

Second Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Social and Economic Development

Chairperson
Ms. Marilyn Brick
Constituency of St. Norbert

Vol. LV No. 1 - 6:30 p.m., Tuesday, December 2, 2003

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

Member	Constituency	Political Affiliation
AGLUGUB, Cris	The Maples	N.D.P.
ALLAN, Nancy, Hon.	St. Vital	N.D.P.
ALTEMEYER, Rob	Wolseley	N.D.P.
ASHTON, Steve, Hon.	Thompson	N.D.P.
BJORNSON, Peter, Hon.	Gimli	N.D.P.
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DRIEDGER, Myrna	Charleswood	P.C.
DYCK, Peter	Pembina	P.C.
EICHLER, Ralph	Lakeside	P.C.
FAURSCHOU, David	Portage la Prairie	P.C.
GERRARD, Jon, Hon.	River Heights	Lib.
GOERTZEN, Kelvin	Steinbach	P.C.
HAWRANIK, Gerald	Lac du Bonnet	P.C.
HICKES, George, Hon.	Point Douglas	N.D.P.
IRVIN-ROSS, Kerri	Fort Garry	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
JHA, Bidhu	Radisson	N.D.P.
KORZENIOWSKI, Bonnie	St. James	N.D.P.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar, Hon.	The Pas	N.D.P.
LEMIEUX, Ron, Hon.	La Verendrye	N.D.P.
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LEGISLATIVE ASSEMBLY OF MANITOBA

THE STANDING COMMITTEE ON SOCIAL AND ECONOMIC DEVELOPMENT

Tuesday, December 2, 2003

TIME – 6:30 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Ms. Marilyn Brick (St. Norbert)

VICE-CHAIRPERSON – Mr. Harry Schellenberg (Rossmere)

ATTENDANCE - 11 - QUORUM - 6

Members of the Committee present:

Hon. Ms. Allan, Hon. Messrs. Mackintosh, Sale.

Ms. Brick, Mrs. Driedger, Ms. Irvin-Ross, Messrs. Jha, Murray, Mrs. Rowat, Messrs. Schellenberg, Schuler

APPEARING:

Hon. Jon Gerrard, MLA for River Heights
Mr. Gerald Hawranik, MLA for Lac du Bonnet
Mr. Glen Cummings, MLA for Ste. Rose

WITNESSES:

Bill 2–The Biofuels and Gasoline Tax Amendment Act

Kenneth Sigurdson, Regional Co-ordinator, National Farmers Union

Bob McNabb, Town of Minnedosa

Mr. John Neabel, Town of Minnedosa
Spencer Reavie, Pelly Trail Economic Development

Ted Stoner, The Canadian Petroleum Products Institute

Randy Bialek, Agassiz Agri-ventures
Roger Wilson, Foxwarren Ethanol Agency
Fred Tait, Private Citizen

Bill Wilkerson, Canadian Renewable Fuels Association

David Rolfe, Keystone Agricultural Producers

Rick Verspeek, Turtle Mountain Sustainable Ventures

Eduard Hiebert, Private Citizen

John Pittman, Chairman, Manitoba Chambers of Commerce

Chris Lorenc, President, Manitoba Heavy Construction Association

Glen Koroluk, Private Citizen

Bill 202–The Nellie McClung Foundation Act

Gail Andrews, Manitoba Women's Liberal Association

Mary Pankiw, President, Local Council of Women of Winnipeg

Elizabeth Fleming, Provincial Council of Women of Manitoba

Beverley Parks, Liberal Party of Manitoba

WRITTEN SUBMISSIONS:

Bill 2–The Biofuels and Gasoline Tax Amendment Act

Gilbert T. Swann, Economic Development Officer, Town of The Pas

John Pittman, Chairman, Manitoba Chambers of Commerce

Bill 4–The Employment Standards Code Amendment Act

Rob Hilliard, Manitoba Federation of Labour

MATTERS UNDER DISCUSSION:

Bill 2–The Biofuels and Gasoline Tax Amendment Act

Bill 3–The Helen Betty Osborne Memorial Foundation Amendment Act

Bill 4–The Employment Standards Code Amendment Act

Bill 202–The Nellie McClung Foundation Act

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Ms. JoAnn McKerlie-Korol (Clerk Assistant): Good evening. Will the Standing Committee on Social and Economic Development please come to order.

The first order of business is the election of a Chairperson. Are there any nominations?

Mr. Harry Schellenberg (Rossmere): I nominate Ms. Brick from St. Norbert.

Ms. Clerk Assistant: Ms. Brick has been nominated. Are there any further nominations?

Seeing none, Ms. Brick, will you please take the Chair. Thank you.

Madam Chairperson: The next item of business before the committee is the election of a Vice-Chairperson. Are there any nominations?

Ms. Kerri Irvin-Ross (Fort Garry): I would like to nominate Mr. Schellenberg from Rossmere.

Madam Chairperson: Mr. Schellenberg has been nominated. Are there any further nominations?

Seeing none, Mr. Schellenberg has been appointed Vice-Chairperson.

This evening the committee will be considering the following bills: Bill 2, The Biofuels and Gasoline Tax Amendment Act; Bill 3, The Helen Betty Osborne Memorial Foundation Amendment Act; Bill 4, The Employment Standards Code Amendment Act; and Bill 202, The Nellie McClung Foundation Act.

We have presenters registered to speak to Bill 2 and Bill 202. It is the custom to hear public presentations before consideration of bills. Is it the will of the committee to hear public presentations on these bills? *[Agreed]*

I will then read the names of the persons who have registered to make presentations this evening.

On The Biofuels and Gasoline Tax Amendment Act: Kenneth Sigurdson, John Neabel, Spencer Reavie, Ted Stoner, Randy Bialek,

Roger Wilson, Fred Tait, Bill Wilkerson, John Pittman, Chris Lorenc, Eduard Hiebert, David Rolfe, Bob McCallum and Glen Koroluk.

For Bill 202, The Nellie McClung Foundation Act: Gail Andrews, Mary Pankiw, Elizabeth Fleming and Beverley Parks.

Those are the persons and organizations that have registered so far. Is there anyone else in the audience that would like to register? Please register at the back of the room.

Just a reminder that 20 copies of your presentation are required. If you require assistance with photocopying, please see the Clerk of this committee.

In what order does the committee wish to hear public presentations on these bills? I understand we have some out-of-town presenters. What order does the committee wish to do these bills?

Hon. Tim Sale (Minister of Energy, Science and Technology): I suggest, Madam Chairperson, that we do them in the order in which you read them.

Madam Chairperson: Thank you, Mr. Sale.

I understand we have some out-of-town presenters in attendance this evening. These names are marked with an asterisk on the presenters' list. Is it the will of the committee to hear from the out-of-town presenters first? *[Agreed]*

I would like to inform the committee that written submissions from Gilbert Swann, the Town of The Pas, for Bill 2, The Biofuels and Gasoline Tax Amendment Act, and from Rob Hilliard, Manitoba Federation of Labour, Bill 4, The Employment Standards Code Amendment Act, have been received. Copies of these briefs have been made for committee members and were distributed at the start of the meeting. Does the committee grant its consent to have these written submissions appear in the committee transcript for this meeting? *[Agreed]*

I would like to inform presenters that in accordance with our rules, a time limit of 10

minutes has been allotted for presentations and 5 minutes for questions from committee members. As well, in accordance with our rules, if a presenter is not in attendance, their name will be dropped to the bottom of the list. If the presenter is not in attendance when their name is called a second time, their name will be removed from the presenters list.

I would also like to advise all in attendance that, in accordance with our rules, if there are fewer than 20 people registered to speak at 6:30 p.m., the committee may sit past midnight. I would like to advise that as of 6:30 p.m., there were 18 persons registered to speak.

Bill 2—The Biofuels and Gasoline Tax Amendment Act

Madam Chairperson: We will now proceed to public presentations. Mr. Kenneth Sigurdson, Regional Co-ordinator for the National Farmers Union. Welcome, Mr. Sigurdson, Regional Co-ordinator for the National Farmers Union.

Mr. Kenneth Sigurdson (Regional Co-ordinator, National Farmers Union): Thank you very much. The first cover page is just the materials that I have attached to the presentation and some other materials that I will be putting forward to the committee.

We believe that ethanol is a costly misadventure for Manitobans and probably one of the most misguided public policies being introduced today. We will point out some of those issues in this presentation, and we outlined those issues there. They are all listed there.

The first one is grain ethanol energy balance. Ethanol manufacturing is very energy intensive, using large amounts of fossil fuel to grow the crop, transport it and distill it into alcohol. Three distillations are required to remove the water and produce ethanol. Many world-renowned economists have confirmed that more fossil fuel energy is required in an ethanol production cycle than the ethanol provides.

For instance, Dr. Tad Patzek of University of California at Berkley was recently at the NFU convention. He stated you burn one unit of fossil fuel when you are manufacturing ethanol; then

you burn that same unit again in your vehicle. So now you have put two units of energy into the atmosphere.

Dr. David Pimentel, Cornell University, concluded that 71 percent more energy is required to produce a gallon of ethanol than the energy that is contained in one gallon of gasoline.

There are a number of reports showing energy loss: Pimentel, Patzek, Weisz, Giampietro, Ulgiati, CENBIO—the National Reference Center for Biomass in Brazil, the U.S. Government Accounting Office, U.S. Department of Energy, Dr. Walter Youngquist, Dr. Andrew Ferguson. We need to ask how energy out exceeds energy in. Corn ethanol reports from the USDA by Shapouri, Wang, the Argonne Institute, report energy gains of anywhere from 20 to 50 percent.

These reports are in-house documents done for the USDA. They are not scientific documents, have not been peer reviewed, and do not use full energy accounting. These reports underestimate many of the inputs required to produce a crop of corn and process it into ethanol. These reports will often minimize or leave out energy required for farm equipment and its repair and maintenance, wastewater treatment and irrigation water.

* (18:40)

The Manitoba ethanol panel proceeded with the ethanol initiative on the basis of these flawed corn ethanol reports when the proposed raw ingredient in Manitoba is wheat, and we really question if that is good science.

You know, there are very few wheat ethanol reports. I have looked at some of them for the European Union. Two were positive; two were negative in terms of energy gain, but the Government hastily released a wheat ethanol study for Natural Resources Canada by S&T Consultants of Delta, British Columbia.

I have several questions that I have submitted to the Government. It is attached to my presentation of a letter of June 27 that has not

been responded to. It was addressed to Mr. Shaun Loney, and it went to all government departments. Nobody has responded to my questions on this.

Like many of the industry-supported corn ethanol studies in the U.S., the S&T report omits and underestimates many of the inputs required to produce a bushel of wheat. They use a wheat yield of 40 bushels to the acre, for example, and Manitoba Crop Insurance data indicates that the wheat yield is 36 bushels to the acre in Manitoba. Anybody on this committee can check that out.

I have the various inputs. Manitoba Agriculture has a document for farmers, when they seed their crop. The S&T report says to grow this 40 bushels requires 48 pounds of nitrogen, and I would like any farmer to try to do that. It says 12 litres of diesel fuel. I would like a farmer to try to do that, and \$4.50 in agricultural chemicals, and I would like a farmer to try to do that. It underestimates the energy for phosphate manufacturing by 50 percent. I have asked these questions and have not had satisfactory answers.

Then the inputs submitted by the S&T report, energy to haul farm inputs some 600 miles by truck—this is fertilizer and chemicals. I keep getting an answer back on hauling corn to the ethanol plant.

Energy required for wastewater treatment and pollution control is not included. Energy required to manufacture farm equipment and its repair and maintenance, and this can add up to 36 000 BTUs of energy or about 30 percent of the energy required to grow a bushel of wheat. So when you omit all these inputs, you come out with a positive result.

I just have a couple of quotes. One e-mail from Mr. Shaun Loney of the Manitoba government on May 16, 2003. In the e-mail he stated, if we write down more at this point, you will take it out of context for your own needs, which you have done now on several countless occasions. I am not prepared to fuel that fire.

Then he does answer a question on June 24, and I will just read his response. He says the model does calculate the indirect energy for farm

equipment manufacture and repair. It assumes an increase of 45 percent in required energy, a figure well documented in literature. The data that is included in the model is based on U.S. Census data.

I have asked several people to tell me exactly what that means, and nobody can seem to tell me what it means.

The Manitoba government initially intends to subsidize ethanol with a 20-cent-a-litre subsidy. The federal government provides 10 cents a litre by the elimination of the federal excise tax for a total subsidy of about 30 cents, but once you produce that litre of energy, you only have about two thirds of the energy of a litre of gasoline. So the actual subsidy is about 45 cents a litre, and right now that 45 cents a litre would purchase a litre of gasoline. I can think of no other industry where you would subsidize it to the degree of the product you are actually manufacturing.

Taken from the Manitoba government, the cost of jobs, they range from \$860,000 a job to \$1.2 million per job per year. That is the cost of jobs in an ethanol plant. Really, some would argue that there would be other things take place at an ethanol plant, but really not much. Grain is hauled in. Distiller's dried grain and ethanol are hauled out. Not much else takes place there in terms of spinoffs for communities.

Then there is subsidized corn producing subsidized ethanol. The United States, \$800 million the past year went into subsidizing the production of corn. We all know that all too well as farmers in Manitoba. There are two reports there that I mention, the Kraft and Rude report and the Tyrchniewicz-Heather Gregory report, that talk about ethanol plants will use U.S. corn. The Province of Manitoba has not addressed that issue.

Ethanol yields from corn about 300 gallons per acre, prairie wheat about 90 gallons to the acre. Wheat for ethanol manufacturing is really a non-starter. We believe it will be imported U.S. corn because there is a deficiency of grains in Manitoba of that kind.

Ethanol plants are subsidized food burners. This is more of an economic issue. More

Canadian children now live in poverty than 10 years ago; 25 percent of Manitoba children live in poverty. In Manitoba we have many projects for the Canadian Food Grains Bank. We question why create the illusion that we can produce fuel for someone to burn in their SUV. We talked about beef feedlots, which sometimes accompany ethanol plants. Certainly, the BSE issue has placed a big chill on the idea of—
[interjection]

Madam Chairperson: Mr. Sigurdson, you have one minute left.

Mr. Sigurdson: I do not think I will be able to finish it. If I could ask the committee for a little more time. I will try to speed up here.

Madam Chairperson: You would change the question time, but is there leave from the committee?

An Honourable Member: On the assumption that it is 15 minutes in total without questions then.

Madam Chairperson: Agreed.

Mr. Sigurdson: I have got pollution from ethanol production. ADM was fined in the United States for violations of the Clean Air Act. The fermentation process releases large amounts of carbon dioxide. Ethanol plants are users of large amounts of fresh water and produce large amounts of wastewater, which is nutrient rich with a high BOD level.

Madam Chair, wastewater treatment is costly and requires energy. The Manitoba government's response to this when I have asked them is modern, efficient ethanol plants have no wastewater. I have been in contact with Commercial Alcohols in Chatham, Ontario. I can assure people in this committee that they do have wastewater.

Wastewater lagoons release methane, a harmful greenhouse gas about 13 times more harmful than carbon dioxide to the environment. In gasohol versus the environment, I mention a 1997 report by the Minnesota auditor which concludes in any case that substantial amounts of energy are used in ethanol production. This is

mostly fossil fuel used in growing corn, producing fertilizer and distilling alcohol. The report concludes ethanol's potential to contribute to the problem of atmospheric CO₂ is extremely limited.

No environmental organizations in Canada support grain-based ethanol. Ethanol blended fuels add aldehydes and alcohol to the atmosphere, both carcinogenic. Farmer implications, I imagine a number of the so-called value-added initiatives that government has attempted, elk, buffalo, PMU, hogs, cattle, alfalfa plants, strawboard, have turned out to be value removed from people that invest in these in rural communities.

