have agreed to this process.

I personally believe that it is not an either/or, that stewarding water upper basin storage and water strategies, especially south of us, can have an impact on delaying water flow, increasing crop diversification and ultimately reducing flooding risk to Manitoba. To me it is not an either/or. I think we have to do more. I think we have slowly developed more of an environment with the United States in this area. Whether it will come to fruition or not, I am not sure.

President Bush just cut a major amount of money out of the theme of budget for funds like this in the President's budget that is still working its way through the various committee stages in Washington, notwithstanding the fact that committees have changed, particularly in the Senate.

I think if you have anybody that has ever flown over the Red River Valley, and the member and I have flown over it together in '97, and noticed those devices to get water off the slopes a couple days earlier to deal with the early potential thaw, realizes how fast that water moves off the land for purposes of agriculture and what it means for flooding. I think it is compounded by five times south of us.

I believe water management is a strategy. We have not looked at moving dollars to another location from one set of protection. We have not cancelled the Rosenort floodway, if you will, for purposes of upper basin storage, nor will we with some other projects that we still have to complete, including the west wall or the west side. I agree with the member that it has got to be part of our strategy in Manitoba. It just has to be.

Mr. Pitura: I thank the Premier for that answer. I would like to ask the Premier if he finds that there is a willingness. Is there a willingness among Minnesota and North Dakota and the federal governments of both countries to look at upper basin water storage and water management throughout the entire basin?

Mr. Doer: We have real work to do, actually, in the environmental community. A lot of members of the environment committee have stopped

hundreds of millions of dollars worth of projects to Minnesota because of the so-called desire to have natural flows of water. With all its flooding and damage and not having more upper basin storage of water in a number of different places, I know that for example, Colin Peterson [*phonetic*], the members opposite will know, from an area adjacent to Manitoba on the Minnesota side, from the congressional representation has been—actually, part of the IFMI process was to start talking to some of the people that were stopping some of these projects. Opposing the projects just because it is water management, opposing everything on the basis of just for the sake of opposing it, and it is hard to talk about what is good stewardship in the management of water. I think there have been a lot of projects that have been stalled and stopped, probably for the wrong environmental reasons.

There is some work going on in Minnesota, in particular on the east side. North Dakota still cannot decide whether it wants to drain their water or store their water. We look at Devils Lake and in particular where storage of water would make more sense for Manitoba and, we would argue, for Devils Lake. We would also argue that it makes more sense for Devils Lake, but it is easy for us to say with the tremendous tourism advantage they have now with that asset and the quality of fishing there.

We have an agreement in principle. We have not moved beyond that to dollars. But there is some work going on now between the legislators, who had never talked before to some of the people, say, in the Audubon Society, and the other groups that are actually on the same page now on upper basin storage of water as one of the flood mitigation strategies.

Mr. Pitura: I feel very strongly that upper basin water management is something that has to be seriously looked at. It not only gives us an assured supply of water, a sustainable water supply over the long term, it also provides potable water by recharging the aquifers. It gives us potential for irrigation from that water, as well as recreational purposes for storage of water. I feel very strongly that is the third option that should be pursued because widening the floodway has

its benefits, but I am not really excited about that either.

I would just like to make one correction for the Premier (Mr. Doer). That is, when I was talking about transferring dollars, I was not talking about transferring dollars from existing projects that are already on the go. I am talking about transferring dollars that are proposed for such things as widening the floodway or the proposed Ste. Agathe dam.

I appreciate the answers that the Premier has given and I wanted to make sure that I shared that with you, because I feel very strongly about water management and the potential that it has to shave peak flows off high flood levels. In the southeast part of the province, a report was commissioned on the Joubert and Rat Rivers that has shown that through a variety of projects, stream flows can be reduced. There is also a report on the Roseau River. If that were duplicated and carried on throughout the entire basin, I am sure that, with regard to peak flows, one might never see a 1997-peak flow again. We are floodproofed to levels below that, so we would not see the flood of the magnitude of '97 or greater.

I appreciate the answers that the Premier gave me and I will now defer to my colleague from Emerson.

Mr. Jack Penner: Thank you very much, and I appreciate the Premier's willingness to stay on and answer some of these questions. I am going to ask a few questions in regard to the question that the Member for Morris asked largely in regard to three projects. Number one is the Devils Lake project. We have all had significant discussions in the past about that. The previous government did and the Government is currently.

Some days I get the feeling that we are probably flogging a dead horse when we try to maintain our position in keeping Devils Lake water out of the Red River system. It is very evident that over the last month or two, levels of the Devils Lake have increased fairly dramatically again, bringing them to within questionable range of its eventually overflowing and entering the Red River naturally. Some have estimated

that will happen, regardless, within the next three or four years.

I am wondering what the Premier's position is on this, whether he thinks that we might, at some point in time, sit down with the North Dakotans, the Americans, and discuss that eventuality, and whether we should discuss the eventuality about building proper control structures to ensure there would not be a mass of water coming down that river system and really do some damage, contaminating damage to our lakes downstream. I am wondering whether the minister has had any of those kinds of discussion with his counterparts in North Dakota on that basis.

Mr. Doer: I went down to Devils Lake to meet with the people and had most of the same people up to Gimli to meet with the fishermen and others in our area of the basin. It has so far been really difficult, and I am sure members opposite felt the same way, to go beyond our views and their views on this project. We still believe under the existing wet cycle, which has probably been around since about '94 to present that it will still take a number of years for Stump Lake to go up sufficiently to drain into the Sheyenne River, because there is a natural overflow into Stump Lake.

* (19:30)

We also recall in '92 when former Governor Schafer wanted to build an inlet, because Devils Lake was so low, from the Missouri River system. It is literally within 10 years it has gone from being so low to so high. We still think, again, upper basin storage of water is useful for Devils Lake. We also think there is more of an appreciation slowly in North Dakota for this asset in the middle of their state, the spectacular tourism asset. It might be that, with what is going on in some of the agricultural opportunities today, it is a pretty significant asset for North Dakota.

We have not been able to go beyond that. You know, the IFMI process was established before we were elected. It purposely excluded that. Former Premier Filmon participated in an international joint commission study of Devils Lake, and then that study has, regrettably, been

taken out of context by North Dakota. They only use the one sentence. They do not say that this thing will need a full environmental assessment before it could proceed. They say there is no real significant damage to Manitoba, so they take his good work, his good will and take it right out of context, in my view, with him assigning somebody to participate in the study of the Devils Lake situation.

I think North Dakota feels they have a lot of the planets in the proper political orbit, particularly with the change of Jeffers in the Senate, with the ranking members now getting more seniority and more power. But Minnesota is against it; Canada is against it. I still think at the end of the day it is going to be up to Canada through the IJC to stop this project, stop unilateral action. North Dakota has never agreed to even participate in some joint federal assessments between the U.S. government and the Canadian government, because they feel they can do it as a state unilaterally. If we allow that to happen, where is the next project in North Dakota on a unilateral basis? We will be building more dams on our borders and they will be building more drainage on their side. The member knows full well of those scenarios.

I certainly have not had the opportunity to go beyond the disagreements with North Dakota. The new governor I will meet this summer, so maybe we can see in a non-political sense whether there is any room. I am not naïve enough to believe that he has any latitude himself as the governor of North Dakota in terms of the prevalent feelings today on the plight of the people adjacent to Devils Lake. We still prefer the Army Corp of Engineers study of the Peterson Coulee project, as opposed to the unilateral action on the twin lakes. We are not afraid of water seepage into Stump Lake. It needs about another nine feet before it will even transfer to the Sheyenne River down to the Red.

Mr. Jack Penner: Indications were as late as last week that there was actually water draining out of Devils now into Stump and that the overflows were, in fact, happening. However, I think you are correct. That would mean that Stump would have to rise roughly about eight feet before the overflow into the natural outlet were to occur. That is what many of the people

over there fear, including the environmentalists and the Army Corps of Engineers that, if that in fact does happen, the erosion that would take place there could be much more damaging than any of the water qualities that we have discussed to this point. Then, if the actual erosion did rip out the kind of outlet that they think might happen. We might be worse off than we would be if we would sit down and have that discussion as to how to initiate proper construction of outflow mechanisms in that lake. That is my concern, that we not allow this to fester or build to the point where we have no control and nature will eventually take its course. We all know that back in the '60s North Dakota initiated the building of a series of canals to improve the water level at Devils Lake. I mean, when I visited Devils Lake some 30 years ago, it was nothing but a salt pond, and it stank to high heaven. Well, it is certainly a different situation there today. You are absolutely right; it has become a major tourist attraction and a major sports fishery for the state of North Dakota.

* (19:40)

The discussions that we had with some of our colleagues—and I still thank you for inviting us to meet with the members from North Dakota, Minnesota and South Dakota to have the discussion that we had. The discussion that some of them would lead to say—and this is what they said: We have spent so far \$600 million on Devils Lake. He said: We have nothing; we have achieved nothing but building higher roads, and higher roads, and higher roads. We have nothing to show for the \$600 million.

Mr. Chairperson in the Chair

They said if, you know, I guess they heard a suggestion I made in Pembina, North Dakota, this spring when the Army Corps of Engineers did its briefing session down in the valley. They indicated that they heard me say that maybe what we should have done was build the Pembilier dams in respect of flood mitigation and then cause some action to be taken upstream because you now would have a fresh flow of water into the Red River that was not there before. You know something the likes of which we have on the Shellmouth Reservoir that we could initiate water flows down the Red River

and raise the water levels and increase the flows by choice instead of by natural action, and that that might in fact be looked at as a mitigating process if Devils Lake should ever come about and water quality is needed to be mitigated. I mean that could happen.

I am wondering whether the Premier and his Government have had any kind of discussion in that regard with the North Dakotans, in other words, looking at building the Pembilier dams in the river system, in joint response to the IJC and their upstream water storage regarding flood mitigation, plus drought-proofing. We should never forget 1988 when the Red River was at peak flows of less than 100 cfs, and it was because the Americans were able to release out of Red Lake and Red Lake Reservoir and a few of the other reservoirs to increase the water flow that we had water coming down this Red River to provide water for our towns. So have you had any discussions in regard to that?

