



HANSARD

**Third 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**

<b>Member</b>	<b>Constituency</b>	<b>Political Affiliation</b>
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ALLAN, Nancy	St. Vital	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
ASPER, Linda	Riel	N.D.P.
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CALDWELL, Drew, Hon.	Brandon East	N.D.P.
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## LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 21, 2002

The House met at 1:30 p.m.

*PRAYERS*

## ROUTINE PROCEEDINGS

## PRESENTING PETITIONS

**Provincial Trunk Highway No. 9 Upgrade**

**Mr. Edward Helwer (Gimli):** I beg to present the petition of Lisa Hastings, Sasha Hastings, Teresa Wall and others, praying that the Minister of Transportation and Government Services (Mr. Ashton) consider upgrading Provincial Trunk Highway No. 9 and the Selkirk thoroughfares immediately.

## INTRODUCTION OF BILLS

**Bill 21—The Partnership Amendment and Business Names Registration Amendment Act**

**Hon. Scott Smith (Minister of Consumer and Corporate Affairs):** Mr. Speaker, I move, seconded by the Minister of Education, Training and Youth (Mr. Caldwell), that leave be given to introduce Bill 21, The Partnership Amendment and Business Names Registration Amendment Act.

**Mr. Speaker:** We will redo that.

**Mr. Smith:** Just to finish that off: That the same now be received and read a first time.

*Motion presented.*

**Mr. Smith:** Mr. Speaker, this bill will allow for the creation and registration of limited liability partnerships in Manitoba. Limited liability partnerships are a special type of business entity in which the personal assets of innocent partners in professions are protected from claims arising from misdeeds of others in the firm.

*Motion agreed to.*

**Bill 301—The Assiniboine Memorial Curling Club Holding Company Ltd. Additional Powers Act**

**Mr. Jim Rondeau (Assiniboia):** Mr. Speaker, I move, seconded by the Member for St. James (Ms. Korzeniowski), that leave be given to introduce Bill 301, The Assiniboine Memorial Curling Club Holding Company Ltd. Additional Powers Act; Loi sur les pouvoirs additionnels accordés à l'Assiniboine Memorial Curling Club Holding Company Ltd., and that the same be now received and read a first time.

\* (13:35)

*Motion presented.*

**Mr. Rondeau:** Presently, the Assiniboine Memorial Curling Club is managed by a holding company and an operating company. This bill will allow these two corporate entities to merge, to allow for improved management of the club.

*Motion agreed to.*

## Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the public gallery where we have with us today members of the Assiniboia Over 50 Club. These visitors are the guests of the honourable Member for Assiniboia (Mr. Rondeau).

Also seated in the public gallery we have from Hastings School 23 Grade 9 students under the direction of Mr. Barry Wittevrongel and Ms. Theresa Oswald. This school is located in the constituency of the honourable Member for Riel (Ms. Asper).

Also in the public gallery we have from Sun Valley School 24 Grade 5 students under the direction of Mrs. Barb Strachan. This school is located in the constituency of the honourable Member for River East (Mrs. Mitchelson).

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

### ORAL QUESTION PERIOD

#### Winnipeg Casinos Advertising Campaign

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, in the past year the Doer government has spent millions of dollars advertising to lure Manitobans into the two casinos here in Winnipeg.

I would like to ask the Premier: Why is his Government targeting Manitobans with their advertising?

**Hon. Gary Doer (Premier):** Mr. Speaker, there was an ad in a guide, a hunting and fishing guide, that I believe has been in place for a while. I would point out to members opposite that when we came into office the casinos that were stated in this House to cost \$55 million were two and a half times that in terms of the capital. Thirdly, there was no provision in any capital debt to cover those cost overruns and the initial capital.

**Mr. Murray:** Well, Mr. Speaker, when asked about the Doer government's advertising strategy, the Minister responsible for Lotteries (Ms. McGifford) said they would be targeting amenities, targeting amenities in the casinos, not gaming and gambling. In fact, in Hansard the minister said, and I quote: I do not know of a government that advertises gambling, because this Government does not advertise gambling at all.

Can the Premier explain why a number of government magazines and pamphlets distributed throughout the province, in fact, located in the Tourism Manitoba kiosk inside this very building, why are they clearly advertising people gambling?

**Mr. Doer:** Mr. Speaker, there is a great deal of interest from tourists to attend the casinos. The members opposite will recall when they built the Crystal Casino, the first permanent casino in Winnipeg, they argued that this would be available for "American tourists to visit."

\* (13:40)

**Mr. Murray:** Clearly, the Premier does not understand. They are targeting Manitobans, Mr. Speaker. They are targeting people that live in this province. Since taking office, the Premier, who was so staunchly opposed to gambling while in Opposition, since that time he has increased the amount of time VLTs can be played. He has increased the threshold each VLT must earn. He has increased the amount of money spent on advertising in casinos.

Will the Premier just admit that in order to satisfy his spending addiction he has turned to the Minister responsible for Lotteries (Ms. McGifford) and said: Get as much money as you can from Manitobans and get it now?

**Mr. Doer:** The members opposite spent, in their last three years in office, and they keep repeatedly putting false information on the record. The expenditures of members opposite was over a billion dollars in their last three years, an expenditure increase of 19 percent. In our first three years in office, Mr. Speaker, it was—and theirs was \$1,029,000,000. Our first three years in office was \$492 million. They had an increase in expenditures of 19 percent. We had an increase in the actual facts of government of 7.6 percent in the same three comparable periods. So let us deal with factual mistake No. 1. Secondly, and I know the member does not have a point—

**Mr. Speaker:** Order. The honourable Leader of the Official Opposition, on a point of order.

#### Point of Order

**Mr. Murray:** On a point of order, Mr. Speaker, my questions were all about advertising.

Mr. Speaker, since this Government has come into office, they have increased the amount of spending on advertising in the province by over a million dollars. Those are the facts.

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

**Mr. Doer:** I would encourage the Speaker to review Hansard because the Leader of the Opposition does not remember what he asked in his third question.

**Mr. Speaker:** Order. The honourable First Minister, were you rising on the same point of order?

**Mr. Doer:** On the same point of order. I would encourage the Speaker to read and review Hansard, because in Hansard the Leader of the Opposition clearly, in his rambling preamble, talked about the insatiable need of expenditure requirements of the Government. The fact of the matter is that they had double the expenditure levels in their last three years in office that we have had in our first three years in Budget, but the fact of the matter is it was posed by the Leader of the Opposition. I am entitled to answer it, Mr. Speaker, because he has asked it.

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

\* \* \*

**Mr. Speaker:** The honourable First Minister can conclude his answer.

**Mr. Doer:** Thank you, Mr. Speaker. On point No. 1, I just answered the question raised. On point No. 2, there were no full-time casinos in Manitoba in 1988. There were part-time casinos. The members opposite went from zero to three casinos and then they went from three to two. The Crystal Casino was always justified on the basis of American tourists. So were McPhillips and Regent Avenue, to have tourists come here. The Hansard is full of that. No. 3, the number of VLT machines went from zero to four thousand under the members opposite. So this conversion on the road to Damascus rings very hollow for the members on this side.

### **Winnipeg Casinos Advertising Campaign**

**Mrs. Heather Stefanson (Tuxedo):** Mr. Speaker, the Premier was just referring to Hansard. I would like to draw his attention to the December 3, 2001, Hansard where the Minister responsible for Manitoba Lotteries said, and I quote: We advertise entertainment. We do not advertise gambling.

This weekend the minister was quoted as saying that since September 2000 Manitoba

Lotteries has been voluntarily making sure new ads in target publications do not feature shots of people physically gambling. She said, and I quote: We think we have reached a higher standard than the guidelines even demand.

My question for the Minister of Lotteries: Are there any advertisements, brochures, pamphlets currently in circulation that do not conform with the minister's current advertising policy?

\* (13:45)

**Hon. Diane McGifford (Minister charged with the administration of The Manitoba Lotteries Corporation Act):** I have spoken to members over and over again and made the same point over and over again.

There is only one new stream of advertising in the province of Manitoba. The advertising the member is referring to is advertising we inherited from members opposite, advertising that was practised under the former machine. The new stream of advertising—[interjection] Mr. Speaker, could we have a little order?

The new stream of advertising advertises the amenities of the casinos, the restaurants in the casinos, the entertainment, and has a responsible gaming component, something the members opposite never had. Members opposite never had any guidelines. Members opposite were irresponsible, Mr. Speaker.

**Mr. Speaker:** Order.

**Mrs. Stefanson:** Mr. Speaker, I would like to table for the House today a brochure I found in the Manitoba Tourism kiosk in the front of the Legislative Building this morning.

Given the minister just so much as stated this brochure conforms to her policy, is a brochure that clearly depicts inside it people gambling, is this what the minister meant by reaching higher standards?

**Ms. McGifford:** Mr. Speaker, as I said in my last answer and as I have said over and over again, there are two kinds of advertising in this province. One is the mass media advertising developed in the summer of 2000 under this

Government. The other is the consumer communications of which this is an example, and most of this advertising was developed under the former government.

**Mrs. Stefanson:** Mr. Speaker, given there are almost 20 000 Manitobans right now with gambling addiction problems in Manitoba, will this minister do the right thing, take action today and take these brochures off the shelves so that Manitobans do not have access to them anymore?

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

**Mr. Speaker:** Order.

**Ms. McGifford:** As so many positions of this former government, this position verges on hypocritical. This former government is the government that created the casinos, that created a debt in this province of \$145 million, and now here we are in a position to atone for this debt.

The member talks about the number of addicted people. They are the ones who introduced massive numbers of VLTs into this province. The gambling kings and queens are right over there.

#### Health Care System Bed Availability

**Mrs. Myrna Driedger (Charleswood):** Mr. Speaker, during the election the NDP promised to end hallway medicine by opening 100 beds, and we know for a fact that hallway medicine is alive and well in Winnipeg. I would like to ask the Minister of Health if he kept his promise and opened those 100 beds.

**Hon. Dave Chomiak (Minister of Health):** Mr. Speaker, I have two points with respect to that preamble and the question. Firstly, we were recognized by the Canadian Institute of Health Information for having done the best job of hallway medicine in the entire country, as opposed to year after year pretending it did not exist.

With respect to the additional opening of beds, the same question was asked, has been asked about a year ago, it was asked a year and a

half ago, it was asked two years ago. We attempted to open more beds. We did open more beds as soon as the nursing shortage worked its way out. As a result of the nurses that we have put in training, those beds will be opened.

**Mrs. Driedger:** I would like to table a Freedom of Information document that I have that showed as of February 28 of this year there were 97 beds closed in Winnipeg hospitals. I would ask the Minister of Health why, instead of opening 100 beds, he has closed 100 beds in Winnipeg.

\* (13:50)

**Mr. Chomiak:** Mr. Speaker, two points. Firstly, the beds were closed as a result of staff shortages, not as a result of the imposition and the forced closing of 1400 acute-care beds that occurred during the dark ages of the 1990s.

**Mrs. Driedger:** I would like to table another Freedom of Information document that shows almost 600 patients waiting for orthopedic surgery, whether it is hip or knee replacements. From that document I would like to indicate that there was a newspaper article a few months ago that indicated, beyond these 600 patients there are quite likely a thousand patients waiting for surgery; from a newspaper article.

I would like to ask the Minister of Health if he could explain to these 600 people on that Freedom of Information document who are waiting in pain for hip or knee surgery whether or not his 100 bed closures have actually impacted on that length of wait.

**Mr. Chomiak:** A little bit of information is very dangerous for the member opposite. First off, those beds are closed temporarily because of staff shortages. Secondly, the Canadian Orthopedic Association held a press conference and reviewed the entire country, and said Manitoba had the second-lowest waiting list in western Canada with respect to orthopedics that had gone across Canada; third or fourth, across the entire country.

We have increased the number of hip and knee during our term of office. We have taken other measures to increase day surgeries,

something the members opposite opposed when we tried to do it.

### **Crime Rate (Portage la Prairie) Reduction Strategy**

**Mr. David Faurshou (Portage la Prairie):** Mr. Speaker, crime is on the rise in Portage la Prairie. More than 20 vehicles have been stolen in the last 10 days. Three of our public schools have been broken into and vandalized. There have been numerous fires of suspicious origin, too many to mention.

So I would like to ask today in the House: Can the Attorney General advise what he is prepared to do to assist Portage la Prairie in addressing its growing crime rate?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, I understand different towns and villages and cities in Manitoba have their challenges. When it comes to public safety, we certainly are willing to work with communities. I work with law enforcement agencies to ensure they are there to provide not only the partnerships that are needed with Manitobans to prevent crime in the first place, but to ensure our law enforcement officials have the tools they need to do the job they want to do.

### **Police Services (Portage la Prairie) Resources**

**Mr. David Faurshou (Portage la Prairie):** While I thank the Attorney General for his response, I would like to ask him: Based upon his provincial formula that determines the level of police services, Portage la Prairie would require 11 more full-time police officers to address this situation. Will the minister support Portage la Prairie in a similar fashion as he does Winnipeg?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, if there are any concerns about the level of policing in the city of Portage la Prairie, that is of course a matter that will be of utmost concern to the municipal authorities in that city. Of course, if the member would like a meeting convened I would be prepared to do that to determine that

the role of the Province is being fulfilled, but my understanding is that there would have to be action on the part of the municipal authorities to enhance policing in that jurisdiction.

**Mr. Faurshou:** I do appreciate the minister's response. However, I wonder whether the situation is going to be the same as in the past.

### **Crown Attorneys (Portage la Prairie) Resources**

**Mr. David Faurshou (Portage la Prairie):** The Doer government promised to increase resources for Crown attorneys. With the problem in Portage la Prairie, current trial dates are now well into 2003. When can Portage la Prairie expect to see the benefits of the Doer government's promised support?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, I note the member opposite stood up on the vote on the Budget debate and he voted against a 5.8% increase to Prosecutions in Manitoba. He also stood up and voted against a 4.5% increase in support for provincial policing.

\* (13:55)

### **Public Housing (Portage la Prairie) Collection of Arrears**

**Mr. Jack Reimer (Southdale):** Mr. Speaker, my question is for the Minister of Housing. It relates to the collection of arrears of tenants living in the Zelana public housing complex in Portage la Prairie.

Can the minister confirm that over \$100,000 of arrears is owing by approximately 10, a dozen, tenants of this complex and no evictions have taken place?

**Hon. Tim Sale (Minister of Family Services and Housing):** Mr. Speaker, members opposite will remember that there was a conflict with a reserve community, the Waterhen community, some years ago. Tenants who are currently living in Portage la Prairie were part of the group who felt they had, for their personal safety and security reasons, to leave that community. They initially located in the inner city of Winnipeg, in

fact, in the Speaker's riding. Then that situation was deemed not to be very effective. I believe that was under the former minister's tenure and they moved to Portage la Prairie.

A number of the tenants there are meeting their commitments and paying their rent on a regular basis, but there is a problem of the past arrears, many of which arose during the previous government's time. I believe under the previous minister there were limited attempts taken to deal with this and then the issue was abandoned while he was the minister.

**Mr. Reimer:** Mr. Speaker, can the minister explain why an eviction notice is given to the senior citizen that is living in public housing on Smith Street for non-payment of rent within 10 to 15 days after the beginning of the month, and there is no eviction notice given for non-payment of rent for the tenants that are in the Zelana public housing complex in Portage la Prairie? Why are there the two standards now?

**Mr. Sale:** Mr. Speaker, first, I can tell the member opposite that there has been no change in policy from the time that the government which he represented was in power in regard to eviction notices. We do not give people an eviction notice immediately after they have not paid their rent. There is a process which the member may well be aware of. If there is indeed someone who has been given a notice I would be glad to look into that particular issue, but I believe it would conform to the policy that was in place when the former minister, who is now asking the question, was the minister. So that has not changed.

In regard to the issue in Portage la Prairie, there are a number of legal issues involving the Department of Indian and Northern Affairs, questions about whether there is responsibility on the part of the federal government to provide housing for people who, perforce, had to leave their reserve community, so the question is who is really the unit responsible here? Is it the individual or does the Department of Indian and Northern Affairs have some responsibility?

We are currently trying to determine that and take some action to clean this issue up, which was not done under the previous government.

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

**Mr. Speaker:** Order.

**Mr. Reimer:** With the inaction that is happening, what is happening is that the people in Zelana complex, the public complex in Portage la Prairie, are not paying their rent; the Government is not going after them; the arrears have escalated to well over \$100,000, but if they are living in public housing on Smith Street they will have to pay.

**Mr. Speaker:** Order. The honourable Government House Leader, on a point of order?

#### Point of Order

**Hon. Gord Mackintosh (Government House Leader):** Well, reluctantly, Mr. Speaker. I believe this is a supplementary question, and supplementary questions, as we all know, require no preamble. I think there is an extensive preamble that is going on here.

**Mr. Speaker:** On the point of order raised by the honourable Government House Leader, I would like to take this opportunity to advise all honourable members that *Beauchesne* Citation 492 advises that a supplementary question should not require a preamble. I would ask the honourable member to please put his question.

\* \* \*

**Mr. Reimer:** Can the minister then confirm that he is dealing with a double standard? Those that pay their rent on time, naturally, do not get evicted; the ones that are not paying do not get evicted in Portage la Prairie.

\* (14:00)

**Mr. Sale:** I am not sure whether three negatives make a positive, Mr. Speaker, or not. I am not sure.

All I can tell the member is that the policy of dealing with rent arrears is exactly the same as it was when he was the minister; that we are now trying to clean up and deal with the problem that arose while he was minister and which he did not clean up and did not deal with. We are attempting to deal with it.



### Point of Order

**Mr. Reimer:** I believe the minister is putting infactual information on the record. When I was minister, Mr. Speaker, and when this government was in power, we set up a program of repayment for the arrears at the Zelana apartment. Since they have taken over, they have abandoned that policy and the arrears have grown and grown. We had a policy in place.

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

**Mr. Sale:** On the same point of order, Mr. Speaker. The member did not cite any section of *Beauchesne*. I do not believe he has a point of order. I believe it is a dispute over the facts. The policy is the same. We are trying to clean up your mess.

**Mr. Speaker:** Order. Prior to ruling on the point of order, I would like to take this opportunity to remind all honourable members that a point of order should be raised to point out to the Speaker a breach of the rules or a departure from procedure of the House.

On the point of order raised by the honourable Member for Southdale, he does not have a point of order. It is a dispute over the facts.

### Hecla Area Land Expropriation Conduct of Civil Servants

**Hon. Jon Gerrard (River Heights):** The report of the Ombudsman on the concerns of Stuart and Allan Jones about land allocation issues at Hecla shows the Government failed to have regard for the privacy provisions of The Freedom of Information and Privacy Protection Act. The departmental employees disclosed personal information labeled "confidential" to those outside the Government and to their private legal counsel.

This is a very serious issue. I would ask the Premier (Mr. Doer) to publicly apologize today for the behaviour of members of the Government and their actions in this respect.

**Hon. Drew Caldwell (Minister of Education, Training and Youth):** Mr. Speaker, I thank the

Member for River Heights for his, I guess, question. The provincial auditor, as the member notes, is currently conducting an audit of the issuance of cottage lots at the Hecla village area, the awarding of the lease at Gull Harbour marina and the conduct, indeed, of civil servants in this regard. I think that is a proper process. It is respectful to all parties concerned, and it is highly inappropriate to comment on the specifics of the matter until the Auditor has submitted his report.

**Mr. Gerrard:** Given that the Ombudsman has already provided comments to the Joneses and to the Government with this respect and has shown quite clearly that the Government breached FIPPA, I would ask the Premier to indicate that he takes this matter very seriously.

**Mr. Caldwell:** As the member may know, or he may not, the resettlement of Hecla broadly has been a very successful and upbeat program that has been positively received by virtually almost all those impacted. Certainly the general public has viewed this very positively.

The Ombudsman has referred his conclusions to the provincial auditor because of its complexity. This is something that is of concern to the Province, but the provincial Ombudsman has referred this matter to the provincial auditor because of the complexity of the issue. Again, until the Auditor has submitted his report to this Legislature, not to the Government, to this Legislature, it is inappropriate to comment on the specifics.

**Mr. Gerrard:** Mr. Speaker, in my second supplementary, I would ask the Premier to admit that providing confidential information submitted to Government, to outside lawyers who turn around and threaten the individual complainants who have written to Government with legitimate concerns is totally unacceptable.

**Hon. Gary Doer (Premier):** Mr. Speaker, I did read the story over the weekend. I have in the past met with the now-deceased Helgi Jones about the whole issue of Hecla, so I am aware of some of the history from his perspective.

The issue of sending a complaint to the Government, having it investigated by a deputy

minister and then having that same complaint go to a part of the department that is being investigated, I will await the instructions of the Ombudsman. I think it is very, very important that privacy of individual citizens who have complaints with the Government, their privacy be protected. I also think it is important the Government get to the bottom of allegations when they are made.

There are allegations on the land issue. There is a second issue of the privacy issue. Certainly, I would want to protect the privacy of individual citizens. If there are any specific recommendations from either the Ombudsman or the Auditor dealing with the affairs as they proceeded from the mid-1990s through the investigation of those allegations, if there are any recommendations dealing with the privacy of any citizens, we will take those very seriously as a government and put in place measures to protect people.

#### **Housing and Homelessness Initiative Update**

**Mr. Doug Martindale (Burrows):** Mr. Speaker, the former Conservative government between 1993 and 1999 spent no money on affordable housing, particularly for the inner city and the North End, the result of which was a decline in property values, a serious arson problem and numerous boarded-up houses, because they did not care about the residents of the inner city and the quality of housing.

Can the Minister of Family Services and Housing tell the House what our Government has done since we became a partner in the Winnipeg Housing and Homelessness Initiative two years ago, particularly as these programs have affected and benefited the North End?

*Mr. Conrad Santos, Deputy Speaker, in the Chair*

**Hon. Tim Sale (Minister of Family Services and Housing):** Mr. Deputy Speaker, I am pleased to advise the House that on the second anniversary of the WHHI's existence, we have been able to either commit or complete 648 units in the city of Winnipeg, individual houses, 91 beds; that is some University of Winnipeg student housing and projects like Ndinawe, for

example, where individual beds are being completed within group facilities of one kind or another.

I think what is perhaps even more impressive is that we have had a leverage ratio of about 4.3 to 1 on these provincial dollars, so for every one dollar we have spent 4.3 in total in housing. A lot of that money stayed in the inner city because we are using inner city labour to do that work. If you include the money provided by the federal government under the SCPI program, our leverage ratio goes up to 7.8 to 1, which is an incredibly good leverage.

So I am pleased to answer the member's question. I know it is his neighbourhood that he is very concerned about, and I think we are making progress there.

#### **Sales Tax Mechanical/Electrical Contracts**

**Mr. Jim Penner (Steinbach):** A question for the Minister of Finance regarding the new tax on electrical and mechanical contractors and the labour components of all contracts: Does this new tax to contractors apply to subdivision installations by Hydro, by sewer and water, from the street to the home for servicing these properties?

**Hon. Greg Selinger (Minister of Finance):** As the member from Steinbach knows, we have a working group on this measure that was initiated by the construction association and other related organizations itself. It is my information that when it comes to road and highway repair and construction, there will be no effect of this new measure.

With respect to water and sewer construction, they are discussing the specifics of it, but the main components of those items, which include contract price for surface preparation, excavation and backfilling, as well as the cost of the pipe, will not change from the current situation.

**Mr. Jim Penner:** Thank you for that answer.

The contractors are asking: Does the tax to the contractors, who are working inside the

homes, go on the total contract price, which includes equipment and wages?

\* (14:10)

**Mr. Selinger:** As the member from Steinbach knows, we have discussed this extensively in Question Period. With respect to electrical and mechanical work, that will be done in Estimates and Question Period. With respect to electrical and mechanical work, the cost for the service will no longer be when materials are purchased by the contractor. They will buy the materials tax out and be able to carry those materials in their inventory without any tax bearing on it at that time, and that will increase their working capital.

They will pass the cost of the service on to the customer when the work is completed so the work will go through to the customer when the work is completed. This measure will allow a level playing field for all contractors.

**Mr. Jim Penner:** On a new question.

**Mr. Deputy Speaker:** On a new question.

**Mr. Jim Penner:** The people that are interested in and concerned about this have a question in regard to the total—*[interjection]*—it is on a new question, sonny—contract price. The total contract price includes the mileage for travel. It includes meals. It includes hotel. It includes administration. It includes supervision. It includes profit, so you have a tax on tax. It includes accounting. It includes office expense. It includes employee benefits. It includes insurance costs. So the total contract price includes many things.

The reason why I am bringing this out of Estimates is that the public is very interested in an answer to this question.

**Mr. Selinger:** I do note that on this sunny day it is important we improve the efficiency of the way we deliver taxes in Manitoba. I am informed that this measure will reduce the administrative cost for contractors. They will no longer have the confusion of knowing when the tax applies, when it does not apply. It will simplify their bookkeeping and simplify the costs of their administration.

### Public Housing (Portage la Prairie) Gang Activity

**Mrs. Joy Smith (Fort Garry):** Mr. Deputy Speaker, today in this House we heard the Attorney General of this province pass the buck when questioned about the shortage of policing in Portage la Prairie. Since his Government came into power, we have had increase in violent crime, increase in gang activity. Things are out of control.