We think there are some real implications to the Canadian Wheat Board as more grain is pulled off, if they should use Manitoba grain for ethanol production. We talk about energy alternatives, geothermal. Until we explore all the energy alternatives, we should not be doing something like ethanol. We could be taxing gas-guzzling vehicles, and we could be promoting geothermal in this province to a far greater degree than we are.

In summary, then, the Manitoba government's plan to mandate ethanol, proposing the subsidies will lessen, therefore consumers will probably pay for the gasohol through higher prices, there is no environmental reason to mandate ethanol because ethanol will increase CO₂ emissions. Manitoba farmers cannot afford to grow cheap grain for ethanol plants. We have an obligation to the hungry people of the world and Manitoba to provide food and eliminate child poverty. Ethanol manufacturing is wasteful of fossil fuel resources and cannot be considered renewable energy. Manitoba farmers cannot afford to grow cheap grain for ethanol plants. Manitoba taxpayers cannot afford to subsidize the ethanol production, and drivers cannot afford to burn it in their cars either. Ethanol manufacturing is a costly misadventure for Manitoba.

In my conclusion, Madam Chair, the Manitoba government should not provide subsidies or mandate ethanol. Bill 2 will have serious long-term implications for Manitoba farmers, Manitoba citizens and Manitoba taxpayers. Bill 2, The Biofuels and Gasoline Tax Amendment Act, should not proceed. We would seriously ask

that this committee contact Dr. Tad Patzek, who has a very good presentation that he made at the NFU convention where he examined all of the reports that were done both pro and con and came up with a report that is probably somewhere in between. But he is still saying that when you do a proper analysis and do a full energy accounting there is no energy gain to be made with grain-based ethanol.

So, with that, I would be happy to entertain any questions you might have.

* (18:50)

Madam Chairperson: Thank you, Mr. Sigurdson. We have one minute and fifteen seconds remaining. Are there questions for Mr. Sigurdson?

Hon. Jon Gerrard (River Heights): One of the issues which has been brought up on a number of occasions has to do with the diversion of grains from the livestock industry to the ethanol industry. Can you comment?

Mr. Sigurdson: From reading the reports of Kraft and Rude and Tyrchniewicz and Heather Gregory, we are in a deficit position of grains right now in Manitoba, and any more grains that are required for ethanol plants feeding industry would have to come in terms of imports. I do not see myself as suddenly growing \$2 wheat for ethanol plants, and I do not think this Government and this committee should try to get farmers to invest in something that they have to provide with cheap grain.

Madam Chairperson: Thank you. Time has expired.

Mr. Sigurdson: Thank you very much. I travelled six hours for 15 minutes of glory here today. I really appreciate Rosann Wowchuk having to travel that far from Swan River. Thank you very much.

Madam Chairperson: Thank you for your presentation, Mr. Sigurdson.

Mr. John Neabel from the Town of Minnedosa. Go ahead.

Mr. Bob McNabb (Town of Minnedosa): Madam Chairperson, honourable members, committee members and ladies and gentlemen. My name is Bob McNabb. I am a producer from Minnedosa, Manitoba.

Madam Chair, John Neabel is a member of our group who registered to present along with Mr. Glen Crawley, a producer, and Mr. Sid Gordon, a producer. We are pleased to be here this evening to speak in support of the intent of Bill 2.

Madam Chairperson, this initiative is timely in addressing global concerns and our country's commitment to the Kyoto accord, while stimulating our rural economy.

The Minnedosa Ethanol Producers Group have formulated a production model for expanded ethanol production which, we believe, is achievable, visionary and environmentally sustainable.

Madam Chair, Minnedosa and surrounding area have a long history of ethanol production. The Mohawk Company commenced ethanol production in the fall of 1981. The acquisition of Mohawk by Husky Energy in 1997 continued the yearly production of 10 million litres of ethanol from 28 000 tonnes of local and regionally produced feedstock. The plant has always had a market for the ethanol and distiller's dried grain co-product, along with an exemplary corporate and community record. Environmental and emission concerns have never been an issue for the company or the community.

With this background, Madam Chairperson, we have formulated an enhanced production model based on available inputs and current technology. This model would concentrate on making winter wheat the preferred feedstock for ethanol production. Husky Energy at Minnedosa prefers winter wheat for their feedstock, as it provides for ease of fermentation.

Winter wheat is a fall-seeded cereal crop, using zero-tillage or direct-seeding techniques. It produces a high-yield, low protein, non-GMO, high-test weight wheat, early in the fall season.

The direct-seeding concept provides the best method for eliminating soil erosion from wind and water. Soil organic matter increases and contributes to a carbon sink for greenhouse gas reduction. Fall-seeded crops make the best use of early seeded moisture, flower early, reducing fusarium infection, and are direct harvested early in the fall, minimizing any migrating waterfowl damage.

Consequently, all of these factors combine to reduce the cost for insurance claims to Manitoba Crop Insurance and, ultimately, the taxpayer. Pesticide use can usually be reduced compared to any conventionally produced spring seeded crop. Garry Martens from the University of Manitoba Plant Science Department has recently demonstrated that for the past five years, winter-wheat production has been the most profitable of the feed grains in 13 of the 15 risk areas for Manitoba Crop Insurance.

Compared to Saskatchewan and Alberta, the production of winter wheat in Manitoba has expanded for the past three years. For 2004, the projection is at 300 000 acres, the majority of which is grown in the western half of the province. This acreage is sufficient to provide the feedstock requirement of a 140-million-litre ethanol plant. The community of Minnedosa is ideally geographically located to become a centre of excellence for the production and research required in a winter-wheat fuel-alcohol system. Contractual production would ensure a consistent feedstock with a proven reserve. A closed-loop, identity-preserved system allows for research into new variety germplasm.

For the province, there are considerable widespread regional benefits from such a wheat/fuel system. Farmers would have 300 000 acres of crop processed locally that is not subject to external tariff and trade barriers. Manitoba would have the chance to position itself as the winter wheat production centre for western Canada. This could see an inflow of research dollars from the federal government and western provincial organizations, thus expanding the role of Agriculture and Agri-Food Brandon Research Station, the University of Manitoba, the Manitoba Zero-Tillage Research Farm and the Crop Diversification facility at Carberry. Manitoba would be able to demonstrate an energy and

environmentally efficient model of ethanol production that does not exist in North America.

A much wider environmental benefit is captured through an almost perfect fit with wild-life habitat conservation. Ducks Unlimited North America is a strong supporter of the Minnedosa model due to the production base of winter wheat. Currently, the Ducks Unlimited program stimulates the production of winter wheat and envisions within this program an ability to accelerate wildlife habitat development. The Ducks Unlimited program long-term commitment to winter wheat production would be sure to bring the entire process a North American profile from which the entire province benefits.

The co-products from alcohol production are as important as the ethanol in a financially viable plan and offer an exciting challenge for development. The use of distiller's dried grain with solubles, DDGS, in ruminant livestock rations is known. However, the use of wheat DDGS in swine rations has yet to be fully evaluated. Advances in processing and drying technology are sure to produce enhanced amino acid digestibility when incorporated in monogastric nutrition. The Animal Science Department at the University of Manitoba is capable of the analysis required. The Minnedosa model is committed to funding feeding trials at the University of Manitoba to explore how the Manitoba ethanol initiative can benefit the expanding hog industry well beyond the current status.

* (19:00)

Other evaluations in the U.S. show that corn-based DDGS can make up 70 percent of the base for an all-natural, biodegradable cat litter. This product has an earthy aroma and a natural feel to the cat's feet. It is also flushable and environmentally friendly. You say, what has that got to do with it. Well, a \$1.25-billion industry worldwide has something to do with it.

Madam Chair, DDGS is also used in lick barrels as a nutrient source for cattle and livestock. This is a convenient and economically competitive method of protein supplementation along with minerals and vitamins.

Wormart, a company in Durand, Illinois, uses DDGS to feed different kinds of worms

including red worms which are used for package waste and swine manure remediation along with composting in landfills. The worms eat the manure, and the castings from the worms are collected and used as a type of fertilizer. Horticultural crops respond incredibly well. Because of the high nitrogen content of DDGS, it can be used as a safe fertilizer for grass, trees, shrubs and flowers. It has a slow release; it is non-burning and is water insoluble. Further to this is the 100% natural nature of the fertilizer, which we feel would increase the demand for the product from environmentally conscious consumers.

Madam Chairperson, these co-products have been initiated with corn DDGS. However, it is reasonable to assume that similar applications exist for wheat DDGS as well as other creative needs. Minnedosa is fully committed to exploring every avenue, including DDGS for human foods.

In 1996, Mohawk developed a human consumption DDGS known as fibrotein. The potential for this high-fibre, high-protein dietary supplement is an area that should be further developed. The Winnipeg-based Canadian International Grain Institute (CIGI) or the Food Development Centre at Portage la Prairie could provide the research and analysis to evaluate expanding the human potential.

Madam Chair, human consumption of DDGS would fundamentally change the economics of ethanol production. The international marketing of a human or livestock DDGS product is well within the capabilities of the Canadian Wheat Board, perhaps utilizing Manitoba's only saltwater seaport. Utilizing Churchill for the shipment of DDGS into the international market would help the entire grain sector by adding revenue to the port from a brand-new source.

In summary, we have attempted to present a model of production that is not a research theory but is attainable today. When we can take a commodity such as winter wheat produced on Manitoba farms in an environmentally sustainable manner, extract the ethanol to extend and enhance fossil fuels and use every part of the co-products for human or industrial consumption without waste, we truly have a sustainable cycle

and a win-win situation for agriculture and our province. We appreciate the fact that change always brings risk, but we firmly believe our model offers an innovative and responsible use of renewable resources.

Last, but not least, the benefits of the Minnedosa model are distributed across a wide spectrum of agriculture and industry. The Minnedosa model operates with full integration across all resource bases. Local production, enhanced wildlife habitat, international market potential all combine to create in Manitoba a research effort which would expand and enhance all of our educational institutions.

We commend the Province for the proactive approach and look forward to the expanded development of ethanol as an alternative energy source.

In just a final note, I would just like to liken the ethanol debate taking place to the similar situation 25 years ago with the Canola industry. There are huge similarities.

Madam Chairperson: Thank you. Are there questions for the presenter?

Mrs. Leanne Rowat (Minnedosa): I have two questions. Hi, Bob.

First, I guess, and foremost, since Minnedosa presently does have an ethanol production centre, could you give us a little bit of feedback on the negative impact of the plant leaving the community?

Mr. John Neabel (Town of Minnedosa): If it was to close, we would lose a \$100,000 tax base. We would also have lost 29 employees full time, and 4 part time. That may not seem like a lot until you put it in Winnipeg perspective, and that would be about 6000. So, yes, it would have a huge negative impact on our community.

Mrs. Rowat: One more point, on page 2 of your presentation, you talked about "a closed loop, identity preserved system allows for research into new variety germplasm."

Can you explain what a closed-loop, identity-preserved system would be?

Mr. McNabb: I will certainly try. In our mind, you have probably heard of this terminology in agriculture used now, and it applies to separating and segregating a particular variety for whatever reason from the mainstream export market.

The interesting part about this concept is that we have germplasm—it is known out there right now—that even today's winter wheats and/or CPS wheats can be enhanced by 25% yield. It is there. It is now.

We are not being allowed to utilize that because the distinguishability between that and our export wheat is not there. However, a closed-loop system on a contractual basis would guarantee that the producer would deliver to that plant of that product and virtually establishes for the first time a really true, sincere IP system that could demonstrate in many parts of the world the capabilities of producers to work with industry.

Mr. Ron Schuler (Springfield): Thank you very much for coming out and making the presentation. We certainly appreciate how well written it is, and you make a very compelling argument for your community.

One of the questions that I have is: Do you currently have a proposal in to the federal government? As you know, there is \$60 million on the table. Do you currently have a proposal for being one of those three plants that the federal government is looking at funding?

Mr. McNabb: Not from within our own producer group. We have explored that possibility because, as I made reference to in the presentation, we are committed to finding research trials with DDG used in swine rations.

We recently explored that possibility to use some dollars there for that purpose. However, it appears that \$60 million is more addressed to brick-and-mortar issues than it is to research activities. So we will pursue that avenue from a different area.

Hon. Tim Sale (Minister of Energy, Science and Technology): Just to clarify, I think you probably will agree that the terms of the federal program virtually excluded all local communities because of the requirements of the RFP, and

that it essentially made it only possible for companies such as Commercial or Husky or Suncore to actually make application.

Just so that we understand that it was not because you were not interested in doing such a proposal; it was because the terms of reference effectively ruled you out.

Mr. Schuler: Again, we certainly appreciate that clarification.

Bob, could you tell us: Have you costed out what kind of a benefit this would be for your community in real terms, what kind of an addition would this be to the economy for you locally and for the surrounding area?

Madam Chairperson: Mr. McNabb, and you have 45 seconds to answer.

Mr. McNabb: Okay. Any detailed analysis? No, we do not have. We know that employment would increase somewhat. We know that construction would be significant. We know that transportation initiatives would be enhanced.

I guess from the point of view of worrying, perhaps, about subsidizing and where that is going with ethanol, one thing that has always bothered me in terms of the whole question is that we really do not put any depreciation costs against our fossil fuels right now. If we were to put an actual cost against fossil fuels and take that into account, we are subsidizing the game right now in what we are doing.

Madam Chairperson: Thank you, Mr. McNabb.

Mr. Spencer Reavie from the Pelly Trail Economic Development.

Mr. Spencer Reavie (Pelly Trail Economic Development): Madam Chairperson, fellow committee members, I would like to present this paper tonight in support of the legislation. Pelly Trail Economic Development is a regional economic development agency located in southwestern Manitoba that was formed through the co-operation of five municipalities: the Village of Binscarth, the Town of Russell, the R.M. of Russell, the R.M. of Shellmouth-Boulton, and the R.M. of Silver Creek.

Realizing that our region had a clear feedstock price advantage and more than adequate feedstock supplies, which we can back up with a direct-to-producers' survey that we did this fall, actually—it ensures that the feedstocks are in our area—we began to pursue the development of an ethanol facility approximately 10 years ago. Through the years of working on this project, we recognize now that we were probably 10 years before our time, but times do change and it appears that the opportunity to develop an ethanol industry in the province of Manitoba has finally presented itself.

* (19:10)

As a region rich in agricultural resources, benefits of adding value to locally grown products are far reaching. The proposed legislation providing a mandate for ethanol-blended fuel creates a stable Manitoba market, thereby creating a need for the development of ethanol production facilities. These facilities, in turn, provide much-needed jobs, a local market for grain producers and avenues to generate new tax revenue. In fact, the Province has estimated that a large-scale ethanol facility will cost a minimum of \$50 million for construction and initial startup costs and generate between 30 and 50 direct permanent employment opportunities.

A review of studies conducted on economic impact of an ethanol facility also identifies that it will create almost 1000 jobs during construction, 600 of which will occur directly on site and an additional \$50 million plus annually in goods and services. These studies show that approximately 80 percent of these purchases are sourced from local suppliers and that over 70 percent of the revenue from an ethanol plant will be spent within 150 kilometres of the plant.

In a region faced with rural depopulation and limited local opportunity, we see the development of this industry as not only a way to fuel our vehicles but as a way to fuel our local economies. Experiences of jurisdictions that have embraced the ethanol industry provide a direct link to increased income for farmers and an increase in land values. It also encourages a development of ancillary industries that use the by-products or emissions to create additional products and services. This would include beef

feedlots, greenhouse operations, carbon dioxide processing facilities, extracting wheat derivatives to produce other products. These ancillary industries provide further growth and support to local economies.