Mr. Doer: To be honest, I have not with North Dakota. I am glad that we had the forum because it allowed us to talk. Again, I think that better work gets done across the table over a meal sometimes than sometimes over microphones from long distance.

I mean, part of the problem is the North Dakota belief that they are going to be in a wet cycle in perpetuity, even though they forgot '92. Therefore, they do not want to look at anything like—the member is right—this with a lake that is in essence a saucer, Devils Lake, with a topography and a history of wet cycles and dry cycles. I thought that last year we were at the beginning of a drier cycle because the lake went down last year from the year before. It went down from '99 to 2000. Then even this year, we are projecting—even though with a little slippage into Stump Lake, and I do not know what has happened in the last week with some of these storms, but if things continue there is going to be a decrease in the lake level again from the spring runoff. But they are all convinced—because a lot of the water is east of the Red River, Red River east and Assiniboia River north. With, lots of water, people say: Are you going to be troubled with hydro with the drought on the eastern slopes of the Rockies? I say: Well, you should see what is coming from the Lake of the Woods

area, but the member probably knows that this weekend. The answer is no, but we are open to talking other solutions. We are open to it, but their assumption is that they do not think they will see a drought again. They think this is forever right now, as you probably picked up in your conversation.

Mr. Jack Penner: Mr. Chairman, I am glad to hear that the Premier is at least open to some form of discussion at some point in time, and I think that is encouraging. The other question I have is in regard to the Rat River and the Joubert Creek. As the Premier knows, that is also a major portion of my constituency in the headwaters of the Rat River that are at the top end of my constituency, as well as the head waters of the Roseau River which are in Minnesota. There has been an international joint committee that has been formed that has been meeting for the past two years to look at the Roseau River and how to mitigate some of the flooding that has gone on there over the past years and how to mitigate some of the erosion that is occurring on the Roseau River.

That is working well. I congratulate those municipalities, the municipalities of Piney, Stuartburn and Franklin joining forces with Minnesotans. I have sat in on a number of those and that is really encouraging to see the group working together.

I am wondering whether the Premier has been apprised of that plan on the Roseau River and whether the Premier is supportive of some of the actions that are being contemplated by that joint committee. I do not know whether you are totally aware of what some of the recommendations or some of the discussions are, in other words, forming a significant storage at the headwaters of the Roseau in Minnesota and then forming a few storage spots farther downstream. Has the Premier had any discussions with his engineers or his department on that issue?

Mr. Doer: I have not received a briefing lately on the recommendations. I am familiar that the 1929 device on the Roseau River is at its breaking point; it certainly has limitations. I am aware of the Crown land available adjacent to the Roseau River and the 1929 system. I think it is 1929, if I am not mistaken, in the R.M. and

what is available there. I am aware that we are discussing some ideas with Minnesota and again, storage ideas with Minnesota. To me, when the member and I looked at some of the kind of cross-land merger of water into that one system, it certainly looked like something worth pursuing.

And so I will get briefed on it. I will make a point of getting briefed on the latest state of play on that, so I can answer more accurately, but generally, I support cross-border strategies on water and I think all Manitobans do. Secondly, I support the idea of knowing what our side of the storage capacity has got to be, because I think the existing situation with the Roseau—then the backing up of parts of the, I believe it is the Rat into the Roseau and that creation of that lake. What do they call it? They have a name for it. That lake that is there.

An Honourable Member: Lake Roseau.

Mr. Doer: Lake Roseau. It is quite significant and unnatural.

Mr. Jack Penner: One final question. As the Premier is probably aware, some of his engineers have been quite diligently working with the group of people on the Rat River and the Joubert Creek. There was a plan that was brought forward about four or five months ago that initiated actions that could be taken on the Joubert as well as the Rat River, to mitigate some of the almost annual flooding that goes on over there. I am wondering whether the Premier has received a briefing from his department or engineers on that, and whether he would give us some indication as to his willingness to take a look at some of the costs, and whether he would discuss with his department and his ministers some cost-sharing arrangement that would be affordable to the municipality to be able to build the kind of mitigating storage project that would be needed in close to that Ducks Unlimited project on the Rat River that currently exists. There is some major expansion of storage that could take place there, and we believe the downstream effect of flooding could be mitigated very substantially.

Has the Premier had any briefing or discussion with his minister on that?

Mr. Doer: As the member knows, I asked: (a) for some specific recommendations on the situation, and we visited a couple about five weeks ago; and (b) I have asked for all other reports dealing with that area and what kind of recommendations they have had. I have not received that yet. Based on the whole situation, I gather our Water Services people have been hopping from the floodway report to late June overrun of water in different situations. But I will get back to the member when that stuff is ready for us because I have asked for all of it together, so I can know what we should be dealing with, rather than just one piece.

* (19:50)

Mr. Jack Penner: I have a couple of colleagues that want to ask some further questions. I would have liked to have approached the Premier on assessment and some of the major changes that have happened to the tax problem in the agricultural sector, seeing the assessments go up by 42 percent on farmland and what that means to the transfer of taxes payable in rural Manitoba. I think we need to at some point and I hope that the Premier is able to make available some time that we can have that discussion with him. I will turn it over to my colleagues.

Mr. Glen Cummings (Ste. Rose): Mr. Chairman, I asked a question in the House today. I know the Premier has taken an interest in the problems in the Whitemud Watershed to clear the Westbourne area, Gladstone, and Westbourne municipality. But there is a problem out there right now that I am sure he does not want hanging over his Government's head; that is that his Government has not yet been able to assure the municipalities what formula or what cost-sharing arrangement may be available for them with the disaster assistance.

I know his minister has said, well, whatever the formula is, they will be eligible, but they are now, unfortunately, into the second time they have lost a bunch of roads, not to mention crop and other things, but where the municipal infrastructure is damaged, this is now a second event that may or may not be eligible. Well, it will be eligible because it will be a large bill again, but it may not be eligible at the same level, as the previous disaster was.

Can he give my constituents any assurance when he believes they will be able to give a definite answer to the municipalities? They are in an uncertain position. They believe that there is enough damage out there that will likely be into the 90-10 area, but they do not know that. They are gambling with their ratepayers' money if they make some expensive repairs and then it is not matchable at that rate. I know there is a process to be followed, but it seems to me this is getting out on the long end of the process. I am hoping that he can provide some certainty to this because the second event, having happened now, is certainly focussing the problem.

Mr. Doer: Well, I have had a chance to, in the first event, tour some of the areas and some of the proposals the member will be familiar with in terms of trying to divert water in a direct line, as the member is fully aware, over through to Lake Manitoba.

On the issue of certainty, I cannot provide it tonight. I have asked on Friday and then again today, based on the 32 families and the statements made by the mayor on the number of people and the amount of infrastructure that has been washed out. I asked for a pretty expedient review of EMO assessment. I think they were all out there today, as the minister of highways said. I am not sure whether we will have all of the work done or estimates done by tomorrow, but we recognize that the lack of certainty adds to the situation that is already very difficult for a lot of people. So we have asked for, as the member would have in the same situation, a very, very quick turnaround on what the assessment is, what the damages are and what the program will be, so people can plan accordingly.

Mr. Cummings: I appreciate what the Premier is saying but he is, to some extent, skirting around the original question. I would compliment, in fact, the EMO people in the effort that they have made to keep things current. In terms of the most recent event where there were houses that were flooded and damage occurred they, certainly, I think, are demonstrating that they are prepared to do a quick turnaround on the information.

I am pretty sure the Premier knows where I am going on this. I am concerned about what

answers his Government may have in relationship to the bigger picture where Ottawa pays as we get into 90-10, and because that discussion is probably still ongoing, the municipality, and I will use Westbourne as an example—hundreds of thousands of dollars of infrastructure damage, far beyond what they could handle out of their own resources. So, some of the repairs are somewhat temporary. Now, they are blown out again with this most recent flash flood, and while I am asking on behalf of all the area because there is Glenella and there is Plumas area, we have got to have some certainty brought to this as quickly as possible. If the Premier wants to take that as notice, he does not have to give me an extended answer at this time, but he must be made aware of the situation.

Mr. Doer: I understand the problem is when does the trigger take place and have we reached that yet, and if it has not taken place, what are the programs in place? I will try to get back to the member as quickly as we, the minister and I, can on this issue.

House Business

Hon. Rosann Wowchuk (Acting Government House Leader): Mr. Chair, I wonder if there is unanimous consent of the Committee of Supply to recess briefly to allow the Speaker to resume the Chair. The purpose is to seek unanimous consent of the House to sit until 10 p.m.

Mr. Chairperson: Is there unanimous consent for the Committee of Supply to recess to allow the Speaker to resume the Chair? *[Agreed]* Call in the Speaker.

IN SESSION

Hon. Rosann Wowchuk (Acting Government House Leader): Mr. Speaker, I would ask that you canvass the House to see if there is unanimous consent to have the committee sit till 10 p.m. this evening.

Mr. Speaker: Is there unanimous consent for the Committee of Supply to sit until 10 p.m. this evening? *[Agreed]*

Mr. Deputy Speaker, please resume the Chair in Committee of Supply.

COMMITTEE OF SUPPLY (Continued)

Concurrence Motion

* (20:00)

Mr. Chairperson (Conrad Santos): Will the Committee of Supply please come to order.

Mr. Jack Penner (Emerson): We had left off before in some questioning in regard to the new farm program that the minister has just come out of developing, at least the principles of a new farm program. I wonder whether the minister might give us some indication as to what is meant by adapt to changes occurring in the agricultural sector to a programming that addresses their unique needs.

Hon. Rosann Wowchuk (Minister of Agriculture and Food): We know that agriculture is continually changing. As we discussed earlier, some will decide to leave agriculture, others will decide to change their operation, as we have seen in the past. In the member's area, when beef production was no longer viable, members adapted to that circumstance and changed over to bean production. There are other areas of the province where some producers have decided not to grow grain and have moved into other crops. Those are the kinds of changes, and the department has always provided technical support and information and worked with the producers. This is a commitment to continue to work in that way, but we know there are a variety of changes that are taking place in agriculture.