*Mr. Speaker in the Chair*

Can this Attorney General confirm that there is gang activity in the public housing in Portage la Prairie at this time?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, since I was asked the question from the member from Portage la Prairie about the Prosecutions branch, I notice that on coming into office and after our review of the level of prosecution support, we added one and a half staffpersons to the Portage la Prairie Prosecutions office, something that was sorely needed.

Mr. Speaker, we are committed to bringing to bear whatever kinds of supports are necessary to promote public safety.

**Mrs. Smith:** Mr. Speaker, instead of the Attorney General avoiding the question, can the Attorney General of this province confirm that there is gang activity in the public housing in Portage la Prairie, Manitoba?

**Mr. Mackintosh:** Mr. Speaker, I just notice and I thank the member opposite for sending over some clippings from Portage la Prairie. There appears to be an outbreak of some auto thefts over the last several weeks in that city, but it falls to our law enforcement officials that we are here to ensure they have the support necessary to do the investigation of crime and to lay the charges where appropriate, and then it falls to our department, of course, to prosecute.

**Mrs. Smith:** Can this Attorney General of this province confirm that he and this Government is responsible for the public safety of the people in this province? Can this Attorney General

confirm that there is gang activity in the public housing in Portage la Prairie, Manitoba?

**Mr. Mackintosh:** I certainly look forward to discussing this matter more fully with the Member for Portage la Prairie (Mr. Faurichou), and I look forward to any information that can assist. But it should be remembered that public safety in this province is a partnership deal. There is a role for the provincial Department of Justice, but there is also a very important role for law enforcement. It is the police that investigate crimes and it is not up to this department, as the members opposite would like, to go in and get involved at a political level in prosecutions. We are not in favour of mistrials in this province; we are in favour of justice.

**Mr. Speaker:** The honourable Member for Fort Garry, on a new question?

#### **Police Services (Portage la Prairie) Resources**

**Mrs. Joy Smith (Fort Garry):** On a new question. Can this Attorney General confirm that they are 11 police officers short and would be glad to do their jobs in Portage la Prairie if there were enough resources out there, and that it is the Attorney General's responsibility to ensure that those police are on those streets?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** Mr. Speaker, the members opposite know full well, I am sure, the policing arrangements in this province, but when it comes to the provincially funded complement of the RCMP we have been able to devote resources that have been unheard of historically in this province.

Indeed, again, I note for members opposite that when it comes to this Government's support for provincial policing, in this Budget which they have voted against, there was an increase of \$2.87 million or 4.5 percent.

#### **Public Housing (Portage la Prairie) Gang Activity**

**Mrs. Joy Smith (Fort Garry):** On a new question. This question is to the Minister of Housing. Mr. Speaker, is the Minister of

Housing aware that there is gang activity in the public housing in Portage la Prairie?

**Hon. Tim Sale (Minister of Family Services and Housing):** First of all, Mr. Speaker, thank you for the question. The policy in regard to the eviction of people who undertake criminal activities is clear and has been the same under both the previous government and under this Government. If the housing authority in Portage la Prairie is brought credible information in regard to illegal activities that are taking place, then this same policy will apply.

I would just note, though, that there is some danger, I think, in suggesting somehow that there is a connection between public housing and criminal activity. I think that is an unfortunate invitation to stereotyping. It is not something that this House, I think, would want to entertain. Most criminals do not live in public housing and those who live in public housing are not criminals.

**Mrs. Smith:** Mr. Speaker, could the Premier (Mr. Doer) of this province take responsibility for the gang increased activity in this province and could the Premier state whether or not he, his Attorney General or his Minister of Housing is aware of any gang activity that is taking place in the public housing in Portage la Prairie?

**Mr. Sale:** I repeat what I told the member a moment ago. If there is credible evidence, then bring that evidence forward to our Housing authorities, but, more appropriately, bring it forward to the police. The police are responsible for criminal activity policing. That is the appropriate place to bring it, but if there are concerns that are specific, related to specific people who live in those buildings, bring it forward to the housing authority as well as to police. We will deal with the information on a credible basis.

But I think it is unfortunate when there are suggestions that somehow public housing and undesirable people are linked together. I do not believe that, and the member ought not to infer that.

**Mrs. Smith:** To the Minister of Housing. Has the Minister of Housing been made aware in any

way, shape or form that there is gang activity, criminal activity happening in the public housing in Portage la Prairie?

\* (14:20)

**Mr. Sale:** I have not personally seen any allegations to that extent. I have not any correspondence in my possession to that extent. If there is such evidence, I wish the member would bring it forward in a direct way. I have not seen any such evidence.

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

### Speaker's Ruling

**Mr. Speaker:** Order. I have a ruling for the House.

Following the daily prayer on Tuesday, April 30, 2002, the honourable Member for Lakeside (Mr. Enns) raised a matter of privilege, contending that the honourable Premier (Mr. Doer) and the honourable Minister of Finance (Mr. Selinger) were in contempt of the House because Budget documents, advertising and press releases issued by the Government failed to note the requirement for enabling legislation in order to transfer money from Manitoba Hydro to the general operating fund of the Province of Manitoba. He concluded his remarks by moving "THAT this House censure the Minister of Finance and the Premier for their disregard for the traditions and practices of the Legislative Assembly of Manitoba and their contempt for the people of Manitoba."

The honourable Government House Leader (Mr. Mackintosh), the honourable Leader of the Official Opposition (Mr. Murray), the honourable Premier, the honourable Member for River Heights (Mr. Gerrard), the honourable Minister of Finance, the honourable Member for Fort Whyte (Mr. Loewen) and the honourable Official Opposition House Leader (Mr. Laurendeau) also spoke to this issue. I took the matter under advisement in order to consult the procedural authorities.

When a matter of privilege is raised in the House, there are two aspects that the Speaker

must decide. The first is whether the matter was raised at the earliest available opportunity, and second, whether a prima facie case of privilege has been established.

Regarding the first aspect, whether the matter was raised at the earliest opportunity, the honourable Member for Lakeside contended that the matter was raised following answers given in Question Period by the honourable Premier and the honourable Minister of Finance on April 29. However, the Budget material was released on April 22, as were the accompanying press releases, so if there was a concern about the need for enabling legislation and a lack of publicizing the same, the issue could have been raised earlier than April 30. Therefore, it is conceivable that the issue could have been raised earlier.

Concerning the second aspect, whether a prima facie case of privilege has been established, it was necessary to consult precedents from other jurisdictions, as there are no Manitoba rulings on this exact point.

Reference had been made during the raising of this matter of privilege to comments made by House of Commons Speaker Fraser on October 10, 1989, concerning the alleged misrepresentation of Parliament's role in government communications respecting newspaper advertisements concerning the proposed goods and services tax. Although in his ruling Speaker Fraser found that the ad was objectionable and should not be repeated, he stated that a prima facie case of breach of privilege had not been committed because specific privileges of the House had not been breached. He noted that freedom of speech was not affected as members did have the ability to raise questions in Question Period, to discuss the report of the Finance Committee and to debate and amend any bills that the government proposed to the House in order to bring the GST into effect. He further found that members were not obstructed in the performance of their duties and were not impeded in their ability to fulfil their responsibilities.

On the subject of whether a contempt of Parliament had been committed, Speaker Fraser did state that the ad was "drafted in a cavalier manner." However, he did accept the

explanations from the government that the intention of the ad was not to diminish the dignity of the House. On this basis he found there was no prima facie case of contempt. The finding of no prima facie case of privilege or of contempt of Parliament in relation to government advertising was reinforced by rulings delivered by Speaker Fraser on December 18, 1989, May 7, 1990, October 24, 1990, and by Speaker Parent on March 13, 1997 and February 9, 1998. I would note that during the raising of the matter of privilege it was not demonstrated that members would be obstructed in performing their duties or would not have the ability to ask questions or to speak freely on the matter once the enabling legislation is brought forward.

During the raising of the matter of privilege, reference was made to a January 22, 1997, ruling by Ontario Speaker Stockwell on the subject of government advertising where a prima facie case of contempt was found. It should be noted that Speaker Stockwell ruled that commercials which explain in a simple and general way the government's philosophy and broad reform agenda were not found to be prima facie cases of contempt. He did find that there was a prima facie case with a ministry pamphlet that was not written in a general philosophy and broad manner. He did rule there was a prima facie case because the ministry that had produced the pamphlet had received a warning from the previous Speaker, Speaker Warner. On the basis of the previous warning having been ignored, a prima facie contempt was found. I would note in the Manitoba instance, Speakers have given no warnings on the topic of government advertising.

I would also like to note for the benefit of the House on the subject of budgets and legislation that Marleau and Montpetit state on page 748 *House of Commons Procedure and Practice* it is conventional practice for legislation that is required as a result of changes in the Budget to be brought forward after and not before the Budget. The Budget motion seeks to approve the budgetary policy of the government, while legislation sets out the terms and conditions of the proposed measures. Generally the legislation can be introduced at any time during the session. This makes it clear that implementing legislation can follow the presentation of the Budget and the Budget debate.

Although members may have a grievance that the press releases and government ads did not clearly specify that enabling legislation was required, the privileges of the House were not violated nor did a contempt of the House occur, based on the precedents from the House of Commons. I find that there is no prima facie case of privilege.

**Mr. Marcel Laurendeau (Official Opposition House Leader):** Mr. Speaker, regrettably, we must challenge your ruling.

#### Voice Vote

\* (14:30)

**Mr. Speaker:** All those in favour of sustaining the ruling, please say yea.

**Some Honourable Members:** Yea.

**Mr. Speaker:** All those opposed to the ruling, say nay.

**Some Honourable Members:** Nay.

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

#### Formal Vote

**Mr. Laurendeau:** Yeas and Nays, Mr. Speaker.

**Mr. Speaker:** A recorded vote having been requested, call in the members.

The question before the House is: Shall the ruling of the Chair be sustained?

#### Division

**A RECORDED VOTE** was taken, the result being as follows:

#### Yeas

*Aglugub, Allan, Ashton, Asper, Barrett, Caldwell, Cerilli, Chomiak, Dewar, Doer, Friesen, Jennissen, Korzeniowski, Mackintosh, Maloway, Martindale, McGifford, Mihychuk, Nevakshonoff, Reid, Robinson, Rondeau, Sale, Santos, Schellenberg, Selinger, Smith (Brandon West), Struthers, Wowchuk.*

### Nays

*Cummings, Dacquay, Driedger, Dyck, Enns, Faurschou, Gerrard, Gilleshammer, Hawranik, Helwer, Laurendeau, Loewen, Maguire, Mitchelson, Murray, Penner (Emerson), Penner (Steinbach), Pitura, Reimer, Schuler, Smith (Fort Garry), Stefanson, Tweed.*

**Madam Clerk (Patricia Chaychuk):** Yeas 29, Nays 23.

**Mr. Speaker:** I declare the ruling carried.

### MEMBERS' STATEMENTS

#### Mr. David Oster

**Mr. Edward Helwer (Gimli):** Mr. Speaker, it is with great sadness that I rise today to announce the sudden passing of long-time West St. Paul Reeve David Oster on April 20, 2002. David Oster was a dedicated public servant and tireless supporter of this community. He was a West St. Paul councillor from 1989 until he became the reeve in 1992. David devoted endless hours to the betterment of the community that he loved.

\* (15:30)

David and his wife of 30 years, Linda, first arrived in the West St. Paul area 28 years ago. David felt an immediate connection to both the people and the land alike. He was an outdoors person, and, as his wife had said, the outdoors is what he loved and was where he felt comfortable.

David was by all accounts an accessible and dedicated elected official until his untimely death at the age of 54. He was a problem solver who enjoyed helping others and always wanted to see his community grow. David was also regularly involved with his church. He enjoyed reading passages to the congregation on Sundays and would always make time to volunteer for activities such as church fundraisers. Over the course of his terms as a councillor and as reeve, David was involved in many community improvement projects.

One of the community initiatives that David was most dedicated to was the creation of the rec

complex of West St. Paul. Along with his town council, David helped prepare financially for this project for 10 years. He was very excited about the idea of the many residents of West St. Paul enjoying this facility. Joe Forenc, a West St. Paul councillor who had worked with David Oster for over 10 years was inspired by David's work ethic. He described how David was always prepared for the task at hand and familiar with the issues. He went on to say that the energy that David had was probably equal to all four of us councillors put together. With accolades such as this from his colleagues, it is easy to see that David Oster was indeed a very special person.

David leaves behind his beloved wife, Linda, sons, Keith and Murray, and daughter, Amanda. His family and friends will truly miss him and will forever have his memory to hold dear. David's loss will also be felt by a second family who are hundreds of students he had taught over 30 years in the Seven Oaks School Division and, for the last 7, at École Riverbend Community School in Winnipeg where David taught the fifth grade.

David was passionate about teaching and was tirelessly dedicated to making a difference in the lives of his students. Recently he had remarked: I am not going to retire. The kids make me feel young, and I can go on forever. A student of David's once gave him a homemade bookmark that really showed the kind of influence that he had on his students. The bookmark read: You are a teacher who really made a difference in my life. You have helped me to think about things in a different way and always consider new possibilities. You have taken time to listen to my ideas and thoughts and have always encouraged and helped me to reach my goals. In fact, you have been more than a teacher; you have been a good friend, too. That is why I want to say thanks for all you have done for me and let you know how much it has meant to have a wonderful teacher like you.

The loss of David Oster is one that will undoubtedly be felt by all residents of West St. Paul. David was a devoted reeve, teacher, father and husband. He leaves behind not only hundreds of people whose lives he had either directly or indirectly touched but also a legacy of community commitment that should serve as a

standard for all those in public service to strive for. David was a man of integrity whose compassion and love for life was evident to all who knew him. His ambition and vision will stand as a testament to all who follow in his footsteps.

### **Aerospace Industry**

**Ms. Bonnie Korzeniowski (St. James):** I would like to speak out about a vital and rapidly growing asset found in our province, the aerospace industry. This industry presents some of Manitoba's most exciting and rewarding career opportunities. It is the fifth-largest industry in Manitoba, employs over 5000 people in the province and is the third-largest industry in the country. It is also one of Manitoba's most rapidly expanding industries, with major expansions announced at Standard Aero and ACETEK Composites Incorporated during the year 2001.

Our Government has been committed to aerospace. Recently, the Stevenson Aviation and Aerospace Training Centre, Red River College, was officially opened with assistance from this Government. It will address a critical shortage of skilled technicians in Manitoba's aviation and aerospace industry. In addition to the components of the industry itself, Manitoba is blessed by the presence of the Manitoba Aerospace Association. This proactive body is a group of more than 39 organizations working to promote the advancement of the industry in Manitoba and address the human resource needs of its member companies. It has also been active in the community.

For example, last year the Manitoba Aerospace Association held a very successful aerospace and aviation awareness camp. Among other things, students were treated to introductory flying lessons and an overview of the fundamentals of aviation and engineering.

The Manitoba Aerospace Association can be used as a model for other sectors in Winnipeg and across the country. The association's success has been attributed to the cost, quality and availability of Manitoba and Winnipeg's real estate.

Another relevant asset that has been cited is the successful Winnipeg Airports Authority. The

authority, which I am proud to say is found in my constituency, has established the Winnipeg Airport Area Development Corporation. This corporation, it is predicted, will attract and capture new opportunities for aerospace and related industries. This will be accomplished by providing financial incentives for development, land use and planning and infrastructure development.

**Mr. Speaker,** I think it is vital for people to realize how important the aerospace industry is in our province. The industry is doing very well. This is in part due to the hard work of the Manitoba Aerospace Association and its members.

I am very happy to see this Government is also doing a good job by recognizing the significance of these valuable assets—

**Mr. Speaker:** Order.

**An Honourable Member:** Let her finish.

**Mr. Speaker:** Let her finish? Go ahead, finish.

**Some Honourable Members:** Leave.

**Mr. Speaker:** Leave has been granted.

**Ms. Korzeniowski:** —and by providing the climate they need to flourish in Manitoba.

### **Ryall Hotel (Carman)**

**Mr. Denis Rocan (Carman):** It is with great sadness that I rise today to talk about the Ryall Hotel in Carman. On April 29, this 99-year-old landmark was destroyed by fire. This piece of Carman's heritage was built in a commercial, Italianate style by William Clougher in 1903. It was originally called the Pretoria Hotel and became the Ryall Hotel when it was purchased by Ed Ryall three years later.

Equipped with a restaurant, a lounge and an upper-storey suite that was rented out, the Ryall Hotel has played the role of a gathering place in downtown Carman throughout its century-long existence. Citizens of Carman and visitors alike have fond memories of this heritage building. For some it was where they drank their first



beer. For others it was a place where they experienced the gracious hospitality offered to them as they were passing through town.

At the time it was built it was considered one of the nicest hotels outside of Winnipeg. Last November the hotel's interior and exterior were used as sets in the TV movie *We Were the Mulvaney's*. The script called for a rural hotel, and the Ryall Hotel was perfect, both inside and outside.

Mr. Speaker, I am very thankful no one lost their lives in this destructive blaze which caused three-quarters of a million dollars in damage. Sadly, this building is irreplaceable, both in downtown Carman and in the hearts of those who cherished it, and I would offer my condolences to those who are feeling its great loss.

Mr. Speaker, I think I have a few moments left in my time. I would just like to take a moment to offer my sincere best wishes and speedy recovery to Aubrey Asper who has had a difficult time in the hospital. So, to Madame from Riel, on this side of the House, we want to wish you our best wishes.

#### **AAAA Basketball Championships**

**Ms. Nancy Allan (St. Vital):** I rise today to say how pleased I am to recognize two basketball teams from schools in my constituency that recently won AAAA provincial titles.

First, the Glenlawn Collegiate Lions, the top ranked team in the varsity girls' division, won its third straight title 62-30 over the No. 3 ranked Vincent Massey Trojans. This third straight title marks the first threeppeat for Glenlawn Collegiate. It is also the only threeppeat to occur in AAAA girls' basketball since 1967.

One of the teammates, Yadili Okwumabua, played with a stress fracture of the big toe and still scored an impressive 17 points. Fellow Lion, Melanie Schlicter scored a game high 18 points and was named the tournament's most valuable player.

I also rise today to say how great it was that in front of about 1800 fans the Dakota Collegiate

Lancers Boys Varsity Team beat the Daniel MacIntyre Maroons 86 to 83. The score was tied 81 to 81 with just minutes remaining, but the Lancers managed to take the lead and then win by 3 points. Lancer Alexie Findley was named most valuable player after scoring an amazing 34 points. The Lancers were ranked No. 4 in the league but were able to pull together and give Dakota Collegiate its first provincial title since 1980.

\* (15:40)

Mr. Speaker, I am very proud of both these teams from my constituency. I would like to congratulate the athletes and their coaches for their hard work, their dedication, and their achievement and to all their fans who supported them along the way. They have made their schools very proud.

#### ***Anne of Green Gables***

**Mr. David Faurshou (Portage la Prairie):** Mr. Speaker, I would like to rise today to congratulate all those involved with the Southport Recreation Centre's production of *Anne of Green Gables*. The play featured the much loved story of Prince Edward Island's favourite daughter. It ran from May 1 to May 4 and was by all accounts a great success.

The 32 cast members included actors and singers from Portage, Oakville, MacGregor, Gladstone, Elie and Edwin. The play featured performances by: Shannay Smith as Anne; Leisha Miller as Dianne; Ben Vieweg as Gilbert Blythe; Genny Bourdon as Marilla Cuthbert; Gavin Clements as Matthew Cuthbert; Violet Enns as Rachel Lynde; and Jennifer Kennedy as Josie Pye.

Liz Vieweg, producer of the Southport production, said the musical was born out of the need for local people to showcase their abilities. This was evident last year with the 50th anniversary production entitled *Gloom Chasers*. This play showed that the Portage la Prairie and surrounding area are a breeding ground for creative talent.

Indeed, the calibre of performance in these two productions was outstanding. I would like to

congratulate Southport Aerospace Inc. on their success and thank them for their contributions to our community.

Adding to the exquisite acting performance of *Anne of Green Gables* was a musical direction which came from Tracey Yee of the Winnipeg Symphony Orchestra.

Mr. Speaker, many hours of hard work were spent in rehearsal for this production. Over the course of the preparation stage, many local residents including business owners and students, mothers and fathers have developed a new interest in the performing arts. We the residents of Portage la Prairie have been the beneficiaries of this area's newfound talent.

Hopefully, with the success of the Southport production of *Anne of Green Gables*, many other residents of Portage and area will take part in future theatre projects either by involving themselves with the cast or crew or merely by attending performances and enjoying this quality entertainment.

To all those whose hard work and dedication helped make Southport's production of *Anne of Green Gables* such a success, thank you and congratulations on an excellent performance.

## ORDERS OF THE DAY

### GOVERNMENT BUSINESS

**Hon. Gord Mackintosh (Government House Leader):** I move, seconded by the Minister of Family Services and Housing (Mr. Sale), that the House resolve into Committee of Supply.

*Motion agreed to.*

### COMMITTEE OF SUPPLY (Concurrent Sections)

#### LABOUR AND IMMIGRATION

\* (15:40)

**Mr. Chairperson (Harry Schellenberg):** Will the Committee of Supply please come to order. This section of the Committee of Supply will be considering the Estimates of the Department of

Labour and Immigration. Does the honourable Minister of Labour and Immigration have an opening statement?

**Hon. Becky Barrett (Minister of Labour and Immigration):** Yes, I do.

**Mr. Chairperson:** You have the floor.

**Ms. Barrett:** Thank you, Mr. Chairperson. It is my privilege to present the expenditure Estimates for the Department of Labour and Immigration for the fiscal year 2002-2003.

I want to begin by noting the excellent work done by the staff of the Department of Labour and Immigration over the past year. I would like to thank them for their dedication and service to the citizens of Manitoba, in keeping with the highest traditions and values of a responsive and effective public service.

The Department of Labour and Immigration is committed to carrying out policies and programs that contribute to Manitoba's economic growth and development, and which support the well-being of everyone in our society.

The department has a very wide range of services, including the Office of the Fire Commissioner; Workplace Safety and Health; the Labour Board; the Worker Advisor Office; the Pension Commission; the Mechanical and Engineering division, which looks at boilers, elevators, and amusement rides inspections, among others; and Employment Standards and Immigration, which helps people come to Manitoba and provide services for them when they arrive.

In so doing, the department will continue to consult and work with business, labour, communities, government agencies and other interested parties.

The 2002-03 total budget request for the Department of Labour is \$26,015,900. This request represents an increase of 2.6 percent from last year's adjusted vote. This increase largely reflects increased funding in two areas: immigration and multiculturalism programs; and the amortization and other costs related to capital assets. The Department of Labour and

Immigration recovers a significant portion of its annual expenditures through its various sources of revenue, and, for 2002-03, a revenue recovery of about 63 percent of the departmental budget is projected.

I would also like to acknowledge the significant contributions made by members of all the department's external advisory committees, which include: the Advisory Council on Workplace Safety and Health; the Minimum Wage Board; the Manitoba Pension Commission; and the Labour Management Review Committee. These individuals have contributed in the past and continue to contribute their expert advice and assistance on important policy matters.

I would also like to mention now some of the legislative proposals that I will be introducing into the House over the next year.

Following the recommendations of the review committee on improving workplace safety and health, the Government is proposing amendments to The Workplace Safety and Health Act. Amendments have also been proposed to update The Engineering and Geoscientific Professions Act, and The Architects Act, which are in response to recommendations by the Association of Professional Engineers and Geoscientists of Manitoba and the Manitoba Association of Architects.

The Government will be introducing amendments to The Fire Prevention Act. The proposed changes related to the duties and powers of municipal officials, the role of the Office of the Fire Commissioner in emergencies, training and certification of fire and rescue personnel, updating fines for contravention of the act and regulations, and the adoption of the Manitoba Fire Code by municipalities.

Information technology has become pervasive in our lives. We find it in our homes and workplaces and in our schools. It is also taking on increasing significance for governments in providing more responsive, timely and efficient services. People have come to expect improved services and faster responses from government. We are continually updating our computing systems to meet the needs of today. We have improved our Internet presence and the

information available. We continue to provide better tools for our employees. We have maintained and upgraded our information technology systems, and we have worked to better secure and protect the information that we have been entrusted with as a department. My department will continue to improve our use of technology as we seek new and innovative ways to deliver services to our citizens and to improve our communications with all Manitobans.

I would now like to highlight some important developments in the department's program areas.

A high priority for my department and for the Government of Manitoba is to make Manitoba workplaces safer and healthier. Five out of every one hundred Manitoba workers miss work at some time each year because of occupational injuries or disease. This is unacceptable. The Workplace Safety and Health Division is taking firm steps to reduce workplace injuries and illnesses.

Last fall, a tripartite committee conducted a comprehensive public review of Workplace Safety and Health. The review committee received over 180 submissions from workers, employers and professionals. After the committee's reports and recommendations were released, we invited comments from workers, businesses, and interested parties. Again, after extensive consultation and public feedback, the amendments that the Government is proposing flow from the committee's 62-consensus recommendation, and will develop a long-term strategy for improving safety and health in Manitoba workplaces. The measures we will be taking are a reasonable, balanced and practical response to the very serious problem of workplace injuries and illness. Our goal is to reduce the provincial time loss injury rate by 25 percent over the next five years. The strategy includes new programs and policy initiatives.

\* (15:50)

Our Workplace Safety and Health Division, in conjunction with the Workers Compensation Board, has already launched a very important initiative to increase public awareness of safety and health issues. The Government has also

appointed a provincial farm safety co-ordinator to work with agricultural organizations in rural communities to address the very high rate of work-related injuries and deaths on farms. We are moving forward to reduce injuries among young workers by joining with Manitoba Education, Training and Youth to develop resources to improve health and safety education in schools. In planning and delivering these initiatives, the division is working in partnership with the Workers Compensation Board in order to use resources more efficiently and to avoid duplicating efforts.