An American study conducted by AUS Consultants and SJH & Company in June 2002 identified that on an annual basis, a facility equivalent in size to 150 million litres per year would generate the following economic benefits to the community in which it is located: expand the economic base of the local economy by \$110.2 million; generate an additional \$19.6 million in household income; support the creation of as many as 694 permanent new jobs throughout the entire economy; generate at least \$1.2 million in new tax revenue for the state and local governments; generate additional revenue for local grain farmers by increasing demand, which, in the case of corn in some circumstances, results in an increase to the average local basis of an estimated 5 to 10 cents per bushel.

This study also acknowledges the important of establishing new ethanol facilities within regions that possess sufficient feedstocks to ensure that economic viability. Bill 2 provides the Government of Manitoba with the ability to support the development of this industry through the mandatory use of ethanol-blended fuel and also the licensing process that it outlines. This bill provides a regulatory framework after it is passed. It is up to project proponents and Manitoba communities to determine the best suited locations for the industry.

The Government of Manitoba is very aware of the environmental benefits that can be realized for the increased use of ethanol in gasoline. As detailed in the report by the Ethanol Advisory Panel to the Government of Manitoba, it is estimated that a 10% ethanol blend will reduce toxic emissions and automotive vehicle exhaust by 5 to 25 percent and eliminate over 135 000 tonnes of greenhouse gas emissions annually. Also discussed in this and other documented studies is that ethanol produces more energy than is consumed, inclusive of all energy used, from the seed in the ground to ethanol in the vehicle tank. A 10% ethanol blend in all fuel further reduces our reliance on energy produced

from outside sources, thereby expanding the fuel supply with a sustainable, renewable resource.

Madam Chair, when you combine the economic benefits with the environmental benefits of ethanol-blended fuel, the arguments for approving ethanol legislation are solid.

We are pleased to see governments placing more emphasis on the use of renewable resources to develop energy sources and watch with interest the work being conducted on processing Canola oil to produce biodiesel. Again, as an agricultural community with a Canola processing facility within our region, we are aware of the positive implications this could have on rural economies while dealing with important environmental issues.

The Government of Canada has already taken action on ethanol by investing \$100 million through the Future Fuels Program as part of the broader federal commitment to meet its Kyoto accord climate change commitments.

It is now time for the Province of Manitoba to take action. If it does not, we can be assured that the rest of Canada will move forward without us. Therefore, we encourage the Government of Manitoba to pass Bill 2, The Biofuels and Gasoline Tax Amendment Act, as introduced to the Legislative Assembly.

Madam Chairperson: Thank you very much, Mr. Reavie.

Mr. Stuart Murray (Leader of the Official Opposition): Spencer, thank you very much for the presentation. I think it is an excellent presentation. I certainly would like to congratulate the fact that you have the co-operation of the five municipalities. I think this is a very serious approach to looking at economic development, as you have done. So I think you are to be congratulated on your presentation. I think it is excellent.

I wondered if you might just answer a couple of questions. I was interested in the comment that you made, that you said that over 70 percent of the revenue from an ethanol plant will be spent sort of within 150 kilometres of the

plant. Could you maybe just elaborate on that a little bit for me, please?

Mr. Reavie: The main portion of that will be spent on feedstock and employment, obviously. In a study we did this fall, as I mentioned earlier, we did a direct-to-farm survey. We only surveyed 10 percent of the farmers, but we were able to capture enough bushels to ensure that there was feedstock there for an 80-million-litre plant. So that dollar would be turned back directly to the farmer. The majority would be returned back directly to the farmers in the area, and the employment factor alone, if you get 50 permanent jobs there as well. It is a huge return for the communities and the services that are consumed too. We have a Canola-processing plant in our area and we realize the many benefits that come from that.

Mr. Murray: You outlined on page 2 the American study that was conducted by AUS Consultants and SJH and Company talking about sort of the model looking at the 150 million litres a year. I wondered, have you done any of the comparison of the numbers here versus any of the plants, for example, that may be operating currently in Saskatchewan?

Mr. Reavie: No, we have not. One thing was brought out in that report that I have which you are welcome to look at. They stressed the importance of the value of the feedstock to the viability of the plant.

I guess that is something that we would like to stress over and over again. If the Province is initiating the mandate for ethanol, I think it should make sure that the industry itself is kept completely viable. One way of doing that is ensuring that the costs of inputs are low and the chances of return are going to be decent and viable for an industry. But I cannot specifically compare it to a Saskatchewan plant, no.

Mr. Murray: Spencer, again, I would like to say, an excellent report. We really appreciate your coming in.

I would also like to take note of where you say that you have been at this for 10 years and congratulations for sticking with what you

believe. I appreciate your taking the time. Thank you, Madam Chair.

* (19:20)

Mr. Schuler: Spencer, I, too, would like to congratulate you on an excellent presentation. We appreciate very much that you came out here tonight and made your case. I am sure there is probably one, maybe two other places you would rather be than in front of this committee, and we appreciate the fact that you came out.

One of the things that, certainly, I find very encouraging about this whole developing field that we have in front of us, now that the ethanol business looks like it will be going ahead in Manitoba, is the fact that we have communities coming forward, communities working on this. You have mentioned you have been at this for quite some time, and we have had others come forward and say the same thing.

My question to you is how far along is your proposal, and do you plan to be ready for the second installment of the \$100 million that the federal government is putting into ethanol? Will you be ready for that second installment of federal money?

Mr. Reavie: I guess we are to the point where we basically have a site selected. It has all the attributes that are required if a proponent comes in that looks for local investment. With the survey that we did this fall as well, we have individuals who are interested in investing in either the direct plant itself, probably to the value of \$2 million, or if we have to look at setting up our own procurement company for another proponent, we have individuals who are very interested in investing in that and dedicating, as I mentioned before, a considerable number of bushels to that.

So I think we are quite a ways down the road—

Madam Chairperson: Time has expired. Thank you, Mr. Reavie.

Mr. Ted Stoner (Canadian Petroleum Products Institute): Thank you, Madam Chairperson. Canadian Petroleum Products Institute is

an industry association representing Canadian petroleum refiners and marketers in Canada.

We represent to operate approximately 80 percent of the domestic refining capacity and supply in excess of 80 percent of the fuels sold in Canada. We have been working with the Manitoba government on this subject for a number of months and would like to offer a few points for consideration.

Madam Chair, CPPI believes the legislation in its current format will be impractical to implement in regard to the blending of ethanol fuels. CPPI believes the complexity required to deliver a 10% ethanol blend which is measured by volume in each litre has the potential to create limitations in the supply of gasoline fuels in the province.

The proposed legislation does not allow industry the flexibility to blend ethanol and tax-exempt gasoline as per our understanding. The Biofuels Act in its current language will not allow industry to deal with product shrinkage on gasohol.

The current approach to a target of 10% volume requirement in some cases is not consistent with Canadian standards, especially during the wintertime. The reference here is the Manitoba Regulation 188/2001, section 2. I would like to go through those four points if I can.

Madam Chair, we have requested and strongly recommend the adoption of a pool average calculation, which measures the amount of ethanol used for blending in the province as a percent of the total gasoline sales. This pool average tracking allows the industry to manage the volumes of ethanol and the gasoline in the most optimum manner.

The amount of ethanol is tracked to target levels as required by Manitoba. The pool average approach is consistent with federal and other jurisdictions. Minnesota's regulations approximate a pool average approach as well.

Madam Chair, in regard to the treatment of tax-exempt gasoline, in order to maintain the current level of cost benefit to the exempt farm

users, which by our calculation is approximately 7 percent of the gasoline market in Manitoba, there must be a comparable credit for exempt sales of ethanol. With the higher cost of gasohol, tax-exempt farm users will consume higher cost fuel. The cost gap between the exempt and the taxable fuel will be reduced unless an equivalent credit is provided for the exempt fuel.

In regard to the Canadian General Standards Board, which is actually a standard that the CPPI member companies utilize to ensure that the gasoline produced is at the requirements for the Canadian public, Manitoba's 10% volume regulation will exceed the limit of 3.7 percent by mass during certain periods of the year, especially during the winter months.

We would recommend that Manitoba clarify the stated requirements with CGSB. In regard to this, I was not going to get into a real technical description, but I did leave a couple of pages at the end which describe in technical details where this would occur. It is for the perusal of the department.

As far as logistical matters, Manitoba gasohol is defined in the act to mean gasohol that contains no denatured ethanol manufactured outside of Manitoba. CPPI members are concerned that this limits the use of ethanol within Manitoba to strictly Manitoba ethanol and does not allow, for example, on some of the boundary areas, the ability or the potential that there might be a co-mixing of ethanols from other provinces.

CPPI believes this definition should read: Gasohol that meets the specifications prescribed under the biofuels act. This provides greater flexibility for the Government, for incidental or residual volume mixes in transportation or storage and more practical administration.

Lastly, product shrinkage. There is currently under The Gasoline Tax Act allowance for gasoline shrinkage. The proposed amendments to The Gasoline Tax Act would eliminate tax recovery on shrinkage or losses of gasohol while maintaining them for gasoline. CPPI cannot see any apparent justification for this change. In our view, tax recovery for losses prior to the sale to a consumer must be maintained for equity and to be a direct tax within the provincial authority.

CPPI recommends the removal of section 20(19) to maintain equality with the current gasoline tax approaches in Manitoba.

In conclusion, CPPI members would like a clear, practical legislation and subsequent regulations. We continue to offer our support in the development of a clear set of regulations. We thank the committee for their time and attention.

Madam Chairperson: Thank you very much, Mr. Stoner.

Mr. Sale: Thank you, Mr. Stoner. I want to thank you for the helpful presentation. You noted that we have worked with your association in an attempt to deal with some of the technical issues. I just want to assure you that we will continue to do that as we move through the refining of the regulations, which are well on their way, but, I think, any time you move into this kind of thing, you have to be prepared to work with the industry. I think, at least I hope, you acknowledge that that is what we have done today and will certainly continue to do that.

Mr. Murray: Ted, thank you very much for your presentation. I appreciate the body, I guess, that you represent and am so delighted that you are here. I wondered if you just could make comment. I know that when you were making reference to Minnesota, their regulation, they talk about that pool average approach. I do not know if you can answer, Ted, but do you know, did they start off that way or is it something that they moved towards? I just look at that as part of legislation versus regulation at this point.

Mr. Stoner: I believe it is more related to regulation, and, no, I do not believe they started out that way, but if you look in detail they actually have quite a series of exemptions that are built into their regulation. They use a minimum of 9.2 percent and then they have a bunch of exemptions, and you have to roll it all together to see how they are approaching it, but it signifies a pool average.

* (19:30)

Mr. Schuler: Thank you very much, Ted, for coming out. One of the things that we certainly appreciate at committee is getting a lot of

different views. Certainly, we appreciate the technical nature of your presentation.

Can you go a little bit more into detail on this shrinkage of gasohol? Of course, you mean by that evaporation, is that correct? And on page 8, when you talk about product shrinkage, can you just sort of lay it out in layman's terms how you feel the tax works? From what I understand, you actually will be paying tax for a product that no longer exists. Is that correct? Can you just lay that out very clearly for the committee?

Mr. Stoner: Yes, shrinkage, you are correct that it does include evaporative losses but also could include theft, for example. The CPPI members, I think in layman terms, are considered to be collectors of taxes but not taxpayers for the gasoline. So, therefore, if you end up with a loss of gasoline, the CPPI members do not want to be paying the tax of the losses. That is the way the gasoline tax is related to. Our understanding with this 20(19) in place would not be allowed to do that for the gasohol.

Mr. Murray: Ted, I know that there was a whole process whereby there was temperature compensation that was built into regular gasoline. Would you see that changing for the manufacturers or for the retail operators, any change at all with a 10% blend of ethanol?

Mr. Stoner: No, it should still be maintained. The pumps are corrected to 15 degrees centigrade.

Mr. Murray: Ted, I wondered if you had through all of your analysis, which I think is very good, and I am delighted that you are here to present to the committee tonight, I just wondered through some of the issues that you deal with—and I know that there are a lot of tax issues that you talk about and some of the logistics. I just wondered if you had done, or if CPPI had done, anything in respect of the 10% blend of ethanol, what it may or may not do with respect to the discussions around the environment.

Mr. Stoner: Yes, I think we have been on record, CPPI members, that we do not believe that it has a positive effect on the environment. A previous speaker had mentioned in regard to the energy being utilized was probably more,

and I think that is aligned with CPPI's position. As well, we think if at best it would be neutral on the environment.

Mr. Murray: I was just going to ask if, knowing that you are a national organization that represents retailers coast to coast to coast, if you will, have you had any indication or have you had any sense of discussion whether the federal government might look at an ethanol strategy that would encompass Canada so that it is not so much a provincial issue but may be looked at more as a federal issue. I just wonder from your federal perspective if you might comment on that.

Madam Chairperson: Prior to answering, Mr. Stoner, I am sorry. I have to apologize. We have run out of time for questions.

An Honourable Member: It was my best question.

Madam Chairperson: Thank you very much for your presentation, Mr. Stoner.

Mr. Bialek from Agassiz Agri-ventures. Mr. Bialek, you can proceed.

Mr. Randy Bialek (Agassiz Agri-ventures): Thank you, Madam Chair, members of committee. We would also like to relay our appreciation for the fact you are able to hear our presentation tonight.

Madam Chair, on behalf of the Agassiz Agri-ventures group, Beausejour Brokenhead Development Corporation, the two municipal councils and the residents of the town of Beausejour and the Rural Municipality of Brokenhead, I wish to express our appreciation for the opportunity to present to you an overview of our success in attracting a leading edge biofuel refinery facility to our area.

Madam Chair, the information I have passed out is quite detailed. I will be going through some of the high points and hopefully you will be able to read through the whole thing later.

We are all fulfilling certain roles in a major initiative, the success of which no doubt will create a number of economic and environmentally beneficial effects for the province of

Manitoba. While it is our task to realize the ethanol plant and industry, it remains the work of government to provide the regulated rules and framework to help nurture an infant industry to prosper and thrive in Manitoba.

I come here by myself and with support of our economic development officer from the Beausejour Brokenhead Development Corporation, and the message I wish to relay is that we are supported by the Town of Beausejour, the Rural Municipality of Brokenhead and Agassiz Agri-ventures. We have taken the deed to task, we have done our homework and we are prepared to receive an ethanol plant in our area. We recognize the scope and magnitude of the project and accordingly we were able to establish a formidable partnership with two other parties.

For the information of the committee, our presentation today focusses primarily on what we have control of. Our partners at Outlook Resources will address directly any concerns from our area with regard to the proposed legislation.

Today, I am extremely pleased to inform you that, with the signing of our tripartite letter of intent, Agassiz Agri-ventures is now in partnership with the Brokenhead Ojibway Nation and Outlook Resources. As such, we have taken a major step toward realizing our shared vision of constructing a state of the art ethanol plant in the Beausejour-Brokenhead area.

The three partners are convinced that the envisioned plant, once established, will be a major driver of community and economic development for the Eastman Region and, indeed, for the entire province. We remain conscious of the work that remains to be undertaken and challenges that we will need to overcome. We are also united in our belief that while an ethanol plant of this magnitude serves as a major economic driver that justifies further investment in our community, it is only the first required step toward a bio-economy park envisioned by our partner, Outlook Resources.

Outlook's proposal to develop a project that will ultimately host a cluster of radial, non-competing ancillary industries that collectively produce value-added products will serve as a

sound footing for the local and regional economy. In short, I believe this historic participation between private- and public-sector stakeholders in a fashion that encompassed local, municipal, rural and Aboriginal communities is a unique and powerful template for community and economic development in Manitoba.