Mr. Jack Penner: I guess I always find it interesting when we in Manitoba talk about the diversification and changes and all of that kind of rhetoric. When I look at our friends in Ontario, the farm sector in Ontario, and I look at our friends in Québec, and when they lost their sugar industry, the governments of Canada and the provinces came on side and compensated those farmers for making the transition to other crops, whether it was into tobacco or grapes or whatever process. They bought out the industry.

Yet, in Manitoba, when we were so rudely chased off of our sugar beet farms by lack of federal policy, there was no talk about

compensating the beet growers to diversify into other areas, or compensating them. There has always been a lot of talk about the highly subsidized sugar beet industry, yet if the minister will look at her own records in her own department, she will see that sugar beets were subsidized to a lot lesser degree than wheat or barley or oats were, than grains were.

So I always found it interesting as a sugar beet grower that we were touted to be such a highly subsidized industry and that it was not viable from an economic standpoint to stand alone on an economic standpoint, yet the exact opposite was true. It was much more viable than grain was. I think that is being proved now by the Americans and others. We were very efficient at producing, yet we were told that you must diversify. Now we are being told again and again, you must diversify. And diversify we do. The economics dictate in large part, diversification. If we could just be allowed to access the marketplace as we would like to, we would see a much greater degree of diversification yet. From an economic standpoint we can do that.

Here we are, this new farm policy that the minister has just signed on, the new farm initiative that, through accelerated environmental action on the farm—I wonder if the minister could explain what that line means and what that it will mean to the farm sector and how it will affect the operations of the average farm in Manitoba.

Ms. Wowchuk: I remind the member again that there was agreement in principle on the action plan, the agriculture policy framework. There is an agreement to work together in recognition of the importance of the economic contribution of agriculture to the economy. The details of what will be offered will be worked out, but in no way is there some final agreement.

Mr. Chairman, at this meeting, the ministers agreed to a common goal of securing the long-term prosperity and success of the agriculture and food sector by being the world leader in food safety, innovation and environmentally responsible production. The member quoted one of the other lines. It is recognized that to be a world leader Canada must pursue the following objectives: to help farmers adapt to the change

occurring in the agriculture sector through programming that addresses their unique needs; to improve the farmers' ability to manage the inherent risk of farming by ensuring that safety net programs are met, that they meet their intended purpose; and to enhance the sector's environmental performance through accelerated environmental action on the farm.

The member asks what that means. That is exactly what various commodity groups are working on right now. They are working on a method of having the ability to trace back where a product comes from. Manitoba Cattle Producers are working on this with a tagging program that they have worked on. Canadian cattle producers have introduced it. Pork producers are working on a system that will allow for trace back and also give the public the assurance that they need that the food they are producing is being produced in a safe way.

What is being proposed here, as set out in one of the goals, is exactly what farm groups are working at now, but different provinces are at different levels. What is being worked at is to bring some standards so that we have national credibility, so that we can continue to build on the reputation that we have in Canada as producing safe and high quality food and ensure that these things are being done in a proper way.

Mr. Jack Penner: I will ask the question again: Can the minister tell this House what it means to enhance the sector's environmental performance through accelerated environmental action on the farm? Can the minister explain that line to me? What does she perceive that to mean? What will the cost be, and who will bear the cost?

Ms. Wowchuk: As I said in the previous answer, Mr. Chairman, the issue of cost is one that I raised at the meeting. I want more information on what is being proposed to ensure that there is not a burdensome cost on producers. What is being talked about here with respect to environmental performance is built on what producers and various commodity groups are doing right now, when you look at the plans that are being put in place by farm commodity groups about how they are going to be producing their food in a safe way, that they will meet high

environmental standards to ensure our safe food quality.

If you look at the environmental performance, I would compare that to the plan that we have to manure management plans that our producers in the livestock industry go through right now. There is a plan put out. There is a management plan on how the manure is going to be applied, which land it is going to be applied to. I would see this as being similar to that, but certainly in the discussions that we have had with the federal government and with other provinces, other provinces are moving to do a lot more.

Ontario introduced legislation that has been called their nutrient management plan, and I have asked for a copy of that legislation to see exactly what Ontario is proposing to do as far as nutrient management goes because what happens in other provinces has an impact here but there are movements by other provinces to have a lot more information filed as far as farm plans in other provinces. I have asked for information on what other provinces are doing but I would compare it to what is happening within Manitoba with manure management plans.

* (20:10)

Mr. Jack Penner: I would still like for the minister to explain to me what she means by "enhance the sectors' environmental performance" outside of the livestock industry. We know what the former Progressive Conservatives put in place, the regulations we put in place: the manure management plans we put in place; the testing of nutrients that we put in place of manure spread; also the regulations that would limit the overapplication of manure-type fertilizer, the natural fertilizers, whose smell some are so opposed to. Yet, when you release anhydrous ammonia out of a tank, the smell is much, much worse, at least to me it is, and that could kill you. Manure seldom ever can kill you if you spread it out in the open.

But I would like to know from the minister how she is proposing to enhance the sectors' environmental performance. Is she talking about the safeguarding of lands, and if she is, how is she proposing to do that in regards to what?

What environmental processes does she see being put in place by her and other governments, maybe even nationally, that would do some of these kinds of things? How would she see the acceleration of the environmental action on the farm? Does this mean a long-term or short-term plan drafted by a farmer for his own operation that would be strictly enforced and adhered to? Is that the kind of policing that she sees of the farm community in the future? Is that her Government's direction where she wants to head this agricultural industry?

Ms. Wowchuk: I do not see this as a policing. I see this as farmers working together to develop measures and I believe that the member might have been involved with the Keystone Agriculture Producers a few years ago when they developed what they called a farm planner where they looked at how they could pick a farm and look at all aspects of it, and then put the plan together whether it be the environmental plan, the economic plan. But certainly what there is agreement on is to work towards a comprehensive plan, and my goal is to look at what is happening in other provinces. As I said, we are at different stages with environmental planning and farm plans, and I want to look at what other provinces have.

If we look at the section under the environment, it says environmental issues face all sectors of the economy. Farmers have always sought to be good environmental stewards, recognizing the health of the agricultural sector is closely tied to the environmental resource. But stepped-up action is required in response to the heightened scientific understanding of the impact of agriculture on natural ecosystems and the concerns of consumers and citizens.

The ministers recognize that environmental protection is a critical issue for citizens as well as for future viability of Canadian agriculture. Ministers agree to work towards a comprehensive plan for accelerated environmental action fully covering all farms that will help achieve measurable and meaningful environmental goals in the area of water, air and soil quality and bio-diversity. Ministers will seek agreement on indicators, targets, time lines and approaches over the coming year. This plan will identify a process for putting in place

mechanisms for ensuring implementation as quickly as possible. Ministers will work with their counterparts in environment and health ministries in areas such as water quality and ecosystem health.

The member talks about the work that they did when they were in government. Mr. Chairman, we have continued to work in that area and enhance some of the information that has come in by their government, certainly, in the area of collecting data on water quality and the soil types, in order that we have the information there as we build further on the industry that we have in this province.

Mr. Jack Penner: One final question on this matter to the minister before I turn it over to my colleagues. The minister has just read from part of the document, and I would like to ask the minister that as she says in the environmental sector, as well as in the renewal sector, and I will read from the renewal sector first:

Ministers agree that it is important for governments to help farmers adapt to this changed environment. For beginning farmers, this means ensuring that they have the tools to prepare for successful careers in agriculture. For established farmers, this means ensuring that they have the tools to assess their situations and to make choices of which options are best for themselves. Governments agree to help farm families pursue options, including maximizing income through improvements to the farm operation, accessing capital, enhancing income through additional economic activities on farm, enhancing the capacity to earn off-farm income and transferring the farm to the next generation, or choosing non-farm options.

Now, I wonder whether the minister can give us an indication as to whether this was the essence of the transitional programming that she has talked about in the past, to see young farmers move into agriculture. Does this mean that the minister and her colleagues have agreed to put in place a major job-creation activity that will ensure farmers off-farm jobs or, in the long term, to secure outside income to maintain the family farm, as she would put it? Or does this mean that she is actually looking at a process of substantial removal of people from the current

farm sector and consolidating the farm operations and providing enough economic funding. In other words, enhancing income through additional economic activities on farm. Then she talks about providing funding through governments to help families pursue options and then also, in the transfer, the generational transfer.

Does this mean that she and her Government are now going to look at the significant depopulation of the farm sector expanding the operations of the so-called family farm to large units, decreasing the number of people in rural Manitoba and providing jobs off-farm to those that cannot make a viable living from the agricultural sector off the land that they operate?

Ms. Wowchuk: No, Mr. Chairman. I would like to inform the member that that is not it at all. If he reads carefully, we have talked about the family farm, and the member knows full well that I have talked about the importance of the family farm and having people in rural communities, for some time now. We have talked about how we can work with producers and families to transfer that farm to the next generation.

I think if the member looks around his community, he knows that there are people in his own community, as there are in mine, who not only farm but also have off-farm employment. Some people make that choice that they do not want to have a large operation; they want to have a small operation and they want to supplement their income. It might be that one of the members of the family is a teacher, or one of them may be a nurse, or one of them may work in a grocery store or a car dealership. They choose to keep their operation small, but to supplement their income. Many people have talked about the ability to enhance earnings, off-farm income, and certainly there has been a lot of discussion on how we can value-add to the products that we have on farm right now. There are many products there, but there should be the opportunity, and we want to work with the producers. But the member also has to recognize, and he will know about it in his own community as well, that there are some people who are in agriculture but may make a decision to go into another career.

* (20:20)

If you look at the number of farmers we have had over the years, the number that we have now, there are people who decide that they want to go into another profession or earn their living some other way. That is what this is saying that we want to work on the transfer of farm to the next generation, to enhance the capacity of earning off-farm income, to enhance income through additional economic activities on the farm, to pursue maximizing income through improvements to the farm operation, accessing capital. So there are a variety of things that happen with people who live in rural communities now, and those will continue to happen.

Certainly I want to tell the member that, when we began this discussion with the federal government, the federal government was talking about transition. What I indicated to him was that I was not interested in transition off the farm, I was interested in working with people who are in the industry but want to enhance their incomes. That was when the wording got changed from transition to renewal because I think we have to look at the renewal of our rural communities and supports for people who are in the industry, and there are a wide variety of ways that we can support them.