Another element of the Workplace Safety and Health strategy is to amend The Workplace Safety and Health Act. The proposed amendments will ensure that new workers receive proper training and that safety and health programs are in place for all workplaces with 20 or more workers. The amendments will clarify the responsibilities of contractors, owners and suppliers, and make safety and health committees and representatives more effective in carrying out their roles.

One of the proposed legislative changes is to introduce administrative penalties to address a lack of compliance with improvement orders. Currently, 30 percent of improvement orders are not acted upon. The review committee recognized this as a serious problem and considered administrative penalties as one of several options to deal with this issue. As well, the proposed amendments will streamline the process for appeals and will improve procedures to help resolve work refusals. I would like to add that these amendments are consistent with the safety and health practices of responsible employers, and that reducing workplace injuries and illnesses makes good business sense and will increase the attractiveness of Manitoba as a place to do business.

Finally, the third element of the Government's strategy is to review and update workplace safety and health regulations, as was recommended by the review committee. In updating and clarifying the regulations, we want to eliminate any confusion and ensure that standards are applied consistently and fairly so that responsible employers are not put at a competitive disadvantage. The Government will

be consulting further with management, labour and technical-professional representatives during the review of the regulations. Making workplaces safer and healthier is a shared responsibility between employers, workers and government. The Government's responsibility is to lead and support prevention initiatives and to clearly spell out and enforce reasonable and practical workplace safety and health standards.

I want to again emphasize that the measures we will be proposing are reasonable, practical and balanced. We have listened to and considered the suggestions of employers, workers and others. Now is the time to act on those suggestions. Reducing the suffering of injured workers and their families demands nothing less.

I would also like to mention some other initiatives which have been undertaken by Workplace Safety and Health. The division recently added three Safety and Health officers, an industrial hygienist, to improve the effectiveness of prevention and enforcement activities. Technical support to staff has been improved. For example, the LINK system, which is an integrated safety and health information system for field officers that was developed through the Better Systems Initiative, was expanded to the division's Mechanical and Engineering branch. This will allow the branch to issue special acceptance labels for the approval of equipment that is not certified by another recognized approval agency.

An important role for my department is to ensure that minimum standards and conditions of employment for workers are maintained. To this end, the Employment Standards Branch sharpened its focus on delivering core services to the workers and employers who need them most. This was done by increasing the effective use of technology and staff to provide fair and efficient client service. The branch's communication system was enhanced to provide more general information to callers, allowing staff more time to investigate and resolve claims. The claim-tracking database was improved in order to offer more comprehensive and up-to-date information to clients.

Four additional staff were cross-trained to provide intake services to both the Employment

Standards Branch and the Workers Advisor Office. Another six staff were trained in the most effective and efficient techniques for handling claims from employees affected by business closures and bankruptcies. The labour adjustment unit assists workers, employers and single-industry communities in mitigating the effects of downsizing in an industry through joint consultative labour management adjustment committees, Mr. Chairperson.

Following the announcement by Hudson Bay Mining and Smelting that the Ruttan Mine would be closed as early as May 2002—that is this month—a staff member from the labour adjustment unit took on the responsibility for coordinating a steering committee on the community adjustment strategy for Leaf Rapids.

Divisional staff also assisted the Government in the development of bilingual government services centres which are now open in three locations: Notre Dame de Lourdes, St. Boniface and St. Pierre-Jolys.

The Worker Advisor Office provides advice and representation to injured workers requesting assistance with their Workers Compensation claims. Staff from this area continued a community outreach program and provided presentations about the Workers Compensation system and the Worker Advisor Office services to a number of ethnocultural groups. As well, the number of claims resolved by the office in 2001-02 was 558, an increase of 16 percent over the previous fiscal year.

During the past year, important steps were taken to address the issue of the province's minimum wage. On April 1 this year, the provincial minimum wage increased to \$6.50 per hour from \$6.25. Next April 1, 2003, the rate will be raised by another 25 cents to \$6.75 per hour. We continued with the practice of giving employers at least three months advance notice of the adjustment.

The changes to Manitoba's minimum wage followed an extensive consultative process conducted by the Minimum Wage Board from February to October 2001. The board, with equal employee and employer representation and an

independent chairperson, held public hearings and received written submissions.

We chose to implement changes to the minimum wage rate that reflect the recommendations from both business and labour, but we did not adopt any one group's entire wishes. The recommendations accepted by the Government are in keeping with the general policy direction of regular minimum wage increases that are sustainable by employers, while increasing the purchasing power of employees.

The Manitoba Labour Board is an independent, quasi-judicial body that helps resolve a wide range of labour-related issues in a fair and equitable manner. The board consists of an equal number of representatives from labour and management and a chair or vice-chair. The board engages the services of a full-time vice-chairperson position to assist in dealing with an ever-increasing number of complex matters before it.

I would like to acknowledge the dedicated work of the chair, vice-chairs and members of the board for the challenging and important responsibilities they fulfil. The Conciliation, Mediation Services Branch plays a vital role in helping to resolve impasses in collective bargaining and labour-management disputes.

I would like to mention some statistics about conciliation from our 2001-2002 year. My department was active in 155 joint application grievance mediation files with a settlement rate of 83 percent. We were also involved in 62 expedited mediation files, also with a settlement rate of 83 percent. As for conciliation, there were 173 last year, and a settlement was reached in 96 percent of the files. Of the 10 strikes or lockouts, 90 percent were settled with the assistance of our conciliation officers.

We also assisted the parties in bargaining and established a relationship between employers and employee representatives in 24 first collective agreement situations. The Manitoba Pension Commission safeguards employees' rights to benefits promised under employment pension plans. To enhance on-line communication with its clients and stakeholders, the Pension Commission plans to launch a

redesigned and expanded Web site this year. A French Web site increased links to industry Web sites, and a clients' feedback feature will be added. The redesigned site will also include a questions and answers section addressing the topics of greatest interest to pension plan members.

A very important priority for the department is to reduce human and property loss resulting from fires. The Office of the Fire Commissioner continues to take an active role in this arson strike force in partnership with the Winnipeg Fire Paramedic Service and the Winnipeg Police Service to battle the crime of arson, a key issue in community safety. This initiative is being expanded through a co-operative effort with the RCMP.

Once again the Office of the Fire Commissioner will be hosting the annual Manitoba Emergency Services Conference in October in Brandon. Seven hundred participants are expected to attend the 16th annual conference where they will participate in hands-on training and firefighting, rescue and medical programs. The International Fire Service Accreditation Congress has accredited 22 courses, which are delivered through and at the Manitoba Emergency Services College in Brandon, where 3000 students have been trained by the college over the past year in a variety of public safety related courses.

The OFC in partnership with the Winnipeg Fire Paramedic Service has developed the primary care paramedic program, which is an expansion of the emergency medical technician program, adding on additional skill sets and more comprehensive training. This program is scheduled to be reviewed by the Canadian Medical Association for accreditation. Through training and education the OFC is pleased that 2001 saw a reduction in fire fatalities. Deaths fell from 28 in 2000 to 20 in 2001, representing a 29% decrease.

The OFC currently participates on the Government's all-party subcommittee on security, as well as on the central task team on security. The OFC, the Office of the Fire Commissioner, created a protocol for first responders in dealing with suspicious packages,

and developed proposals for dealing with urban search and rescue such as building collapse and hazardous material training. Working in concert with the Emergency Management Organization, the OFC developed an incident command system for co-ordinating responses to emergencies. This system was put to the test during the natural gas explosion at Brookdale and the train derailment in the R.M. of Norfolk, when tanker cars containing benzene and hexane caught fire.

In both incidents, the Office of the Fire Commissioner took a leading role in handling the crisis. In North Norfolk, the OFC arrived at the train derailment within 30 minutes and remained at the scene with the EMO throughout the critical stages of the accident. The efforts of hundreds of responders were co-ordinated through the incident command system. Because of its proven success, it is proposed that the incident command system be adopted as the provincial incident management system under the new security legislation.

The OFC has also been invited by the Winnipeg Police Service to train their members in the incident command system. With respect to building codes, OFC staff are involved in a national process to move towards codes that are objective-based.

First-phase public consultations have been held with more scheduled for Manitoba in November 2002. Objective-based codes are scheduled to be in place in 2004. Immigration is also a very high priority for our Government. As the Minister of Finance (Mr. Selinger) noted in his 2002 Budget Address, increased immigration is necessary to meet today's challenges and to build for a successful future. To fulfil our shared mandate in the selection and integration of new immigrants to our country, Manitoba has taken significant steps to ensure that our programs and services complement new initiatives that will be undertaken by Citizenship and Immigration Canada.

In a recent meeting with my federal counterpart, the Honourable Denis Coderre, we agreed that it would be beneficial for all provincial and territorial ministers with responsibility for immigration to come together to discuss matters of mutual interest. I am

pleased to announce that Manitoba has been selected as a site for this meeting of ministers of Immigration to be held in the fall of this year. This gathering will provide a unique opportunity to discuss matters relating to increasing immigration levels, improving regional dispersion of immigrants, retention of immigrants, and enhancement of settlement and language-training services.

\* (16:00)

For the coming fiscal year, our Government has demonstrated its commitment to these priorities by increasing funding to immigration and multiculturalism by \$586,500, for a total of \$9.5 million. Of this total, \$6.2 million is allocated to the Manitoba integration and immigration program to ensure a successful transition to life in our province. It should be noted that the federal government has committed \$5.5 million in funding to support these initiatives.

Manitoba needs more immigrants to build a stronger province for all. Our province's economic and labour market needs will continue to be met in part through skilled workers and economic immigrants. Our long-term goal is to double present immigration levels up to 9000 newcomers or more annually.

Last year 4576 immigrants chose to settle in Manitoba. Of the 2300 in the economic stream, 979 were skilled workers and their families recruited through the Provincial Nominee Program. With the increased level of approval of provincial nominees we are confident that over the next few years we would be much closer to reaching our annual targets. While the immigration of skilled workers is important to the growth of our provincial economy, we also strongly support immigration policies of family reunification and the protection and settlement of both refugees and displaced persons. In 2001, 1093 refugees arrived in Manitoba, an increase of nearly 13.7 percent over the previous year.

Unanimous consent on a private member's resolution on family reunification was just afforded to us in the House last week, for which we are very grateful. I will be informing the federal Minister responsible for Immigration of that unanimous private member's resolution.

I would like to note that Manitoba faith groups have reached out with compassion and humanitarian concern to refugees worldwide through increased private sponsorship and support of refugees and their families in Manitoba. The Immigration Promotion and Recruitment Branch continues to be extremely successful in globally promoting Manitoba as a premium immigration destination. In 2002 we will increase the number of approved provincial nominees from 750 to 1000, a fivefold increase since the beginning of the program in 1998. In partnership with the federal government, the private sector, and a variety of community groups, the Provincial Nominee Program allows us to select skilled workers and business persons in order to sustain Manitoba's emerging labour markets and to contribute to the province's future economic growth. Overall, the Provincial Nominee Program has been one of Manitoba's great success stories.

A survey of program clients showed that 90 percent of those who chose Manitoba as their new home continue to live here. Over 94 percent of principal applicants are employed. When spouses and dependants are factored in overall, employment is 71 percent, similar to that of all Manitobans. Recent changes that were made to the Provincial Nominee Program selection criteria and eligibility standards will make this program a continuing success.

To increase public awareness about the role of immigration consultants and to increase accountability and fair practices, a brochure was distributed in hard copy and on the division's Web site. We are working with the federal government to explore alternatives to assure that standards of practice for immigration representatives are met, continuing to work on challenges of accreditation.

Settlement and labour market services assist the settlement and integration of immigrants in the province so that they are better able to contribute and participate in Manitoba's labour market and in the community as a whole. The branch works closely with stakeholders to coordinate services including orientation, employment services, language and translation, wellness and qualifications recognition to help immigrants integrate into our society.

As a result of increases to the Manitoba Immigrant Integration Program, an additional \$258,900 will be invested in settlement services. This will ensure that we continue to fund programs and services to meet the needs of the newcomer population.

My department continues to work in partnership with regulatory bodies and professional associations to provide information to immigrants about the process of getting qualification recognition and to improve the way qualifications are assessed and recognized.

Recently, we enhanced delivery of settlement services by funding specialized programs for independent and family-class immigrants. With the increase of immigrants to the Brandon area we have expanded services to meet newcomers' needs. Funding will be provided for the development of marketing tools that will connect highly skilled immigrants with employers to address labour shortages.

We continue to support the Francophone community to identify the needs of new arrivals and the role of the community and settlement. The Adult Language Training Branch develops and delivers English language training for new immigrants. Our proposed expenditures include an increase of \$388,500 for adult language training, which will further support delivery of programs in schools, in the community and in the workplace. This year the branch will continue to co-ordinate and provide funding support to school and college-based programs for 1500 Manitoba immigrants.

Community-based language training programs will be delivered to an additional 250 women with child care responsibilities and for over 300 immigrant seniors. Workplace language training, with matching funds from employers, will give employees the ability to communicate more effectively on the job. This year training will be delivered at over 30 Manitoba businesses for at least 300 employees. In pre-employment, sector-specific classes we will reach another 300 Manitoba immigrants. With the increase of immigration to the Pembina Valley, Steinbach area, Westman and the Interlake, Adult English as a Second Language Program has evolved to meet newcomers' needs.

\* (16:10)

Nearly 500 learners will participate in these regional programs this year. A new initiative is the English for Business and Professions Skills Development Program, a partnership program that offers advanced pronunciation, writing and listening skills training to immigrants attempting to re-enter their professions. Funding from our department will be complemented by tuition paid by private businesses and students. Partners in this program will include business, labour, immigrant-serving agencies and the Department of Education, Training and Youth.

Our staff is responding to the growing demand for language assessment and referral services. This year we expect 2000 to 2500 newcomers and established immigrants to be tested and referred to training that reflects their goals and options.

The Multiculturalism Secretariat communicates and consults with ethnocultural community organizations, individuals, government departments and agencies. The Manitoba Ethnocultural Advisory and Advocacy Council Act was enacted on July 6, 2001, to establish a multicultural council.

The Manitoba Ethnocultural Advisory and Advocacy Council had its first formal meeting in January this year. The council recently held elections in March, named John Jack as its chair and organized the membership of its standing committees. The council's mandate is to advocate on behalf of the ethnocultural community in Manitoba, and provide information, advice and recommendation to our Government and all ethnocultural matters in the province, including antiracism education, human rights, immigration, settlement and cultural and linguistic diversity and heritage.

The council has been meeting monthly, and is currently studying the Manitoba immigration strategy review. It will also be reviewing the criteria for the Ethnocultural Community Support Fund, through the focus, selection and integration of newcomers, Manitoba's position to lead in creating opportunities for increased immigration to meet the challenges of tomorrow and to build stronger communities for all Manitobans.



This concludes my opening statement, Mr. Chair. I look forward to questions by members who will contribute to a productive discussion of the Department of Labour and Immigration's 2002-03 Estimates program.

**Mr. Chairperson:** We thank the Minister of Labour and Immigration for those comments. Does the Official Opposition critic, the honourable Member for Springfield, have any opening comments?

**Mr. Ron Schuler (Springfield):** To the minister, I noticed she went through that well-written speech very quickly. It is almost as if she is an individual who has very little time. As we know, there are still hours left in Estimates, and we would not want to rush things. The minister and I have—*[interjection]* Yes, she read it too fast. If the minister would like to read it again, certainly we would like to hear it again. It was full of a lot of information.

Certainly we will, on this side, have a lot of questions as we go through the departments line by line, and, as in previous years, we tend to do it section by section. I find it very interesting the minister did mention some of the legislation that she is going to be looking at. I suspect some of the changes will probably be taking place by regulation. The minister also mentioned her department and the officials that she worked with, and certainly we appreciate the professionalism and hard work that our public servants put into serving all Manitobans. Certainly I have seen them around, and I appreciate the kind of effort that is put in.

There are also a lot of committees. I may not always appreciate the outcome of the committees, but we know that they put a lot of effort into it. It is a lot of time taken away from other things. It is very important that we have these committees, and they certainly have a very important function. Just off the top, we have noticed that the Department of Labour funding has increased. As we go through the line by line, we will have some definite questions on that.

There has been a substantial increase in some areas in which we would like to hear some kind of explanation of why that is the case. I guess the concern on this side and certainly from the official Labour critic, we have spent a lot of

time with the minister in regard to previous legislation, and I think the minister knows the kind of concerns we have.

I brought a few of the files from the Bill 44 fiasco and some of the things that have come because of that. I know that, for the minister, this is a very painful moment for us to keep referring to, but it is something that we will be referring to as we go through the Estimates. Certainly, the attempt that the minister is going to make at some more changes to legislation is watched very carefully.

We certainly have a lot of the business community, and the Minister of Education mentioned Shelly Wiseman. She is one representing small business, and I think they deserve to have a voice and should be heard. Whether they are listened to, I do not know, but the minister assures me they are heard. Certainly that is important.

But Bill 44, I guess we come back to that because that was an instance where the voices were out there and they were being heard, but they were not necessarily being listened to. There was a newspaper article on August 15, 2000, and it was dealing with Art DeFehr's letter to the Government, and it was in particular to the Minister of Labour (Ms. Barrett). There are some very important quotes that came out of that, and I would like to read them once again for the record: Palliser will not operate in a union environment if we believe the union certification was the result of external pressure or unfair labour legislation, DeFehr wrote in a tersely worded letter to the Premier (Mr. Doer).

DeFehr's comments are the first by any major employer in the province to link Bill 44's proposed changes, and now, of course, actual, to potential job losses. In fact, I was at a meeting where he spoke, and he mentioned that now over a thousand jobs had been moved outside of the province. There is a real concern with Bill 44 and what it has done. I daresay some of the actions that the minister has mentioned, some of the things that she keeps threatening, planning on bringing in, are of concern to many in the business community.

Just from that same article, Art DeFehr went on to say: But, he says, if Bill 44 passes, it will

be one more reason to continue to invest outside of the province, including locations such as Mexico, eastern Europe and Asia. Art DeFehr being an individual who has a great love for the province, they have done a lot of investing in Manitoba, and I am sure the Member for Rossmere (Mr. Schellenberg) would concur with that. They have spent a lot in the various funds that they administer.

I would suggest to the minister that she read through some of the things that were said and some of the things that came out with Bill 44, because it really was a warning in regard to how business views the balance being shifted away from a more level playing field, and going towards special interest groups that the present Government of the day are felt to be beholden to, and, in some cases, perhaps are beholden to.

It is an unfortunate thing. I think we have to be careful as legislators, and certainly the minister who has gone through the loop. This is her third time around. I think the minister knows where the concerns are in the communities.

I just refer the minister to the editorial written on July 8, 2000, titled "Doer's labour pains." It pointed out: He is back. Former NDP Premier Howard Pawley made a return to the Manitoba Legislature—well, sort of.

They were referring to the one-sided, pro-union labour law changes that were coming because of Bill 44.

I guess where I am getting to with this is certainly we want to have a healthy workplace. Certainly we want to have well-paid employees. I could list on and on, but what is important is that we have a healthy climate where the business community can manage its affairs. I notice the increase in Workers Compensation Board rates. I notice the increases all the way around, and we will be getting more into the kind of legislation the minister is proposing, and the business community is not comfortable with where the Government is going.

I mentioned some of the things that Art DeFehr was saying, and I daresay I doubt Art DeFehr has ever indicated his political leanings. I am not too sure he would necessarily be a supporter of our party. He tends to be more

apolitical than anything, and I think the warning that he sent to the minister, the warning that he sent to the Premier (Mr. Doer) is something that should definitely be listened to.

I bring all this up, Mr. Chairman, because as we go through Estimates, I think it is important for us to keep the lessons we have learned with that debate in the back of our minds, and I think it is important once in awhile to revisit those issues. I think it is important to look at what happened and how do we prevent that from spiralling into a worst-case scenario.

Just as an aside, I believe the Government has indicated they project corporate revenues to be down some \$220 million to \$230 million in this Budget, based on the drop in corporate revenue from the last year, which the Government, in its inability to control spending, had to reach out and loot Manitoba Hydro to help cover the shortfalls. I stand to be corrected on this. I think it is somewhere in the \$50 million to \$75 million that corporate revenues were down last year. I can stand to be corrected on that.

\* (16:20)

The kind of revenue drop that is being projected for this current year, I would, in a very serious way, point that out to the minister, that to some degree her and the kind of legislation she brought in and the kind of fear that came over the business community, the kind of business chill that took place, I think the minister should look at that. I find it strange that has sort of been passed over.

I would caution the Government, and I would caution the Government members, that if in fact the \$230-million drop in corporate income is realized in the Budget, and I often wonder if that is just a red herring, that at the end of the day if it is only down \$130 million, they will say: See, look how good we managed the economy. I certainly hope the Government is above those kinds of games. It seems to be a game that is played very well at the federal level. But it was put out there that corporate revenues could be down \$230 million. We should all stop and pause there for a moment. What is it? Why are our revenues down that seriously? Why have revenues dropped that dramatically?

We know that 9-11 took place and we appreciate that. Certainly, I still have business interests, and it was punishing, especially because I am very much tourist related. We took a brutal hit because of course the Americans felt they were being under attack from all sides and did not come to Canada, but it has to be more than that because we have a very strong manufacturing base and other areas that we rely on. To be down that serious, I would suggest to the minister, perhaps if she looks through some of the clippings of that time, and if she cannot find them, I do not know if the department has them handy, certainly I would be willing to run off a copy of the ones that I have.

*Winnipeg Free Press*, July 19, 2000: Business battles NDP; leaders come out swinging over proposed changes to labour laws. I remember that dark, late, bitter session when the Government forced closure on Bill 44 and rammed the bill through. Member after member on this side got up and cautioned the minister. I did; I got up and I said to the minister in no uncertain terms: When this kind of draconian, one-sided legislation that panders to special interest groups comes forward, the business community does not leave in fanfare. They do not have a 75-piece brass band sitting at the border as they walk out. It is done quietly. They scale back. They move operations elsewhere, and gone they are.

All of a sudden now we have a Government that is short \$230 million in corporate income. I connect the dots directly to this minister and to the ill-conceived legislation that was brought forward in Bill 44. Please, I do not mean for that to be personal. We certainly had other times when we have disagreed. I disagree philosophically on where the minister went with that legislation. I believe that, if the Government is realizing such a severe drop, the kind of legislation that has been introduced and passed, I would caution the minister.

We heard about unanimous agreement on all "elephants," and the minister twisted it. It was these elements and those "elephants" and we agreed on these. In the end, no, they did not agree. There was not agreement. It just made the whole debate more and more acrimonious.

Again, I have listened to the minister's statements and it will take a while before we will

get the statement in Hansard. I look forward to reading through it. I caution the minister, we had 70% agreement or one out of nine disagreed, or seven out of twenty were in favour. That kind of stuff brings absolutely no comfort to the communities that the minister is supposed to be there ensuring there is a level playing field in the area of labour.

I read your quote from that article, the July 19, 2000, *Winnipeg Free Press*: I think Bill 44 will be on the lips of the business community, not just in 2000 but in 2004, when this Government is looking for re-election. Well, I am less concerned about the election and more concerned about the health of the community because it means jobs for our citizens.

When the minister took over—I stand corrected. I do not have my book handy. I should have brought it with me. I believe we had the lowest unemployment rate in September of '99. I can bring my book up and confirm that. We had the lowest unemployment rate in the country. We have now dropped to second place. I believe now we are the ones with the second lowest unemployment rate. I believe we dropped to second place behind Alberta. I get the sheets; in fact I just looked at it today.

Again, you know, the minister increases the kind of money that she has within her department, and certainly we will be going more in depth, line by line, later on. There is this talk about non-compliance and so on and so forth. You know, minister, I would again caution you about the kind of legislation that comes in, that we do not frighten off business and have the kinds of things that took place. I know the minister does not like it when we quote *The Winnipeg Sun*, so I tend to evenly like to quote the *Winnipeg Free Press*, a paper more to her liking. We, on this side, like all the newspapers. We love them equally. We love all the TV stations equally, but I know the minister has a certain bias to one paper. When bad legislation comes forward, from *The Winnipeg Sun* of July 25, 2000, and I quote: A flood of furious faxes, biz bashes labour law changes. If you want to form a union, you should be able to sit down and mark a secret ballot. Otherwise, we are getting back to the Jimmy Hoffa days, when they walk out there with baseball bats, intimidate the—and I

will change the quote a little bit—heck out of people.

I know, by the time things got so hot and heavy, or furious in this case, even the Premier, who just wants to be loved by everybody, had to be stepped outside and take on the issue and try to smooth concerns and did not do that good of a job. Members opposite feel that they have a very loved Premier. I would not want to say anything else, but I believe Manitobans love their premiers. They just like to change them from time to time, and I have a feeling they might just be changing this beloved Premier next election, but we will leave that up to the people. We will leave that up to them, that decision to make.

The minister should know, and again I have mentioned earlier, I think it is important to refresh the minister's memory because maybe she is kind of already, she has a lot of things that are on her plate. I think it is important to keep the issues current because, as we go through these Estimates, you know, I think I have mentioned to the minister, I will have a much more in-depth debate on the various line items, which I know the minister is looking forward to, as she does all the time. We will be dealing with more broad issues on an individual basis.