At the outset, as chair, I wish to acknowledge for the record the high level of encouragement and support that has been given to our group by our mayor, Harvey Giesbrecht, of the town of Beausejour; the reeve, Al Tymko, of the R.M. of Brokenhead; and their respective members of council; Chief Tina Levesque, of the Brokenhead Ojibway Nation; Gerald Hawranik, the MLA for Lac du Bonnet; Dave Wasalyshen from Agriculture Canada; Joe Laxdal from Intergovernmental Affairs; and the Manitoba Energy Development Initiative. All have been very helpful with our project to date.

Madam Chair, our background is slightly longer than 10 years from other communities. Twenty-five years ago, there was a proposal, after the first energy crisis in the late seventies, to look at ethanol in our area. There were some wise, old farmers who had the recipe for making gasohol at that time and they thought it would be a wise idea to look at that as an economic opportunity in our area. As time went by, the idea had been shelved, but now, as of late, three years ago we started to build this vision again at that time.

There are many reasons why ethanol has come into the forefront. We think all of these issues are aligning at one time to make ethanol a viable industry in our province. We believe it can be a win-win situation, as it promotes a sustainable environment and in the rural sector an economy and opportunity for an enhanced community and economic development. We see it as something that can happen in the rural areas that enhances the lifestyle and the ability to produce jobs in our rural area.

We also have had help from the Town of Beausejour and the R.M. of Brokenhead in a supportive role. Our group has never been driven by politicians, whether they be municipal or provincial. We have all gotten together and driven this process as a group of people from our

community. The councils and everybody else have been helping to promote the idea in any way we can. That is why we believe that as a group of individuals trying to develop an ethanol plant in our area that we are probably the leading candidates for attracting an ethanol facility.

* (19:40)

Scope of the project? As of November 2003, the three partners, being Agassiz Agri-ventures, Brokenhead Ojibway Nation and Outlook Resources have expressed their desire to consider building an ethanol plant with a production capacity of 80 million litres annually. The total cost of the proposed ethanol facility is estimated at \$60 million.

As per the news release issued by Outlook Resources, Brokenhead Ojibway Nation will provide 51 percent of the capital required and also help provide access to various federal departments of the Government of Canada that otherwise would not be open to us. Outlook would be responsible for 39 percent of the required capital and will manage the project during construction and initial operations of the plant. Our local Agassiz Agri-venture group will contribute the remaining 10 percent of the capital and will play a lead role at the local and regional levels to help procure the supply of feedstock required for the plant. It will also help secure potential local investors and also assist with the marketing of the distiller's grain as high-protein animal feed sources.

Madam Chair, the proposed ethanol plant, we believe, is a necessary first step to anchor the related ancillary industries that will be located in our envisioned Beausejour-Brokenhead Biofuel Economy Park. Possible future industries and operations likely to be based in this park would be biodiesel generation, greenhouse facilities, aquaculture opportunities and rejuvenation of the livestock operations in the past that have been a major part of our eastern portion of the province.

Our area has always been focused on bringing something of added value to the farmer level. We always thought that the farmer should get a little higher up onto the value-added chain with the creation of an ethanol plant. Part of the ownership being the farmers, they will actually

own part of the operation and be processors rather than just producers.

Location: Beausejour is, as everybody knows, about 15 kilometres east of Winnipeg, an ideal distribution point for all areas within North America. We have an excellent transport grid. We are served with a four-lane highway. We have a mainline rail and a spur line and we have a strong supporting trucking industry.

Madam Chair, in the eastern quadrant of the province, the plant would offer great opportunities for the farm producers to locally market their wheat at competitive prices. In addition, the region's farmer-owned cattle, hog and dairy operations as well as a large number of commercial feed mills will be a ready market for the various co-products, the DDGS. Preliminary efforts have also indicated that there are great interests for DDG outside of our province.

Local history. We have always been a close-knit community that is willing to work hard towards attaining a project. With regard to infrastructure, utilities, we have all the utilities that we need. We have a large labour pool. Our new-generation co-operative would be very effective in grain sourcing. We believe we can do that as well. The listing of the members of the steering committee, as you can see, is very diverse. These are the people who have been on from the onset three years ago driving the process.

We have done a lot of work in preparing the community for the proposed ethanol plant. Our proposed ethanol plant is perceived and recognized as a regional undertaking, rather than just local. We have support from surrounding municipalities and jurisdictions. We have strong partnerships with the First Nations and Outlook Resources. We have worked together with a number of other people: Agriculture and Food, Indian and Northern Affairs Canada, Natural Resources Canada. Special mention should be made to—

Madam Chairperson: Is there leave of the committee for Mr. Bialek to continue, to go into question time? *[Agreed]*

Mr. Bialek: We have had a lot help from the federal government, Dave Wasalyshen, Bill Galbraith, Sandeep Singh from Ottawa. Dave Wasalyshen, in particular, has arranged a lot of meetings with John Bottomley from Outlook Resources, and he was instrumental in the introduction of our community to Outlook Resources.

At the provincial levels, we have worked with the Department of Energy, Science and Technology, Agriculture, Intergovernmental Affairs, Industry, Trade and Mines. To Ministers Tim Sale, Mary Ann Mihychuk and Rosann Wowchuk, we appreciate all the help because of all the meetings we have had. Joe Laxdal has been a very helpful source for information for us as well.

Madam Chairperson, we have toured a number of facilities. We have done our homework. We have been to many conferences from Ethanol World in Saskatoon, distiller's grains conferences in Louisville, Kentucky, and other trade shows as well.

It is generally acknowledged that in and of itself, relying solely on production of ethanol is rarely profitable and hardly enables a business case for construction of a plant. Exceptions to this rule are when the plants are extremely large and can generate 300 million to 400 million litres of ethanol per year. We have been exploring opportunities with respect to distiller's grains in the areas for its use as an augmented health and nutritionally based supplement for all mammals. For Brokenhead Ojibway Nation and possibly other Aboriginal communities, there are feeding possibilities for bison and exotic animals.

We are also engaged in ongoing exploration of further downstream and refined use of distiller's grains that could help mitigate adverse effects emanating from diabetic and cardiovascular diseases. In this connection we have filed for a patent for protection of an idea with patent offices in Canada and the United States. Here we are working very closely with Dr. Rajat Sethi, an outstanding young scientist who works with the Institute of Cardiovascular Sciences.

Concluding observations: We reiterate that Agassiz Agri-ventures has undertaken the

required work to the necessary stage where the community of Beausejour-Brokenhead is a credible candidate to attract an ethanol facility. We have done a lot of hard work with our partners, being Outlook Resources and the Brokenhead Ojibway Nation.

The Government of Manitoba is to be commended for sketching a vision that suggests sustainability of environment and economic growth are not mutually exclusive. They can be done together. The two can be accommodated in an integrated fashion. John Bottomley's concept of a biofuel economy park is one way to achieve this objective.

Finally, establishing partnerships and leveraging each other's skills and expertise dramatically increases the possibility of success. To the extent that our committee has learned much, we have succeeded when working with Outlook and Brokenhead Ojibway Nation.

Supported by all the relevant stakeholders and having worked together, the community of Beausejour-Brokenhead is now prepared to receive an ethanol plant in our area, and as such, we support the legislation.

Madam Chairperson: Thank you, Mr. Bialek.

Mr. Gerald Hawranik (Lac du Bonnet): First of all, I would like to thank Randy for coming this evening and appearing at committee and giving us the presentation and bringing with him Anupam Sharma who, in fact, is our very well respected and very hardworking economic development officer for the Beausejour-Brokenhead area.

Randy, thank you for that well-organized and informative presentation. I think the strength of the committee that you have in the area is really the fact that it is driven by volunteers. It is driven by many community-minded people, people who have a desire to help the northeastern Manitoba area, a desire to increase employment opportunities, and in fact, increase opportunities for our farmers in terms of a market for their grains.

Our area, to those who are not aware, is actually largely a grain-producing and cereal-

producing area, and we, in fact, export a lot of the grain out of our area and do not consume it within the northeastern Manitoba area.

Another strength, I think, is that there are 17 members of our committee who have a wide range of experience and a wide range of ability. In fact, it is an initiative that is driven by residents of the area with a wide variety of backgrounds, which includes not only business people in our community and people who have vested interests but also producers from our community. The one thing that I am impressed with in terms of who is driving the agenda—

Madam Chairperson: Mr. Hawranik, you will have to finish.

Mr. Hawranik: Okay. What I am impressed with is, in fact, that there is an Aboriginal community involved with the process. I think that it is important to acknowledge that Brokenhead First Nation is with the group.

Madam Chairperson: Thank you, Mr. Bialek. The next presenter is Roger Wilson from Foxwarren Ethanol Agency.

Thank you, Mr. Wilson. You can proceed.

Mr. Roger Wilson (Foxwarren Ethanol Agency): Thank you. Indeed, it is an honour to be here this evening presenting to such a body.

Committee members, honourable members, my name is Roger Wilson. I am the Reeve of the R.M. of Birtle, and with me today are Matthew Smith, a councillor with the R.M. of Birtle and Eleanor Dnistransky, who is our economic development officer for the Birtle and District CDC. On behalf of the Foxwarren Ethanol Agency, I would like to thank you for your time and commitment shown today regarding this important legislation. I would like to take just a few moments to touch on the importance of Bill 2, The Biofuels and Gasoline Tax Amendment Act for individuals, our community, our region and our province.

Creating an additional market for a product that is produced in Manitoba will have a positive effect on our economy. It will assist our

agricultural producers by creating stability and having supply contracts. Predictability in grain markets is something that has been lacking in this province and the ethanol initiative will solve that to a large degree. Currently, Manitoba has too much value-added product where the value-added is done somewhere other than Manitoba. Ethanol production provides an opportunity to create value here at home. People working, earning and spending here in Manitoba is positive for the entire province.

Distiller's grains, which is a by-product of ethanol production, will also be of benefit to Manitoba. It is currently an excellent protein supplement for livestock feed and can assist in the expansion of the livestock industry. The climate created in Manitoba because of the BSE issue makes us keenly aware that we need to have less dependence on our neighbours when dealing with our economy. This is true not only for livestock markets but for other components of the economy as well. We are encouraged to see that the intent is to have the subsidies removed and a self-reliant industry after eight years. At last year's public meetings, one of the recurring notions was that long-term subsidies would not be beneficial. We are glad to see that this has been factored into the legislation.

* (19:50)

Regarding the energy-balance side of the equation, we believe that 10% ethanol in gasoline and the processing to create ethanol can only have a beneficial effect on the environment. Future generations have a stake in the decisions that we make today, and it is high time we started thinking long-term. In conclusion, we applaud the Province for recognizing the value of ethanol. Our gasoline engines will run longer, our environment will be healthier, our economy stronger. We will have more direct and independent jobs. Manitoba will be more self-reliant. That is a win-win, win-win-win scenario and that has got to be a good thing. Thank you very much.

Madam Chairperson: Thank you, Mr. Wilson.

Mr. Murray: Thank you, Roger, for coming in with your presentation. Again, I just think that the fact that this is being done with an

organization out of Birtle, the rural municipality, I think you should be congratulated for the work, time, effort and energy that you put in. We always appreciate when we have these committee hearings that people like yourself who have worked hard in the community bring forward issues and support for something that you believe in in your area.

I wondered if you had given any thought, Roger, with respect to from time to time there is concern about where a plant or plants may be located in the sense of delivery to marketplace. I just wondered if you had any thoughts or could share any thoughts with the committee on how you feel Birtle, the R.M. of Birtle, is positioned for that.

Mr. Wilson: We have developed a proposal for a site, and certainly we are ready to go with that. We have a number of amenities, as has been referred to by some of the previous presenters. We would be more than happy to share that with you, but that probably does not answer your question exactly.

The ethanol initiative that is on the table right now is going to be a benefit to Manitoba as a whole. Where that site is, the transportation components of it, that could be debated for a long time. I do not really want to get into that too much here this evening.

There are a number of components that I think have to be addressed. Where is the grain grown? Where are the markets? The distiller's grains—there are going to be issues with the transport of that product. If it is wet, if it is dry, makes a difference.

Where the acres are that produced the crop that is needed for the production of ethanol is an issue. If you look at a map of agro-Manitoba, there are a number of areas that would probably be very applicable to the site. How large is the site? How small is the site? Economies of scale come into it. That is a big debate.

Madam Chairperson: Are there any more questions for the presenter? No? Thank you very much.

Mr. Fred Tait? Thank you, Mr. Tait. You can proceed.

Mr. Fred Tait (Private Citizen): Over the years, I have viewed any number of provincial and federal government initiatives and diversification efforts designed to create future financial security for Manitoba agricultural producers. The prevailing conventional wisdom over this same period of time has been that the problems in agriculture could be solved with the creation of new markets coupled with higher levels of production and value-added processing.

This conventional wisdom conveniently ignores the fact that agricultural producers' financial problems seldom arise from the lack of an available market. Their financial problems are as a result of the market not offering a rate of return that covers the producers' full cost of production. A question often avoided while promoting value-added processing is: Who will be the end recipient of the added value?

The Province's ethanol-production initiative follows the same traditional pattern of promotion. Number 1, Manitoba is a prime location for the production of ethanol; No. 2, ethanol production provides a new and expanding market for Manitoba's grain farmers; No. 3, the increased demand for feed grains will result in higher prices being paid to farmers; No. 4, ethanol production is value-added processing; and, No. 5, ethanol production will result in a reduction of greenhouse gas emissions.

Madam Chair, I attempt a brief analysis of these five promotional items. While speaking to the National Farmers Union Convention in Saskatoon, November 22, 2003, Randy Baldwin, director, Kelwin Management Consulting, Kelly Associates, established the criteria in choosing the location for an ethanol plant. He advised that it would not be considered practical to locate an ethanol plant in an area that did not have adequate supply of feed grains. Number 2, in March 2003, Dr. Ed Tyrchniewicz and Heather Gregory released a report prepared for Market and Industry Services Branch of Agriculture and Agrifood Canada in Winnipeg. The report was compiled with the co-operation of Manitoba Agriculture and Food. The report made extensive use of the department's projections of

the province's feed-grain production, utilization rates and livestock production numbers.

If you turn to page 3, the one that is issued as page 61, it is a photocopy out of the Tyrchniewicz report. On that page, they list the different categories of hog production in Manitoba projected into the future, expected to peak out about a little over eight million in 2010. Then he, on the second table talks about the feed grain requirements that will be required to feed that projected hog herd over that period up to 2010.

If you turn on the following page, the one that is numbered as 64, you will see there, again, this is from Manitoba Agriculture and Food, Manitoba's corn production figures for 2003. They talk about the total livestock requirements and they end up with a shortfall of 69 700 tonnes. If it is the hog sector alone we end up with a shortfall of 15 100 tonnes. We project that forward in this report up to 2010, 2011. We see corn production at 402 000 tonnes. We see the total livestock shortfall at 95 900 tonnes. We see the hog sector shortfall of 35 700.

If you turn to the following page, which is No. 6, again out of the Tyrchniewicz report, here he talks about, and this is again from Manitoba Agriculture and Food, we see in 2002, 2003, there is a projection of 327 000 tonnes shortfall in feed grain production for the hog industry alone. Interestingly enough, in 2004, 2005, we see a dramatic increase in the barley supply. I cannot account for this. As a farmer, I cannot see where we would shift production to create those sort of increases in production, but that is the department's estimates. But even at that, the shortfalls still stay over a quarter of a million tonnes. By the end of the 10-year period we still have a 379 000 metric tonne shortfall in feed grain supply for the hog sector alone.

If you look in the section that I have underlined, Ken Sigurdson referred to this. It is the recent analysis by Kraft and Rude. It estimates a higher current consumption of feed grains in Manitoba. Their estimates, based on derived demand for all livestock was about 2.6 million tonnes with the available supply being about 1.55 million tonnes, thus leaving a feed deficit of about 1.05 million tonnes. Their

estimate of hog sector requirements alone was about 1.6 million tonnes compared with Manitoba Agriculture and Food's estimate of 1.3 tonnes. Kraft and Rude made no estimate of feed grain requirements into the future.