Mr. Jack Penner: Just a final comment, Mr. Chairman. In essence, the minister has just put in place a recipe for the transition of young people into the workforce, an off-farm workforce. The reality of the situation is that in our community it is not the older generation who are leaving the farm, whom we would normally suspect would leave the farm, but that has not been the case. The process that is happening now is that it is the young generation who are throwing up their hands and saying: Not me. I am not going to subject my family to this kind of pain and suffering that we are having to endure.

It is largely because our minister and our Premier (Mr. Doer) and the Cabinet have ignored the need of a young farm family to be able to make a living off that farm. That can only be done if you put farmers in Canada and in Manitoba at the same level of income through the same kind of programming that our

American neighbours, our nearest competitors, have in place for their program.

They have adopted a socio-economic approach to maintain a farm community in rural United States as Europe has adopted a socio-economic program to maintain a certain amount of population in rural Europe. In Canada, the federal Minister of Agriculture has said, not we, we will not get into that. The federal government cannot afford it. Yet, he says, the farmer himself must afford, and that is really what this minister has just reiterated.

She wants to put in place a transitional program that will see the migration of our young families off our farms and into the cities and raise their families in the cities, and even though they might maintain some connection to the farm, in essence she is saying that she is willing to let those people transcend off the farm and into the urban lifestyles and take a job off the farm to support their families.

That would not have happened, Mr. Chairperson, if the Conservatives had remained in government. The Conservatives would have seen to it that the life and the ability of young farmers to maintain and make a living off a farm would have been kept in place. I assure you that after the next election we will put in place programs that will secure the food supply of this nation and will secure also that the young generations of farmers will have an opportunity to practice their trade on the farm, not off the farm.

Ms. Wowchuk: If I ever heard a pile of crap, that was a real pile of crap. I have just told the member that we are working on a transition program. The member knows-

Mr. Chairperson: The honourable minister would be wise to withdraw such a phrase as that.

Ms. Wowchuk: Mr. Chairman, I will withdraw that comment and I will say I have never smelled such a pile of raspberries as the member just put forward here.

Mr. Chairperson: Thank you.

Ms. Wowchuk: If I could complete my answer, Mr. Chairman-

Point of Order

Mr. Jack Penner: If the minister would have chosen to use the word "fertilizer," I think we could have all accepted that because we have been into a real fertile discussion up until now. I think a bit of fertilization for the farm community would not have hurt. But "crap" is a bit of tough language. I say to the honourable Chairperson that I do not think we should allow that kind of language. Maybe, we could ask the minister to substitute the word "fertilizer."

Mr. Chairperson: The honourable member himself has said the phrase. By repeating it, you have committed unparliamentary language. There is no point of order. Differences in language are not points of order. I thank the honourable Member for Emerson for clarifying the issue and for withdrawing the phraseology.

* * *

Ms. Wowchuk: I do apologize. The member is right. "Fertilizer" is a much more appropriate word. But the member just went on to say that our policies and this document are going to drive farmers off the land. Let the member think about this. What policy did his government have that said that rural people had to stay on the farm? People have a choice. Some of our children want to stay in the agriculture business, some want to pursue other careers. There is no law saying that if you are born on the farm, you should continue to farm. I know the member from Ste. Rose would agree with that. I am sure that, as a person in agriculture, he would want to give his children the opportunity to choose the career that they want to.

We talk about transition. There are people who want to be in the business of agriculture, young people who have a lot of expertise, who can learn from past generations, from their parents or their neighbours who are in agriculture.

There is an issue of financing. I have told the member many times that we are working on a program that will help with the transfer of land from one generation to the other. We also recognize that many people want to earn money off-farm. We have no law. There is no law

saying that, if you are farming, you cannot hold another job too. Thank goodness there is not one because those people who earn off-farm income add to the viability. Many would not be able to continue the business of agriculture if they were not able to have that off-farm income.

The issue of subsidies in other countries that are offered is a serious, serious issue. It is unfortunate that we do not have the kind of support in Canada for agriculture that other countries do. The member across the way should remember that he was part of a government that supported elimination of some of the supports that were there for agriculture because this was going to make it so much better for value-added. He was part of a government that said elimination of the Crow and other supports was going to be good for agriculture.

So, the member can talk about all the lack of support of this Government for agriculture, but I will stand by our record and our support for the farming community. The document that is put forward here is an agreement in principle to work on this. We will have many discussions before we come to an agreement. One of the most important discussions that we will have is on the safety nets and what kinds of safety nets are going to be provided for our farmers because they do need supports. One of the other directions that has come out of this document and one that I fully support is that we have to take a strong stand at world trade talks and ensure that other countries live up to their commitment of reducing their subsidies. If they do not reduce those subsidies, then there is going to be further call for supports, but it does say in here, as well, that there needs to be recognition that if there is, ministers recognize that there will always be circumstances where farmers are faced with unanticipated income decline such as weather, disease and other factors beyond their control. So we recognize that there are subsidies in other parts of the world.

What this document does is set the framework for Canadians to work on a national action plan to make Canada the world leader in food safety, innovation and environmental protection.

* (20:30)

Mr. Glen Cummings (Ste. Rose): I think the minister is trying to defend the indefensible in terms of this document that was referenced by my colleague. It is written in a manner that I would suggest is somewhat defeatist because if it is going to recognize and say that there is going to be a generational change and a restructuring of agriculture that is inevitable, and that Government will participate and do what it can to make that transition more palatable, then I suggest that the statement that the minister has agreed to is like trying to put lipstick on a pig, because what it is doing is creating a nice document that says all of the nice words.

Look, I have been subject to the type of encouragement that comes from communicators who want to put something together that reads nice, but I think the minister is going to find that if the mainstream farmers read this with any depth, they are going to be incensed.

If we are becoming, and I say this with the greatest of respect, but if agricultural entrepreneurs in this province are going to be put into the same category as the commercial fisherman were in Newfoundland, then let us at least have the courage the same as John Crosbie did, which was to say "there ain't no fish left in the sea." Frankly, I do not think that is the case. There are a lot of opportunities in agriculture in this province.

I think the minister and her fellow colleagues are avoiding facing reality because they do not appreciate what might be the backlash if they were to say, well, there has to be some transitional changes. I thought there was, perhaps, some glimmer of understanding on the part of this party. I do not hold the minister personally responsible, but during the election campaign, they talked about intergenerational transfers. But intergenerational transfers will happen rather easily if there is, in fact, a profitable opportunity for the next generation to step in.

I would suggest that any government would do agriculture a lot more good if they stood up and said: This is the direction that we believe agriculture is going to move, and here is what we will do to help it.

I have to pick up on the same phrase that my colleague from Emerson did. You talk about the opportunity for off-farm income. If that means we want to keep our rural towns viable because there will be jobs there and people live there and work there, then we should say that. The way it reads is that off-farm income for farmers is an option. Of course it is an option, but I would suggest that it should be an option of choice, not an option of necessity. In fact, there is a statistic that needs updating, and I will put it on the record because I am pretty confident that I understood this statistic when I first read it, but it is not very long ago that Stats Canada came up with a figure that said that 80 percent of the viable farm operations in this country had significant off-farm income, and then there was another statistic that followed that talked about how much of that was actually contributing to the livelihood of the family as opposed to how much they were earning in profits off the farm.

I know that statistics can be misleading, but I suggest that, if you put that thought around that statistical information beside the statement that was included in that ministerial release from the meetings, people would undoubtedly come to the same concern that I have, which is surely there is a more proactive way to approach this. The minister probably has a lot different view of it herself than what is in that communiqué, and I wonder if she can perhaps clarify that statement. I heard her defend it a moment ago, and she has to defend it to the extent that she signed it. But surely this Government will be taking the opportunity to be proactive in terms of encouraging real, reliable opportunities to earn income from agriculture.

I know that I do not, and I know my family does not, have the God-given right to live on my farm and make a living if we do not change. I think there are a lot of young farm entrepreneurs out there who would be willing to change and make that effort, but they probably are going to be looking for some reasonable demonstration of an opportunity for profit. The provincial government and the federal government have a role in helping to change that industry.

The one way is what happened in Newfoundland, and I would suggest that is not

the right way in terms of agriculture. There are opportunities there, but we need to have leadership to help people take advantage of that opportunity. I would like to hear the minister address that question.

Ms. Wowchuk: Mr. Chairman, I listened to the member. He talked about a wide variety of issues and whether the enhancing of the capability to earn off-farm income means more opportunity for employment in rural communities, and I would hope that we would get to that stage. We must have viable rural communities. We have a farm economy, and I believe that it is a farm economy that we can build on. There is a lot of opportunity to grow on it here. I think that our farmers in this province have the skills and the ability and the knowledge to take advantage of the opportunities that are there, whether it is in new agriculture ventures. We have seen it. We have seen the increase in livestock production in this province whether it be in the hogs or in cattle or in bison or in other species. We have seen the activities of farmers where they are changing in order to take advantage of it.

How do we build on those resources and those raw materials that we have in rural Manitoba? We have grain and straw that we can build on. We can build ethanol industries. We can build, as an example, strawboard industries. There is a wide variety of products that can be built on the resources that we already have in agriculture. I believe that those are opportunities, and with those opportunities of employment that is an opportunity to increase the capacity to earn off-farm income.

But certainly all farmers would much rather get their money from the marketplace than have to ask government for support. We have seen a little increase in grain prices. Hopefully, some of those commodity prices will rise to a level where the producers will actually make a profit growing them. So I believe that there is a lot of opportunity to build on.

The member talked about the restructuring; that this is a document to restructure the industry. I think that the industry is changing and restructuring all the time. If you look back from 10 years ago where some things were to where

they are now, and what the markets are requiring, there is always change. This is not a document, and I should remind the member that this is an agreement in principle. The member talked about signing an agreement. There is no agreement signed. This is a framework to work on, and there is a lot of work to be done on detail in this paper.