I am looking forward to the Fire Commissioner's Office certainly want to spend some time there. The minister and I have learned a lot about the Fire Commissioner's Office in the last few years.

The thing is that, when the minister talks about always legislating a lot of things, I would suggest to her, you know, she has seen a fairly healthy increase in her departmental budget, a lot of this could be done by going after individual companies and not taking a broad swipe and putting legislation in for everybody.

Nicholas Hirst, who, I think, is respected by all in this Chamber, wrote an editorial in the *Free Press* on July 29, 2000, and he mentioned—and this is all things that the minister pooh-poohed at the time and said these are individuals that are being nervous nellys, this is Chicken Little stuff. But it is interesting because, when they took a shot at Bill 44, I mean, today we are now seeing exactly what effects are of Bill 44.

The minister asks what are the effects of Bill 44. I laid it out clearly for her. Corporate revenues are down, projected down \$230 million. The minister must take some of that responsibility with her legislation, in particular Bill 44. I think she has to look at that.

It is more than just a flip or a glib answer by the Premier (Mr. Doer) or, in fact, by the minister. Nicolas Hirst said at that time: "Yesterday's NDP resurfaces," and I quote: But because it comes as a one-two punch with changes to the labour legislation governing teachers, it sends a message that today's NDP is just the same as yesterday's. It knows who its friends are. What a shame.

\* (16:30)

Basically what he is saying here, if you read the whole article, is he is indicating that the minister, through her Premier, with the actions that they took, that they were basically pandering to special interest groups that are very favourable to the minister and her Government and her party.

I again think it is important to point out the minister seems to want to take no responsibility for the fact that corporate revenues dropped so severely. They also dropped last year when the minister and her Government, the other ministers in the Government were standing up and heralding with much fanfare, and the back bench—I see some of my colleagues across the way, they shouted and cheered, more, more, about how strong the economy was until they realized that they had a problem with the economy, that the confidence was not as strong as it was when they took over government in '99. Now we are sitting here in 2002, and we are looking at some pretty dire numbers, fairly dire numbers, and there is a direct correlation.

I know the minister finds this very painful, but I am trying to be very methodical in connecting the dots. I want to make this very clear, that the minister understands that this is I think important for us to go through. I think we have to look at what has happened because that really plays out to what the department does. If we see corporate revenues continue to drop, and, again, I have mentioned earlier, I do not know if

the members opposite heard, I hope that that is not just a Trojan horse game that the federal Liberals invented, that you create these big numbers and afterwards it is not realized and you say, look how good we were managing things.

I hope that game is not being played because it is really serious. If we see a greater than \$230-million drop this year and even if it goes into next year, I mean, how much more can you raid out of Hydro? It then starts to affect what you are going to be able to spend in the Department of Labour, and then we are going to have the minister go out and what she is going to have to do is legislate everything because she will not have the staff to be able to go out. For instance, if there are 30 percent of the companies that are not complying, I would suggest the department should go out and find those individuals and charge them.

I mean, that is all within her purview. She can go after those. If there are offenders out there, go out after them. Do not go out and carpet-bomb absolutely everybody, try to make everybody a criminal here. I mean, there are ways that this can be done. The minister has seen fairly substantial increases. I have them all on a spreadsheet here. If she wants, I guess we could have our staff make a copy for her. No, maybe not. We will wait until after Estimates and then she can have a copy.

But they have done a fantastic job here. There has been a tremendous increase, and I notice the minister made the comment that she compared the percentage increase from what they are proposing in Estimates this year to what I call the changed Estimates from last year. Actually, I compare the Estimates of this year to what this committee looked at last year, and there is a dramatic increase.

I find it just amazing how we can pass one set of Estimates in committee, and then by the end of the year the Estimates are almost the same as what the expenditures were, even though they are way over what the actual Estimates were at committee. Only in government can you do that kind of stuff. It is like shooting at quicksand.

Again, I have heard the minister. I was allowed to stand in the video room, but I was not

quite allowed into the press room. I do not know if that is just not allowed. I guess that is standard, so I was allowed to watch her on TV when she made her announcement on the kinds of things that she was going to be looking at.

When the minister does announcements on consultation, I have to admit she does it well. She has to be, well, not the best but one of the best ministers on announcing further consultation. Again, I am concerned that what we have seen in the last three years really does frighten the business community and brings a lot of concerns, and some of these concerns we hope to be bringing up as we go through the Estimates.

I would like to quote the minister's newspaper, the *Winnipeg Free Press* of July 7, 2000, and the headline, this was—[interjection] Yes, we are getting there. BIZ leaders call labour law changes pretty scary stuff. Labour minister said the Government sought a balance between labour and employers—that was the minister's spin—something business leaders quickly denounced. This is pretty scary stuff. The NDP is passing legislation in which you would think that every business in the province is a smokestack operation where the employer is cracking the whip. The changes, coupled with high taxation, could prove fatal. Now, I know the minister is going to speak after I have had my opportunity to put my 30 minutes. We will have to use a second segment to get all my comments on the record.

The minister will say: I do not know what the member is trying to get at, I do not know what he was rambling on and on about. I know the other side is having a very tough time with this, that there is a connection between what happened in the summer of 2000 and the fact that as we are going through these Estimates that the Government is projecting a \$230-million decline in corporate income. I am going to go through this and I am going to keep pointing it out to the minister.

I do not believe that I have quite been able to quite get through all the points I want to make. So I am going to just lay this out in a question to the minister: Is she concerned with the fact that there was a dramatic drop in

corporate income in the last Budget which had to be in the back hallways and the dark alleys rectified by looting Manitoba Hydro to cover for some of that and that their projection is a \$230-million drop this year in corporate revenue? Is that a concern for the minister? Does she see that as being a problem for the province of Manitoba? What will the long-term effect be on her department for future funding, seeing as she has seen healthy increases in her department and that could jeopardize the department's funding?

**Mr. Chairperson:** We thank the critic of the Official Opposition for those remarks.

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

Before we do that, we invite the minister's staff to join us at the table. We ask that the minister introduce her staff present. Will the staff please come forward. Would the honourable minister please introduce her staff.

**Ms. Barrett:** I am pleased to introduce the Deputy Minister, Tom Farrell; and Jim Wood, the Director of Financial Services.

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

I. Executive (b) Executive Support (1)  
Salaries and Employee Benefits \$544,300.

**Mr. Schuler:** I certainly welcome some of the departmental staff to the table. We have over the years been able to spend a lot of time together. I will, on occasion, I think, when the minister has done an exemplary job, and parental leave would be one, we were able to get the briefing from the department. That was very much appreciated. We know that there are other pieces of legislation coming down. I certainly hope at that time we will be getting briefings from the department. We certainly appreciate the professionalism and the expertise. I look forward to hearing what the department's plans are, where the department plans on going.

I guess our concern is not with the public service side and what is taking place there. We

will have a few questions on some of the increases and where the department sees they want to go there.

I think myself, as being the critic, have some difficulties that there seems to be a lack of understanding between the connection of what is going on, the kinds of things that the Minister of Labour has brought forward as far as legislation and the way she has been directing her department and the kind of disastrous drop in corporate income.

I believe that it is very important, Mr. Chairman, and members of the committee, that we take the opportunity to flesh this issue out fully and flesh it out in depth.

\* (16:40)

There was a reference made to Bill 44 in a *Winnipeg Sun* article, July 7, 2000, which clearly indicated that Bill 44, the new law, was an attack on business. I would quote from it: It is important to show that collective bargaining in Manitoba is conducted in a balanced way, that it is productive and fair to employees in the community at large. Manitoba is among five provinces, including Alberta and Ontario, that requires workers seeking to form a union to hold secret ballot votes, no matter how many members they have signed up.

I think the minister should be looking at that there is a correlation between taking away the rights of men and women, the individuals who are truly the backbone of our economy, the men and women that go out and work every day, that work in the factories, that work in various industry, those individuals that are working, whether it be in the mines or are working on various businesses in the various communities, whether it be our farmers, I think it is very important for all workers to have and see that their democratic rights are upheld.

I took the opportunity to go to Cambrian Credit Union's annual general meeting, and I noticed it was very democratic, that the individuals were announced at the meeting. It was a secret ballot. I am sure many of us have gone to community club meetings. Certainly I do. I know the Member for Rossmere (Mr.

Schellenberg) has got some very good community clubs. If I am wrong, maybe the Member for Rossmere could correct me. But I believe that the affairs of the business there are run by secret ballot. That is the way I see it, certainly, the churches throughout our country.

I believe it might even be by law that the non-profit organizations, be they churches or otherwise, are run by a democratic system. It is run by the secret ballot. The minister decided that that should not apply, that right should be stripped from men and women who work and are the backbone of this economy. That right was stripped from them, and I believe—I guess it is irrelevant what I believe, the facts are now starting to prove. Individuals had laid it out for the minister and the Government at that time.

Now we are starting to harvest what this minister and her Premier and her Government sowed. Now we are starting to reap the benefits of a \$230-million decrease in corporate income. I think that has got to be a concern, and I am surprised. There was an editorial written on July 8, in the *Winnipeg Free Press*, which says: A labour law, however, should not be written or, in this case, unwritten to please labour or management. It should be written for workers, and here, too, it fails. What we have now done is starting to see the kind of damage that that kind of legislation can do to the business community. The kind of sizable decline that we have seen in income is, frankly, I believe it is, unprecedented. Perhaps we need the honourable Member for Lakeside (Mr. Enns) to be here to point out another time in the history that he has been here where we have seen a sizable decline like that over such a short period of time. I think it is serious.

I caution the minister, as we go through the Estimates and we get into the kinds of direction that she would like to see her department go, that she not attack business the way it was done in previous years. There was another editorial in the *Winnipeg Sun* on July 8. I do not know if I am allowed to. I am quoting: We believe the Premier—and I am not allowed to use his name, so I am not quoting exactly, just for the record—is going down a dangerous path. Between his Pawley-style high-tax regime and his pro-union labour laws, he is poised to drive the Manitoba economy into the ground—July 8, 2000.

Here we are, two years later, and I say to the minister maybe it would work if we started to plead with the minister, to very carefully look at the kind of labour legislation that she is proposing, the kind of path that she is going down because, if business perceives this to be another attack, and I know the minister is going to spin it: We met with a hundred businesses; we met with a thousand businesses. We have consulted. Eight out of seventeen said this, and seventeen out of eight went this direction and the spin, spin, spin, and do you know what? In the end, the proof is in the pudding. It is in the numbers that we see at budget time, that we see there is a real problem with the kind of legislation that the minister brought in.

\* (16:50)

I listened to the minister's opening comments. It sounded well spun, but the numbers there are a little concerning about even the kind of consultation that she has done. I daresay that the minister should be careful that she does not compromise the Labour Management Review Committee, that she does not compromise some of the committees that she oversees, does not try to spin the results that comes out of them. If there was not agreement, let us have it out. Usually, it comes out anyway. I love how when it is not such good news these conferences are done on a Friday at 2:30 or three o'clock in the afternoon when there is not the kind of media around that perhaps there would be on another day. I guess that is something that has traditionally been done by government.

I caution her; business often will not say things in a very loud voice. Art DeFehr, that was probably one of the most unprecedented moves, certainly, from the family. The Member for Rossmere (Mr. Schellenberg) might know the DeFehr family better than I do. I have known them over the years personally, but certainly not as a constituent as the Member for Rossmere might know them a little bit better.

I think it is unprecedented when business stands up and warns a government and lays it out clearly. This is the same business community that is now down by \$230 million. I mean, if the Government is down in income, then business is down in income, and that is not healthy for them.

That does not make them happy. It is not because of their own will that they want to see their businesses decline.

I know that the business side of things is not a strength of the minister. I know this is not an area where the minister has had a lot of experience, but I think over her years she has been able to see where businesses' concerns are. I commend her department. I think her department has attempted to be a very impartial arbitrator, but I do not believe that that is the feeling in the community, certainly not in the business community, of their minister.

There was an article July 16, quote, and they say—

**An Honourable Member:** Which year?

**Mr. Schuler:** July 16, 2000. I just want to make it very clear that Bill 44 set the stage for what happened in this year's Budget. That was laying out the plan. The minister and her Government were warned, and I quote: The pro-labour legislation will all but drive capital investment out of the province.

We are down. How much last year? How much was corporate income down last year? How much is it going to be down this year? Well, we do not know. We hope it is not down \$230 million. I personally hope that number is wrong, even though it is an attempt at a shell game. I hope that that number is not half that. I hope it is not down at all and that in the end the Government has those \$230 million because that would indicate that we have a strong business community.

But the point that has to be made and the point that I am trying to make—and, frankly, I do not think the point that the minister is going to get—is that there is a correlation between what happens in the Department of Labour by the minister, the kind of legislative agenda that she pushes, and what happens to the tax base, the business income that the Government gets. There is a direct correlation.

I will quote another article, July 20, 2000, for the minister's benefit, headlines: Labour bill irks business. I would quote out of it: The

business community has to be heard on this issue because it has a dramatic effect on us, Winnipeg Chamber of Commerce President Dave Angus said yesterday. The whole effort is focussed on getting them to take a second look, he said. There is no advantage to creating an environment that is not conducive to growth.

How much more telling can you get over where the Government's problems now lie, running out having to loot Hydro? The minister tried to loot MPIC when she was the minister. Workers Compensation: I wait with anticipation what the minister is going to do with Workers Compensation. We will be discussing that at a later date, the fact that after many years of bringing down the rates, we are going to see an increase again, but all of a sudden the Government has money to fund arenas out of the Workers Compensation Board.

Strangely enough, the reason why they are raising rates is because the investment income has not been as strong as it used to be. Well, if you are investing in arenas, Minister, I can tell you without having looked at all their financial statements that it tends not to be the best investment, arenas. That is usually not the best place to get a return on your money.

You know, if you are going to give it as a grant then, my goodness, you will do that out of general revenue but do not do it out of the Workers Compensation Board. I know it is a line of credit and we can play that little game, but you know what, it is still getting a fund that is there for the working men and women. It is not there to give lines of credit to arenas. What about the East Kildonan Community Club? What about the Member for Rossmere (Mr. Schellenberg), his community club? Can they get a line of credit from the Workers Compensation Board?

I mean, which arenas are going to be allowed? These are questions that we will be asking. Which arenas will be allowed to get a line of credit from the Workers Compensation Board? I mean, is that even within the mandate? I would say no. No, that board is supposed to be there to protect the interests of the working men and women. It is not supposed to be there to give lines of credit to arenas. That money is in trust.



That money should be protected at all costs. In fact, I would ask the minister, I would ask her clearly: What kind of collateral did the minister get for that line of credit? And that will be a question that will come at that time when we get to the appropriate place. The critic for the Workers Compensation Board, I am sure, will like to ask a few when it comes under ministerial salary. We will ask the minister some questions on that because I know the members of this committee find that strange.

You know, I asked the minister: Does the arena in Portage la Prairie, should they be allowed to have a line of credit for the Workers Compensation Board? I mean who else should we allow to have a line of credit and what kind of security do you get for that? I have a line of credit for one of my businesses. Certainly not as lucrative as that one, and I had to give a personal covenant. Minister, a personal covenant means that I sign up my house. I default on my line of credit, I lose my house. Straightforward.

So, I mean, I think the men and women who work, who are the responsibility of the minister, would really like to know what kind of collateral has been given to protect their fund. In the end, you are raising rates, maybe invest that money a little bit better or table what kind of collateral the minister has, should they dip into that and if the minister is not confident on the investment then the minister should call in the Workers Compensation Board and say I am sorry but if this does not have proper criteria with it then it should not proceed.

There has to be a proper covenant. There has to be some protection for that money because, in the end, who will bear the brunt of it? The committee all knows who will bear the brunt of it. It will be small business, and then the Government wonders, oh, my goodness, woe is us, we are down by 220, 240, 230, who knows what the number will be in income from corporate revenue. Well, no wonder. Connect the dots. That is certainly what we are trying to do here for the minister.

It is about labour legislation. It is about raiding Crown corporations. I mean bankrupting Manitoba Hydro another \$200 and some million out of it. What is next? How much more are they

going to pull out? Until debt equity ratio is back up to the 90 percent as it was with the Howard Pawley regime. Then they wonder why there is a problem. It affects directly the Department of Labour, because if this minister's Government gets itself in such difficult shape they will not have money to run the Department of Labour properly because they will have to cut it from who knows where to fund the department. I think that is really unfortunate, and we will stand up during committee and we will stand up for the working men and women.

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

## FINANCE

\* (15:50)

**Madam Chairperson (Bonnie Korzeniowski):** Good afternoon. Will the Committee of Supply please come to order. This afternoon the section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates for the Department of Finance. Consideration of these Estimates left off on page 86 of the Estimates book, Resolution 7.4.(4). The floor is now open for questions.

**Mr. David Faurshou (Portage la Prairie):** I believe last Thursday at the banging of the gavel at five o'clock, the minister was explaining about the taxation involving succession and that specifically being provincial sales tax on items that have been transferred under section 55, subsection 3 of the federal Income Tax Act.

I believe the minister was saying that the items in question would be subjected to GST and therefore eligible for PST. In regard to the specifics under the federal legislation, only an affidavit need be filed that indicates that it is in fact part of succession and qualifies with the federal Income Tax Act in this regard, and an affidavit being filed in this regard exempts it from GST.

So only provincial government, provincial sales tax, is currently out of step with this particular legislation, and I am asking the minister, first off, an acknowledgement of understanding of the situation, and secondly, his

anticipated response to this particular situation which will involve many, many agricultural entities here in the province over the next very short while.

**Hon. Greg Selinger (Minister of Finance):** I am going to have to reiterate the answer I gave the other day. There are two situations where certain are exempt, and that is a transfer between parents and their children—their offspring, I guess, would be the proper term—and also transfer between a subsidiary, a wholly owned subsidiary of an existing corporation, and then under the Income Tax Act section, I believe it is 55.3, we will check to see whether the GST applies or not. We have to verify that and get the facts on that.

**Mr. Faurschou:** I appreciate the minister's willingness to investigate it specifically as transference occurs from one generation to another.

Many, many operations throughout the province over the years have been encouraged to incorporate and thereby allow for financing to occur through various agencies, including Manitoba Farm Credit corporation, who have encouraged an accounting that comes with incorporation, and so bookkeeping is more fully explanatory and more fully understood by the lending agencies.

So we are, in this province, faced with a significant number of farms that are incorporated and therefore, effectively, we, as is the acknowledgment by the federal government that corporations not just individuals, can transfer assets from one generation to another.

So, to be very clear on this point, it is a transfer from one legal entity to another legal entity, which involves succession from one generation to another.

**Mr. Selinger:** Two further points to elaborate some of the possible mechanisms where vehicles that could be used to provide succession planning without tax exposure. One would be in the case of share transfers. If there is a share transfer, they are not taxed. So we have share transfer taxation, we have wholly owned subsidiary transfers of resources and we have the ability for parents to transfer resources to their offspring. All three of those situations would

leave the tax out. The final point is, if it is a question of what type of thing that is being transferred, in the case of farm machinery and equipment, it is not taxed as well. There are certain paths that can be followed here to affect the kinds of transfer of wealth that the member is alluding to.

**Mr. Faurschou:** The minister is quite correct in regard to the transfer by share allocation from one generation to another and that does take place. However, Madam Chairperson, without an allocation of specific equity to those shares, one does not benefit from the inflationary component that is involved in all—well, I should not say all farming assets but in most farming assets, over a period of time, assets appreciate. The federal government has recognized that and given a one-time-only appreciation or capitalization of appreciated value through exemption of capital gains tax on a one-time-only occasion. So, without attributing actual physical asset to those shares, this is not accomplished. What is effectively being required is that physical asset is attached to that share and identified and therefore capital gains exemption can be of use in the succession. This allows, then, at that point in time, the provincial sales tax to be applied to, as the minister has acknowledged, vehicles such as trucks that are an integral component of a farming operation.

Very specifically, the question to the minister is: Is he willing to consider this out-of-scope component of the succession from one generation to another, that this Province is now still charging provincial sales tax?

**Mr. Selinger:** Once again, we will undertake to take a careful look at that, but I am just thinking this through as you continue to ask questions about it. In the case of transferring farm assets, there is a half-a-million-dollar lifetime capital gains exemption as well. You could include some of those, what you called out-of-scope assets like trucks and stuff, within that cap if you wished. As I understand more clearly what the member is asking me, I am identifying a number of vehicles to allow this to happen to avoid the tax. It is not entirely clear to me what, in addition, you are looking for.

**Mr. Faurschou:** The minister is quite correct. Everything can transfer from one generation to

another generation except the trucks. That is what I am bringing to the minister's attention right at this point in time. Regardless of what another jurisdiction does or does not do, I would like to see the minister here in Manitoba recognize that we own the trucks. It is just a matter of transferring from one generation to another, one corporation of my father's ownership to the corporation of my ownership or my brothers or any other farming offspring here in the province that, effectively, we own the vehicles and it is only a change in name. Therefore, I personally do not see the need for the minister to tax something when it really effectively is not changing ownership.

**Mr. Selinger:** Once again, if the parents own the assets, the trucks, they can transfer them to their offspring tax-free. If the corporation that the parents have brought into play for tax planning and business purposes owns the assets, they can transfer them through a wholly-owned subsidiary to their offspring tax-free. They can transfer any assets including trucks up to half a million dollars tax-free. *[interjection]* Half a million. \$500,000. Not half a billion. We are not that generous in this country yet.

The last point is that if it is within the corporation he can move deliberately the shares over to the offspring. So I guess my question is there seem to be several pathways to effect what the member wants. What addition does he want? Does he want another tax break? I cannot believe the member is asking for a specific additional tax break when all these existing vehicles are in place.

The follow-up question I have to ask: Is there anything that you would agree to tax with respect to farming?

\* (16:00)

**Mr. Faursehou:** I realize the member is quite understanding. I have to compliment the minister on that, of the many vehicles that do allow tax planning and succession. However, if one is going to recognize the capital gains component, one has to attribute the value of the specific equity, that being that you have to attach ownership to that equity specifically and not just a share transfer. So if you are going to benefit

from the half a million, being that you increase the value of the land and machinery and other items to market value above the depreciated value, that is the capital gains component. So you have to actually put a market value on the assets. In that way you qualify or make yourself available for the half-a-million, one-time-only capital gains exemption. When you do that, then you have to attribute actual ownership to a specific and not just the shares.

So, as the minister has alluded, you can do either/or. If you are going to qualify for the half-a-million you have to do what I have already described and then you have the ownership consideration and it is exempt from GST and other taxation, except when ownership is specifically changed it then comes into the provincial sales tax realm, being that that truck is changing ownership when really, in fact, it is not changing ownership other than it being from one generation to another and still engaged in exactly the same operation that it did prior to the change in ownership and it is going to be farming the same farmland. So it is not that we are acquiring a new truck, it is just that the Government is seeing the change in ownership and getting tax dollars out of it. Really, for many of us, we cannot understand why.

**Mr. Selinger:** I am going to try and summarize what I just heard.

I understand, if my Tax Administration informs me correctly, that you can transfer rollover assets from one generation to the next as long as you do not appreciate their value to market value. If you appreciate the value to market value, that is to get your capital cost allowance which is a deduction, and if you are going to take the deduction, on the one hand, my officials seem to think that there is some logic to having to pay the sales tax.

If you do not want to take the deduction and just roll them over at their depreciated book value, you will not attract any tax, but if you are asking for a deduction on the one hand and then a sales tax exemption on the other hand, there might be some policy concerns about the tax efficiency of using that type of an approach, when all these other things that I have mentioned to you are available to you.

I wondered if the member was aware of that capital cost allowance angle and might have forgotten to mention it in his presentation to me or if he was aware specifically that he was getting it both ways in the efforts he was making to push for this new tax exemption.

**Mr. Faurschou:** I do appreciate the minister's response and for his attempting to understand the logic behind some of what we in the agricultural sector are attempting to do.

Yes, there have been many changes. For many farms, they have been in the possession of the farming family for multiple generations and have appreciated over the years, and in order to re-establish the market value, which ultimately the minister's department will benefit from, should I choose to quit farming. *[interjection]* Yes, the minister mentioned the benefit through assessment as well. So it is a double-edged sword.

So I believe the Finance Department is getting its fair share over the course of this. It is just the provincial sales tax on vehicles that never leave the farm, only that they have changed from father to son, in my mind and in the minds of many producers out there is grossly unfair, when the vehicle never leaves the yard and is doing exactly the same as it did the day before.

**Mr. Selinger:** I just want to summarize the situation that the Member for Portage la Prairie is describing to me. He is saying that in the case where the corporation owns the trucking asset and transfers it to the owner of the corporation's offspring and, for capital cost allowance purposes, marks them up to market value, it is in those specific situations that sales tax is attracted to the transfer, and he would like those situations to be exempt and still have the capital cost allowance tax break available to him. Is that correct?

**Mr. Faurschou:** Yes. In order to appreciate the value of the assets as well as to qualify for the \$500,000 capital gains allowance, it has to effectively change ownership from one corporation to another corporation. So you are actually valuing one corporation and the primary shareholder, being fathers, mothers. Then, the

new farming corporation which is in the son's or daughter's name then has the new valuation, market value of the assets, but is changing ownership. Now, if you leave everything alone and do just the share allocation, transfer, there is no market value assessment, there is no capitalized appreciation of the capital gains. So, basically, I believe, the minister does have an understanding of this. I hope that he would look upon it favorably, because there are tens of thousands of farms that will be seeing a transfer from one generation to another in the next very short while.