If you turn to the final page, that is listed as No. 9, there is one sentence in there. It is underlined, and this is, again, from Tyrchniewicz and Gregory. It talks about the development of an ethanol industry in Manitoba. They say, "Since Saskatchewan is also developing its ethanol industry quite aggressively, the likely source of feedstock in Manitoba's ethanol sector would be U.S. corn." That is what he says.

* (20:00)

I will go back to making comment from the points on the first page. The increased demand for feed grains will result in higher prices being paid to farmers.

Feed grain prices in Manitoba will be determined by the following factors: world price backed off for freight; the U.S. farm bill; the U.S. price of corn plus freight. I am referring that to import into Manitoba.

No. 4. Ethanol production is valued-added processing. Ethanol production does not qualify as value-added processing if total energy accounting is applied. It is devaluing, not value adding. It is devaluing. And the other question still remains as to who is going to be the recipient of the proposed added value.

No. 5. Ethanol production will result in recess in greenhouse emissions. Ethanol production does not result in the reduction of greenhouse gases. There is practically no technology that can do that.

There have been some other issues circulated recently about this whole issue, and I call them recent wishful thinking.

Future increases in rail freight rates will reduce exports and result in increased feed grain supply in Manitoba. Higher freight rates cause farmers to shift production from low-value feed grain crops to higher value crops. Feed grain production will decline. Historically, an increase

in freight rates results in a decline in income for Manitoba grain and oilseed producers. So we should not be praying for higher freight rates.

No. 2. The future development of new, higher yielding grain varieties will result in higher yields and increased feed grain supplies in Manitoba. Future higher-yielding varieties will require higher fertilizer input, meaning higher energy inputs, and possibly the payment of technological use agreement fees, because they may be developed by private trade and you have to pay technological use fees.

The cost-benefit ratio for the feed grain producer will be at best marginal. The availability of higher-yielding varieties will not be limited to Manitoba. Higher yields that result in increased supply will result in lower feed grain prices. As a result of lower feed grain prices producers will reduce production. That is the simple math of the marketplace. Thus the introduction of higher-yielding varieties of feed grains will have little impact on the production and supply of feed grains in Manitoba.

No. 3. An increased demand for feed grain in Manitoba will reduce the number of acres in summer fallow and result in an increase in feed grain production. A recent Manitoba study at Glenlea Research Station demonstrated a crop rotation of grain and oilseed crops including a year or more of alfalfa fallow provided significant reduction in commercial nitrogen fertilizer requirements that resulted in a reduction of fossil fuel consumption. A general move away from most fallow systems will result in an increase in the consumption of fossil fuel and greenhouse gas emissions and defeat the purpose of ethanol production.

In conclusion, available information demonstrates that in the foreseeable future ethanol production in Manitoba will be totally dependent upon the importation of feed grains. The most likely source of the required feed grain stocks will be U.S. corn.

As planned, ethanol production in Manitoba requires considerable direct investment and deferral of provincial tax revenue. The main beneficiary of this public investment and tax deferral in ethanol production will be the U.S. corn

grower. In effect, the American corn farmer will be the beneficiary of the public investment in ethanol production in Manitoba. In part, Manitoba grain producers as taxpayers will help create a new market for U.S. corn. Who benefits from ethanol production? Not the Manitoba grain producer. Not now and not in the future. Thank you.

Madam Chairperson: Thank you, Mr. Tait.

Mr. Murray: Fred, thank you very much for your presentation. You have obviously put a lot of time, effort and energy into this. Fred, just a couple of things for background, if you would not mind. How long have you been monitoring or following the development of the ethanol industry in Canada, thinking about Saskatchewan?

Mr. Tait: For about the past nine months, when the issue came up here in Manitoba.

Mr. Murray: I can see that you have done a tremendous amount of work with respect to what it would do for grain producers here in the province of Manitoba. That was one of the thrusts that you looked at as you went through your data.

I wonder, just because you have done such thorough work, had you done anything at all on the issue of a 10% blend of gasoline with respect to how it might impact on the environment? Did you have any thought, or did you look into that at all?

Mr. Tait: We just came through a convention in Saskatoon that focussed on this issue for two and a half days. We had a lot of leading proponents and opponents from around North America. Inevitably, it came to the point where ethanol production does not reduce greenhouse gas emission. There is more fossil energy going in than ethanol coming out. The equation is bad.

Mr. Schuler: Thank you very much for coming out and making the presentation. I think it is important that we as a committee have an opportunity to hear both sides of the issue. I do not know for how long you have driven to get here. We appreciate that you did make the effort and came out. I certainly appreciate your

presentation. You raise a lot of issues that we have heard over the last six to nine months since this issue has been developing.

I have two questions and then, if I am allowed to, I would like to ask one more. First of all, how do you respond to the communities that have come forward, and you have had the opportunity to hear some of them, who have sort of laid out for the committee the benefits that will be seen or derived from by the communities? Certainly this is viewed, I would suggest to you, sir, probably a lot more as rural development and a lot less Kyoto accord. That might just be me, but I have a feeling that is where I sense the debate is going.

The other thing, if you would take a few moments and comment on, you do make an argument about American corn, and, as we know, the United States is for free trade as long as it benefits them, and that is for public record. We do know that U.S. corn is subsidized. So what would you recommend? What would your recommendations be if you see that as being a significant problem?

Mr. Tait: I will deal with the first part of your question first. I understand the communities' involvement in trying to attract economic development. If they were honest about the components of that development saying that we will build an ethanol plant and we will feed it with U.S. corn, and there is a shortage of feed grain in Manitoba and Manitoba farmers will not benefit from this initiative as a new market for the grain, that is a different thing. That is what should be said, frankly.

Now, you talked about the U.S. and what we should do about the U.S. and their trade policy and the importation of U.S. corn. It seems that with the livestock industry we are into a position where we do not have alternatives. We have expanded to a point where we have no alternative but to import feed grain stocks. We are not at that point with ethanol production. This is an option that we can say no to.

Mr. Sale: Thank you very much, Mr. Tait. I just am a bit puzzled by pages 15 and 16 of the ethanol panel. Both seem to me at least to indicate that Manitoba has in the past decade, as

recently as '92, cultivated about two million more acres of wheat than they do today. The report seems to find that the abandoning of the Crow rate was one of the things that changed that production mix. It also notes that about 140 million litres needs about 420 000 tonnes, in other words, somewhere between a third and a sixth or less of what we grew in '92. I was puzzled by the discrepancy between your numbers and what, in fact, they are citing Kraft and Rude as well in this document. So maybe you could clarify that for me.

Mr. Tait: If you are talking about the shift in acreages out of grain production, there has been a tremendous shift into cattle production. Because of location and soil qualities, when we lost the Crow, some locations distanced from rail and everything else caused a shift. That will not reverse itself unless feed grain prices inflate dramatically. If they did—

* (20:10)

Madam Chairperson: Mr. Tait, I will have to get you to—

Mr. Tait:—there are a whole lot of other problems that we do not want to have to deal with.

Madam Chairperson: Thank you, Mr. Tait.

Mr. Wilkerson from the Canadian Renewable Fuels Association.

Mr. Bill Wilkerson (Canadian Renewable Fuels Association): Thank you, Madam Chair, members of the committee. I might just mention you are receiving two documents there. One is a statement which I will simply kind of summarize and talk to. I will not read it all. The other is a technical addendum which you can look at, at your leisure.

Our thanks very much, of course, for the opportunity to be here this evening. The Canadian Renewable Fuels Association is here to support Bill 2. We do so in partnership and are pleased to do so with the Manitoba Chambers of Commerce and the Keystone Agricultural Producers.

The CRFA is a non-profit organization which is dedicated to education, awareness,

information, comment and, as appropriate, promotion of renewable energy sources in this country. Our membership involves those for whom this issue means a livelihood. In addition to that, we speak tonight consistently with the Grain Growers of Canada. Our members include the Western Canadian Wheat Growers Association, the Canadian Farm Business Management Council and the corn producers of both this province and Ontario.

We believe that Bill 2 constitutes a new paradigm for future growth and development of Manitoba and, in a single step, represents an investment in economic development of the rural parts of this province of course in agriculture, the future of farmers, in clean energy and in a clean environment, the latter of special interest to our urban communities, not only in this province, I can assure you, but where I come from: Toronto.

It is a wise approach to public policy, in our judgment. We note the bill has the support of members of the Legislative Assembly from all parties as well as the rural and urban, the green and farm communities. As an outsider here today it seems to me that this province is remarkably unified on this matter, and we hope all of Canada is listening to that fact.

The significance and value of the legislation flows from all of the things I have just mentioned, not any one of them. It is a package of public benefits, a sum greater than its parts, a new paradigm for the future. In the next 10 years ethanol gasoline sales are expected to go from 9 billion to 20 billion litres in the United States alone. We can think of no other industry sector poised for such growth.

Manitoba stands on the threshold of that economic awakening through the enactment of this legislation. Manitoba is well placed as home for the production of biofuels, not only for use in this province, but as a production platform for export sales into the United States and, of course, other parts of Canada.

That said, Madam Chair, ethanol gasoline is not new news. This Government, governments in the United States, Europe and Asia, have studied the subject from every angle from one

year to the next. It is a matter where you in considering this bill, in our judgment, have exercised ample due diligence.

Ethanol is a proven technology with provable benefits. Mandating it here in Manitoba is a prudent, studied course of action, and, not only I might say is it not a misadventure, it is coherent evidence-based public policy. We commend you for it and look forward to its rolling out in the weeks and months ahead from other perspectives in other parts of this country.

In this matter, you are showing in this province great leadership, but you do so not by standing alone. The new Premier and Government of Ontario are committed to ethanol mandating. In my home province, ethanol is already in use. By the year 2005, one can dream and perceive the economic opportunities for Manitoba of that fact. Consider Manitoba and Ontario next-door neighbours, close partners, if you will, standing together on the threshold of a new era of energy co-operation, including electricity. This has historic promise.

The Government of Canada has designated ethanol as a targeted measure to achieve its action plan on climate change and has created a \$100-million incentive fund to facilitate new construction of ethanol plants in this country. Manitoba deserves to be an early beneficiary of that program. With this bill, at least one of those plants is destined to come to Manitoba

Let me deal directly, even though a bit bluntly, if I may, about the question of retail price. The proposed program of provincial fuel tax exemptions, combined with the existing federal ethanol tax exemption, means that consumers need not face increases in the real retail price or price at the pump of gasoline blended with ethanol. There is absolutely no need in our judgment for a hike in the retail price of gasoline as a result of this legislation.

Let us also be clear on this question of subsidy. It seems to us it is fair to say that ethanol is hardly a subsidized industry when compared to the oil industry itself. In that addendum, you are going to find reference on page 13 to an estimate that direct federal spending on fossil-based energy since between 1970 and 1999 has

exceeded \$40 billion, which is a significant portion of the total value of our economy, not saying that was wrong, not saying that that was unwise, au contraire. But, as we consider whether or not this is a subsidized industry, let us take that particular fact sharply into account.

It seems to us that Bill 2 makes economic sense, energy sense, technology sense, environmental sense, dollars and cents. The automotive industry thinks so as well. Ford, Chrysler and General Motors all manufacture flexible fuel vehicles that can operate on 85% ethanol and 15% gasoline, a standard we are not aspiring to ourselves.

More generally, warranty coverage is provided for the use of properly blended ethanol gasoline fuel for all automobiles sold in North America. General Motors, in fact, has endorsed the use of oxygenated fuels beginning with its 1990 models; Chrysler, with its 1991 models. General Motors Canada openly recommends it to its customers because it is good for the engines of the new cars driving off the lot.

Madam Chair, there are at least 750 000 new flexible fuel vehicles entering the U.S. marketplace each year. That will grow. The era of ethanol, it seems to us, has dawned. Let Manitoba be there in the early light.

There are very few issues also that one can imagine where the research and scientific communities, despite the dueling experts we run into from time to time at various conferences, where those two communities have achieved as much unanimity and consensus as they have on this very subject. The U.S. and Canadian governments both find conclusively, repeatedly, consistently that the energy balance of ethanol is positive. The Canadian government reports that as of the year 2000, ethanol contained 50 percent more energy than was used to produce it.

When you take into account, these studies tell us, by these governments and government agencies on official record, both the octane value and the high combustion efficiency of ethanol, its net energy value goes up. It is not even close as a technical argument, according to that data.

* (20:20)

Its environmental benefits are extensive. Ethanol is one of the key products used to fight vehicle-related air pollution. Through its oxygen content, more than a third, it reduces harmful tailpipe emissions. It reduces carbon monoxide and greenhouse gas emissions, including carbon dioxide. In a much more conservative society, in the United States, fully 10 years ago the Clean Air Act amendments made it mandatory for specified cities with high carbon monoxide to sell only oxygenated gasoline, which is ethanol.

It is a superior source of octane for motor fuels and therefore it reduces hazardous aromatics used presently to enhance octane.

Madam Chairperson: Mr. Wilkerson, you have one minute remaining.

Mr. Wilkerson: The momentum seems unstoppable. We urge you to pass this legislation in this sitting to access the federal program to demonstrate to the industry that this is a good buy for them, the oil industry. We say to our friends in the oil industry, specifically the major integrated companies in this province, Imperial and Shell, please step forward and embrace this matter as you will one day.

Final word. Bill 2 constitutes an investment in the future of this province and the future of the country. We are looking, hopefully, at it from many parts of Canada, and we know that the eyes of interest are well beyond the borders of the country as well. It is an investment here. It is an investment in all of this country and surely we can, all of us, support that.

I am accompanied, Madam Chair, by Brian Kelly, who is a recognized authority on this subject and is an adviser to us in case he can help answer any of the questions committee members may have. Thank you very much.

Mr. Murray: Bill, thank you very much for your well-thought-out presentation, research that you have done. I noted that you are from Toronto, as you say, and we are delighted to welcome you to the centre of Canada. We are absolutely always delighted that people from Toronto will admit they are from Toronto, and

you are always welcome in Winnipeg and in Manitoba, as you know.

I was interested on a couple of points that you made in your presentation. You referenced the fact that ethanol is already being used in Ontario. Of course, we know in Saskatchewan there is production there as well as here in Manitoba. You talked in your presentation about the Government of Canada designating ethanol as a targeted measure to achieve its action plan on climate change. In there you reference the \$100-million incentive program. We hope that you are right when you say that you believe that one of those would be destined for the province of Manitoba. I ask this again because you are representative, sort of a national organization, so your tentacles, contacts, would go nationwide. Bill, I just wondered if you had a sense on how many plants the federal government may be looking at, just if you can give us your thoughts on that, if you have had any deliberations with the federal government on that issue.

Mr. Wilkerson: It is my understanding certainly more than one. I think that the Government is intending to see this as a national initiative. One would therefore hope that it has potential for plants that are located strategically in Canada where that makes sense. I also believe, however, that the Government's attitude toward this, while they are mostly from an energy point of view, I think we can see this as an economic development initiative by way of implication as an export opportunity. Therefore, it would seem to me that we are talking about principally right now to get plants built where the work can be done. Manitoba has got to be at the top of that list.

Mr. Murray: Bill, we heard from some other presenters, who, I think, have done some tremendous—[interjection]—say, there is no dancing allowed at committee unless there is unanimity, but I wondered if one of the things that we had heard from some of the other presenters—and I, again, respect the differences of opinion that we hear at committee—but there was some concern with respect to the feedstock of producing the ethanol plants, particularly to do with U.S. corn, as we have heard, and wheat production and some of the issues that were raised and and I

think those presenters who did that work put their thoughts on the record.

Do you have any sense from the Canadian Renewable Fuels Association—and you talked about all of the positives in here—have you had a chance, or have you looked at that side of the equation in terms of the production side?