* (20:40)

It is anticipated that in a year's time there might be an agreement that can be signed. Before that happens, there are a lot of questions that have to be answered for me. One of the issues that has to be addressed is the safety net review and what kind of safety net programs we are going to have for our farmers. Some of the issues are on the environment and how all of those are going to be implemented. Is it going to be a staged-in process? So there is a lot of work. This is a framework to build. But really the goal is to build on what we have now, build Canada's reputation as a producer of high-quality food and take advantage of some of the science that is out there and work to build on those things, but also to continue to address the issue of the safety net programs as well.

I think about what the member has said, about my being defensive. I think that this is building on what some of the provinces are doing already. Some are at different stages. Things are happening in Manitoba in some of the areas already addressed in this document. It is a matter of how we look across the country for some national policies and take advantage of what we have in Canada as high quality and safe food producers.

Mr. Cummings: If then we are to accept the concept of this paper, as the minister just described it, then I hope that she will take an aggressive role in respect to future opportunities in agriculture and positioning Manitoba, and western Canada in particular, let me rephrase that, western Canada and Manitoba in particular to take advantage of world markets. When you combine that within a publication that talks about environment the way in which it is discussed in this paper, I think my first reaction is not so much as a politician as it is as a farmer. I see good reason to put a number of the issues

on the table as this paper does, but I look at the clause on environment and healthy food products and world leader in healthy foods. In many respects I would say that that is already a selling point, western Canadian agriculture in particular.

I would remind the minister that every time a farmer goes to borrow money where he is putting up capital for security, or even if he has got other security to put up for borrowing, he probably has to do an environmental scan for the bank. If he borrows money from the farm credit corporation, federal farm credit, he has to an environmental report on the property he is buying and the property he is mortgaging. I hope we are not inadvertently tying our wagon to a thrust that has been going on for the last number of years in Ottawa, which, in my view, was nothing more than an unabashed attempt to maintain central control of our natural resource activities in this country. It was done under the guise of environment that are being perpetuated under the guise of fish habitat.

These issues for environmental regulation were all discussed and, in fact, the framework was very much in place to broadly have the provinces share and take responsibility for administration in these areas. That was totally usurped a couple of years ago when Ottawa, through the then-minister, reversed its field or at least withdrew, if not in actual fact, certainly withdrew in intent, from trying to reach a workable arrangement between Ottawa and the provinces on administering things like the Endangered Species Act and, as I mentioned, the Fisheries Habitat.

It leaves farming communities, in particular, along with a number of other communities where there is natural resource harvesting, some of which this minister will have up close and personal contact with through resource harvesters in her own constituency, where, if we have continuing, ongoing, unfettered, if you will, intrusion into the management of these resources. On the one hand, we welcome the opportunity to prove that we are environmentally conscientious, but on the other hand it is going to be a nightmare for this minister and a couple of her colleagues to convince those who are on the landscape that this is not another gun control bill with a different jacket on.

First comes regulation and then the gun control—did my light—oops, sorry. My light is on. Off. The mike is on, I am sorry. The building—*[interjection]* Yes, the light is still on and there is somebody home. Just hold that thought.

The problem will be—for example, in the cattle industry, there are a lot of people out there who are very suspicious of The Endangered Species Act where property can virtually be confiscated, and without full compensation, although I would think the courts would eventually deal with that differently.

So that is why I challenge this minister and her Government to deal with this. If they want to be part of a bigger revisitation of how agriculture is going to develop, I think a better approach to regulation around environment, as an example, is to regulate those who enter into particular fields where there are specific concerns—generation of large amounts of waste as an example, harvesting of large amounts of natural product—we have already in place the farm practices act where, if people are farming in a way that can create, probably, erosion that will start to come to the attention of their neighbours, government has an ability of requiring them to apply sound agricultural practices.

But it has a ring about it in that it is very difficult to put it into a concise statement and, perhaps, that was what was wrong with the concern that those who were writing this had, because to pull this into an understandable approach to the future for an industry that several of us sitting in the room at this moment have had a lifetime association with—I think most of the people I am associated with have anticipated that things like when the Crow freight rate was eliminated there was an opportunity for transition there. There was a large monetary issue at stake—poorly dealt with. No matter how you cut it, western Canada was betrayed. I would suggest that that memory is fresh enough in the minds of an awful lot of people out there that they are suspicious that, maybe, they are going to be betrayed again when it comes to environmental discussion.

I was part of the national round table where we tried to develop policies around taking away the image and, unfortunately, the urban

population that thinks milk comes from a carton also probably believes the adage that says the most destructive practice known on the face of the earth is agriculture. They are not necessarily talking about our agriculture, if you examine what happens in this country, but, I think, if they were asked to think deeply about it, that is the answer that you would get because they see so many examples around the world of where subsistence agriculture has driven environmental deterioration.

* (20:50)

By taking aim at agriculture at the very time when there is a large segment of western Canada, which is primarily where the exportable grain is being grown in this country and where the most pressure is being felt right now, it is going to be a very difficult sell unless it is also the precursor. I am taking a long time to ask this question. If it is the precursor to programs such as we have seen in the United States where agricultural landowners are actually being supported to take land out of production, some of their less productive land, and they are rewarded somewhat handsomely for it. Where habitat set-asides are occurring in this country, to date, they are largely voluntary, and in most cases, any remuneration that is associated with it is somewhat nominal.

So, if the minister thinks there is an element of that behind the thinking that composed this paper, without me or her going back over the word-by-word description in this paper, can she tell us: Is there seen to be on the horizon some programs of that nature that would be used to provide a modicum of environmental protection but, at the same time, recognize there are people out there who have their life savings at work, and their life work tied up in the property that they own? Any kind of dramatic and unclear policy, in terms of withdrawal from production, would be akin to throwing the well-being of an awful lot of farmers who are on the cusp of deciding whether they are going to sell out, whether they want the next generation to become involved.

There are many out there who are discouraging the second generation right now because of the situation agriculture finds itself in. I would be interested to know if the ministers

really were able to get into this type of discussion, or is this simply a position that was put together and presented to them for some approval or some tinkering from the federal bureaucracy?

Ms. Wowchuk: I want to thank the member for his comments and his suggestions about what can or should be done. Certainly, there is a wide range of discussion. In every province there are different kinds of programs and things going on. One of the things that we agreed to talk about is that there will be flexibility in the provinces. Not everybody is going to have to go back to square one and develop the same kind of program.

There has been discussion in programs like set aside, or environmental programs, things that we have here in this province covering new ground. Certainly, the issue of the urban population and the need to educate the urban population was, indeed, also part of the discussion because, as the member knows, only 3 percent of the population is involved in agriculture. We have a lot of work to do. You should not have to, in this day and age, do education on where milk comes from or how food is produced. Indeed, that is one of the things that have to be talked about.

The member talked about a comparison of this to gun control. I think where the difference is in this, and certainly, I will be having a lot of discussion in the community about this and with farm groups.

I think what is different about this is that these initiatives are being driven by the industry. Industry is concerned. There has been a lot of work and support for on-farm food safety initiatives. Those are driven by the industry. There is work done in all the provinces about nutrient management and how that is applied. There are different things that farmers are doing that are part of their operations right now. In some provinces they are taking further steps. As I have said, Ontario is bringing in legislation for a nutrient management plan. I believe, if I am right, that legislation will require that within five years every farm will have to have a farm management plan about what they are doing on their farm. There are other provinces that are looking at that.

I think that, given that it is the industry that is involved, the Canadian Federation of Agriculture has been in discussion on this issue. Various farm groups have been in discussion on it. I think that there is opportunity to build. I think there is opportunity for western Canada, and opportunity for growth with the demand for food around the world. We do have to take advantage of those markets out there and look at what the markets are. I think we also have to look at how we can build on the raw materials that we have. There are some raw materials that consumers want in their raw state, and there are some that we can add value to and process to a higher degree, and build on those.

I thank the member for his comments, and I think that they will be helpful as we work in this discussion. As I said, this is a discussion paper. It is a framework to build on. There is a lot of work to be done. I would appreciate and look forward to further discussion on how we might ensure that this document meets the needs of producers and the growth of the agriculture industry, rather than hinder it.

Mr. Cummings: I start to worry when the minister says I am being helpful. Does this minister know where the money has gone from the Environmental Innovations Fund?

Ms. Wowchuk: I do not have that information at my fingertips at this moment, but I would be happy to get the information for the member and let him know where that money is presently being held and what it is being used for.

Mr. Cummings: It seems to have disappeared off the radar screen. It is a mystery where it has disappeared to, so I will be asking other ministers the same question. It is related, in many respects, to the discussion we are having, given that this paper has a large modicum of environment in it. We are calling for a more innovative approach. I think we have to agree that there is a restructuring of agriculture going on. I do not need to go into any detail about what those discussions are, or what those facts are. They are very evident, but they vary from district to district, depending on the quality of the land and the availability of crops.

The question I have for the minister, though, to pursue the long-term development of agriculture in this province a little bit further: Are there any discussions that she is aware of about further development of value-added processors coming and establishing in this province? I am pleased to see that we have had a new owner of the Elie strawboard plant. It is well known that my colleagues were advocates of expansion of processing for agriculture. We still, however, have a void in terms of cattle production in this province. There are far too many of our cattle being finished elsewhere. Are there any initiatives on the drawing board that she can talk about to enhance opportunities to expand the cattle industry in this province? I do not mean only in terms of processing, because I know the problems associated with that.

* (21:00)

Ms. Wowchuk: Yes, Mr. Chairman, there have been discussions with individuals about expansion of the cattle industry in this province. Certainly, there has been discussion with people who have talked about processing, as well, people who have talked about the need for processing of a variety of species. We do have some very large animals. We have the bison industry of Manitoba, where the animals have to be shipped to South Dakota for the co-op there because we do not have processing facilities here.

There is the sheep industry that has a potential for growth and a lot of interest in that industry. I think that there is a huge market for mutton and lamb, but there are processing facilities required in that as well, but, yes, when you look at the landscape of Manitoba and our ability to grow hay, and, in fact, there is a lot of land that could easily be converted to production of hay and into pasture should there be that interest. Mr. Chair, I see a tremendous potential for increased cattle production in this province and certainly would like to see them finished to a greater degree than they are now.