\* (16:10)

**Mr. Selinger:** My ADM of Taxation, who for many years was in private practice, is recalling some of his tax-planning experiences in the private sector. Without going into too much detail, because I do not think it is appropriate here to offer specific advice on very specific situations, there is apparently the possibility of the parents looking at an estate freeze and transferring assets to an unrelated corporation owned by their offspring, who then would appreciate those assets in their name without attracting tax. So, apparently, there are some devices available that might be explored by the Member for Portage la Prairie on the specifics of a specific situation with a tax-planning professional.

You could consult with my officials off the record if you want about some ideas that might give you a further idea of how to pursue this. We will take it under advisement and look at section 55.3. We will try to be fair, but, on the other hand, we are not trying to create the ability for, and this is not an anti-farm comment, but we do not want people sort of being able to get a tax deduction on the capital cost side, a tax deduction on the rollover side or the transfer side. We cannot be double-counting, if you get my point, right? We do not want to have multiple tax deductions on the same assets, because that would not be fair either from a tax equity point of view.

We want farmers to be treated fairly in terms of their ability to provide succession planning, but we do not want to create a situation where there could be a potential perception by other tax

practitioners or other sectors of the Manitoba community to think that one sector is getting the ability to double-tax-break something when others could not. There are many other industries where succession planning is a factor. So that is just a preliminary comment on my part. It is not to foreclose further analysis of it under section 55.3.

I am giving you some of my off the top of my head views on how this might work. I am suggesting the member may want to pursue further avenues within the existing rules. We have identified several possibilities. I have just identified an additional one.

It may be possible to get the changes or the flexibility that the member is looking for, to move assets from one generation to another under the existing rules. If we are going to consider any changes in rules we will want to do it in such a way that does not allow for, to use for lack of a better term, a more precise term, double-dipping to occur.

**Mr. Faurchou:** I do appreciate the minister trying to understand the situation, which is very specific. However, on the broad range, even the example which he used, there is a change in registered owner of a vehicle, whether it be a delivery vehicle for a produce or grocery enterprise, or a farming enterprise. It is a change and so, therefore, it initiates a provincial sales tax because the ownership has not really changed, but the registered name has changed. This is why I do not believe it is fair. Any business in the province that has a vehicle and is wanting to transfer it with a business ownership transfer will be facing the same, and it is not just agriculture producers.

I believe the minister, once he examines it fully, will appreciate that ownership really is not taking place, although a change in registered owner is taking place. It is because of the shares that have been acquired by the individual. So, not to belabour this.

**Mr. Selinger:** I think the member has alluded to the fact that ownership has not really changed even though the asset has legally passed from the parents to the offspring. I think it is important to note that legal definition of

ownership is the key to this. I know that if it is a family farm or a family farming corporation and you are transferring assets for tax or succession planning purposes, it does not feel like the assets have changed ownership. The parents might still think they have the ability to direct the use of those assets or at least have some influence over that.

The reality is that, if there is a legal transfer of ownership that could pose a problem under the scenario the member is discussing, unless these other devices are used to work around that, we have to be a little bit careful about what we mean by ownership. There is the sort of informal control of the assets which might be seen as a sense of ownership sort of rooted in the history of who owned them and had them for the longest period of time. But, if there is a legal change in ownership, there could be a tax problem that causes the member some grief in his specific situation.

**Mr. Jim Penner (Steinbach):** I just have experienced a whole bunch of complications in the last few years on the same issue, Madam Chairperson. So I just thought I would add a little bit. I was not expecting to talk to this.

First of all, as the staff here will know, one of the big differences in changing vehicles, changing hands, is whether you sell shares in your company or whether you sell assets. The next big problem that comes when you sell assets is what is the book value, the depreciated value. If it is sold at book value, of course, it should trigger no tax, but in fact it has earning potential to be sold at above book value because most of the time if a vehicle is looked after it is worth more than book value. In that case, it would trigger a capital gain.

On the other hand, we have another price for the vehicle. That is what the insurance company or registration puts on it. That can be a different price again. Then, if you went to market, there would be a selling price and a cost price, a wholesale and a retail price on the thing, on the vehicle.

I sold a bunch of vehicles, a fleet of vehicles twice, once to my kids and then to another

company. So I went through a lot of stuff like all the safetying and all that costs, which you do not capitalize; it is a cost. Then in the end you still have a replacement cost for the vehicle that the company has to bear when the vehicle needs to be replaced. So the price of a vehicle becomes very, very vague, especially when you are dealing first of all within a family and then outside of the family. I could never answer the questions that were asked today, even though I have experienced quite a few of those things in the last few years.

My question, of course, would be in regard to the insurance price. Tax-wise, if I bought a vehicle for \$10,000 and it became a write-off, it was insured at replacement cost and I would get \$11,000 for it, is the \$1,000 capital gain or a taxable gain, or is it just swept under the rug?

**Mr. Selinger:** My officials, in response to that specific question, suggested that it is a recapturing of previously written down depreciation.

**An Honourable Member:** Recovery.

**Mr. Selinger:** Recovery, yes and so, in effect, you do have to pay some of the money back that you gained through the previous depreciation that you claimed. So that is the answer.

**Mr. Faurschou:** Madam Chairperson, well, I alluded to hopefully that the cows do not come home before we address this, last time, but it is a genuine concern out there because we are all acknowledging the impact that farmers are going to have by the United States farm bill, and every little bit plays upon the viability of operations throughout the province. I hope you will consider that.

Just in leaving the minister, I will pick it up in—this topic during the Estimates process with the Minister of Transportation (Mr. Ashton), but in visiting the state of Minnesota last week there was indication by states, varying states, that they have a dedicated portion of their sales tax that is attributed to vehicle purchases that will flow directly through to the Department of Transportation. I am wondering if the minister is considered of that, acknowledging the significant deficit in transportation we are experiencing here in this province.

**Mr. Selinger:** Well, as I indicated last week, we had not considered that. We think we do a good

job in Manitoba, in contrast to the federal government, in dedicating our fuel taxes back to infrastructure.

I also indicated last week that we do require some general revenues to support programs that provide public goods. We need tax supported revenues to support the Department of Agriculture and all its programs. We need some tax supported revenues to provide some of the broader programs in the transportation field and the intergovernmental affairs field and a number of other departments that bear upon the quality of life that people in rural areas would like to have and experience.

So not every tax is a dedicated tax for a very specific reason. We allocate it to priorities that we are elected to follow through on. Some of those priorities do not have direct sources of revenue attached to them, such as health care and a good portion of the education funding but also certain kinds of infrastructure are not paid for out of fuel taxes. We do far more infrastructure outside of Winnipeg that is not paid for by fuel taxes. We do water and sewer infrastructure and we provide floodway infrastructure and drainage support, all those things are in aid of making farming and rural life more sustainable.

So we have not considered that. The member may wish to pursue that, but there are broader purposes to which those revenues are put which benefit rural people would be my general answer.

\* (16:20)

**Mr. Faurschou:** My concluding comment, though, to the Finance Minister to make him aware that because of the deficiencies in actually addressing the wear and tear of our roadways here in the province, we have gone in the last three years from approximately 35 percent of our roadways having to be restricted in the spring on the loadings and traffic, to 41 percent of our roads currently under restriction, simply because we have not allocated enough resources to keep those roadways up.

That is the most glaring statistic that tells the tale of what is happening here in the province. I

appreciate his understanding and commitment to addressing this, for which I am certain the Transportation Minister would be most appreciative.

**Mr. Selinger:** One final comment. I have made my general comments about the purposes of taxation supporting certain kinds of public goods that benefit all Manitobans including rural Manitobans, health, education, other forms of infrastructure.

But I think it is also important to note that when I talk to people who are knowledgeable in this area and have experienced infrastructure across the border, they say our road infrastructure is in far better shape than most of the infrastructure south of here. The only infrastructure that does as well or better than us are user-fee types of roads, toll roads. So we do a pretty good job of supporting our infrastructure relative to our neighbours to the south of us.

The other thing is, as the member knows, part of the reason these roadways are taking the punishment they are taking now is because of changes in the transportation of farm goods that have dramatically transformed themselves: The federal government's ending of the Crow rate created some big problems in terms of using rail transportation; the increase in our tax standards; the amount of vehicle weight, axle weight that rigs can carry, which, I understand, are greater than those in the United States. All of these things are often driven off the federal level and passed down onto the provinces for concurrence or support, but there are no commensurate resources that are attached to those changes. In effect, the changes are made and then there is a download to the provinces to pay for this.

So we have to ask the question in the first instance: Who is driving the changes, and are they paying for and supporting those changes, or is the province being the ham in the sandwich again? I know the Minister of Transportation (Mr. Ashton), who is sitting at this table, will be happy to discuss this with you in detail, but I think Manitoba gets pretty good value out of the resources they spend on transportation infrastructure. We would like to get more value out of that and we are committing more resources, but we also recognize that the federal government has to start doing more in this regard as well.

**Mr. Jim Penner:** I just noticed I did not bring my questions along from Question Period, but if the minister would indulge me, I could not hear very well, and I am also not sure that I have enough information to answer some of the stuff that has been coming in.

I had two packages faxed to me today from electrical contractors, and one of them says that this person also gets involved in developing—what do you call it, a development contract with 30 lots? *[interjection]* A subdivision, thank you. They said that the cost of bringing hydro up to the homes would be—the labour portion of that would be subject to the new 7% PST on labour for mechanical and electrical. Is that correct?

**Mr. Selinger:** In the House today, when I gave the member from Steinbach an answer, I said road and highway repair and construction, there would be no effect. There is no change from the current situation. With respect to water and sewer construction, my officials are still in discussion with the associations. They would like to have a little more discussion with them. Currently preparation, excavation, and back-filling are non-taxable. The cost of pipe is currently taxed. So I indicated in the House that I did not anticipate any change on that.

My officials want to have an opportunity to discuss that with some of the contractors, because the whole objective of this exercise was to simplify the application of tax to the benefit of the industry, to be able to have a level playing field for bids. So there is no preconceived position on the department with respect to this, but they would like the opportunity to have more discussion with the industry on it, on the specifics of this. We have no specific agenda one way or another here. We want to do what the industry thinks will be the most effective from their point of view.

**Mr. Jim Penner:** In some of the stuff that was faxed to me today, they indicated the cost of servicing a subdivision. According to the way they were reading the regulations in the proposal for enforcement, there was a cost of labour for sewer and water, hydro, telephone, and electrical. Hydro, sewer and water, and telephone would be trenched to their home, and the labour on those components, according to

what bulletins they had received, would be taxed, and this would change the cost of an average property in a new subdivision by a thousand dollars each. Was there any consultation with developers on this?

\* (16:30)

**Mr. Selinger:** As I indicated last week, that bulletin is a draft bulletin. It was put out specifically to attract comment and clarifications from everybody affected by the proposed change in taxation. There will be consultation on that bulletin before it is finalized. So if there is a concern there and the industry wants to continue the current practice, we have no reason to believe that it will not be continued. If they want to see some changes for greater administrative efficiency in how they do their business, we will consider it. I just want to emphasize again that we do not have a preconceived agenda on this. We are trying to construct a measure and a tax bulletin that will simplify and improve the efficiency and competitiveness and level the playing field on how these electrical and mechanical contracts are put out and implemented in the industry and how they are taxed.

So the tax bulletin, if there are some concerns raised with how it applies to specifics, that will be clarified in a way that there will be a consensus achieved between the department officials and industry officials. I am informed that those meetings on the bulletin and follow implementation will once again start up again this week, if of course we are out of Estimates, my officials inform me, or at least this branch of Finance is out Estimates so they can get on with that.

I just have to emphasize again, this was a proposal that came to us for members of the industry asking for this kind of change and this kind of a clarification, and we followed through on it. Some people now want further clarifications, and we are prepared to work that through with them.

**Mr. Jim Penner:** Thanks, Mr. Minister and Madam Chair. There is a bulletin called No. 005 revised April 2000, which is in the hands of contractors, which says that some examples of work performed on real property by contractors: constructional repair of buildings, roads, bridges,

sidewalks or driveways, supply and installation or repair of electrical, plumbing, heating or air-conditioning systems and elevators in buildings. This type of work is in respect of equipment that remains tangible personal property: landscaping, and decorating, house painting, roof repairing, installing of windows, wall-to-wall carpeting or kitchen cabinets. So naturally there is a huge concern that this tax on wages for mechanical and plumbing will eventually include all of these items, and I am sure that is why they are communicating their concerns. Is this information service bulletin of any practical use?

**Mr. Selinger:** I am informed by my officials that the items that the member mentioned in the existing bulletin, the treatment they will get for taxation purposes will not change other than the mechanical and electrical components of that. Those are all real property items for which we anticipate no change in treatment. That bulletin is what is being revised right now, and it will be clarified to the satisfaction of everybody.

**Mr. Jim Penner:** Just two or three more comments on that subject. One of them is from the Manitoba Electrical League Inc. I believe there are some 320 mechanical companies or suppliers in that group. They thought the thing would be revenue neutral and it would be simplified, but they now feel that it is not revenue neutral and they disagree with the \$10 million estimate. They also feel that it is not working out at this time to be simpler. Of course, maybe when they have made the changes—they are very concerned. They said that the pool of money available to buy homes and build homes is not a growing pool of money, but if you take more taxes out of that pool of money, it will be harmful to the province. Was it originally intended to be revenue neutral and simpler?

**Mr. Selinger:** I am informed that there is greater simplicity and that the consensus of most people directly involved supports that. This is one of the reasons why our officials want to meet with people again, to once again clarify the impact and effect of this change and let people know the facts, as opposed to getting concerned about hypothetical concerns that have not transpired yet.

Secondly, on the rate, the revenue-neutral rate would have been 6.83% provincial sales tax.



Just from a practical point of view, we cannot get into variable provincial sales tax rates. We have to have one rate, otherwise they may get a simpler tax, but we would have a heck of a lot more complicated tax regime to administer. The costs would go up on our end to no net benefit to the taxpayer or a tax contributor.

So we simply have simplified the system, which allows contractors to purchase materials tax out, carry it in their inventory without tax, have more working capital and apply the tax to the customer when the product is completed on labour materials for electrical and mechanical contracts, and we believe that will be simpler, more easily administered and will clear up a lot of the confusion. My officials are willing and able to meet with this group which was part of the original consultation group that asked for this change and once again clarify how this will work and make sure that the tax bulletin reflects that.

So there are other groups, and I think the Member for Steinbach (Mr. Jim Penner) has brought forward another letter from another group that said it would be simpler. Our officials will get together with people and clarify it again and work the bugs out and make sure everybody is on the same page. It seems that people are raising questions as a result of information they might be getting from third parties that may or may not be necessarily completely clear on the facts. So we will try to get the facts out to people in as timely a manner as possible.

**Mr. Jim Penner:** We have not disseminated any information from our side because we are not clear, ourselves, on some of these issues. So it would be good to be able to answer some of the questions that are flowing in from people.

Two of the letters I just received are from electrical and mechanical contractors in Portage la Prairie. They have a really big concern because they feel that the average house they are building over there—but they only build about eight a year—is the taxes will add another thousand dollars per house. They are concerned about the price of properties going up another thousand. So there would be an increase of \$2,000 per house according to their calculations.

Again, I feel like the department needs to go back to these people if they do want to consult

with the taxpayers and the tax collectors to see where this thing could be more palatable. I am sure that all of us want Manitoba to be attractive to investors, to contractors, attractive to competitors. If you get lots of people bidding for jobs, we are going to have a good economic atmosphere. We will have lots of competition and it needs to stay that way.

But I would like to ask the minister, the other question that I was not sure of the answer and probably because of some of my statements or comments that seem to be humourous, is the minister aware that the contract price includes travel mileage, meals, hotel, administration, supervision, profit margins and a reserve sometimes—when you are bidding on a job, you make a reserve amount of money in there just in case you are out—and office expenses, benefits for employees and insurance for the job site, et cetera, that all included in a 7% PST if you take the total contract. All those things are included in the total contract price. So it would be additional revenue that came as a surprise to some of the contractors.

\* (16:40)

**Mr. Selinger:** Just on the first point, my officials indicate to me that it will be about 0.4 of 1 percent of the value of a new home, on a \$100,000 home, or about \$400.

So the other numbers that are coming forward in some of the correspondence that the member is seeing, I do not know what the value of the homes is, but that is the best estimate that we have received in consultation with the industry for the increased cost.

On the second question, the tax will be applied on all labour-related costs of the service or the installation provided, so it was an attempt to try and simplify it so that there did not have to be all these bookkeeping entries in, out across the boards. They could just have one price against which the tax was applied to reduce all the costs.

I think we have to bear in mind again that this system that is proposed in the Budget here will allow them to buy materials tax out. So there is an additional advantage as well in that feature which does not exist at the moment.

**Mr. Jim Penner:** The question I am being asked is: Was it anticipated that since the contract price includes things like my neighbour goes up north for three weeks. He has to include—he is an electrician—his travel costs, his hotel, his meals. He has a person doing the bidding for him at home; that is an administration cost. He has to include a profit in his price, cost of accounting, he has to have special insurance on the job, and he has a couple of helpers, so there are employee benefits. So all of this 7 percent applies to all of those items?

**Mr. Selinger:** Again, the answer is that all the labour-related costs would be taxed with the PST as it is currently taxed with the GST. The GST applies to all the labour-related costs. This would be parallel treatment, and it only adds to the labour cost. The materials were already PST taxed as they were GST taxed.

So it is the incremental cost, and depending on the nature of the work and the labour costs, elements that go into that, it will include all of those elements that make up the labour costs, which is exactly the situation at the moment with respect to the GST.

It is not a 7% incremental increase as I gave in that earlier example. If the project is say \$1,000 and \$600 of that is the furnace or the water heater, whatever the installation is, the additional cost is only on the \$400 of labour provided. So it is not an incremental cost of 7 percent. It is an incremental cost of the PST being applied to the labour attached to the original project and it depends on what the mix of the labour is. I mean, the labour could be a larger and smaller component depending on the nature of the project.

**Mr. Jim Penner:** Well, meals are not labour, hotel is not labour, travel mileage is not labour, and insurance is not labour. Are these included in the 7 percent on labour when you take the total contract price?

**Mr. Selinger:** Those specific items are already considered to be a part of the cost of providing the labour under the GST and would be taxed exactly the same under the PST. We are not proposing to set up a separate treatment because then we are into not more simplicity, we are into

more complexity, where you would have one system for the GST and one for the PST. This is GST treatment for the PST on electrical and mechanical contracts to create greater simplicity in these with which to administer these contracts.

**Mr. Jim Penner:** Thank you. I think that answers my question.

While we are on taxes, can we know what that HydroBonds rate is?

**Mr. Selinger:** Yes. It is published in the newspaper: five years, 5.5 percent; one year, 3.1 percent; and three years, 4.75 percent, I believe. I saw it in the *Free Press*.

**An Honourable Member:** Okay, I missed it.

**Mr. Selinger:** Yes. It is out there. We think those are pretty reasonable rates. Market rates, but they should attract some interest for those people who are looking for that type of investment vehicle.

**Mr. Jim Penner:** The anticipated sales would be what? The range of \$200 million? \$500 million?

**Mr. Selinger:** We do not set a target, because we do not want to be forcing people to sell something in a way that is inappropriate to the customer, but just a guess would be that sales would be somewhere over \$200 million. We do not have a specific target. It is whatever the consumer and citizen of Manitoba wishes to purchase.

If we cannot raise the money that way, there are other vehicles to do it that are just as cost-effective that are available to us. So we do not have any preconceived notion of what we have to sell to be successful. Whatever sells that satisfies the customer, we consider to be a successful bond issue. That comes back to the Treasury Division then. I am just trying to make sure these Taxation guys get their full workout here and then we can move on to other items in the Budget.

My guys say that they are responsible for sales tax, capital tax, payroll tax, fuel tax,

tobacco tax. Any of those matters, they would be happy to address. They are getting peevish over here.

**Mr. Jim Penner:** One of the statements in the revenues book addresses the need to have adjustments to previous years, accounting systems to accommodate this year's Estimates. I was looking for things that might reflect on those adjustments there. Is that taxation sensitive?

**Mr. Selinger:** No, it is not. I mean I am happy to deal with that question, but I just want to know if you want my ADM and his director of Taxation to answer any questions on those items I mentioned that are in their purview. We will come back to that question if he wants. I will take it as notice and get an answer for you.

**Mr. Jim Penner:** I am sure that they reflect on the formats. I did not notice much difference in the formats so I will come back to that thing. The only difference I noticed was that we had a new line for Hydro in the 2003 book.

**Mr. Selinger:** Okay, we will check that.

**Mr. Jim Penner:** Then getting back to the Taxation section, the income tax accounting error involving the feds, do you want to deal with that in the next section or do you want—

**Mr. Selinger:** Yes, that is federal-provincial. I would prefer to deal with it there if I could because then I can awake that sleeping dragon called Federal-Provincial Relations and have them come down here to answer all the details. We can have them here in a second if that is where you want to go.

**Mr. Jim Penner:** The other concerns or the interesting things we had were in revenue. One of these items that has attracted attention in previous years is the tobacco tax interdiction.

**An Honourable Member:** Yes, that is these guys.

**Mr. Jim Penner:** Okay. First of all, it looks like we have made a pretty good haul there, about a \$34-million increase. Furthermore, though, the increase in differential right now between Ontario and Manitoba, it seems to me it will put a lot of pressure on the border patrol. Is there a plan in place to address this issue?

\* (16:50)

**Mr. Selinger:** The short answer is, yes. As you know, the western provinces have gone pretty well to the same rates of taxation. We also know that the Ontario government has not brought down a budget for the '02-03 year yet. I have a feeling, if I am reading the public newspapers properly, that Ontario is seriously considering a tobacco tax increase. They are very hard pressed to balance their books this year and next year, so I anticipate they will make some movement there, but if the situation were to remain as it is for too long a period of time, it would create more pressure on that Ontario border.

Our Taxation Division, who do have a car, which I noticed was on duty this weekend as I was driving in that area. You might have seen it yourself. It is that little white car sort of parked parallel to the road as you go down towards the lake on that split-lane highway there. I think it is usually around Falcon, is it not? No. West Hawk, around the truck stop there. You will see a little Manitoba government crest there. That is the vehicle that does the tobacco interdiction. They have one vehicle, as I understand it, plus other measures, but they only have one vehicle.

I actually stopped one day and talked to them. They did not believe it was the Minister of Finance who actually stopped to ask them how they were doing. They were quite embarrassed about the pile of sunflower seeds that had piled up beside the car. I was informed they had been on the job and they had been able to interdict several illegal sources of tobacco coming across the border that weekend.

We do co-operate with other organizations and their program to combat smuggling of tobacco products, including federal Customs and Excise, the revenue collection agency in Ottawa, the RCMP, the Winnipeg Police Service and the Ontario Provincial Police. We also co-operate with the trucking industry, railways, couriers, airlines, Canada Post and other corporate entities, and we also co-operate with other Canadian provinces, including Ontario. So it is in nobody's interest to have this kind of illegal activity continue to grow.

We have been successful at protecting our tobacco tax revenues since the program was

launched in 1994. I think I indicated for the record 70 740 cartons of cigarettes have been seized and 2 325 430 grams of fine cut tobacco. Our people are good. They do not like the additional pressure but they understand what governments are doing to try and use this revenue for health purposes for the most part. We do have good relationships in place with all our collateral agencies in other jurisdictions. There is a long-standing set of relationships there that will serve us well in this change, but I do expect the gap to narrow between us and Ontario between now and the end of June.

**Mr. Jim Penner:** How many employees, FTEs, do we have on interdiction?

**Mr. Selinger:** We are on page 86 of the detailed book; Tobacco Interdiction shows an allocation of \$582,000, and in the orange book—I am going to get the page number for you—page 79 in the orange book shows 10 FTEs which are dedicated towards tobacco interdiction, professional and technical. When there is an excessive demand or expected problem, we can transfer SYs or staff years from other parts of the Taxation branch to provide backup support, if required.

Several of these people in the Tobacco Interdiction program are former RCMP officers or Winnipeg Police Department officers. They are all people with law enforcement experience. They have worn a uniform at one point in their careers. So they have a pretty good knowledge base in managing this kind of issue and, I think, take a very professional approach to it.

**Mr. Jim Penner:** Is it legitimate to ask if we have people at the source of supply to inform us before they hit the border?

**Mr. Selinger:** The short answer is we do not divulge that information publicly, but policing involves having sources of information in order to be able to detect illegal activity.

**Mr. Jim Penner:** I guess I am just curious on some of those things.

**Mr. Selinger:** If you wish to discuss it off the record with our officials, I think they would brief you. They would take you into their trust on some of that, but I do not think we want to, in

any way, hinder our ability to enforce the laws properly.

**Mr. Jim Penner:** Actually, I totally agree with the Tobacco Interdiction program, and I want to make sure it is solid and it is strong. At the same time, I have had friends in various levels of the forces that have from time to time been involved. All I can do is encourage them. We do not want to weaken the system.

When I look at revenue Estimates for the next year, I notice that corporation income tax is going to take a hit. It was adjusted on several occasions, I think, at the six-month and at the nine-month. This is an estimate for the rest of the year. Are there any particular fields? I know you broke out the manufacturing, farming, export and so on. Where are we taking the biggest hit in corporation income tax?