Mr. Wilkerson: I will ask Brian Kelly to keep an ear peeled if he wishes to add to what I am about to say, because he has a much firmer grasp of this. I think there are two general points that can be made. Number one, we have no inclination or belief or finding that there is a net import question facing the province or the country. In fact, we believe that this is an export opportunity based upon domestic production. We also believe that when you look at the efficiencies of wheat, this is a particular opportunity here and now for that particular area.

It was mentioned earlier about whether this is an energy initiative, Kyoto versus economic development. I think that the country can look at this, the first time in my generation, and I am an older fellow, as an issue that brings into one coherent place opportunities for economic growth for environmental betterment from a Canadian base to tap into burgeoning export markets. I even see Ontario as a marketplace for the export of Manitoba corn. We do not have nearly enough in Ontario to satisfy the requirements that will be there the day that a plant really starts to expand based on the existing one.

Madam Chairperson: Thank you, Mr. Wilkerson. I will let you finish. You can just finish.

Mr. Wilkerson: I am finished. Thank you.

Madam Chairperson: Thank you very much, and I wanted to thank you so much for travelling all the way from Toronto to come and present.

Mr. Wilkerson: I am always happy to be in Manitoba. I often do not admit I am from Toronto, but I am happy to do so today.

Mr. Vice-Chairperson in the Chair

Mr. Vice-Chairperson: The next person is Eduard Hiebert. Eduard Hiebert. Third time, Eduard

Hiebert. His name will be dropped to the bottom of the list. Next, we have David Rolfe.

Mr. David Rolfe (Keystone Agricultural Producers): Thank you, Mr. Chair. Good evening. I am David Rolfe, Vice-President of Keystone Agricultural Producers and also chair of our Environment and Sustainable Development Committee. I would like to thank you for this opportunity to present on Bill 2.

KAP is Manitoba's largest general farm policy organization representing individual farmers and farm organizations from across the province. The strength of our organization is our democratic structure which requires policy to be developed and approved by our membership through their elected representatives.

As the voice of Manitoba farmers, Keystone Agricultural Producers has developed policy in the area of ethanol and biofuel development in the province and established recommendations that would ensure the greatest benefits accrue to farmers and rural communities. Farmers are already acting as excellent stewards of the land and water. Their contribution to the creation and processing of environmentally friendly fuels is simply another area that highlights the important ecological contributions of agriculture.

The production and sale of ethanol will benefit the province and, in particular, rural communities by increasing and diversifying the municipal tax base. In addition to the direct and indirect benefits created by the construction and operation of ethanol facilities, they will also create marketing alternatives for Manitoba's farmers.

As the industry grows in Manitoba, it also creates new and positive opportunities for agriculture. It could lead to an expansion of the feed grain industry in Manitoba, encourage further development of ultrahigh yield in wheat varieties, and an expansion of the winter wheat acreage.

Analysis shows that wheat-based ethanol facilities are more economically sustainable. This increases the importance of a provincial

investment into the development of fusarium-resistant varieties of wheat that have high yield potential.

* (20:30)

Ethanol plants also produce high-protein distiller's grains, a co-product that is a good feed source and will encourage the continued growth of the province's livestock sector. For ethanol plants to be more viable, they should be integrated with other industries, for example, feedlots that are able to use this by-product without further processing.

To encourage the sustainable growth of both the ethanol and livestock industries, the Government must implement some of the recommendations from the Livestock Stewardship report and address the issue of siting and planning of livestock operations.

Additionally, we are pleased that the Province has announced a plan to provide tax incentives that encourage the success of this action; however, it should not be realized to the detriment of the highway system. Any ethanol plant must have a long-term future to ensure there are significant benefits to farmers and rural residents. Keystone Agricultural Producers also supports that, under Bill 2, preferential tax treatment is given to made-in-Manitoba ethanol.

KAP supports the ethanol initiative because we believe that there will be benefits accruing back to the farm gate. Clearly, the Province has indicated that Manitoba grain should be used and that the creation of new generation co-ops should be encouraged to ensure that Manitoba's farmers play a key role in the ethanol strategy.

For the industry to be successful here in Manitoba, there must be significant farmer support, participation and investment. The linkage of ownership and supply will also be very important. The strongest protection against financial failure of a new plant and subsequently discounted sale to industry is to have a strong and committed industry partner from the beginning. A strategic partnership where farmers and rural residents retain control of the ethanol facility while still able to access the technical expertise of industry, is more likely to succeed.

For farmers, ethanol production creates alternative markets for grains that are currently unsuitable for export and may also offer a shorter hauling distance to market. Crops like switch grass or poplar may find their niche in demand for ethanol production.

The Province should also look to other opportunities for biofuels. Biodiesel, possibly refined from deadstock or oilseed crushing, and methane production from by-products from live-stock operations associated with ethanol plants are two future options. There is an opportunity to convert by-products from these large-scale operations into a lucrative source of revenue. More importantly, these new streams of revenue offer a unique opportunity to revitalize Manitoba's rural economy and contribute to sustainable development.

These initiatives, combined with the Province's current commitment to ethanol, will help to further lessen Manitoba's dependency on fossil fuels, reduce greenhouse gas emissions, and are also consistent with the principles outlined in the Kyoto Protocol. The Government of Manitoba has consistently expressed its support for greenhouse reduction and the Kyoto Protocol.

In the longer term, additional environmental benefits may be created as a result of this initiative. As production methods may adapt to utilize biomass, environmentally sensitive lands may be switched from current production practices to alternative crops like feedstock, for example, poplar or switch grass. All of this means more opportunities for diversification on Manitoba's family farms.

The public benefits are also quite apparent. As a result of the Province's proposed tax incentive structure, consumers will pay no more for fuel, while still being able to feel good about using a more environmentally friendly fuel. Perhaps, most importantly for the province's farmers, the consumer will also be able to recognize the important role that agriculture plays in this green initiative.

In conclusion, Keystone Agricultural Producers would like to recognize the provincial government for its progress on an initiative that

holds much promise for farmers in Manitoba's rural communities.

The establishment of a Biodiesel Advisory Committee and the Agri-energy Office are important steps forward in this progress. Thank you.

Mr. Vice-Chairperson: Thank you, Mr. Rolfe. We are open for questions. First on the list we have Mr. Murray. Question.

Mr. Murray: David, thank you very much for coming in and giving us your presentation. You make some very interesting points and observations and I think that is really what these kinds of committee meetings are for, to get various groups like yours that have broad representation throughout the province to come forward and put forward your thoughts with respect to the legislation.

Just on that specific point, David, I wondered if you might give us your thoughts, and I am going to make reference in your presentation. It is on the first page, where you talk about at the bottom of the page, KAP supports the ethanol initiative because we believe there will be benefits, et cetera. Clearly, the Province has indicated that Manitoba grain should be used and that the creation of new generation co-ops should be encouraged to ensure Manitoba's farmers play a key role in the ethanol strategy.

Specifically, to the point the Province has indicated that Manitoba grain should be used, we have heard a lot of discussion about that issue from various people that have taken time to present this evening. I just wondered if you could give us your thoughts. Would you see the issue of Manitoba grain being used in this? Do you think that is something that should be part of the legislation, or do you see that as part of the regulation? I just wonder if you could sort of share KAP's thoughts specifically on that issue.

Mr. Rolfe: We certainly feel out there that Manitoba grain should be used. We certainly have an opportunity to expand wheat growth in Manitoba, especially winter wheats. We have heard that comment before.

Whether it needs to be in legislation or regulation, I am not sure, but, certainly, the incentive should be there for Manitoba grains to be used. It is certainly an opportunity for Manitoba's farmers, a great opportunity. We hear comments from time to time that we are in a feed-deficit situation, but I guess you have to look all across the province, and there are areas of the province where there is not a feed deficit. There is an opportunity there for those areas of the province to participate in an ethanol plant and move their grains through that process.

Mr. Murray: With your having an organization that has representation all throughout the province of Manitoba, with the issue relative to feedstock for an ethanol plant, I wonder if you might care to comment, I mean, this year has been a very tough year for a whole lot of people and everybody in this room is quite aware of it, so I will not ask you to comment about this year, because I think if you just take a snapshot of a moving picture, you can create anything you want.

More looking at it as a long-term opportunity, some of the issues that have come forward with respect to the supply and demand, specifically with the sense that maybe the demand for feedstock, the supply will not be there to meet that long term, I just wondered if you could, from your organization's perspective, maybe give us comments on that, please.

Mr. Rolfe: I suspect that the market will adapt. If there is a demand for feedgrains of a specific type and there is profitability in growing that grain, then the market will adapt to that.

The other area I would like to touch on, at the present time, we have one variety of wheat that is somewhat resistant to fusarium. As time goes on, if more and more research is done in that area, if we get to the stage where we have some excellent grains that are suitable for an ethanol plant, with decreased fusarium, then we can expect increased yields. Consequently, then, there should be more feedstock available for, not only the livestock industry, but for ethanol plants too. It is also important to remember that we are not talking about now; we are talking about 2005, which is two years down the road.

There is one other aspect of it that I would like to touch on, too. We are constantly thinking about the amount of the tonnage of feed grains that would go into an ethanol plant, but let us remember not all that feed grain stays in the ethanol plant. There is approximately a little over one third of it comes out of the ethanol plant and back into the feed market. So it is not a total—

* (20:40)

Mr. Vice-Chairperson: Excuse me, 30 seconds.

Mr. Rolfe: Not a total movement of feed grains out of the system. There is some residual there that is used in the feed market.

Mr. Murray: Just quickly, I would again like to just thank you for coming in and being part of this. Your thoughts on mandating ethanol, and I know you have just a couple seconds left, but I just wonder if you could share your thoughts with the committee on mandating ethanol.

Mr. Vice-Chairperson: Very quickly, Mr. Rolfe.

Mr. Rolfe: It is Keystone's policy that ethanol be mandated.

Mr. Vice-Chairperson: Thank you. The time is up. Next we have Bob McCallum, Turtle Mountain Sustainable Ventures.

Madam Chairperson in the Chair

Mr. Rick Verspeek (Turtle Mountain Sustainable Ventures): Madam Chair, committee members, ladies and gentlemen, my name is Rick Verspeek. I am accompanied by Mr. McCallum, as well as two other board members from Turtle Mountain Sustainable Ventures. They are sitting in the front row over here. We are pleased to be here to speak in support of the ethanol mandate or the ethanol Bill 2.

Who are we? Turtle Mountain Sustainable Ventures is a conglomeration or a come-together of six municipal jurisdictions: four R.M.s—Riverside, Morden, Turtle Mountain and White-water—and two communities, Boissevain and Killarney, which are all located relatively in the

southwestern corner of Manitoba. Turtle Mountain Ventures was formed with a focus on economic development and venture development. We wanted to utilize the good quality infrastructure that we have in the area. We have invested a lot of time, energy and money to be prepared to attract the investment.

We did an ethanol scan over the last year and a half. We had BBI International out of Denver, Colorado, do that work for us. As well, we looked at other sources of energy. We had Navigant Consulting out of Toronto do some work on the potential of wind power in Manitoba and what regulatory requirements we are faced with to make that a go.

Who are we? The Southwest Manitoba Council on Renewable Enterprises Advisory Committees, we have, I believe it is up to seven, it could even be eight committees set up in the area to deal with each of our initiatives and projects. In that way we reach out to both the community, the community leaders, the producers, the stakeholders and we also invite helping agencies, government officials that have some input into the regulatory and the policy. In that way we keep many people informed as we move along, and in that way we build the capacity for the whole initiative. We also have a new gen co-op in the area and it serves or is represented on a board by 11 different municipalities with roughly 150 members.

Our objective is growth and development, and we want to attract investment in renewable energy production as demonstrated in the activity in the area with the wind people; Shell, Suncor, Sequoia, TransAlta, et cetera; and we also are looking at the grain-to-ethanol opportunities. We know that the livestock industry has the support, or the livestock industry is hooked in there. We need expansion and development. The firms that we have been in contact with are Husky, Commercial, ADM, Cargill, Dell, et cetera. One of our other objectives is to become the designated Canadian location for commercialization of Iogen's fibre-to-ethanol production technology and, in that way, we feel that the province could capture large investment from both Shell global, as well as Petro Canada. Interestingly, this week Petro Canada just optioned to stay in the Iogen network and their investment is

solid, and they are looking forward to more progress than that, as outlined in a press release out of Iogen .

We want to capture value from the co-products and the waste heat that is generated out of an ethanol facility. The bottom line is to increase and diversify the incomes of individual agriculture producers, create rural employment for young people and families, and to stimulate sustainable rural development.

Ethanol positioning: We are one of the leading Canadian candidate locations for bio-ethanol, competitive for grain ethanol, in that we have a high production location of feedstocks. We have the appropriate infrastructure; we have a proximity to a cattle feeding sector; we have supportive municipalities and municipal policies, and we have an organized agricultural community.

The anticipated benefits for rural communities, as read earlier, was increased rural employment and to give the opportunity to retain some youth in the rural areas, diversification and increase of farm incomes, increase of rural enterprise, the established foundation for livestock industry expansion, and expand the cattle feeding sector. At the present, very roughly one out of twenty percent are fed in Manitoba to finish, and we feel that an ethanol facility would provide the opportunity to feed a much, much higher percentage through.

In the long-term position, looking well down the road, that would position Manitoba for possibly the next development of a meat-processing facility, increase and diversify the municipal tax base, which is very important to maintaining the rural economies. The infrastructure costs go up every year, the maintenance.

What assistance do we need from you? We want you on our team. We have been in this for a long time doing a lot of federal lobbying, a lot of provincial lobbying, and it is gratifying to see movement on this issue with the bill that has come forward. We need your support for legislation and policy development. It is favourable for rural Manitoba.

By forming the biodiesel committee, I am sure that biodiesel is on the horizon as well, and that there will be a similar intake or similar process that will be gone through for that. It is vitally important. It is a little less money to get into. It has got a great opportunity for many, many varied communities in rural Manitoba.

No matter whether it be ethanol or biodiesel, we feel that the decisions should be based on technology and be process-neutral, that do not give an advantage or whatever. What is good for one is good for all because there are lots of different processes out there.

Same with the electrical energy mandate, and this is just kind of an add-on. I am sorry. We would like the opportunity for wind in rural Manitoba linked to the northern dam development because of the opportunity for investment in rural Manitoba.

The revitalization is getting more important as the years go by, an Ag bio-mass project development, the mortalities and processing of waste disposal, and added-value manure management techniques have all got to tie in here to energy from green sources, alternative sources.

All those have a major impact on the viability of the province, and that is all I have.

Madam Chairperson: Thank you, Mr. Verspeek.

Mr. Murray: Rick, thank you very much for your presentation. Thank you for taking the time this morning to each and every one of you from the Turtle Mountain Sustainable Ventures that came to caucus this morning with your presentation. It was excellent.

This evening I had a couple of questions that I would like just maybe some clarification on. You have done a great job in keeping things brief in your presentation, but I would be very interested, when you talk about increasing and diversifying incomes of individual agricultural producers, I think that is very important, and I think it is a tremendous opportunity as you go through your presentation.

I just wondered if you could, for the benefit of the committee, expand on it. I am asking you to expand specifically, Rick, because I think it is a very important part of how you see this process moving ahead. Rather than just having it here as a bullet, maybe you could give some expansion on it. Then I have one other question if I could follow up on that, please.

* (20:50)

Mr. Verspeek: I knew that I was not going to make that mistake when I got up here.

The question was the farm income level or the producer increase in income potential is derived—part of that slide is going back to the cellulose to ethanol program where the location of a facility of that nature in our area would have yielded \$30-million new money into the producers' hands.