Mr. Harry Enns (Lakeside): I could not agree with the minister more that there is a significant opportunity for further expansion in agriculture in our livestock centre, and beef cattle, certainly, is at the top of the list. What is troubling to me is that we are still failing to maximize the assist

that finished the livestock, can be for that very sector of agriculture that seems to be in continuing difficulty, namely, the grains sector. Too many of our animals are shipped out of the province to be finished elsewhere. I do not have the stats, but it is a significant feedlot operation. Fattening out our cattle here in Manitoba means thousands upon thousands of bushels of grain upon which farmers do not have to pay elevation costs, handling costs, by the local system, freight costs, usually within a 25, 30, 50, even a provincial-wide region versus having to cope with the freight costs if these grains are destined for the export trade.

So I want to encourage the minister, in beef production. There was a time when we had a rural department that concerned itself, because this goes far beyond the immediate business of agriculture, a successful Grow Bond issue in a community that helps develop a major feedlot or helps in tandem with the feedlot as we were working on it to develop other less traditional agricultural ventures like an ethanol plant and the likes of that. That all links it together to making it possible for farmers to see some continuing viability of their operations.

In this sense, my direct question, first of all I ask her what my colleague from Ste. Rose (Mr. Cummings) asked. Are there any specific initiatives underway that she can point to, in beef, that will bring us to the point that we are fattening and finishing more of our cattle?

Ms. Wowchuk: Mr. Chairman, if the member is asking for a specific program that might be in place to address that, there is the Feeders Association program that helps with the purchase of animals for finishing. There is a particular group of people in the Russell area that have been talking about the feedlot and the ethanol plant. I believe that they are proceeding with their plan. That will result in the finishing of a large number of cattle in Manitoba. Certainly I would hope that we would see more of that. Certainly through our livestock specialists we continue to encourage the finishing of livestock in this province. I guess that it is a decision that producers have to make on their own. They have to make the decision as to what level they can feed the cattle to and make a

profit. That is the economic decision that the producers have to make.

With respect to Grow Bonds, the member talked about the issuing of Grow Bonds. I would remind the member that Grow Bonds are still available in Manitoba. Under the Department of Intergovernmental Affairs, the economic development side of rural development is still very much in place and very active. We are looking at ways and working with a variety of people for further value-added in this province. We do have a challenge in how to keep more of our livestock in this province. One of the areas that I think that it is very important for us, and the member must have faced the same challenge, is the issue of weanlings. There are many weanlings that are raised in Manitoba, but the outflow of them from this province to the U.S. market is much higher than I would like to see. That is an area that we are looking at and hope we can work with the industry to further finish those hogs here in Manitoba, because we need the finished hogs for processing here in this province. That is the challenge that is there in the pork sector.

Mr. Enns: Mr. Chairman, without rehashing the history, certainly I had very high hopes for realizing a dream that I had for the pork industry in the province of Manitoba after having had some political difficulties in raising my fair share of controversy within the industry. But the light was dawning at the end of the tunnel. The whole point of having a more flexible system with respect to the marketing of hogs was to enable us to take advantage of the post-Crow era to convert relatively modestly priced feed grains into a higher-value pork and take it that step further and have it processed here by a world-class processor.

We gave a whole year, year and a half time for the existing modest-sized pork processors that we had, Mr. Chairperson, Burns, Forigans Neepawa, Schneider. In fact, through another program administered by the then-Department of Rural Development, we provided seed money, I forget what it was, a modest sum, \$25,000 or \$30,000, for these four firms to initiate discussions or examinations about whether or not they could not develop a world-class kill plant and then draw off their needed production

from that plant. All these efforts were underway, but it finally proved too difficult for independent packers to come to that kind of agreement, and the rest is history. We did attract the Maple Leaf people to the province for which we are thankful.

* (21:10)

I want to tell the minister, although I would have enjoyed it more had I still been in office, but I took great pleasure out of the announcement that her Premier (Mr. Doer) and herself as the Minister of Agriculture and the Minister of Finance (Mr. Selinger) when they announced with considerable fanfare the multimillion-dollar expansion of the Schneider processing facility in St. Boniface which had by then been merged or purchased by the world-class Smithfield giant of the United States. What that would have completed, we would have had two world-class processing plants competing for our hog producers' hogs.

I am sure the minister will acknowledge that that would have been one way to stem some of the flow of weanlings that she just referred to, but also just for the benefit of the producer to have a healthy competitive market at work. Regrettably, with the withdrawal from the province by the Smithfield-Schneider people and then the following purchase by Maple Leaf of the remaining Schneider plant, you have one major buyer in a province that considerable comment has been made about. I can certainly understand why those comments are there. My preference would have been to see the two operations competing for our hogs.

You know, Mr. Chairman, I have never heard a sufficient or clear explanation of why that came to be. I have my reasons. I believe the American giant felt less comfortable with the climate here in Manitoba and withdrew for that reason. But I would like to hear from the minister what is her understanding of why the offer or why the—a lot more than an offer; it was a firm conviction. I mean, they were here in the province. They stood on the same platform with Premier Doer and other senior government officials, committing themselves to 1000 to 1100 jobs in St. Boniface; \$130-million, \$150-million investment. How come that did not come to pass?

Ms. Wowchuk: Mr. Chairman, the member raises an issue about competition, and certainly we were very pleased when Schneider announced there was going to be an expansion of a facility because that was the ideal situation for our producers, to have the plant at Brandon, the plant at Neepawa and to have Schneider have a world-class facility in Winnipeg. Then there would have been options and with the type of plant that Schneider was proposing, we would have been able to have the value-added. Instead of just shipping out carcasses, there was opportunity for additional jobs.

So certainly, things were moving along to my understanding. Then a decision was made between Schneider and Maple Leaf that Maple Leaf would take over. Certainly, Mr. Chair, we had meetings. I see the Member for Emerson (Mr. Jack Penner) shaking his head as if he has further information. I can assure the member that we had meetings with both Schneider and Maple Leaf, and it was a corporate decision.

It was a free enterprise decision that they made, that Maple Leaf would be the processor in Manitoba. They came to an agreement that Maple Leaf would buy out Schneider, and we really cannot stop a company. I am sure that the member would not say that we could.

They made their decision, that this was how they would handle the situation here in Manitoba. I believe that it is unfortunate for our producers because it would have been much better, and for Manitoba as well. If we would have had the two companies, then there is always more competition and more opportunity.

But the member asks, why this happened? That is the explanation that was given to us as this Government, is that they had made a decision to join forces.

Mr. Enns: The minister is not, in my humble opinion, being totally accurate in her description of events. Let me refresh the historical record for her benefit. The Schneider people, prior to any talk of merging or amalgamation or being purchased by the Smithfield people, did in fact, at the same time the Maple Leaf people were showing interest in Manitoba, announce before Maple Leaf, in August, that they were going to

do major expansion, and they carried out a \$30-million to \$35-million expansion of their processing plant here in St. Boniface, which they did, to be followed with phase two. This is when it was still totally controlled by the Schneider people, phase two with a major processing plant. They proceeded with the \$35-million processing plant and then the Maple Leaf people came into the province.

At that time, Smithfield bought out Schneider and they announced the major plant. Smithfield then withdrew from that announcement. It was not Maple Leaf buying out Smithfield. Maple Leaf only came into the play after Smithfield had withdrawn from the field, and you see what you were faced with then was Smithfield then had a \$35-million state-of-the-art processing plant but with no kill, in fact, even to this day it is Neepawa that is supplying the hogs for that Schneider plant. That is when Maple Leaf made their move on Schneider. Smithfield-Schneider people had withdrawn from their intentions of establishing a major plant in Manitoba. That is what is being fudged here by the minister, in fact, in a quite unfair way I might say, attempting to say that it was the Maple Leaf people moving in on Smithfield-Schneider. They moved in after the decision not to proceed took place.

Ms. Wowchuk: I have a lot of respect for the honourable member, but I have to tell him that he is inaccurate in his comments because that is not what happened. Smithfield did not withdraw from their plans to build in Manitoba. They were proceeding with their environmental study, and they were following along in their plans, and then there was a decision of Maple Leaf to take over Smithfield-Schneider and to buy out the plant. There was no withdrawal of Smithfield from the Winnipeg facility prior to the announcement.

Mr. Enns: It is getting late in the evening, and I, too, have respect for the honourable minister. I will not take issue with her, but history and facts will speak for themselves. She raises the issue, which my friend from Emerson correctly raised with her for half an hour. This whole front and presence of the issue of environment is indeed one that, if anything, can be critical to the future survival of agriculture.

I will tell her right now that the Simplot people will never build a potato processing plant in Portage la Prairie. I can tell her right now that it is the lack of defence for the agricultural industry, and I put that at this minister's doorstep because I have not heard her speak defensively about agriculture. There are so many forces at work that are opposed to agriculture. They were there when I was the Minister of Agriculture. She is a lone ranger in this field.

You have that massive department of her colleague, the Minister of Conservation (Mr. Lathlin), there that has all the environmentalists beating up on agriculture. You have all her urban colleagues who like to drink a glass of milk or crack open an egg for on the breakfast table but do not really like to be reminded of what also comes out the end of that same chicken or cow as it is producing milk, and it has to be dealt with in an appropriate way.

* (21:20)

So she has to be the champion for agriculture, and all I am hearing is how she is sitting down with her colleagues and the federal minister. I must confess, I have read a lot of bureaucratic gobbledegook, but this whole statement is mind boggling, mind boggling about how they have spent their time in Québec and in Whitehorse, in the Yukon. It is always a pleasure for the minister, I am sure, to get out to see different parts of the country. Both these cities are interesting places to visit, but to get some glimmer of the future direction out of Minister Vanclief's statements and what she is agreeing to drawing up plans for, always the word environment, environment, environment protection keeps jumping out at you.

I am telling this minister that part of the reason why we are exporting weanling hogs in the millions out of this province is because it is next to impossible to get a barn approved. A barn in my colleague's—a modest-sized, 300-head, 300 feeder pig barn was not allowed to proceed. We have situations where we already have a fairly complicated technical review committee that looks at this with an objective point of view, where they make the recommendations, and then the facilities cannot be carried out.