**Mr. Selinger:** This actually comes under federal-provincial relations. I have an official here. But, because it is collected for us by the federal government, they are responsible for remitting that to us once they collect it and portioning it out. I am not trying to be cute or anything here, but it is the nature of that tax being collected by the CCRA on our behalf, and then they allocate every year a portion of it to the provinces. I will ask Mr. Greasley to come forward in a strategic location to feed information to me on this. Then I will get to you.

Essentially, I have given the answer in short form. The federal government collects the revenue. They give us an estimate based on a portion that they think accrues to our jurisdiction, and then they make adjustments up to three years going forward. When those adjustments are made, sometimes we get some nasty surprises.

In the case of the downward corporate tax estimate for this year, there were four factors, I believe, that fed into that. One of them was just the slowdown in the economies reduced the revenues. The second one was that there was a permanent adjustment to the base because of the accounting error. The third one was that our portion of those revenues was reduced because the last time they portioned to us we had an extraordinary year in that we had extraordinary

revenue through the sale of Centra Gas, a tax revenue, which was a one time only that did not go forward. It was also at a time when gas and oil revenues were relatively low.

So, when you factor out the Centra Gas taxation amount and you factor back in the increased proportion of gas and oil revenues that go to jurisdictions that have those sources of revenue, our portion dropped from about 2.56 percent of the revenues to about 2.05 percent, roughly. We will check the numbers on that, but I think that is the rough. We lost about a half percent, and that did affect our revenue estimate for next year.

Then there was an additional factor. I have given three: accounting error, economic change, portioning. *[interjection]* Okay. The accounting error did not have a direct impact on this one. The other administrative factor that factored into this was the revenue collection agency had changed accounting systems, and their internal operation had been very slow to assess last year, so some of those impacts were carried forward into this year. It affected this year on those when they finally got their system up and did their proper accounting.

It sounds incredibly complex, and it is a source of great volatility for our provincial government to have a revenue collection agency informing you that your revenues are going down 60 percent, and it was one of the very difficult things we had to try to construct the Budget around, because that is a pretty dramatic decline. The province that had the second greatest decline was Saskatchewan. I think it was just around 56-point-something percent. Then, other provinces were somewhere between 20 and 40 percent. I hope that gives the member an answer.

**Mr. Jim Penner:** Did delinking from the federal system—what was it, two years ago?—affect how the revenue is collected and influence the way the numbers come forward?

**Mr. Selinger:** On the corporate income tax it had no impact, my officials inform me.

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

## EXECUTIVE COUNCIL

\* (15:50)

**Mr. Chairperson (Conrad Santos):** Will the Committee of Supply come to order, please. This section of the Committee of Supply has been dealing with the Estimates for Executive Council. Would the Premier's staff please enter the Chamber.

We are on page 21 of the Estimates book. It has been agreed to proceed on a global, rather than on a line-by-line basis.

**Hon. Gary Doer (Premier):** There was a question asked last week about charter flights. There have been three charter flights since I was elected, out of province: one to Regina about 10 days ago; a second flight to Devils Lake, and then the municipal convention in Brandon, approximately November of 1999; and a third one to a speech to the Great Lakes group in Duluth, not the last fiscal year, but the year before. Those are the only three.

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Chair, I wonder if I might ask the Premier some questions about the Kyoto Protocol, which he referenced in his opening statement and particularly with the fact that the Minister of Conservation (Mr. Lathlin), on behalf of the people of Manitoba, is attending a meeting for the next couple of days.

I just wonder, in this weekend's *Free Press*, the Premier made a comment that he expects that the signing of the Kyoto agreement would bring significant economic benefits to the province of Manitoba. I just wonder if he could elaborate on the comments that were in the newspaper this weekend.

**Mr. Doer:** Well, I assume the member opposite has read the federal consultation report. If that is not true, I can provide a copy for him.

**Mr. Murray:** I would be interested in the Premier's thoughts, if he could elaborate on what I read in the newspaper, what his comments were specifically to the significant economic benefits for Manitoba.

**Mr. Doer:** Well, point No. 1 is we have a Climate Change Task Force. We are the only

province in Canada that has had a Climate Change Task Force report. It has representatives from the farming community, from the business community, from labour. It has representatives from the north, and it was chaired by former Foreign Affairs Minister Axworthy. It provided an excellent report. So we were the only province in Canada so far to have public consultations. That report recommended unanimously that we support Kyoto.

When Kyoto first came out last year, in July of 2001, there were three elements in the communications from Bonn.

One was for the sinks with agricultural production; two was the issue of the reforestation; and three was credits for renewable energy exports. The issue of renewable energy exports has been still work that the federal government is taking. It has been our view that we should get credits for renewable energy resources. We displaced 10 million tonnes of CO<sub>2</sub> a year with hydro exports to Minnesota. That, in fact, is a benefit not only to Minnesota but Wisconsin, Michigan and Ontario, if not Québec and further east, and that this matter of credit should be determined.

The federal government has gone from July of 2001 to saying they support Kyoto, to the spring of 2002 saying that they support the ability of Kyoto with consultations with the provinces. Now they have gone a third step and said they now support, not only this consultation of the provinces, but consultations with the public of Canada. There will be some consultations with the Canadian public; two stages of public consultations on their four options.

In the document the federal government released 10 days ago it also included an east-west grid, not western power grid, but an east-west grid for renewable energy—talked about ethanol, talked about hydrogen and other products. So there is obviously room for economic growth and opportunity for Manitoba, notwithstanding the advantages of dealing with the reductions in the atmosphere.

**Mr. Murray:** Again, I am just referring to the article in the newspaper. The Premier made a comment that there is a possibility that there

could be \$8 billion invested in Manitoba Hydro. I wonder if the First Minister could indicate in detail where that would come from.

**Mr. Doer:** Well, has the member read the Climate Change Task Force report? I mean, this is pretty routine material. Has the member read the Climate Change Task Force report? *[interjection]* Well, some of the material is in the Climate Change Task Force report; that is my answer.

**Mr. Murray:** I wonder if the Premier could elaborate on where the \$8 billion investment in Manitoba Hydro would come from.

**Mr. Doer:** Yes, obviously a strategy that deals with renewal energy and to meet some of the requirements of emissions on Kyoto has an advantage for hydro-electric generation, and that is in the Climate Change Task Force.

**Mr. Murray:** Well, \$8 billion is just a tremendous amount of money. I wonder if the Premier could maybe go into a bit more detail as to where he sees that investment in Manitoba Hydro coming from. Eight billion dollars is, you know, I mean it is just a substantial amount of money, and I guess I would be interested if the Premier would go on record in the Estimates process to explain exactly where the \$8 billion that he referenced, where that would come from?

**Mr. Doer:** Well, the member would know, I am sure he would remember even the recommendation on Conawapa, and that was 10 years ago, how much that would generate in terms of investments. That is one of only three dams that are being discussed in the public arena now. So he is fully aware of those issues of economic opportunity. They were there 10 years ago, and obviously the 240 megawatts that we negotiated with Ontario is in place, but the other thousand were cancelled by the previous government. The court case was resolved between the existing government of Ontario and the former government here in Manitoba, but the water is still going down the Nelson River and still has potential.

**Mr. Murray:** Well, I am interested to find out if the Premier is suggesting that there would be outside investment on the \$8 billion or the

investment would come from the taxpayers of Manitoba? I just would like him to clarify his comment that \$8 billion would be invested in Manitoba Hydro.

**Mr. Doer:** There has never been a cent put into Hydro from the taxpayers.

**Mr. Murray:** So is he suggesting that the \$8 billion would be through private investment?

**Mr. Doer:** Well, this is the same discussion we had when the previous government sold the telephone system to save the taxpayers from having to pay money down the road when the taxpayer has never paid a nickel down the road for the telephone system sale. So this is the same kind of logic, not logic, but factual errors that premise the question.

There has never been taxpayers' money put into Hydro, never been taxpayers' money put into Telephones, but that was used as the rationale to sell it. The rates would go down. The taxpayers would be off the hook. Taxes would be lower, and rural Manitoba would benefit. It is the same sort of flatter society stuff that we had before. So I disagree with the member's premise, and the facts would support the position I have taken.

**Mr. Murray:** I always think it is important, whenever the First Minister brings up Manitoba Telephone System, I believe it was he that said that he would buy it back if elected, and that has not happened. So I would suggest or ask him: the \$8 billion, is it a loan? Is it something the Government of Manitoba would guarantee?

**Mr. Doer:** There are sales and revenue and exports and a plan for any future development. Revenues would have to support any kind of capital construction, and revenues can be generated for new capital expenditures. The other statement about the telephone system is not factually correct.

**Mr. Murray:** I wonder if the Premier could share with the committee any sense of assurance, that he might have, that the federal government is committed to the development of an east-west power grid.

**Mr. Doer:** It is in their document. I am sure the member has read it. It was released about 10 days ago.

**Mr. Murray:** I appreciate the Premier's response. However, I would like to hear his words as to whether he thinks the federal government is committed to the development of an east-west power grid.

**Mr. Doer:** It is in their document as one strategy to deal with Kyoto. As I said, I just went through the three different positions the federal government has taken on Kyoto from July of 2001. It remains to be seen which position the federal Cabinet takes, although Minister Dhaliwal took a stronger position today on it. We see Kyoto as having both an advantage for climate change and an advantage for economic activity for Manitoba. That is our read of it.

As I say, the members opposite will see that we did have a one-year study of climate change and its impact on Manitoba.

We did have Ms. Hamblin from KAP and Ms. Hancharyk from the nurses' organization, health care organization; Mr. Carr from the Business Council. I am just trying to recall all the members of the committee, a number of community representatives, Mr. Spence from Churchill, and a number of other people that were on that task force. They had nine or ten public hearings and wrote a report. They made a number of recommendations to us, and we think they are good recommendations.

The federal government now is where we were 12 months ago because, as of 10 days ago, they have announced, yes, they are going to consult with the provinces. Now they have announced they are going to consult with the public. There was an initial worry from some premiers that they were going to ratify Kyoto without any consultation with the provinces. I thought there should be consultation with the provinces, although with our province we already have a public document that gives us some ability to speak from not only our own views, but also from some of the public hearings that took place.

Secondly, I have met with representatives of the International Institute for Sustainable Development on some of this material. Thirdly, we would not have the same worry about the federal government proceeding unilaterally with

a pre-G8 meeting or announcement in Kanaskis because they have now committed themselves to hearings that will take place into the fall.

\* (16:00)

I am sure it will be on our agenda with western premiers in a few weeks, and I am sure it will be on the agenda with the other premiers later on. I talked to Premier Campbell this morning, who is chairing the premiers' group. It is my view that, I mean, at one point there was an urgent need for a meeting, but now that the federal government is not going to proceed before June there is a feeling that—I will have to see when the canvassing with the other premiers is taking place, but I think the public should have a right to speak out on it. Just because they have only spoken out in Manitoba or had a chance to speak out in Manitoba, I think other provinces should have chance to speak. I am glad there are public hearings on it.

**Mr. Murray:** Yes, I just wonder if the Premier would comment if he would make Manitoba Hydro officials available under oath to discuss the economics of interprovincial transmission of power.

**Mr. Doer:** The committee will be called for Hydro. The kind of American-style questioning of the Leader of the Opposition is—I have always found people at Hydro to be fairly helpful. We have done other modelling outside of Hydro and the economic branch of government.

The word "possibility" is used in the report, but this is not dissimilar to what the Climate Change Task Force arrived at last September in Manitoba in the year 2001.

I am generally in favour of proceeding with Kyoto with the ability to have renewable energy resources and exports listed as a strategy and listed as a credit. I have said that before publicly.

**Mr. Murray:** What is always fascinating is when the First Minister, whenever any sort of question comes up about the opportunity to question anything, we notice the same sort of, I do not know if it is a scare tactic, that happens. In health care whenever there is any discussion about health care it always is a reference to

American-style something or other. I guess I find it interesting.

I hope that he does not take the same negative kind of approach to those people who are buying our power. I mean, if we sort of insist on the fact that everything American is negative, we certainly do not feel that way about their cash. We are delighted to sell them power, I believe. I think it makes for opportunities here in Manitoba. There is a history there. I am always interested to get a sense from the Premier why he finds that anything that is—I do not know if it was the words "under oath" that got his American dander up, or what it was.

I just find that these are big numbers—this \$8 billion worth of revenue. There is talk of a grid going in, there is a lot of discussion. I think that I agree with the First Minister that there should continue to be some sense of public consultation so that people are aware of where the province is going and how that works.

I do not, as I said, I hope that he does not feel that an American-style sort of approach of anything is that he would think that there is something negative when I ask those questions. I am just really interested to see when you look at the fact that if there are capital programs to be discussed, capital efforts with respect to major hydro-electric energy that is being discussed in this whole process, would the Premier commit that any new major hydro-electric capital program be brought before the Public Utilities Board?

**Mr. Doer:** Yes, and on the "American," I like the British parliamentary system. It is not to say that one is more negative than the other. We do operate in a British parliamentary system. We do have committees and we have traditions. The Americans have a different tradition, and they are entitled to it. We certainly have been successful in the past in negotiating with consumers in the United States as the previous government. I think the majority of the export sales were consummated by governments of our political stripe. Having said that, we will continue to do what is best with the good customers in the United States, and keep good relations with governors and other consumers in those particular jurisdictions.



I just was speaking about, we operate in a British parliamentary system, and I respect the British parliamentary, our system of government. Question Period and other conventions that we have and rules that we have here, I think, are positive. It does not mean somebody else is negative. It just means it is a different set of rules.

The direct answer to your question about the PUB is yes. Wuskwatim is already before both the environmental scoping process and the PUB for purposes of—there were some preliminary discussions about the PUB. I cannot remember the sequence, but we have said before in this House that any new dam and capital construction will go to the PUB.

I should point out to the member just to continue on, there is a great deal of concern right now in Ontario. I am not sure today what is going on in Ontario with the Ontario Hydro, but there are a lot of concerns in Ontario. I mean, it is not as if other entities are not approaching Manitoba Hydro. That is why we sold 240 megawatts to the old Ontario Hydro years ago, which came into place.

I think that former Premier Lyon and former Premier Filmon spoke about a major power grid, the western power grid. I think that the feasibility of that power grid becomes much greater if there are credits for a petrochemical province like Alberta for energy export. So if there are credits, if there is some national strategy for renewable resources to offset some of the petrochemical developments in Alberta, the kind of vision of Sterling Lyon quite frankly becomes more feasible.

So we are not pursuing something different. The fact that it is east-west with the federal government talking about some investments in that, that would be valuable to look at, the federal government looking at a strategy on credits or offsetting some of the other legitimate parts of the Canadian industry with a transmission line. The fact that it is east-west and not defined just to west I think opens up even more potential for Manitoba.

So this is, in my view, an opportunity to make the obvious fact that Alberta has cheap gas that can generate power. If electricity can be

generated in such a way that offsets some of the generation of exports they make to the United States, that might be fulfilling something that has been talked about in this province for 20 years and I think has been something that we have kept on the front burner, as well as former Premier Lyon, former Premier Filmon. I think Premier Pawley had the advantage of the sales north and south and took those advantages, but for all of us I certainly think there is merit in an east-west grid and a western grid. This makes it more feasible. I think that is good. It is good for Manitoba. Less than 50 percent of our hydro-electric power has been developed. That is where you get the potential take-up much beyond the existing capital program that is in front of us right now.

But the answer to your question is, yes, it will go to the PUB.

\* (16:10)

**Mr. Harry Enns (Lakeside):** Mr. Chairman, just pursuing a question that the Leader of the Opposition (Mr. Murray) just had with the First Minister, I would advise him to familiarize himself with that sorry chapter of Manitoba Hydro's history where the then-president-general manager, Mr. David Cass-Beggs, publicly acknowledged that he had lied, deceived and misled a legislative committee on the very issue that the leader is discussing.

I suspect that led to his early resignation. But a chairman or president of Manitoba Hydro publicly acknowledged that he lied, that he had misled and given false information to a legislative committee with respect to Hydro financing in the mid-seventies. This occurred during the Ed Schreyer New Democratic Party administration. The lead question was from a late colleague of ours, Don Craik, also former Minister of Natural Resources, Minister of Finance.

The issue of Hydro not always having been forthright with respect to the public financing of major facilities has, regrettably, a history in Manitoba. I would suggest to the First Minister he should familiarize himself with it.

**Mr. Doer:** I have read the Tritschler report, and I am very confident that Mr. Brennan, who has

served under both governments, is an individual who is a straight-shooter and has been throughout different governments. I have a lot of respect for him.

**Mr. Glen Cummings (Ste. Rose):** Mr. Chairman, the Premier speaks fluidly about credits for Alberta or credits that are being talked about at the national level. Is he campaigning for credits to be part of Canada's response and the trading of credits to be part of Canada's response to the Kyoto initiative?

**Mr. Doer:** Well, credits are already part of the Chicago Stock Exchange. So commercial entities are already working on these things. Commercial markets are already recognizing this, even if the President of the United States does not recognize it at this point. People in some of these areas of finances feel that some day this will be a factor. Governments come and go and policies change. Our view is that renewable energy exports should be credited. That has been our view since, into the Bonn meeting, out of the Bonn meeting, initially it was going to be part of the Bonn detail, and then it was. I think the Prime Minister believed that as well.

He, himself, has put that on the table with the European Union and probably will continue to put it on the table with his discussions with other world leaders. Particularly important when you have our largest trading partner, the United States, not joining in. Canada gets some credit for its credits. I think the credits have to be credible, and I am not aware of where his discussions are with other countries. It is certainly Manitoba's view that renewable energy export should be credited along with sinks and reforestation.

**Mr. Cummings:** Well, that partly answers the question, but within the country of Canada, does this Premier (Mr. Doer) openly advocate the trading of credits?

**Mr. Doer:** Well, Mr. Speaker, the issue is, do we get credits for our renewable resource exports? It would be preferable for Manitoba to get credits for the 10 million tonnes of CO<sub>2</sub>. In the first place, you cannot talk about trading unless you get a credit. So the first place to start

is getting credits to begin with. That is where we are at.

We have not got into the trading or the consideration of do you treat them as provincial credits, do you treat them as national credits, does the federal government have to have strategies to get a renewable energy resource into a place that is trying to ship more fossil fuels to another jurisdiction? I think there is, and I am not sure, I do not want to predict what, well, the member opposite has been in ministries of environment before and knows that this file is interesting, although it has become more interesting from the Bonn agreement. I think it is not a decision that I can make. I certainly know where we want to be.

We have never taken a position about trading. We started from a position of getting credit for our renewable energy exports. I think that is a good place to be. How that is treated by Canada, the Canadian federal government will look at that. I mean, it has advantages for Manitoba in the narrow sense for our export sales, but it has also got national benefits for us with the east-west grid. When the Leader of the Opposition (Mr. Murray) asked me a question, I cannot presume to answer where the federal government is going to go. You know, quite frankly, I do not actually think that they know where they are going on all of this right now. Obviously something that gives treatment to any renewable energy, if it is east and west, that is an advantage for Manitoba, and if it is north and south, it is an advantage for Manitoba. Why would we not be pushing it as an advantage? That is again in the Climate Change Task Force report about renewable energy.

**Mr. Cummings:** I am not trying to play footsie or be cute with the Premier (Mr. Doer). It is a very fundamental question about the trading of credits. First of all, he is quite correct that if we get credit for selling non-fossil energy, that is wonderful for Manitoba. It does obviously lead to the question about market. We can all speculate on markets, but we do know the Americans are pretty resourceful when it comes to making a tough deal. They will not buy until they have made sure that they have fortified their own ability to produce energy. Fortified is

perhaps the wrong word, but I think you understand what I am coming at.

What I am really wanting to hear the Premier (Mr. Doer) say is whether he does or does not support the concept of the credits and credit trading. To acknowledge the existence of credits, as he said, then leads to the question of trading. Interestingly enough, to some extent this puts the Premier a little bit in line with Alberta, because Alberta has always claimed that some of their refining work gives them the emissions, but they do not get any credit for then other provinces who use the energy that they are refining having less emissions. I am not here to argue Alberta's position.

I do think that it would be very interesting to me and to members of the public to know if Manitoba's position right now is that it would support trading of credits, because unless something has changed dramatically, Manitoba really is very close to being able to—with some minor adjustments in our own economy and our own energy uses—meet the national level fairly quickly. So we are indeed positioned advantageously, but that begs the question, if there is a multibillion dollar opportunity out there for us, are we going to tie that to the ability to trade credits or are we going to tie it to the presumed ability to export?

And I would be interested to know if the current Government is currently in negotiations for any additional north-south sales that would lead to the foundation for further development of our northern power just as the sale that never happened with Ontario would have led to the development of Conawapa, or, equally advantageously, is the Province actively advocating a western power grid that would equally support the potential riches that are talked about?

\* (16:20)

**Mr. Doer:** We consider an east-west power grid to be advantageous to Manitoba, and part of that is a western power grid. The treatment of how fossil fuels are going to be treated in Alberta will affect the feasibility of a western power grid. The member certainly knows that. So the federal strategy on Kyoto could have a positive impact on investments the federal government makes to

arrive at a Kyoto. If it is 1 percent of GDP and it is invested partially in ethanol investments and partially in east-west transmission lines, those would be positive for farmers potentially and for Manitoba for renewable energy sources.

The other question is about credits, and that presumes the position that Canada will go out and purchase credits from another third world country or another country. I do not think Canada, as I understand it—and I will find out more from our minister because I think we are finally getting into more nitty-gritty at the ministers' meeting in P.E.I. because both the Minister of Energy, Mr. Dhaliwal, and the Minister of the Environment, Mr. Anderson, are there. I think we will find out a little bit more about the federal government's intention, although not a lot more before they have the public consultations.

We presume that the federal government is not talking about purchasing credits from another jurisdiction outside of Canada and transferring cash outside of the country. We would prefer to see any investment in Canada be made in ethanol and wind and hydro-electric power and other sources of renewable energy and clean energy to reduce emissions in Canada, not to cash and carry Kyoto.

Now, I am not able to speak for the federal government because I cannot see exactly what their strategy is yet. I think it is safe to say from the public they would have seen the federal government saying yes to Kyoto and no to the provinces being consulted, yes to Kyoto with the renewable energy resource export credits which is where Manitoba has been; then yes to consultations with the provinces, it will not take place without consultation with the provinces, and now they have moved to a third view, consultations with the provinces and now consultations with the public.

So I cannot answer fully what the national consideration is, but I would prefer investments be made in the infrastructure of Canada, including agriculture, not into buying credits somewhere else. That would be my personal preference. At that point, there is some, and I do not want to use the word symmetry, but there is some, I do not think most Canadians would want

us to buy credits outside of the country. They would rather us buy reductions in emissions inside the country. But I cannot speak for the federal government.

**Mr. Cummings:** One last question. I think I fondly remember certain members of this House using the expression wind and rabbit tracks. I will choose my words carefully because there is a lot of substance in this discussion. But I really would have hoped that the Premier would take the opportunity to put on the record some of the key points that he might be pushing for, and having his minister pushing for, as we sit here while he is in the Maritimes.

The reason I referenced the term wind and rabbit tracks, which means that there is something there and then it disappears as the wind blows by, it is very nice and I am quite envious, frankly, of the Premier and this Government talking in the media about the opportunities for Manitoba and Kyoto. But what I am searching for in his answers right now is that whether or not there is some definite thrust that he is taking to the other provinces or that his minister is taking to the national level right now that says, dammit, Manitoba can help you with this problem. We want a power grid; we want some understanding of how credits might be traded in this country; and then we can get on with the job.

I express some frustration from 10 years ago. I think a lot of people thought that the Kyoto agreement was overstepping Canada's ability to deliver. The frustration may be just as much with the federal government as it is with any other jurisdiction. But Manitoba probably does have a key opportunity here. I was hoping to hear the Premier say that this, this and this are areas that he is pushing directly. He should have a good working relationship with Saskatchewan for starters, a great place to sell hydro, I would suspect, that can very quickly tie into Alberta, and the north-south opportunity. Do we have a potential market there?

After all, I remember being chastised very significantly by this Premier. When the privatization of Telephones was going on, he said: I will never sell Hydro. He took that on as his mantra during the election, but he overlooks the

fact that privatization of trading in energy is one thing that will allow hydro to flow out of this province. I am not suggesting for a minute Manitoba Hydro should be privatized, but there has to be agreement that it will work both ways. That is what the Americans have always demanded in terms of being able to expand the movement of energy north-south.

A lot of people felt that that was selling out our energy supplies when it comes to oil, but when it is a renewable supply, we know we have a trade right now on our line. When our major transmission line out of the north went down we were able to bring power back immediately. But it does mean opening up our market and talking openly to our American neighbours about what is in it for them and us in order to get that next power line brought down out of the North.

Without going into all of the issues around that, I just wonder: Has the Premier got some initiatives in the oven that he is prepared to talk about, in the broad terms even?

**Mr. Doer:** Well, the answer is yes in broad terms, and, two, I think it is safe to say that as part of our strategy, both economic and Kyoto strategy, we have been the leading proponents in the recent terms on power grids east and west. We made those comments in the absence of any Canadian position when George Bush was putting out the so-called Cheney report, which was released in St. Paul, Minnesota. Probably Mr. Bush's light was lit by Manitoba power when he released that with Mayor Coleman.