In the grain to ethanol, if you extend that into the livestock for the backgrounding and the finishing, it will provide a great amount of off-farm opportunities as well as the cellulose to ethanol did. The other thing is it will give them more opportunity to build in some other succession planning because they will be able to diversify into an expanded cattle herd and/or custom work and/or off-farm employment.

One of the other issues that we are facing in rural Manitoba and in rural Canada, for that matter, is that succession planning is becoming more and more of an issue. Who is going to fill those houses as the people start leaving the farm? It is the same as small business. It is the same with a lot of other things. There has to be vibrancy and vitality to ensure that there is an ongoing generation to carry those businesses forward.

Mr. Murray: Rick, the last slide that you had made comments about with respect to the legislation, again, and just because you put it in as a bullet, we are talking about ethanol legislation specifically, should be technology/process neutral. I would just ask for the benefit of the committee if you would be kind enough just to maybe expand on that. Again, I think those are important initiatives that your organization has put a lot of time, effort and energy in.

I wondered if you might expand on that. I will remind you not to speak until the Chairperson recognizes you.

Mr. Verspeek: The concern here was that I do not think it is as evident today as it was back four or five years ago. I think now, as the mandate is moving forward, the desire now is to get the deal done. Get some ethanol flowing. The incentives that are going to be available, but not necessarily just the incentives but some of the policies are going to be broad-brushed rather than they were more pointed. The long-term small plant success is going to be very questionable. As things get to be more competitive down the road and consumption goes way up, they are going to hard-pressed to operate as the subsidies levels decrease, which is part of the legislation.

My caution is that people take a close look at the volume they are building their enterprise model on. How is that going to break through once the incentives diminish and the federal incentives alter and the competition comes in from somewhere else? That was my concern around that.

Mr. Schuler: Thank you very much for the presentation. Again, it was very much appreciated that you folks come all the way out here and take time out of your busy schedules. I know you were here early this morning until late at night. We appreciate that.

I have two questions. How soon do you think you would be ready to put a proposal forward and start looking for investment? The other thing is, I am always interested in how you quantify benefits. We had one presenter put forward a model that said the economic base locally is expanded by 110 million. In this case—

Madam Chairperson: Mr. Schuler, we will have to give Mr. Verspeek—

Just one sentence, if you can, because we are running out of time.

Mr. Verspeek: We have not had a board meeting for a couple of months. We have some ideas that we want to deal with the board on, and, with this impending legislation, it hopefully

will become somewhat more expedient. We are talking probably some months before we will have our wheels on the ground, but it is imminent; it is not that far away.

Madam Chairperson: Thank you very much for your presentation, Mr. Verspeek.

We now have Mr. Eduard Hiebert. I want to ask if there is leave from the committee. He was dropped from the list and he is to the bottom of the list, but he is an out-of-town presenter. Is there leave from the committee for him to present?

Some Honourable Members: Leave.

Madam Chairperson: Mr. Hiebert.

Mr. Eduard Hiebert (Private Citizen): Thank you for the opportunity. Before I focus on the details of Bill 2, on ethanol as to the purpose, I would like to take a step back and review the purpose of this public policy debate, as any public policy debate. In doing so, I would like to focus on stepping outside of the parochial box of focussing on what liberals think. I am not talking about the parochial liberal here. I am talking about the aspect of good liberal thinking that ought to be applied to public policy.

I will read a short quote from someone back from the early 1900s who advanced the aspect of what good public policy is with regards to good liberal thinking. He ended up saying that liberalism is the belief that society can safely be founded on the self-directing power of personality, that it is only on this foundation that a true community can be built and, so established, its foundations are so deep and so wide there is no limit we can place to the extent of the building. Liberty, he then added, becomes not so much a right of the individual but a necessity of society. In other words, he is comparing the rights of the individual versus society and he is saying there is a higher order of values to what is society so that there has to be a right to the individual, but there is also a necessity of liberty to the society. In other words, at the society level, liberty is an essential.

Then he makes the insightful comment and says it rests not on the claim of A to be let alone

by B but that liberty really rests on that the duty of B is to treat A as a rational being. It rests not on the claim of A to be let alone by B, but on the duty of B to treat A as a rational being. That, I believe, is part of the entire fundamental aspect of what this whole proceeding is about. It is not to go ahead and slam dunk something through, it is to ensure that all the parties that want to speak to it are treated with respect, that they are rational beings and that collectively we come up with the best set of adopted positions which advances the common good.

It goes on to say the progress of society is like that of an individual who depends ultimately on choices. I would like to focus on the primacy of the choices we can make that are before us here. What are the fundamental choices surrounding this public policy debate? What is the bottom line in any public policy debate? I suggest, broadly speaking, that there are two, depending on which purse is involved, whether it is the public purse or the private purse, and, as we all know in this particular case, it involves both. However, if a public policy debate involves only the public purse, what are the questions, the overarching thing that we need to make sure gets established in that?

I believe the bottom line for a public purse expenditure is one that somehow enhances the public good, whatever that is. It is substantive, but the net balance must be an enhancement in the public good and, at the same time, does not unduly provide privilege to some individuals or create a ghetto of privilege for a few—basic fundamental economic fairness.

On the other hand, if the public policy debate deals with the expenditures of private purse, clearly, the function is not whether or not the businesses can make money. That is their own function. But the function of this public policy debate is whether that activity that is being considered does not unduly, at the very least, does not unduly negative the common good, either individually or in whole. It is from this larger perspective that I am trying to bring forward the focus that I am coming forward with.

* (21:00)

Maybe I can just preface this from the other side. I have not heard all the people who were here today, but, clearly, there are going to be all kinds of winners in this situation if it moves forward. As to whether or not there is some economic benefit, I do not want to repeat any of that but that is not my focus. Nor do I think that that is your ultimate fundamental focus when you make the decision.

It is not whether or not there is going to be some individual winners and significant winners, because it involves two components, the public and the private purse, but in the function of the public purse, I believe you owe it to us and we owe it to you in our debate to ensure that in the expenditures of the public purse it enhances the common good of all of us collectively in some fashion as opposed to being a drain on us.

On that aspect, I believe this bill fails and fails horribly in the aspect of the energy balance. Maybe to cut it short, I think the only way this should go forward is if the Government absolutely gives us citizens a guarantee that there is going to be a positive net balance on the entire process. Failing that and without the good math behind that, I do not think this program should go ahead because, clearly, part of it is predicated on the aspect of the public purse coming forward and coming forward with very sizable statements, and it becomes kind of a bit of a hypocrisy, that on the one hand this stuff is good for the environment—the energy balance, they say, is one of coming out in a plus, but if it is plus, why the added money?

I must say from my own personal involvement, going back a little bit with a little bit of longer history as to the different political parties, you know, Tim, when we had the MTS debate and before we went up to the MTS debate there were some, including yourself, who felt that that was not necessarily the best way to go as far as maintaining it publicly.

So, when you now were involved in this, it was only at that stage that it tweaked me and I started to look at it, and I can say that the very first time I came to any of these meetings to look at it was when the consumers' society had their evening out. You were there presenting your information. Someone came forward there who

appeared to be some independent person giving straightforward information, no axe to grind, no vested interest in it, and somehow Brian Kelly's participation that evening and yours seemed to be just a happenstance of happy working together with each other as to how it was coming forward. Yet I understand from my contact with him later on that, in fact, is he does have an axe to grind at the same time in the sense that he is working towards being a consultant for a few people. By the way, I talked with him just before he left and we talked about whether or not I would be misquoted or he would be misquoting me. I said, well, no, but Tim Sale is here so whatever I say we will certainly have the opportunity to get back to him. So, if I am misquoting him, there is that opportunity.

But back to one of the fundamental things that he brought forward at that meeting, it was the aspect that, under the new technology, it was just so much more efficient than before, and the net gain with his figures, I do not remember exactly, but it was only a small gain that he was suggesting, something like 10 percent, but it was predicated on the fact that there was this new technology that was so much more efficient than in the past.

So I made contact with him afterwards and asked him to identify the source of that claim statement. He did not make it then and he has not made it now, and so I come back to the point. Even though you were banking on some of the stuff he was doing there, I come back to the point I made just a few moments ago to cut it short.

I believe if you are going to go forward with this, you owe it to us as citizens to deal with us with respect, believe we know how to count up to a certain number of numbers and give us the math. That, I think, is the least we could expect from this.

I thank you for this opportunity to present my case and I wish you well as you deliberate further on this.

Madam Chairperson: Thank you, Mr. Hiebert. Mr. Murray?

The Chair recognizes Minister Tim Sale.

Mr. Sale: Ed, thank you for the presentation. Eloquent, as always.

I just refer you to the technical addendum that was presented by the Renewable Fuels Association that references a number of the studies on energy balance. You can go into them in detail. They are all essentially juried or public domain studies, and we are convinced by those. I am not sure that any studies will convince you otherwise, but I just think that might be a source you would find independent as opposed to anything else that might be quoted.

I believe the numbers that Mr. Kelly used in the seminar were 35 percent to 40 percent, not 10 percent, and the reference was to the NRCan and to the Department of Energy studies in the United States.

Thank you for the presentation.

Mr. Murray: Mr. Hiebert, again, I think you made a number of comments with respect to respect and opportunity, and I would just like to say that we very much appreciate your taking the time to come and make a thoughtful presentation. All this is about is provoking ideas and debate, and I think you have done that. I appreciate it very much.

Madam Chairperson: Thank you, Mr. Hiebert.

John Pittman from the Manitoba Chambers of Commerce. You may proceed, Mr. Pittman.

Mr. John Pittman (Chairman, Manitoba Chambers of Commerce): Madam Chair, committee members, my name is John Pittman. I am Manitoba Chambers of Commerce chairman. I have a written presentation that I would like put into the record.

The Manitoba Chambers of Commerce has a membership of 76 local chambers representing approximately 10 000 Manitoba businesses. We are pleased to have the opportunity to present our submission on Bill 2, The Biofuels and Gasoline Tax Amendment Act.

The Manitoba Chambers of Commerce has taken an active role in advocating for alternative fuels based on agricultural products since 1981.

April 14, 2000, during our annual general meeting, we passed a resolution calling on the Manitoba government to implement new policies to encourage Manitoba consumers to purchase ethanol gasoline. Yesterday, we were joined at a news conference by the Keystone Agricultural Producers, and the Canadian Renewable Fuels Association called to support this act in the development of ethanol in Manitoba.

Why the interest? Why the support? The promise of value added in Manitoba. The promise of economic opportunity for our province, farmers and rural communities. The promise of a cleaner environment that the ethanol mix in gas brings to us all.

Kudos to the Government for endorsing the entirety of the Ethanol Advisory Panel's recommendations. The Manitoba Chambers of Commerce endorses Bill 2, The Biofuels and Gasoline Tax Amendment Act. There is some work to do vis-à-vis the Ethanol Advisory Panel's recommendations. These are listed in our full written submission.

It is the Manitoba Chambers of Commerce' position that a vibrant ethanol industry promises incredible opportunities for the economy, rural communities and environment of Manitoba. More work must be done to ensure accountability, community participation, effective partnerships, continual utilization of emerging technologies and government guidance without control. That said, Bill 2, The Biofuels and Gasoline Tax Amendment Act is a positive step in what to date appears to be an informed, perhaps even inspired series of policy decisions by this Government related to ethanol.

Madam Chair, that is my presentation. The full presentation is there for you to read.

Mr. Murray: John, thank you very much for your presentation. Thank you very much for coming this evening, perhaps the first time I have heard you speak without starting off with a joke. That is always very interesting.

We do, of course, always find it very interesting when organizations that have a broad representation throughout the province of Manitoba, particularly those that have an economic

and a business background and a focus on that particular part of their industry, looking at an issue that is something that is being discussed throughout the province of Manitoba.

I just wondered, John, if you might share your thoughts on being with the Manitoba Chamber, which is part of the Canadian Chamber. I wondered if you could share thoughts if the Canadian Chamber has looked at working with the federal government on perhaps broadening the ethanol strategy, then making it a provincial initiative, or looking at it more on a federal scale. I just wonder if you might be able to share with the committee any discussions that may have taken place with regard to that.

Mr. Pittman: The ethanol is on the table with the Canadian Chambers of Commerce and the International Chambers of Commerce. The discussion is going to be held there. I think, obviously, there are some results coming with federal involvement through clean environment and through the money that they are putting forward.

From ourselves as the Manitoba Chambers of Commerce, a very broad-based support through the province, from small industry to very large industry, in moving ahead on this file, expediting this legislation and continuing on with the steps in Manitoba that will lead to regulation and the coming to fruition of an ethanol-based industry in Manitoba.

We really believe this is an opportunity. We believe the process that has been followed has been exceptional. We would like to see that continue. We think if, as one of the previous presenters said, the rest of the country is watching, they can learn a lesson from what we are doing here.

Mr. Murray: John, I wondered if you might want to comment on one of the other presentations that we had heard from. The CPPI, the Canadian Petroleum Products Institute, had done, I thought, a very interesting and thorough research piece on the tax treatment of a gasohol or an ethanol-blended product.

I just wondered, in your deliberations as you have looked at this, is that an area at all that

Manitoba Chambers has looked at specifically with the tax treatment of a blend of 10% ethanol.

* (21:10)

Mr. Pittman: We have looked at it. We think the tax treatment that has been put in place, the tax credit with a sunset clause and with transparency, is, if you are going to call something a subsidy, the way to do a subsidy. It is the way to deal with business to deal in what we call the three Ps, the private-public partnerships, to ensure that all the interests that are on the table are dealt with in a professional manner.

From his data, I am not aware of, but what we see in the legislation, the way it has been dealt with, allows for, it is not a grant, it is a tax credit. It does have a sunset clause on it, and it does have transparency, and what more could you ask for if you are a taxpayer or a business trying to do something with the Government?

Mr. Murray: John, just refresh my memory on this. I am going to ask you a question about mandating ethanol, as has been discussed. I just wondered if you could clarify the Manitoba Chambers of Commerce' position on mandating ethanol in Manitoba, just wanted to get that clarification. I just cannot recall what the position was.

Mr. Pittman: Mandate it.

Mr. Murray: John, you are suggesting that mandating is something you support. Is it on the basis that you look at it from a supply issue, or do you look at it on the basis that there is a sunset clause in terms of the grant to get the business off the ground and starting?

Madam Chairperson: Mr. Pittman, just a quick response, if you can.

Mr. Pittman: Supply, get the business going and then let market forces come to bear.

Madam Chairperson: Thank you very much, Mr. Pittman.

Chris Lorenc, president of the Manitoba Heavy Construction Association. Mr. Lorenc, you can proceed.

Mr. Chris Lorenc (President, Manitoba Heavy Construction Association): Good evening, Madam Chairperson, members of the committee. My name is Chris Lorenc. I am president of the Manitoba Heavy Construction Association, and I am pleased this evening to make a submission to this committee on The Biofuels and Gasoline Tax Amendment Act.

I am going to come at this legislation from a slightly different perspective and ask you to consider the impacts of the legislation on another very important file that ought to be managed by government, and that is investment in our transportation system and the methods by which it ought to be funded.

First of all, the Manitoba Heavy Construction Association represents the industry that builds, repairs and maintains Manitoba's infrastructure. We provide jobs to roughly 15 000 Manitobans. We have been as an association involved quite actively in the development of public policy on a wide variety of fronts, including infrastructure investment strategies at all three levels of government. In attachment to the brief, are two position papers that we have recently authored on national positions.

We have spoken to governments about government organization. We have been involved in safety health and environment legislation, regulation and training. We were a member of the Government's task force which reviewed the workplace safety legislation, and we are as well involved in a myriad of other policy issues.

We are primarily concerned about the infrastructure deficit that faces both the country and this province. Like any capital asset, infrastructure has a finite life cycle and the extent to which it maintains a useful life cycle is clearly dependent on the level of investment made during its life cycle. Regrettably, much of Canada's core infrastructure—street, sewer, water, bridges, related structures and so on—is coming to an end of its life cycle and require rehabilitation, if not, in most cases, or many cases, replacement.