In my community just north of me in the R.M. of St. Laurent that has thousands upon thousands of acres of land very suitable for hog operations, we cannot build hog operations in St. Laurent. It is this lack of a champion. I use that word. Yes, maybe I got overly carried away, Mr. Chairman, when I suggested I could make hog manure smell like raspberry jam. I wish now that I could withdraw those comments, but, you know, you make some statements. Maybe I should have said peach jam or something other than raspberry jam. But at least there was enthusiasm for the industry. There was a promise for the industry which I think this minister has, but she is cowed into submission by her colleagues from expressing it.

So, Mr. Chairman, it is late in the day, and I see my colleague the Member for Ste. Rose (Mr. Cummings), who discusses these matters on a higher plane, in a more esoteric fashion, in calmer language. I will let him proceed with a question.

Ms. Wowchuk: Well, I guess, Mr. Chairman, I have to again tell the member he is wrong. Someday the records will show and will provide him with further detail, but, in fact, Smithfield did not withdraw from Manitoba. They were in the process of doing their environmental assessment and were in the process of being prepared to build, and there was a corporate decision between Maple Leaf and Smithfield.

But, you know, I am disappointed to hear that the member has so little confidence in Manitoba and the producers of Manitoba that he is also now saying that the Simplot plant is not going to be built here in Manitoba. *[interjection]*

Mr. Chairperson: Order, please. The honourable minister has the floor.

Ms. Wowchuk: Mr. Chairman, the member is just getting a little agitated about this whole issue. He talks about needing a champion for agriculture. I would encourage him to be a champion and indicate that he does support the expansion of the potato industry in this province.

He said he supported the expansion of the hog industry in the past, and certainly he talks about not being able to build. I would ask him to

check the records, to check the number of licences that have been issued in the last year for hog barns, for the expansion of the hog industry in Manitoba. Then maybe he might change his comments a little bit. The numbers are higher in the last year than they were in the previous year. So there is tremendous growth in the hog industry. I think that the members should be a little bit more accurate in their comments.

The member also talked about my colleagues and the lack of support for agriculture from this caucus. Again I would ask the member to look carefully at what he is saying and think about what he is saying. When you look, Mr. Chairman, at the support during a time when the grains and oilseeds sector was in a very difficult situation, our Premier (Mr. Doer), right after being elected, led a delegation to Ottawa that resulted in additional money coming into Manitoba. That happened under this administration. The program was called CMAP. We have a CMAP-2, which put additional money into the farming community. It was this Government that supported putting that additional money into agriculture.

So for the member to say that there is no support or appreciation for agriculture on this side of the House, I have to tell him that he is factually wrong in his comments. There is tremendous support for agriculture. My colleagues recognize the importance of the industry and are prepared to work to ensure that the industry grows.

The member talks about his concern about steps being taken to protect the environment. Well, I am surprised that the member is saying that, because I thought that it was under his administration. He takes credit for the farm practices guidelines that were put in place, the manure management plans that have to be filed to ensure that there was proper management of manure in the soil. Under their administration there were things that happened to protect the environment. I know that the member recognizes the importance of the land and the soil that we use for agriculture and that we have a responsibility to ensure that those resources are there for future generations.

He talks about his concern in this document about the environment. What it says, the action

plan will enhance the sector's environmental performance through accelerated adoption of sound environmental practices on the farm. Surely the member does not oppose sound environmental practices on the farm. I believe that we as farmers have been following sound environmental practices for years now and will continue to follow those practices.

I can tell the member that I certainly intend to have discussions with commodity groups and hear their views on this document, but certainly there has been a tremendous amount of leadership in food safety and environmental practices by the various commodity groups. Those commodity groups have been working very closely to develop credible on-farm food safety programs. I look forward to continued work to ensure that we continue to build on the reputation that we have in Canada as a world leader in food safety and environmental protection.

Mr. Enns: I just want you to know, Mr. Chairman, that when I refer to militant environmentalists as watermelons, why I do so, you know, they are green on the outside, red on the inside. Thank you, Mr. Chairman.

Mr. Jack Penner: Mr. Chairman, it is always a pleasure to listen to my two colleagues, who are well-versed in agriculture and agriculture issues, as the former minister has just demonstrated and as the former Minister of Environment has so eloquently demonstrated. They understand and they know the issues of agriculture and how agriculture is affected on a daily basis by environmental concerns and environmentalists, and as the former minister has just interjected, very often forced by watermelons.

I think we need to pay heed to what the minister said, because there is a lot of essence in the comments of the former minister because he was part of negotiating a major industrialization of the agricultural sector in this province, and he was part of encouraging Maple Leaf to come to Manitoba. He was part of Smithfield and encouraging Smithfield to become involved with Schneider. The minister has the battle scars of the livestock industry to bring to the table. I am not talking about the current minister. I am talking about the former minister, has the battle

scars to show his commitment to the agricultural sector and indeed the livestock sector.

* (21:30)

There was some discussion between the current minister and the previous minister about the weanling industry and the numbers, about 1.5 million, 2 million weanlings annually moving to the U.S. side of the border to be finished for market in the United States. There is a reason for that, Mr. Chairman, a very simple reason, economics. It is more economical to raise pigs in the United States to market weight than it is in Canada. That is why they are moving to the United States, and many of these weanlings are moved under contract to be finished in the United States and slaughtered in the United States by the large operations, and you know why the economics are there. The American government pays half of the cost of production on grain to the farmer directly out of Uncle Sam's pocket. This minister, our current Minister of Agriculture, has yet to make that kind of commitment to her producers on this side of the border to ensure that the economics will remain here.

Our Premier made a loud and clear commitment to the grain and oilseeds sector in this province when he said: I will lead any delegation of farmers anywhere, anytime to meet with the Prime Minister. Well, how hollow those words have rung, because I still get weekly, sometimes daily, phone calls asking when is the Premier going to lead a delegation to Ottawa to meet with the Prime Minister. When? And the answer is always zero.

As a matter of fact, I have asked the Premier to table the letter of request to meet with him and the agricultural and business community to the Prime Minister, the letter. He has never tabled the letter. He tabled the letter that was written way back in February or January but never the letter of request, because the Premier knew full well that he was going to be in Alberta meeting with his western colleagues while the Prime Minister was in Manitoba. For that reason, we know that the Premier never even made the request, and every farmer in this province knows that. So I say to you, Mr. Chairman—

Point of Order

Ms. Wowchuk: The member has just put on the record that the Premier did not write to the Prime Minister asking him for a meeting, and the Premier has indicated that he has written. I was quite sure that letter was tabled, but I can assure the member that that letter was written and that the Premier did indicate to the Prime Minister that he would come back to Winnipeg for the meeting if the Prime Minister would meet with him. The member knows this, and I would ask the member to correct the record rather than attribute inaccurate comments to the Premier when the Premier has indicated that that letter was written and he was prepared to come back to Winnipeg to meet with farmers and the Prime Minister. The Prime Minister was the one who said he did not have time for a meeting.

Mr. Chairperson: To the same point of order, the honourable Member for Ste. Rose.

Mr. Cummings: Then I would hope that the Minister of Agriculture would commit to tabling that letter. I remember on numerous occasions being asked by the now Premier, table the letter. If it has not been tabled, I ask her to give us that commitment and on the record, please.

Mr. Chairperson: Disagreements as to the facts are not points of order.

Mr. Jack Penner: A very simple question to the minister then, will she ensure this Assembly today that the letter written by our Premier to the Prime Minister of Canada requesting a meeting of farm leaders, business leaders, chambers of commerce members and the Premier and Opposition members should be held in requesting that meeting? Could she table the letter making that request?

Ms. Wowchuk: The member knows that I cannot table a letter that was written by another person. I will relay the message to the Premier. It was my understanding that that letter was already distributed. Certainly there was a letter that went to the Prime Minister asking for a meeting with him when he was here in Winnipeg. Recognizing that it was the Western

Premiers' Conference, the Premier was prepared to come back. I will certainly check with the Premier's office in the morning and check whether that letter has been tabled. If it has not I will ask the Premier to table it or ask permission to table it myself.

Mr. Jack Penner: We thank the minister for that. We hope that this will not be another demonstration of being long on rhetoric and no action. We have seen too much of that from this government so far.

I want to ask the minister how close she is to the discussions currently going on on the U.S. side of the North American border on changes that are being contemplated and discussed to their farm program as we speak. It is my understanding that pulse crops are going to be brought under the LDP program, the U.S. Loans Deficiency Program. If that in fact occurs we could, I predict that we will see a bloodbath in the pulse crop industry in Canada if the Americans use that program to support their pulse industry as they have other industries.

I point out the soybean industry and what has happened to acreage in the soybean industry and how that has affected the prices in Canola, bringing Canola prices to virtually down 50 percent of where they were, almost to half the price that the Canola prices were. It is largely due to the LDP program being utilized to increase production of those commodities. I am asking the minister whether she is aware of the pulse crops now being contemplated for next year as an LDP eligible crop, and does that include dry beans?

Ms. Wowchuk: Yes, Mr. Chairman, I have been informed that they are considering putting pulse crops under that particular program. I am very concerned about it and the impact it will have on Manitobans and on western Canada. I have asked for a full briefing on what crops are being anticipated. I do not know if beans are in there, but I anticipate they are. When I have the information, I will share it with the member, but it is definitely a concern for us.

Mr. Jack Penner: Could the minister then give us some indication as to how she will deal with the industry if and when the collapse comes. It is not if, it is just when the collapse comes to the industry. With many of the sugar beet growers

having just started recovering from the huge economic impact that they faced when that industry was closed, are they going to again face that similar kind of economic impact and disastrous income crisis that they faced when the sugar beet industry closed and they changed to beans and other pulse crops? How is she going to deal with that situation when it comes?

Ms. Wowchuk: Mr. Chairman, that is certainly a discussion I will have to have with staff and with the industry. I share with the member that this was an issue that was raised also at the ministers' meeting. When you look at where the funds come from for the U.S. program, they come from the national treasury. Again that is one of those issues where we have a national government in other countries, whether it is Europe or the United States being prepared to invest in agriculture and our federal government not being prepared to make those kind of investments. I guess, when we think about the further implications that are ahead of us with the U.S. farm bill that is being prepared, that is one that is going to offer us further challenges.