So the answer is yes on the macro, and I think it is safe to say that the whole push with the federal government on power grids, including conversations I have had with the Prime Minister and conversations other ministers have had with the federal government, one of the provinces pushing for an east-west grid onto the agenda has been Manitoba. So, in that respect, we definitely want the investments to be made in the emission reduction strategies here in Canada, including renewable energy reductions. It is not as simple into the province of Saskatchewan, as the member would know, because of the existing jaggedy-edged transmission capacity in Saskatchewan. It is different kind of—[interjection] That is right.

But the member knows that, and he would have studied that. The feasibility of a western power grid or an east-west grid will rely on how we are going to treat Saskatchewan and Alberta on the issue of fossil fuels and their production. Do we recognize fossil fuels as a renewable resource and look at credits. There is going to be some disagreements between provinces, but generally we are pretty positive on Kyoto, as a province, and its potential. We are putting things like power grids and ethanol and wind power and hydrogen, R & D, we are putting that on the federal agenda. You asked what the minister is putting on the agenda. It is those four strategies to implement Kyoto and also have a great economic benefit for Manitoba.

\* (16:30)

So I appreciate the question. The issue of how we are going to trade or purchase credits, I am not sure how that is unfolding with the federal government. Who owns the credit? Is it the federal government, the national government, or is it the provinces? That will be an interesting discussion probably as we speak in P.E.I.

**Mr. Murray:** I just wondered, as the Premier is looking at all of the options, you have an east-west grid, there are all sorts of opportunities as he referenced in the *Winnipeg Free Press* about sort of a \$8-billion investment. [interjection] Right. I just wondered if, on the basis, I mean, I think, like any project, when you look at it, you look at the opportunities, rightly so. I think that is the way you enter into any agreement. On the other side, of course, I think you analyze and look at what potential risks there may be, and I just wonder if the Premier could elaborate what he might see as some of the financial risks to Manitoba.

**Mr. Doer:** Well, the model we would use is the Limestone model. The risks of capital debt, in my view, has to be backed with firm sales and firm revenues. Limestone would be, I think, the model Manitoba should follow into the future, where firm sales, where accommodation of domestic use of power and export use of power reduces the risk on the capital asset and generates the revenue. In essence, Limestone's export revenues will more than exceed in a very

short period of time the capital debt. Then Limestone will be on the books still as a debt of X number of dollars, but its asset value, if it was in the private sector, is well beyond its book value because of the fact that every 10 years it can generate almost as much money as it costs to pay for it, to build it. We are seeing that with obviously more recent export sales.

So Limestone is a model. Firm sale, we would not build a dam or propose a capital investment without proper due diligence, which includes revenue and which includes, in the case of the federal government, building a grid, what other price we are going to get even on the grid or, if it is going to build part of the grid, what is the long-term financing of that grid? On this one, even the clean coal, which is a bit of an oxymoron perhaps, but even clean coal producers are in favour of more reliable east-west grids in Canada.

**Mr. Murray:** The Premier talked about sort of the three elements. One of the them was on agriculture, referred to as the sinks in agriculture production. Has he or somebody in his Government done a tabulation or got a sense what those sinks might do if the Kyoto Protocol were to go ahead as is determined?

In other words, there is obviously negotiation that has to be done; I understand that, but I am asking on the basis of his understanding of where Kyoto is. He referenced the three elements being the sinks in ag production, the reforestation, and the renewable exports. Could he just perhaps explain or elaborate how he sees those playing in terms of credits, if any, and if he could quantify what he might see in those three elements?

**Mr. Doer:** Well, we are pleased that there were credits for sinks. The agriculture industry thought that was an advantage. I will have to take the quantity issue as notice. Again, we did have agricultural representatives. KAP was represented, from agriculture, with the Climate Change Task Force group and did recommend supporting Kyoto, but I will get the specifics.

The quantity issue, I will see if there has been any work done in the Department of Agriculture on that. I know that it was

preliminary work, and they thought that that was a positive development over what was there before Bonn, which was no sinks for agriculture.

**Mr. Murray:** I wonder if the Premier could also, while he is doing that, just give a sense on the reforestation and the renewable export. I know that there is some concern that there is not anything there, but I am just trying to get a sense from the Premier on sort of the overall strategy with respect to Kyoto and specifically with respect to looking at the elements that I think have been identified and how they might play with respect to credits that exist with the Kyoto Protocol as it is being discussed today, understanding that there still might be some negotiations there.

**Mr. Doer:** Well, prior to the Bonn agreement last July, if you cut a tree down for a forestry company, that would be a debit, but there was no credit for planting another tree or two trees back, so reforestation was identified as a credit to offset a debit on the issue of forestry. That was considered positive again by Canada and for provinces like Manitoba that have a forest industry, notwithstanding our free traders to the south and what they are doing this week on punitive trade action. The same with agriculture, the sink was considered a positive step from where it was before. The whole issue of renewable energy supply is given that British Columbia, Québec, Manitoba, Newfoundland, Labrador, were net exporters of, and to some degree New Brunswick might be. I am not sure, but net export of hydro-electric power or renewable power to the United States was positive.

\* (16:40)

**Mr. Murray:** I wondered if, as we go through this process, again, I know that it is always very encouraging to look at the upside because there is excitement always when you are looking at a business on the upside and the potential. However, as you enter into something that would be an east-west type grid, I just wonder if the Premier could share what happens in the event that there is an extended period of drought.

I only make reference to that in what we have seen here in Manitoba Hydro sales when they have had a down year, just the dramatic

change. Again, I am just wondering if the Premier could share what discussions have taken place and what sort of contingency plans in the event that something like this went ahead. Has he had discussions with other players involved in this project?

**Mr. Doer:** Well, the member opposite probably may have not read the Ontario report about the different nature of power generation hydro-electric produces. That is why, over the longer term, we want to look at hydrogen fuel cell production because of its obvious advantage over a longer period of time. That is still some time away.

In our view we are backing up our grid system with a gas turbine operation in Brandon that will back up our ability. Before we had to hold back a certain amount of power for domestic use and could not export it. We will be able to sell more export sales notwithstanding the drought. A drought year over a drought year, we will be able to sell more with the ability to back up our own domestic system with a contingency plan. So we are proceeding with a \$160-million contingency operation in Brandon.

If we build more dams, with a drought you will have more power generated. Again, there has to be firm revenue sales, but we believe that if you look at the cycle—I think we had a drought in 1998 and another one in 1989, if I recall correctly—the 1990s have been pretty strong. The export sales in the last four years have doubled projections.

Even today, if you even look at the *Free Press*, precipitation levels for April and May, they are 150 percent above normal. Now, that will drop every day until we get rain. We did go through a winter that was below normal, but we are getting a lot of moisture in the eastern slopes of the Rockies right now. We will have to see. It is still out on the exact nature and the exact amount of export sales, but I think you should always budget on the low side.

We are budgeting on the low side of export sales in this year's Budget. I think they did last year's Budget, only when they started to get the better revenues did they start revising their projections.

**Mr. Murray:** Just for a clarification, Mr. Chair, the Premier referenced the east-west grid that there had been some discussions under former Premier Lyon when he was the premier of the province. I wonder, is the First Minister suggesting that the east-west grid that is being discussed in this process, is it, in essence, the same as the east-west grid that was being discussed under Premier Lyon?

**Mr. Doer:** No, it is different. If you read the documents that were released by the federal government, I would strongly urge you to do that, it is an east-west grid, not a western power grid. I guess the eastern part of that grid was killed by the decision of the former government to kill Conawapa rather than delay it, which is regrettable. I think there was a lost opportunity for Manitoba. So that part was somewhat disappointing. But the west part of the east-west grid, I am not sure.

The western power grid was Manitoba, Saskatchewan and Alberta. I think it would be not very sensible to export power across the mountains to British Columbia, given their already abundant supply of hydro-electricity power. So I am assuming that component would be there, but the eastern component, we were going to begin it with the Conawapa, which would, I thought, go right to Thunder Bay, or at least into northwestern Ontario, when the Conawapa project was built for the thousand megawatts. That was killed in 1994 or 1993. So it is different.

**Mr. Murray:** As I understand it, the Kyoto Protocol looks at a 6% reduction on greenhouse gas emissions based on the 1990 levels. Can the Premier just give the benchmark and indicate what the 6% reduction would mean to Manitoba?

**Mr. Doer:** Well, his former minister just basically said we are very close to it. The member mentioned it himself just a minute ago.

**Mr. Chairperson:** Members who are not sitting in their seat need leave so they can speak. If they are not in their seat, is the leave given? *[Agreed]*

**Mr. Jack Penner (Emerson):** I was of the opinion that the same rules applied in the

Chamber that applied in the committee room that, when you were in committee, you could actually sit wherever, but that is neither here nor there.

The question I would like to ask the First Minister is: Has the Province done any calculation of the actual value on carbon? Has there been any real evaluation, and have we done the analysis of what the actual production of carbon could be in the province of Manitoba, or, in fact, is? Has the Province done that?

**Mr. Doer:** The former Minister of Environment obviously was briefed on it when he stated that briefing in the House. There have been some reductions. Again, in the Climate Change Task Force, it talked about the Flin Flon-Hudson Bay mining and smelting operation, the reductions there. This was negotiated, as I recall it, as part of our agreement on the acid rain. All provinces got some infrastructure money from the feds on reducing with the private sector some of the major challenges in the emissions. The Flin Flon operation has been cleaned up considerably. Again, it all depends on how the credits are going to be dealt with, to know the gap. That is why we are fighting for the credits.

**Mr. Jack Penner:** I want to ask that question again because I think it is important. When I listen to the Kyoto discussion, and when I listen to some of the latter discussions on how you would actually do the evaluation to accrue the credits to the various jurisdictions, be it in either Canada or the U.S. or other nations, how that would be calculated has always been of interest to me. I have never heard anybody enunciate clearly what dollar value would be attributed to a ton of carbon saved.

\* (16:50)

Has the Province done any of this in pre-negotiations, or was any of this work done prior to the minister going to the east coast?

**Mr. Doer:** Or even going to Rio in 1990. The former premier went to Rio in 1990 and supported Rio, and, of course, Rio 2 is going to be in South Africa in September 2002. *[interjection]* It was in 1992, I believe, the Rio conference took place.

I mean, we have done a lot more calculations. For example, we know that the hydro-electric sales into the United States displaces 10 million tonnes of CO<sub>2</sub> a year, which obviously is a benefit to Minnesota, to Wisconsin, especially to any jurisdiction east of, given the jet stream, Minnesota, and that includes even Michigan and Ontario.

**Mr. Jack Penner:** Has the Province of Manitoba done the calculations of what the actual carbon credits that could be accrued to agriculture are in Manitoba?

**Mr. Doer:** I will take that question as notice. I know that agriculture preferred sinks over non-sinks. They prefer the Bonn agreement over the pre-Bonn agreement. Obviously, there are other things going on. I mean, the former government did invest in the McLeod harvester tractors. Maybe they were thinking in terms of those operations down the road, you know, with fossil fuel emissions. Maybe agriculture will get credit for ethanol production and with all the reductions in cars.

Certainly it is our intent to keep our agriculture as productive as possible—we have enough of a trading disadvantage with the United States now without adding another one—and using other strategies to get within our target. But, again, is the target going to be treated as a national target for reductions or is it going to be treated as a provincial one?

But I certainly would not want to see the burden of, you know, I certainly think that producers now in Canada are bearing a pretty disproportionate burden of most economic practices. I do not think there could be any more burden put on agriculture now in Canada with all these trade disputes going on, not disputes but trade action. It is detrimental to agriculture.

**Mr. Jack Penner:** I want to deviate from this discussion for just a bit, Mr. Chairman, if you do not mind. Then our leader would like to I think revert to this discussion. The discussion that we have had, and I am sorry that the Minister of Agriculture (Ms. Wowchuk) has stepped out temporarily. I suppose she will be back. I would

hope that she will come back to hear this discussion.

Is the Premier aware of some of the concerns that the members of the IFMI committee have expressed from time to time about the difficulties that they are having about getting transmission lines established where needed or where they would like to see them developed in order to be able to deliver the power in the most economical manner to the greatest source of need?

Has anybody done, or has this Province done the calculation of what would be required in getting those kinds of agreements done in a more economical manner? Maybe it is three or four questions, but have we determined in discussions that we have had, for instance, with Minnesota and North Dakota, Illinois and others, where the power grids south of here would be required in order for us to be able to deliver the power that we might generate with new dams, as the Premier had said he is interested in building?

**Mr. Doer:** Well, we are generally aware that, first of all, we may have something in common with other American states on transmission lines. We also know that we have the transmission capacity for the existing system we have in place into the Xcel grid. So, to some degree, we are ahead of some states on transmission capacity into some areas and we have been very active in extending that Xcel grid right down to Madison, Wisconsin, which the member opposite will know is starting to get pretty close to Chicago. So, when you talk about east-west, we have been pretty active on Plan B, which is north-south.

Secondly, so we have been involved, and when there was a concern of some of the First Nations people in Wisconsin, we had some of our people from here go with the Cabinet ministers and speak to them about some of the economic advantages for First Nations people up the North, in that area.

Secondly, the American governors did produce a report that said there was great capacity north and south right throughout United States, but not east and west. We participated in that discussion with the American western governors. Apparently, the western governors of



Mexican states will be there, and probably well-known members from Jalisco, who would be well known to the member from Lakeside, who was often quoted in the Guadalajara times, or whatever newspaper it is, on agricultural co-operation between Manitoba and Jalisco. That is good, that is positive. I am not sure of the status of those reports.

Thirdly, we revisited the whole issue of the, I believe it is called the MANDAN line, which was a proposal for Nebraska and Manitoba to have an exchange agreement in place because of our different demand times which were blocked by South Dakota and North Dakota. Now, the governors of South Dakota and North Dakota admit that their blockage of the Manitoba Hydro exchange with Nebraska also blocked their ability to produce clean coal and export it on a transmission line. So what was then—and this came up from Governor Janklow—that there was probably a mistake, and I have discussed this with the governor of Nebraska.

South Dakota, North Dakota are very concerned about the length of time it takes to get a transmission line built in the United States and how short distances those transmission lines are. For our purposes, at the governors' level at least, we have been positive on it. It came up here in the meeting that took place last May and I hope it comes up this—I believe there is a meeting this week with the IFMI delegation. I believe the Minister of Agriculture and the member from Emerson are both going to be there, in Minnesota, so I hope the meeting goes well.

Our view is that transmission lines do provide positive economic benefits to Manitoba and we have generally been supportive of that. The greater the transmission capacity east and west, as well as north and south, is to our advantage.

Having said that, we have pursued our own north and south strategy into some of the larger areas, but we certainly have not, and I think the MANDAN project probably was, I will have to check my reference, but I know that was a project, I think, sometime in the mid to late seventies, maybe even before then, but it was blocked by farmers in South Dakota and North Dakota. It was a power project between

Manitoba and Nebraska, an exchange project, an interchange project, not necessarily export sale.

**Mr. Jack Penner:** Mr. Chairman, the First Minister has directed his comments to where I was hoping he would go, because I think the whole idea of exporting power from an economic standpoint and Manitoba's position are very beneficial, or could be very beneficial if one gets the co-operation and one is able to develop the markets and the customer base.

I think the First Minister made reference to the 1994 Ontario tentative agreement that fell through. The First Minister used language that would make it appear that our government axed the project and/or the agreement. However, there also had to be an agreement with the customer base, namely Ontario, in order for us to be able to market the power that would have been generated out of the dam. If a province cannot come up with, I think, firm, sound sales agreements prior to embarking on a major investment, then the taxpayer could in fact or would in fact at the end of the day be liable. I think the First Minister understands that.

Therefore, the question I ask is: Have you got, has this Province got firm agreements on which to proceed with the United States over a long term to sell, in fact sell on a continuous basis, the amount of power that we could generate out of a new dam.

**Mr. Doer:** Well, 49 percent of Manitoba's capacity to generate power is now harnessed and 51 percent or 50 percent, depending on what calculations you use, is not harnessed. So the question that was asked: Do we have sales on the other 50 percent? No. Do we have other discussions going on, with other transmission projects going on? Yes. There was an agreement for 240 megawatts to Ontario and another 1000 megawatts to Ontario in the Conawapa agreement. In my view, when the demand side of Ontario slowed things down, I think we should have delayed that project. I have said this in the Legislature to the previous government. But that firm sale, I think we should have cancelled.

**Mr. Chairperson:** Time being 5 p.m, private members' hour. Call in the Speaker. Committee rise.

## IN SESSION

**Mr. Speaker:** The hour being 5 p.m., we will now go into Private Members' Business.

### PRIVATE MEMBERS' BUSINESS

#### DEBATE ON SECOND READINGS— PUBLIC BILLS

##### Bill 200—The Elections Amendment Act

\* (17:00)

**Mr. Speaker:** First, I call resumed debate on second readings of public bills. On the proposed motion of the honourable Member for Southdale (Mr. Reimer), Bill 200, The Elections Amendment Act, standing in the name of the honourable Member for Burrows (Mr. Martindale).

Is it the will of the House for it to remain standing in the name of the honourable Member for Burrows? *[Agreed]*

### PROPOSED RESOLUTIONS

#### Res. 7—Alternative Energy Options

**Mr. Speaker:** We will move on to Resolution 7, Alternative Energy Options, in the name of the honourable Member for Assiniboia, (Mr. Rondeau).

**Mr. Jim Rondeau (Assiniboia):** I move, seconded by the honourable Member from Dauphin-Roblin (Mr. Struthers)

WHEREAS the impacts of climate change and other environmental issues are being recognized around the world as well as in Manitoba; and

WHEREAS this province's natural resources are not infinite and the importance for our society to develop alternative energy sources is an irrefutable reality; and

WHEREAS this Government supports practical, Manitoba-based actions that respond to environmental and energy usage issues; and

WHEREAS the recent Manitoba Climate Change Task Force explains the importance of Manitoba leading by example and participating in national and international efforts; and

WHEREAS, among its key recommendations, the task force calls for provincial energy policy that ensures future energy needs are met by developing renewable and alternative energy options, and maximizing the energy sector's potential as an economic development tool, especially in the areas of hydro, biofuels, geothermal, wind and hydrogen; and

WHEREAS the Premier of Manitoba and the governors of North Dakota and Minnesota agreed this October to share information on promoting the use of alternative fuels such as ethanol.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the provincial government to consider following the vital recommendations put forward by the Manitoba Climate Change Task Force and to consider exploring alternative energy options; and

BE IT FURTHER RESOLVED that this Assembly urge the provincial government to consider continuing its leadership role when dealing with this issue.

#### *Motion presented.*

**Mr. Rondeau:** Mr. Speaker, it gives me great pride to speak on this resolution and to forward it to this House, first, as a person who is strongly committed to the environment and cares about the long-term change of our environment, and worried about the environmental impact of using fossil fuels and continuing to use fossil fuels. Part of this whole Climate Change Task Force said that the speed and scale of climate change is predicted to be going faster and faster. How Manitoba adapts to the change will be crucial for the future economic development, particularly for agriculture, transportation, forestry and energy. It will also show the way for other regions of Canada to begin a more concerted effort to reduce the harmful impacts of climate change.

It is with this context of climate change, and also worried about what will happen in the

future as far as non-renewable energy sources. We have to look, not for 10 years, not for 20 years, but for a century, two centuries, three centuries, so we are a government that has to put down a foundation that makes positive change for the future.

So I believe, when we are looking to the long-term future, Manitoba has truly a bright future to move towards. The reason why we are in such a good position is we have renewable energy such as electricity, and we are doing a lot of positive movement in areas of ethanol and even in geothermal. I understand that the Hydro now is giving a low-interest loan so that people can use geothermal heat. I am pleased to see that the member from Dauphin-Roblin and myself have both put in geothermal heat pump systems which not only reduce the energy costs but also save long term on the costs for running and heating and cooling the house.

Anyhow, some of the things that we have done as far as planning for the future, which is very, very important, is we have moved into work ethanol. The ethanol tax incentive is important because it does two things: one, it helps the farm economy because it creates local markets to produce the ethanol and creates employment, but also it does not have as high greenhouse gases. So that is very important to do.

The other things that we have done is we are converting some of the coal-fired generators from coal to natural gas, and hopefully, with some of the other savings, we are going to have less greenhouse gases and a better environment.

We have also, and one of the things I will talk a little bit about is geothermal heat pumps. One of the very positive moves by Manitoba Hydro was to create a low interest loan for geothermal heat pumps.

What this is, it takes the heat from the ground, so what you are doing is you are taking water or a mix of water and antifreeze, and putting it through the ground. As the ground warms the water, it takes it back into the heat pump, extracts the heat, and that is what is used to heat your water, heat your house, and in fact during the summer it can cool your house. In a

general house where you are spending about \$1,500 on heat or cooling a year, you should be able to save yourself about \$700 to \$800 on a heat pump unit. That saves money but also saves the environment because there is no using of the environment because the heat in the ground is always going to be there.

Other things that we are doing: We are doing some experiments with mass transit, where we are having buses that are not using diesel, but are using ethanol. We are also doing things such as a renewable energy where we are using hydrogen and developing a hydrogen steering committee which is going to promote the use of hydrogen, development of hydrogen so that it can become commercially feasible to run cars, buses and vehicles using hydrogen. That again will help the long-term plans for our economy and for our environment.

Other things that we have done is our PowerSmart. If you cannot conserve what you want to do, if you cannot save or go to total alternate energies, you want to conserve. Some of these things are the seniors PowerSmart program. What we are doing is giving very, very cheap ways of having an energy expert go into seniors homes, evaluate the homes, tell them how to spend their money, and conserve energy.

Other things we are doing is we have gone and we have worked with business and community organizations to help save money on energy. What we are doing is we go there, we do an energy audit, it saves them money, saves energy, and helps their environment all at the same time.

So these are wonderful things that we are doing.

Understand we also are doing a wind project in Manitoba. That is very, very crucial. I know that in the far North where we use a lot of diesel generators, wind projects, solar projects might make a great deal of sense in order again to save our environment, and that is great.

One final point that I was going to make is the new Red River downtown campus was selected as a sustainable building for the third International Green Building Challenge; and

why it was, it is set up as a C2000 building, which is going to improve the energy efficiency by 40 percent to 50 percent and save millions of dollars in the long run. But what it will also do is it will use an environment where you have a school environment. It will be cost-effective. It will pay for itself in five to seven years. It will use the old and the new, so it will take the old buildings which are historically significant, combine them with new technology and develop a place for everyone downtown that will be really a good way of revitalizing the central part of the community.

\* (17:10)

The project incorporates an integrated photovoltaic solar-powered energy electricity generating system, and this system contributes the electrical operating needs of the campus. Basically, what it does is it uses light in order to generate electricity.

So I am pleased to be presenting this private members' resolution, because I think it is important to have not only planning for now, but for the future. I believe our Government is making good steps towards planning for the future as far as energy and renewable energy usage. I also know that what we are doing is, we are not building a foundation for 10 years from now. We are building a foundation for centuries from now in that we have long-term energy usage, we have renewable energy usage, and we are not using fossil fuels at a rate where what we end up with in the future is nothing.

So I really promote this. I look forward to listening to what happens with the federal government as far as the Kyoto Accord, because I think it is important as far as development of a good energy policy and a renewable energy policy. I look forward to our Government taking steps to help the greening of the planet and to help the long-term environment. So thank you very much, Mr. Speaker.

**Mr. Glen Cummings (Ste. Rose):** Mr. Speaker, I had to think there for a moment. When I rose, I heard members in the Government saying, pass, and I did not know whether they were referring to my speech or to the resolution. But I am going to make them listen to my speech to begin with.

At any rate, the reason I want to speak to this resolution is that there are several facets to what the Government is or is not doing and what governments can and perhaps cannot ably do to produce alternate energy sources and effectively deal with the carbon dioxide problem that the world is now calling the greenhouse gas situation, which includes other greenhouse gases such as methane and carbonyl fluoride refrigerants.

Mr. Speaker, the member waxes eloquent about the desire and the ability of the current Government to put forward a program of alternate energy production and all well-intentioned, I am sure. But one of the things that is key to all this is putting some money into research and targeting research dollars to make sure that the end result is, in fact, viable alternative energy sources. One of the things that is always a concern in this part of the world because of our smaller population, in some cases, is that we do not have a history of putting enough money into raw research or into the development of unique products, which in this case would be low carbon fuels or alternative energy sources.

Now, there are a number of ways of approaching this problem and, I suppose, if any of us in this room had the solution, we would be wealthy enough that we probably would think our time would be better devoted to doing something else than to participating in debates in this Legislature. But one of the really serious aspects to this resolution references ethanol production as one of the alternative energy sources. It is an alternative energy source and it does need to be developed in this particular part of the world, because we have a high productive quotient of high carbohydrate grains. We can produce alcohol quite readily from these grains, but, in the end, if you ask the environmental leaders to do an in-depth study of the total environmental impact to producing a litre of ethanol, in fact it is not as environmentally friendly as at first we might believe.

It will, in fact, when it is consumed change the need for a number of alternative additives in gasolines that are used today. Some of those additives, while they are made to make gasoline burn more cleanly, they, in fact, add to the other pollutants in the atmosphere and have caused a problem in their own right while dealing with

the problem of greenhouse gas emissions that come from our large fleet of vehicles, if you will, particularly on the North American continent and in Europe.

But, if you did an environmental assessment of ethanol, and this is where I think we need to be a little bit more definitive when we talk about alternative fuels, if you consider the production train, if you will, the energy that goes into the farm equipment to produce the grain, the energy that goes into the hauling of the grain to the distillers, all of the aspects of production of that grain, it probably is not, in itself, the end to improvement of environmentally friendly fuels in this country.

We can also talk about diesels, not in terms of ethyl product but in terms of oil that then becomes a very high-energy and combustible oil; again, probably an interim solution to dealing with some of the localized pollution that occurs relative to the burning of fossil fuels in our engines and our automobiles but in the end will not be the answer in providing alternative fuels to replace carbon-based fuel problems that we have in the industrialized world.

We need to be looking at the hydrogen alternatives. We need to be looking at the fuel cell technology. It seems to me that while so many people have talked eloquently about the development of hydrogen fuel cells and the technology and the capacity that we have for surplus hydro development in this province and why do we not combine it with hydrogen technology, combine the research, combine the technical expertise, and all of a sudden we would have control virtually, a monopoly, if you will, on a large portion of hydrogen development that would be available in the central North American continent, I would say to the Government, as I have often said to others who indulge in this debate, the theory is good. The concept is real, but nobody is prepared to put the risk capital into this development.

It requires the co-operation and the involvement of the automobile industry. It does seem to me that we have let a good deal of the hydrogen research land in B.C. That is where an awful lot of the work has been done and is being done in the development of hydrogen-burning equipment and in developing the technology so

you can just manage the fuel and make it a portable and highly combustible fuel for the benefit of the transportation industry in particular.

So, when we talk about development of alternative fuels, and I look to my colleague from Lakeside, in fact, methane recovery is a very viable option for stationary energy as well. Frankly, that is an area where, during a period of time when we were in government, we dabbled in some technology to capture methane and put it to work. Recapturing it and recycling it for heating of hog barns was one aspect, but it turned out, in that particular case, that the research was being done elsewhere to a large extent and the technology was being imported into this province, and we were being used as the guinea pig to test whether or not that technology actually worked.

\* (17:20)

You know, one of the problems that governments of all stripes find is that they cannot for long sustain one-off research projects that appear to be very much of a high risk, that are very consumptive of capital investment, and that returns are maybe not what they should be. The first thing that happens is, I suppose, that we have the Auditor coming around to see if we are getting value for our dollar. Where are governments, or where is industry, going to get the money to fund this raw research and the technical improvement of the knowledge that we already have so that we can put it into a practical package so that the equipment of the future will be able to use it and still be efficient, be able to use it and still be as productive and produce the horsepower that is necessary?

Frankly, in all of the areas where we have high-carbon fuel consumption, once you get past the smaller passenger cars and motorcycles, you do get into a question of fuel efficiency combined with an ability to produce high horsepower for the work that is at hand. I challenge this Government, as I challenge the federal government and any other level of government in this country, to look at the areas that raw research like this needs to be done.

Now I could stand here and tell you that nuclear energy will get rid of your greenhouse

gas problem, but it might be a little difficult to sell nuclear energy as being the answer to all of our problems when the biggest question we still have in front of us is how you store the waste. That is the one key. Everybody says, well, you have got to keep it in your own backyard; do not ship it to mine. Then everywhere that a repository is being considered, including, I might add, in the Lac du Bonnet area, where some research was being done—many members on that side of the House who actually still sit in the House here expressed grave concerns about the fact that that research was going on over there, but maybe it was going to eventually come to a permanent storage site. So then it was bad, and it had to be very carefully monitored and assurance after assurance had to be given that it would never be used as an actual repository.

Let us face it: We are getting a greenhouse problem in the world today that is big enough that eventually the world is going to have to take serious and strong actions to deal with it.

Manitoba is well positioned with potential hydro development, but we cannot give that away to save the world because it will be the cost of development that will need to be offset, and that will be driven eventually by the governments of the world deciding that fossil fuels are indeed too costly to the environment and, therefore, need to have a cost factor built into them that needs to go towards developing of alternative fuels. That sounds like taxing an industry to put itself out of business. That is a pretty hard sell as well, Mr. Speaker.

Eventually we will find that we have developed better and better fuels, better and better ways of recovering the carbon that we are exhausting, but unless people are willing to reach out to the greater masses of the world and deal aggressively—and I will repeat a story that was brought to my attention, and this is a true accounting of TransAlta Energy in Alberta, a company that produces electricity from burning of coal. They said that they have a technology that now gives them 85 percent efficiency in their scrubbers. Mr. Speaker, they are prepared to give that technology to less developed coal burning producers around the world. They will give it to them. They will put it into place, and it will reduce their emissions which may be at 50

percent today or 45 percent instead of the 85 percent that TransAlta is at. It will reduce the amount of carbon deposits globally, but it will not force TransAlta to have to get that last 15 percent out of their stack. That is very forward thinking, but it just is not happening on the global basis.

I am sure my time is probably about to run out on me, Mr. Speaker, but the problem that we need to address is that, not only do we have to act and think locally, we have to act and think in the larger scale. I do not think we have governments around the world today that are big enough to embrace the thinking that TransAlta put on the table 10 years ago in terms of whether or not they could clean up the carbon emissions out of their smoke stacks. I am pretty sure on the numbers of their efficiency level; it is very high. They can give that technology to polluting producers in China, as an example, or in other areas where they are burning high sulfur coals, and they can make them so that the global emissions of greenhouse gases are significantly lowered. It would still protect the efficiency of the industries that they provide fuel for.

Unless we, not only as a provincial government, but we need to act, but we need to think further and push towards the larger national governments to recognize this problem and deal with it or I fear that, if we continue to deal with it on a one-off basis, it will not be done and that technologies like the hydrogen fuel cell will not be quickly enough brought into play before we are forced to take drastic action.

**Mr. Stan Struthers (Dauphin-Roblin):** I want to congratulate the Member for Assiniboia (Mr. Rondeau) for bringing forward this resolution. We truly are, in Manitoba, I think, well positioned to assume a leadership role when it comes to alternative energy. Also, I think this is very exciting stuff. It is forward thinking. It is practical. I think, with a leadership position, with a commitment to making the changes that we need to make, I think a commitment not just on the part of this Government or 57 legislators in this building, but the commitment of all Manitobans to do what they can to wean themselves from traditional energy sources to alternative energy sources will have payoffs not just in the short run but in the long run as well.

Having said that, I do believe that the people of Manitoba are willing and are today making those choices where they can to move from the traditional, expensive, environmentally damaging sources of energy that we have become accustomed to, to something that is a lot healthier for our planet. We were having a conversation here just a few minutes ago, the Minister for Industry, Trade and Mines (Ms. Mihychuk) and myself and talking about Hydro. We talked about Hydro. What had dawned on us, do we consider Manitoba Hydro as an alternative source or do we consider Manitoba Hydro traditional?

Well, we are Manitobans. I would suggest that all those advantages that Manitoba Hydro brings to us are more than just an alternative energy source in this province. For decades it has been a major source of clean, efficient, inexpensive, Manitoba-made energy. It is the success of Hydro that has allowed us to be in a position where we can show real leadership, not just within our province or within our country but internationally as well.

\* (17:30)

The Member for Ste. Rose (Mr. Cummings) makes some very valid points in saying, as he almost always does, looking at the rest of the world and seeing where there is leadership internationally. I think it is a good point. I think we have to get more people around the world, all over the planet, to be looking at other sources and be taking this a lot more seriously than we seem to. I would suggest that our friends and neighbours to the south of us who prefer not to look at the benefits of the Kyoto Accord should take a good, hard look at what the Member for Ste. Rose is saying and glean from that bits of wisdom.

I think that any approach to alternative energy in this province needs to begin with a very serious look at conservation. A program needs to be in place for Manitobans and for us as a government to look at ways that we can conserve the energy that we produce. That, I think, has to be the starting point. I think, as the Member for Assiniboia (Mr. Rondeau) has pointed out, through our PowerSmart programs, other initiatives both in the public and in the

private sector that have been put forth, have been implemented, I think give us that good start.

I have always believed that there is more we can do in the area of conservation. I like to think that we Manitobans are imaginative enough and creative enough and certainly practical enough that we know we have to conserve the energy that we produce for a number of reasons. First of all, it is just good economics for a family to save the amount of energy that we use in our households. It makes good economic sense for us to do that as Manitobans. In the short term, we gain by that by saving money. Collectively as a province, if that is the kind of approach that families take, you will see a huge amount of savings of money by Manitobans right across the province. You will also see huge savings in energy.

Let us just take Hydro, for example. The more we can save through our conservation programs, the more we can turn and sell on the open market to places like the northern states that will pay money for that clean, efficient energy. Clearly, a conservation program is the first stepping stone that we need to take whenever we look at an overall energy package for our province.

Hydro also will do an energy audit of a Manitoban's home. Many Manitobans, I would think myself included sometimes, would like to know what more I can do as a homeowner in this province to cut down my energy bills and also provide that kind of surplus energy for my province to use in a very positive way.

So Manitoba Hydro has done that through providing energy audits to people who are interested in finding out what more they can do to make their house more energy efficient, whether that be insulation, whether that be a different set-up with their windows, roofing, whether that means switching their furnace to a higher efficiency unit. There are lots of different possibilities.

So I think we have to always, always start from the perspective of conservation when we talk about energy. Once we have that in place—and I think this Government has moved us along the right road to make sure that that first building

block is in place—then I think we have to be talking about ways in which we can wean ourselves off of the traditional dirty, expensive, polluting forms of energy that we have become accustomed to in this province.

I think all members of the House would like to see this province move away from the traditional energy sources that we have become accustomed to in Manitoba. I think what we have to do is move into something renewable, something that will expand our economy, something that can provide stability, something that can provide a cheap and stable source of energy that we can use here in Manitoba. I think there are a number of possibilities.

I want to commend those who do take the time and spend the money that is necessary to research the different types of energy sources that we could pursue as a collective group of Manitobans. There are all kinds of possibilities, Mr. Speaker. The one that we noted in our Budget several weeks ago is ethanol, and our Government is saying we need to explore the possibilities of using ethanol in Manitoba to do a variety of things, not the least of which is to help the farm economy diversify into a stable, predictable source of income that will help our agricultural community here in Manitoba.

Mr. Speaker, the Member for Assiniboia (Mr. Rondeau) referenced that I have made a fairly significant change to my own home. I am not correcting the Member for Assiniboia; I am just going to add on that not only the Member for Assiniboia and myself have the kind of foresight to do that but the Member for Lakeside (Mr. Enns) as well, who has been after me the last little while to form kind of a coalition, a non-partisan, bipartisan coalition of legislators who will agitate and agitate and agitate until we get these kinds of changes, because the Member for Lakeside and the Member for Assiniboia have recognized that there is a real possibility for the expansion of geothermal heating, heating and cooling, in our province, not just in homes but, as an example, the Winnipegosis Skating Rink has recently converted its operations to a geothermal unit and has been very successful with this.

I will tell you, some of the advantages when you live in small rural communities, as I have,

the first thing that they have noticed is that the amount of maintenance that they have to do at their unit in the skating rink has dropped off dramatically. That means they have to take up the time with fewer volunteers. You know, there is not hardly a town in rural Manitoba who is not struggling to get more volunteers to work at their skating rinks or their curling rinks or their community centres, their schools, their churches. It goes on and on.

\* (17:40)

The Winnipegosis Skating Rink is reporting that they are spending a lot less money on energy, which means a lot less fundraising in a little community. It gets them onto the ice earlier in the fall so that the kids and all the different activities that take place on the ice in the skating rink can get started earlier. They have a longer season, longer into the spring. It saves them money.

It does our province a lot of good because now we can focus, instead of on the traditional way we used to do things, on an energy source that can play a very pivotal role in the success of our province in terms of alternative energy.

A friend of mine who was involved in installing these geothermal units in houses told me that in this country, if we took geothermal heating and cooling seriously, just by converting more homes and more businesses, we could meet every target of the Kyoto Accord. We could meet all those targets. Now this is something that is tangible. This is something that we can do as a provincial government.

As the Member for Ste. Rose (Mr. Cummings) has said, it does not mean we have to get every country in the world onside. We do not even have to get a few countries of the world onside. Heck, the country of Iceland is way ahead of us on this. We as Manitobans can do this, and we can make a difference. We can make a difference for people who install alternative energy sources, whether they be geothermal or otherwise. We can make a difference for them, and we can make a difference in terms of that contribution to global warming.

There are lots of examples in Manitoba of solar power being used, of wind being used. I do



not think we are ever going to get to the point to where we are dependent on solar energy or wind. We do not have quite the conditions for wind maybe that we need to have, but solar can be used in micro situations to augment the power that we use and then not only saving businesses and saving homes that kind of money, but also easing up the load of hydro that is being used so that we can take that hydro and sell it on the export market and bring more money to our province to pay for hospitals and schools and roads and all those things that we debate in this House as part of one budget after the next.

So, just in conclusion, Mr. Speaker, I want to congratulate the Member for Assiniboia (Mr. Rondeau) for bringing forward this resolution and providing this opportunity to discuss a very important issue. I would hope that members opposite would see fit to support us in this and pass this resolution here today. Thank you.

**Mr. Larry Maguire (Arthur-Virden):** It is my pleasure to add a few words to this resolution that has been brought forward today before this House, Mr. Speaker, in regard to developing a better program and understanding for dealing with sustainable energy requirements for the province of Manitoba.

These are certainly encouraging times to have the opportunity to discuss better ways of making sure that we have cleaner air and cleaner water and making sure that we have better use of our lands than perhaps some might see has been done in the past.

Over the years, it has been interesting to watch this Government come in with climate change requirements and task force recommendations. Each government has done a good deal of work on this area itself, and I note, with regard to many of the outstanding organizations today who monitor and follow things like climate change or wildlife and natural habitat in Manitoba, that many of the recordings of this Government show failings in regard to their grades, I guess, if you will, that many organizations have given this government of the day compared to the former Filmon government in regard to looking after things like provincial parks, water sustainability, clean air and monitoring those circumstances.

I take a certain amount of pride from our side of the House that my predecessors in government, when they were here, felt that strongly about maintaining the climate and environment in our natural habitat here in Manitoba, providing opportunities for wildlife in that area as well. Mr. Speaker, this whole issue of climate change and conservation has come about because of agreements made in 1996 by our federal ministers, at that time, the honourable Ralph Goodale, the Minister of Energy at that time, and I believe it was Ms. Stewart that was the Environment Minister at the time, a number of issues that they had been working on over the years as the federal government.

Here we are six years down the road, and obviously we have had some agreements internationally in regard to it. Canada has signed on to that agreement with a number of other countries. There has been some backtracking of late in regard to some concerns, but nevertheless most of the countries in the world are still looking at moving forward with some kind of environmentally sensitive requirements in order to, if we could use the terms, clean up the environment to a certain extent.

I find it interesting that the Manitoba government has made this resolution that has come forward urging the provincial government to consider following the vital recommendations put forward by the Manitoba Climate Change Task Force and to consider exploring alternative energy options. Mr. Speaker, I had the opportunity of attending a good many of these hearings that were held when the Government appointed Mr. Axworthy as the Chair of this Round Table for Sustainable Development and a member of the Climate Change Task Force. I attended two of the meetings, one here in Winnipeg, one in Brandon. There was concern from the people making those presentations that something needed to be done in regard to the issue of cleaner air and emission reductions in regard to our own home base here in Manitoba.

Of course, it would be difficult for one province to make a huge difference to the whole country of a province of Manitoba size, particularly when we depend and develop so much of our hydro-electrical energy that is

considerably cleaner than some other forms of energy burnt in Manitoba and in other parts of Canada. However, Mr. Speaker, the bottom line is we must all work together as a nation and as a world to try to make sure that we reduce the kinds of emissions that are potentially causing the harm that some of these task forces have determined to date.

I find it interesting that the resolution also states that one of the WHEREASes is that the Premier of Manitoba has worked with the governors of North Dakota and Minnesota as recently as October to share information on promoting the use of alternative fuels such as ethanol, and I would only raise in the House today, because it is so important to the meetings that are going to be going on Thursday and Friday in Minneapolis, of the International Flood Mitigation Initiative, of the four main items that will be discussed in those areas, of course, are not just the flood mitigation and the ways of managing water in those circumstances, but also vital sanitary and harmonization of pesticides on both sides of the border. Tourism is a key element, but also the discussion around ethanol and its use in the future of our nations. The Government here in Manitoba seems to think that it is quite satisfied, that the route that Minnesota has taken to mandate E-10 ethanol use in the state of Minnesota is the way to go.

I would concur that there are advantages in Manitoba to our agricultural diversification, and the agricultural products to use it. It might be a market for more high-yielding grains that we could introduce into the province, such as corn and some of the higher-yielding barleys, some of the higher-yielding, low-quality wheats that we presently grow. That would be one advantage. A completely new one would be the area of straw, turning it into the kinds of products needed for the Iogen project that has been spoken about in the Killarney and Boissevain areas.

But I find it interesting that this Government, in an all-party delegation to go to Minneapolis today, has decided that their lead minister, the Minister of Agriculture (Ms. Wowchuk), has not made any kind of arrangements to include this side of the House in regard to the presence at that meeting, which, I understand, was certainly not the precedent set by my predecessors in regard to the kind of all-

party meetings that were developed across this country. I only raise this issue, of course, because I am a bit concerned as to whether the provincial government of the day really is concerned about, as they have stated in the resolution, trying to make a commitment for the overall good of the province of Manitoba.

If we are going to be discussing ethanol, which we will be in Minneapolis on Thursday and Friday, it would only seem courteous to have included all parties, given the fact that Manitoba hosted the first meeting here in this city a year ago at this time, and that, hopefully, there will be future meetings hosted by other states, South and North Dakota being the other two jurisdictions involved.

Alternative fuels do not, of course, just use ethanol. We are looking at bio-diesel that could be utilized in our agricultural industry as well, and the other alternative fuels, the hydrogen fuel cells that have been spoken of.

Wind is another form of energy that we could capture and take advantage of. It is my understanding that southern Manitoba has, like southern Alberta, one of the most open areas to capture, if you will, some of the wind that blows across this prairie that we have. We must use every opportunity to use the advantages that we have in our local areas, to turn whatever energy we have, whether it is wind or water, into viable alternative fuels. This is just another one of the areas that I think we could look at.

The member has also indicated in his resolution that one of the areas that we are to look at is that the provincial government consider continuing its leadership role when dealing with this issue. I would ask: What leadership role, Mr. Speaker? I have not seen any initiatives other than a very few small ones that this Government has taken. There are some alternative mechanisms that they are trying to look at putting in place, but a good many of the circumstances that we are faced with in this province today have been ongoing and well deserving from my predecessors in order to establish some of the conservation mechanisms that have been used in this place.

The member from Dauphin just talked about conservation mechanisms that could be used in

this province. I agree, there are some. However, this Government has done very little, if anything, in regard to looking at capturing some of the long-term studies that have been done on issues like water storage and water use. I would say that, as regards energy, one of the areas of looking at alternative mechanisms in Manitoba to sustain our province is to look at more intensified industries than we have looked at in the past. That is no more certain in any of them than it is in agriculture, and we do have many producers making the farmers today, making the change in their farming operations to more highly intensified operations as well as the processing beyond the farm gate that is being done. But this kind of sustainability in this industry purely depends on the kinds of provincial initiatives and federal co-operation that can take place in developing things like dams and making sure that there is sustainable water to be used in the future for all of these projects.

Of course, if we do that, there are some smaller alternative energy forms that could be added into some of these plants, that this Government has not given any thought to at all in regard to the kinds of wastes that are being disposed of from our processing facilities. There are some of these facilities large enough to put some small sustainable energy development mechanisms in place at the time that we are purifying the water that is used for processing. I do not think that that has been seriously looked at in Manitoba yet, and it is one of those areas where some small energy could be recaptured by processing facilities or industries in adding to the grid that we have for power development in the province of Manitoba.

These are some Manitoba-based actions that we think could be done from this side of the House to enhance our environment. Of course, one of the main ones, looking at the kinds that would really spur things on, is to look at the kinds of credits that could be given and the kinds of environment that we are looking at in regard to the sustainability of the Climate Change Task Force, and while there was some mention made of it in their findings, I think that there is a good deal more work that could be done in that area. I think one of the things the federal government has kind of usurped us with and something I do

not hear the Minister of Conservation (Mr. Lathlin) dealing with very readily today is the fact that the federal government signed this agreement stating that we would look at 1996 levels.

Much of the change in our climate or in our day-to-day operations in the farming community have already been changed from days of ploughing and disking under all the stubble to maintenance of the stubble on top of the ground to minimum zero tillage that leaves the stubble standing, and that in itself has quite a worth to society and should have been included or grandfathered. We urged at the time as farm leaders to urge the federal government to take into the accountability those kinds of changes that farmers have already paid for on their own farms and their own personal finances that general society gets a benefit of in the use of the whole area of making sure that we have a sustainable future.

Just in closing, I would like to wrap up by saying that I too agree that while there is some federal responsibility in this under Mr. Anderson's portfolio I would take some solace from the fact that I am—you know we are supposed to be encouraged by the fact that our Minister of Conservation from Manitoba here is actually co-chairing in Prince Edward Island this very day as we speak. The whole area of the Kyoto Protocol discussions between the provinces and the federal government, and I, just for the life of me with the way that he has handled a number of the environment issues in the province of Manitoba, cannot find any kind of solace in the fact that the Minister of Conservation from Manitoba is co-chairing this important issue at a national level. Thank you very much, Mr. Speaker.

**Mr. David Faurschou (Portage la Prairie):** Mr. Speaker, I rise to speak on this resolution and add a few selective thoughts in regard to the debate on this resolution.

Mr. Speaker, I realize that it is hard to discuss climate change and the importance of changing to alternative fuels when we are approximately 10 degrees Celsius below normal temperatures this time of year and recognizing that we are less than a month away from when

the days are starting to grow shorter, so we debate.

Mr. Speaker, leadership is one to recognize how we can make use of our current resources in the best fashion possible. I know we speak of how conservation starts right at home. Let me speak specifically of the railways that operate here in the province. I believe the railways are a very efficient mode of transport for our goods and services we receive here in the province. Two years ago, this Legislature under the New Democratic Party, against the Opposition's wishes, passed labour legislation that effectively made it extremely difficult for anyone wanting to pursue the operation of a railway here in the province. I know that it is still an ongoing concern, and the Minister of Labour (Ms. Barrett), I am certain, is well aware of what I speak.

Also, I would like to draw attention to a report, the south Hespler report, which I believe the Minister of Industry and Mines (Ms. Mihychuk) is well aware of, that spoke glowingly of a potential resource here in Manitoba on the Assiniboine River, that being the construction of the Holland Mark 3 Dam, which would generate additional energy through hydro-electric generation units within that dam. It

would also provide for an abundant resource for a continuous supply of water, quality water, to southern Manitoba. I will compliment a former minister of the Crown, Mr. Plohman, who authored the report, and I encourage the minister to look favourably on this report and potentially give due regard to the potential of this dam.

I know that perhaps not all persons who are members of the task force will be in support, but this is where leadership begins. It begins in this Legislature. Ministers of the Crown have a responsibility not only to Manitobans who voted for them but to all Manitobans today and into the future, and it is vitally important that we look to the future and create today what Manitobans will need tomorrow.

Mr. Speaker, I believe that this current Government does not have the outlook that is necessary to see Manitoba into the future.

**Mr. Speaker:** Order. When this matter is again before the House, the honourable member will have 11 minutes remaining.

The hour being 6 p.m., this House is adjourned and stands adjourned until 1:30 p.m. tomorrow (Wednesday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Tuesday, May 21, 2002

## CONTENTS

<b>ROUTINE PROCEEDINGS</b>			
<b>Presenting Petitions</b>		<b>Sales Tax</b>	
		Jim Penner; Selinger	1648
		<b>Speaker's Ruling</b>	
Provincial Trunk Highway No. 9 Upgrade		Hickes	1651
Helwer	1641		
<b>Introduction of Bills</b>		<b>Members' Statements</b>	
Bill 21—The Partnership Amendment and		Mr. David Oster	
Business Names Registration Amendment Act		Helwer	1653
S. Smith	1641	Aerospace Industry	
		Korzeniowski	1654
Bill 301—The Assiniboine Memorial Curling		Ryall Hotel (Carman)	
Club Holding Company Ltd. Additional		Rocan	1654
Powers Act			
Rondeau	1641	AAAA Basketball Championships	
		Allan	1655
<b>Oral Questions</b>		<i>Anne of Green Gables</i>	
Winnipeg Casinos		Faurschou	1655
Murray; Doer	1642		
Stefanson; McGifford	1643		
Health Care System		<b>ORDERS OF THE DAY</b>	
Driedger; Chomiak	1644	<b>GOVERNMENT BUSINESS</b>	
Crime Rate (Portage la Prairie)		<b>Committee of Supply</b>	
Faurschou; Mackintosh	1645	(Concurrent Sections)	
Police Services (Portage la Prairie)		Labour and Immigration	1656
Faurschou; Mackintosh	1645	Finance	1671
J. Smith; Mackintosh	1650	Executive Council	1683
Crown Attorneys (Portage la Prairie)			
Faurschou; Mackintosh	1645	<b>PRIVATE MEMBERS' BUSINESS</b>	
Public Housing (Portage la Prairie)		<b>Proposed Resolutions</b>	
Reimer; Sale	1645	Res. 7—Alternative Energy Options	
J. Smith; Mackintosh	1649	Rondeau	1696
J. Smith; Sale	1650	Cummings	1698
Hecla Area Land Expropriation		Struthers	1700
Gerrard; Caldwell	1647	Maguire	1703
Gerrard; Doer	1647	Faurschou	1705
Housing and Homelessness Initiative			
Martindale; Sale	1648		