Should this come under the LDP program, then we will have to have discussions with the industry, but a province does not have the ability to backfill or go into competition with a national treasury of the United States, and it is going to be a very challenging time for us. If the U.S. would meet its requirements to world trade as commitments were made rather than increasing their supports, we might be able to see a more level playing field, but with plans to further increase funding to agriculture and no reduction in those supports, it is going to be a challenging time for our producers.

* (21:40)

Mr. Jack Penner: Mr. Chairman, I should actually table this document. There is not one word in this document that the minister has put her signature to as a release from the ministerial meeting, not one word dealing with the situation that we have just discussed. I think there should have been. I think the minister should have raised with her colleagues the impact that the U.S. farm program will have on Manitoba producers. She should have raised with her federal colleague the responsibility to negotiate long and hard to ensure that the producers in

Canada would in fact be protected and, if that is not possible, then for the federal and provincial governments to jointly see to it that there will not again be the kind of damage created to their industries and their provinces in respect of trade initiatives taken by other countries. There is not one word about that in this document.

So I ask the minister what actions is she contemplating on taking, even though it was not mentioned at the ministerial table, that if and when the pulse industry is brought under the LDP program, what actions is she going to take to ensure that her farmers, whom she is the steward of, that her farmers will be protected?

Ms. Wowchuk: Again, I will indicate to the member that there was no agreement signed. There is not an agreement. This is an agreement in principle on an action plan for the agriculture policy framework, but nothing has been signed.

I want to assure the member that we most certainly did have discussion on the impacts of the U.S. and European subsidies and how those issues must be addressed. We also talked about the need for long-term direction, and I will read to the member. It says ministers recognize there will always be circumstances where farmers are faced with unanticipated income declines as a result of weather, disease or other factors beyond their control. Federal and provincial governments are committed to the current review of the safety nets with the aim of completion by 2002. They agree that work on long-term direction in close consultation with the industry will build on safety net funding.

I can tell the member that there is a recognition that there is need for safety nets. There is also a recognition that there will be unique circumstances that arise that will have to be addressed. There was discussion on the pulse crops and on the U.S. farm bill where the U.S. government, we anticipate, will be injecting a far greater amount of money into agriculture and will have a negative impact on our agriculture production, particularly our grains and oilseeds.

We also talked about the need for a strong position in the world trade organizations to get other countries to reduce their level of distorting subsidies.

Mr. Jack Penner: The farmers of Manitoba that have made very significant diversification decisions over the past number of years, over the past decade, take very little comfort in those kinds of words from this minister. I think what they are looking for is a commitment that if and when the kind of downturn that obviously will come if pulse crops are put under the LDP program that there will be a true commitment from this Government to ensure that they will be protected.

The other question that I want to ask is the minister talked a little bit about feeder co-operatives. The minister knows full well that there was one feeder co-operative that was experiencing some difficulties a while back because of actions and directions and advice given by one of the departmental employees on how trades could be flipped and how cattle could be sold and moved around within the Vita Feeder Co-op. The people that got caught in the crossfire and incurred very large amounts of legal bills were the board of directors.

The minister knows about this. She has been well briefed. I understand that this has now gone to mediation, and I also understand that the mediation processes have been concluded. I have been told that the four board members that were identified under the lawsuit by the original shareholders have incurred a \$30,000 legal fee each. Quite frankly, the board members had no knowledge of what the implications of this kind of action could be.

We asked the deputy minister at a meeting better than a year ago and we asked the manager of MACC better than a year ago, at that same meeting, if and when the legal action did come and the board of directors had to defend itself would the Government of Manitoba and the Manitoba Agricultural Credit Corporation pick up the legal cost for the board of directors if and when that time would come? They were told not to worry. Yet, under the terms under which this settlement was made, there is no provision that any of these boards of directors who had no personal involvement in the Vita Feeder Co-op or interest had to defend themselves from legal action. Is the minister now prepared to make a commitment that their legal bills will be picked up by the Province of Manitoba?

Ms. Wowchuk: I am aware that there was the mediation process that they were going through. I am not aware of the completion of that or the bills, but I will go back and look at the comments that were made by the deputy and the director of MACC and then get back to the member with respect to his question.

Mr. Jack Penner: I thank the minister for that, and I hope that the MACC board and management will see fit to compensate these innocent people because they were just acting in the best interest of the co-operative and were caught, as I say, and I think unfairly. I think there needs to be a compensation package for those boards of directors. If that does not happen then I would suspect that there will be many people that are currently acting on boards in this province, especially after the legislation that this Government passed last year, that there will be many people sitting and acting on boards that will withdraw and the minister and her Government will find it very difficult to find people that would act on boards because of this kind of reprehensible action taken which they had no control over.

I want to ask one other question. It has to do with assessment and the effects of the assessment that has just taken place and especially how it affects farmland. I know the minister knows that the assessed value of farmland has gone up 42 percent in this province. The total amount of assessment on average on properties outside of the city of Winnipeg has gone up an average of 10 percent. I also know that the minister and her Government have reduced the portioned amount of taxable assessment on farmland by 4 percentage points. That 4 percentage points, if you do the 42% configuration on average increase on assessment, drops the amount of assessment by roughly 12 percent. That is very simple math. It is 4 times 4 percentage points times one-third of the assessment. That gives you roughly about 12 percent. Over 40 percent roughly gives you about a 12% reduction in the amount of taxable value of your land.

* (21:50)

That leaves a 30% increase on the assessed value of farmland over other. That means a huge

transfer of education tax payable on farmland over residential in rural Manitoba. In other words, residential should see, if the mill rate remains the same, a reduction in their taxes payable, and farmland will see a 30% increase even after the portioned amount. That is estimated to cause a huge financial impact to farms right across this province. *[interjection]* Well, I mean the Member for Brandon West (Mr. Smith) says you do not know your facts again.

You do not have to be very bright. Quite frankly, I have had discussions with the Minister of Intergovernmental Affairs' (Ms. Friesen) department, and they agree with me. Well, they do. Go ask them.

So I say to you, that in my estimate, this will cause an increase of roughly about \$8 million of additional taxes to farmers even after the \$7-million reduction that the minister has announced.

If you take the 12% reduction over a 30% increase, I would suspect that it might be much greater than \$8 million, but preliminary figures now indicate that farmers will pay an additional amount of roughly about \$8 million in taxes. The farm community, at this stage, the grains and oilseeds sector that make their living off that land, cannot afford that. The minister should be championing their cause at this sector.

That is why I ask her: Has she raised the impact with her Cabinet colleagues? Are her Cabinet colleagues prepared to bring back the equilibrium that was initially brought into the assessment act when the portioning was done to ensure that 27 percent of the aggregate amount of taxation would be raised from agricultural land and the balance of that amount of money raised in total tax would come from others, such as residential and industrial? They were all portioned for a given reason, to ensure that there would not be an increase of the amount, so the portioning can either drop or be raised to make up that differentiation. Has she raised that with her colleagues in Cabinet?

Ms. Wowchuk: Mr. Chairman, to the member, yes, I most certainly have raised it, and my colleagues have. We have had very thorough

discussion on this. In fact, if we had left it at the 30% portioning that his government had put in place on farmland, raising it from 27 to 30 percent, if we had left that in place there would be a much higher burden on the farming community. We have had very thorough discussion with the Assessment branch on this. The changes that we are making will in fact reduce the taxes on farmland. We will see an additional \$7 million staying in the pockets of farmers.

The member is accurate. The value of farmland has gone up. We had to find a way to address it to ensure that there was not an unfair burden on the land and we have taken the steps, and I have been given the assurance that there will be a reduction in the taxes paid by the steps that we have taken of reducing the portioning from 30 percent to 26 percent. In fact, Mr. Chairman, this move is very much supported by the AMM and by farm organizations such as the Keystone Agricultural Producers who believe that we have taken the right step to reduce. Certainly it is not the perfect solution. There are further things and there are other issues with taxation that have to be addressed, but our Government, this Government and my colleagues who other members have said do not understand rural issues or understand agriculture or the challenges of agriculture, recognize that we cannot have an additional burden put on at this time, and that is why we have made the changes that we have to in fact reduce the tax bill of the farming community.

Mr. Jack Penner: Well, Mr Chairman, I think by the comments that the minister just made, she fails to understand the process of assessment and the effect of the assessment process change in valuation of properties. The reason portioning was put in place was to allow for the portions to change to ensure that the amounts of money, the percentages of money would be able to remain the same. So therefore it is my view that the minister should have dropped the portioning of the agricultural land down to roughly 20 percent to 21.5 percent of the actual amount. That would have brought the total amount of money raised to the amount of percentage of value, in other words, the 27 percent that was initially brought in by the act when I brought the act in. That is why it was intended to do that. So I think the minister has demonstrated by her comments that

she does not understand and maybe her colleagues do not understand either why this was done the way it was done. *[interjection]*

Well, she is laughing and the farmers in this province do not think that is a laughing matter, Mr. Chairman. They take very seriously their inability to raise enough money to make a living so that their children can go to school clothed properly, dressed properly.

We know that the agricultural income in the farm community, in most cases, is way below the poverty line. The minister should take very seriously any efforts made by her Government to increase the tax load. To increase the expense load of an acre of farmland at this time is unfair and it is really unthinkable that any government would attempt to do that. So they should have made every reasonable effort to ensure that the apportioned amount of taxes, not the assessment, the apportioned amount of the taxes raised off a farmland at least no more than remain constant, and they have not done

that. They have made sure that they would allow the agricultural sector to rise way above an affordable amount of any farmer's ability to pay, and I think the minister will see the results of her Government's action in that regard.

I believe that it is high time that a different approach be taken to this whole matter of raising funds for educational purposes and other matters that are now raised off of farm properties and through the taxation process that needs the evaluation. I have no problem personally with the municipalities being able to raise monies to provide for services that they provide to their—

Mr. Chairperson: The hour being 10 p.m., committee rise. Call in the Speaker.

IN SESSION

Mr. Speaker: As previously agreed, the hour being 10 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, July 3, 2001

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