The infrastructure deficit, a term you hear often, is defined as the gap between the investment required to maintain or upgrade existing infrastructure to an acceptable standard and the

amount actually invested, and like the fiscal deficit which passes the cost of today's government programs to future generations, an infrastructure investment deficit passes on the costs of today's use and consumption of infrastructure to future generations, limiting their ability to meet future infrastructure needs.

Failure to address the infrastructure deficit breaches the principles of sustainable development. In Manitoba, the infrastructure investment deficit hovers in the range of \$7.4 billion. Winnipeg's deficit is estimated at \$1 billion; the highways system, \$3.4 billion; land drainage, roughly \$1 billion. Based on applications to the Canada Infrastructure Works Program, rural Manitoba, a further \$2 billion. There is a misprint in the brief. That number will grow exponentially and continually unless we redress this alarming statistic.

Since 1990, specifically, the highways' capital budget annual investment, the amount actually spent annually, has averaged around \$102 million per year. There is an attachment to the brief which gives you the comparison of announced versus actually spent budget. The impact of that history is dramatic. TGS estimated in '96 that the system required \$180 million per year over the then next 10 years; \$1.8 billion to rehabilitate and upgrade to engineering standards Manitoba's provincial roads, highways, bridges and related structures. By 2002, TGS reported as part of the 2020 Manitoba Transportation Vision background material that the system now required \$340 million per year over the next 10 years, \$3.4 billion to accomplish essentially same objectives. Attached is a copy of the material from 2020 Transport Vision. Because of constant and decades-old public policy neglect, we have gone from a \$1.8-billion deficit to a \$3.4-billion deficit in six years, '96-2002, an 88% increase in the highways infrastructure investment deficit, which we are passing on to our kids and their kids.

Failure to even keep pace with inflation has also taken its toll on the highways capital program. The 1978 budget was \$75 million. The 2002-03 budget was \$120 million. According to the Bank of Canada inflation calculator, and the excerpt is attached, goods and services that cost \$75 million in 1978 would have cost \$205

million in 2003. The announced capital program for 2002-03 was barely \$120 million, of which only \$111 million was spent. A look at the highways capital budget history for the period '78 to '03 is illustrative of the lack of any real investment interest for the past 25 budget years.

We are pleased, though, to indicate our support for the stated purpose of The Biofuels and Gasoline Tax Amendment Act, which is, through a tax preference, to encourage and support the production of denatured ethanol and consumption of gasohol in Manitoba. Through the tax preference, the Government is consciously providing a subsidy to a new and emerging area of economic activity related to the development, promotion, purchase and use of new, more environmentally friendly fuels. The purpose is consistent with Canada's commitment to the Kyoto accord. It is consistent with laudable social policy to reduce greenhouse gas emissions, to preserve air quality and be more respectful of the impact of our activities on the environment which sustains life.

* (21:20)

This is also consistent with what the heavy construction industry has been doing, namely, supporting through the purchase or lease of equipment, which is increasingly more fuel efficient. You can appreciate that the bulk of our industry activities are possible because of the use of heavy equipment, whether for long- or short-haul of materials or equipment, excavation, demolition, earth-moving, aggregate extraction, sewer and water-main line installation or repair, removal of existing or the laying of new asphalt, asphalt overlays or the pouring of concrete. All of the pieces of equipment which support our industry activities consume fuel. Any improvement to fuel efficiencies and cleanliness is an advancement to our industry and by general extension, the public. As an association, we have for decades supported the notion of fuel-tax dedication, in particular, fuel-tax to highways, roads and related municipal infrastructure because the benefits include the following: It enforces the principle of matching the cost to the benefit. It links the cost of the system to those who benefit by its use. It is, relatively speaking, simple in its administration. It assures continuity of an identified, transparent and accountable

stream of funds. It facilitates progressive improvement to our transportation system, and it provides for a transportation system which can safely underpin our commercial tourism and personal transportation requirements.

What does the public think about these issues? Polling by Polara, Western Opinion Research, Canada West Foundation and Environics over the last three years has consistently demonstrated the following: dissatisfaction with the condition of roads and infrastructure; concern that the quality of life will deteriorate without sustained investment in the infrastructure; and the public support for tax dedication.

In fact, in Manitoba, in a poll conducted by Western Opinion Research, 85 percent of Manitobans polled believed that every single penny of gas-tax dollars should be used building and maintaining highways, and 93 percent of northern Manitobans agreed with that statement.

The above public opinion trends have resulted in a number of major policy shifts, including Paul Martin's announcement in Winnipeg on May 31 to the FCM that, as Prime Minister, he would allocate 5 cents of federal fuel tax toward municipal infrastructure and transportation, clearly a response to public opinion. The mayor's new deal focusses investment of new revenues directly to address Winnipeg's \$1-billion infrastructure investment deficit, to which purpose there has been no objection.

Madam Chairperson: You have one minute remaining.

Mr. Lorenc: On October 7, the House of Commons voted 202 in favour and 31 against, only the Bloc opposed, in support of a resolution which read that: In the opinion of the House, the federal government should initiate immediate discussions with the provinces and territories to provide municipalities with a portion of the federal gas tax.

The Premier of Ontario announced the establishment of the minister of public infrastructure and, most importantly, the announcement in the Throne Speech on November 20 that a law will be passed requiring all provincial

revenues raised through gas and diesel taxes be spent on highways, roads and infrastructure.

Madam Chairperson: Excuse me, just for one moment. Sorry. Is there leave to allow him to continue? *[Agreed]*

Mr. Lorenc: The new law will ensure that your Government is accountable on an annual basis for the revenues raised and invested. It will also guarantee that any new share in federal gas taxes will be invested in municipal infrastructure. There is nothing in the Throne Speech which refers to reduced revenues or allocated revenues of gas taxes to purposes other than those identified.

The commitment by the current provincial Government in the Throne Speech to dedicate all provincial revenues and to be publicly accountable for the revenues raised and spent is bold and places Manitoba in the forefront of responsible public policy related to linking costs of the system to those who benefit by its use. It is consistent with responsible, transparent, accountable and credible practices with which to fund infrastructure. It is consistent with public opinion and we applauded that move.

Our only concern, then, with the legislation is that it would appear on the surface to quarrel with the commitment to dedicate fuel taxes to roads, highways and infrastructure made in the Throne Speech. The legislation purports to allocate a portion of the fuel tax revenue to purposes other than those committed to in the Throne Speech.

If supporting the development, promotion and use of alternate, cleaner, Manitoba-developed fuels is good social policy, and we agree that it is, then it should be funded from the accounts typically funding social policy, namely general revenues, and reported as such, and not from an account dedicated already to a stated purpose. Accordingly, there must be some way of identifying in the legislation that the commitment to support the stated purposes does not affect nor reduce the already limited pool of funds available for investment in Manitoba's transportation and infrastructure.

I thank you for your attention and welcome any questions.

Mr. Murray: Chris, thank you very, very much for the presentation. Again, I really have to applaud the fact that you have come at it with a different perspective than we have seen. When we have opportunities at committee to hear from various people around the province of Manitoba, I always find it fascinating that we get presentations from people who are in the agriculture industry, business, entrepreneurs. Your particular approach with respect to the Manitoba Heavy is very interesting. I wondered, I have two questions, if I might, Madam Chair.

I wondered if you might comment on, with one of the diagrams or one of the fact sheets that you put in here with respect to the amount of money that Manitoba should be putting into infrastructure, and you identified the deficit that we currently have. I wondered if you might comment on your thoughts that you have seen, whether there has been money dedicated for infrastructure, as has been stated, and if there is a difference in your mind on infrastructure versus infrastructure/administration, which might also come under transportation.

Madam Chairperson: Mr. Lorenc, if you could just answer one question, then we did have another person who wanted to ask a question prior to the second question being answered. Thank you.

Mr. Lorenc: Try to remember the question now. I think that you were asking about the level of investment and whether or not it is currently reflected in what the Government does related to spending. I think the short answer is that the fuel taxes that are collected now are not in their entirety spent on the highway system. There is certainly a level of disagreement in terms of what the numbers actually show and what they mean and how they should be interpreted. That is always an area of concern and debate, but the reality is that the net program, the net amount that actually sees programming, is \$98 million from the capital program and \$40 million in the maintenance program and that is \$130 million. There is \$205 million that is collected annually in fuel taxes alone.

Point of Order

An Honourable Member: Point of order, Madam Chair.

Mr. Schuler: Madam Chair, my colleague, the Leader of the Opposition, did have the floor and had indicated he had another question. We think he should be afforded that respect and given the opportunity to ask again. That is traditionally how we do it at committee. I understand you are fairly new to the committee system. That is the way it was done under the previous government, and I think that is the way we want to continue it. So we think we should give the opportunity to the Leader of the Opposition to present his questions.

Madam Chairperson: The member does have a point of order, and I recognize Mr. Murray.

* * *

Mr. Murray: Thank you, Madam Chair. I appreciate that. Thank you very much.

Chris, we are here obviously talking about the growth or the potential growth of the ethanol industry in Manitoba, and I wondered if you have any sense on some of the monies that may be directed with respect to infrastructure being redirected, if you will, to help support the ethanol industry as we know there is going to be some potential funding put forth from the Province to assist with the startup of some of these initiatives. You make comments about the dedicated funds, and I wonder if you might just share with us the thoughts of Manitoba Heavy on those monies being perhaps redirected, albeit under the guise of infrastructure but away from roads, bridges and sewers.

Madam Chairperson: Mr. Lorenc, if you can just keep your response brief because we are right out of time.

* (21:30)

Mr. Lorenc: In response to the question, Madam Chair, the view of the association and the industry is that the support of the development of ethanol should be from general revenues. It should not be from fuel taxes. Fuel

taxes should be dedicated for the purposes identified in the Throne Speech, which is to Manitoba's transportation system and infrastructure.

Madam Chairperson: Thank you, Mr. Lorenc.

Mr. Glen Koroluk (Private Citizen): Thank you, Madam Chair. I should have brought my suitcase with me tonight because this is where all the subsidies are.

Honourable members of this committee, I thank you for this opportunity allowing me to make a brief comment on this proposed legislation. My name is Glen Koroluk, and I am here as a private citizen. I am also an associate member of the National Farmers Union, and I support their work on this issue and the stance they have taken on this particular legislative initiative.

First off, I would like to say that, morally and ethically, I do not support the conversion of land from food production to fuel production so that we as a society can feel good about driving our automobiles on a daily basis. The pretence that grain-based ethanol mixed in with gasoline provides an environmental benefit is a false one. It does not challenge the need for automobile-dependent societies such as ours to reduce our single vehicle trips, to reduce our desire for larger less fuel-efficient vehicles and to improve our ability to convert to a truly clean fuel society.

While I realize that, as a global society we produce more food than we require, there are severe inequalities on this planet which have led to many countries having an unmanageable food deficit. This leads me to my second main contention of this particular industry in that it will only exacerbate this problem of global food insecurity. A food-based ethanol industry will further lead us to the industrialized model of food production in this country which will place greater ownership of these industries in the hands of large agri-business corporations. I suspect that giant oil and gas companies may also become the beneficiaries of this particular industry.

As an example, one of the benefits touted in the report by the Ethanol Advisory committee is the development of the feedlot industry in Manitoba. As a volunteer for Hog Watch in Manitoba, I am well aware of the social, environmental and economic problems that the hog industry has brought into Manitoba as food giants such as Maple Leaf increase their market share and profits at the expense of the smaller producer and family farm. This same scenario can potentially happen in our cattle industry in Manitoba with the introduction of large feedlots.

My first recommendation would be to advise the Government to reject this legislation, but I realize we are at the point of second reading, so my comments will be related to what is currently contained in Bill 2 and what provisions Bill 2 should have as a minimum to protect the interests of the general public.

For my analysis, I will refer to a few of the 32 recommendations endorsed by the Government as contained in the report by the Ethanol Advisory committee.

The third recommendation from that report states, the panel recommends that environmental pollution control technologies that provide the best available controls be required in the construction of each new plant in Manitoba.

I looked through the draft legislation and this provision is not incorporated in Bill 2. In fact, the Ethanol Advisory committee does not define these technologies or say which ones are the best available.

Also, in reading the legislation, I am somewhat confused as to which minister is licensing this particular industry. Is it the Energy, Science and Technology Minister, or is it the Conservation Minister, or is it both? If you refer to sections 4 and 5 of the legislation, it really does not spell it out clearly.

Madam Chair, my assumption right now is that an environmental licence will be required, as well as an ethanol plant licence. I have enclosed an example of the only ethanol plant in Manitoba. It is Mohawk. I have given you a copy of that licence. When you get away from the definitions, it is two pages long, so I hope we

can do a better job on that if we come to that point.

Also, on the issue of environmental licensing, the time line of August 31, 2005, will be impossible to meet, considering that regulations have not yet been developed and the environmental assessment process will take some time. I am assuming that we will not fast-track that process because I have witnessed that as of late with the licensing of J.R. Simplot and the fast-tracking of the Maple Leaf expansion.

One other issue about regulation development, I would also expect to see a clause in the legislation that guarantees public consultation. One example I could refer to is section 22(2) of The Waste Reduction and Prevention Act which guarantees that consultation.

On recommendation 9 from the advisory panel on ethanol, it reads: The panel recommends that the Manitoba government immediately undertake research to characterize and document the nutritional value and marketability of distiller's grains within the dairy, beef, swine and poultry industries.

While I realize this recommendation cannot be incorporated into legislation, I would like to point out that it would seem to be very imperative that this task be performed before any ethanol is mandated for use as a blend in gasoline.

Recommendation 15 from the report, it is actually a lengthy recommendation and it talks about having thriving co-ops in Manitoba, locally financed plants, preferential subsidy treatment for local ownership. This recommendation is not currently incorporated in Bill 2 as it stands and it was a main recommendation. While Bill 2 provides subsidies only to Manitoba-produced ethanol, it does not differentiate between local ownership and non-local ownership. Bill 2 also does not alleviate the problem of a locally owned ethanol plant importing cheap feedstocks such as corn from the U.S. So that is not incorporated into the legislation either.

The other question that came to mind is the potential for a monopoly in Manitoba. Now, let us say if a company builds one plant that produces 160 million litres of ethanol, they will

have the entire market. That is dangerous, actually.

Recommendation 32. This is the last recommendation from this report: The panel further recommends that the legislation include a duty to report to the Legislature on issues related to mandated renewable transportation fuels.

As this legislation stands, Bill 2 does not provide any avenue to protect the general interests of the consumer as a user of the ethanol and as a taxpayer supporting the industry. Bill 2 has no public review mechanism built into it to see if the program works or if it is sustainable or not. There are no requirements to report to the Legislature and there is no advisory committee established under the act to provide guidance to the minister and accountability to the public.

Quickly, I would just like to move on to some of the major risks that I think we, as Manitobans, should consider: No. 1, the conclusion by the S&T Consultants report—everyone has been talking about this report, I am sure some of you have read it—that a wheat-based ethanol industry can be sustainable in Canada are hypothetical, as there currently is no large wheat-based ethanol plant in North America, so the figures we are using to promote this industry are quite hypothetical.

Another major risk to consider is crop yields are heavily influenced by weather and are a critical part of calculating the energy required to produce ethanol. At low yields we are going to expend a lot of energy on this industry to produce the ethanol.

The S&T Consultants report uses a figure of 40 bushels per acre for prairie spring wheat, which, according to Manitoba Agriculture—and I have enclosed that chart—would be at the extreme high end. Now if you look at the enclosure, I gave you a 40-year run of average yields of wheat, that is all varieties. If you look in the last 20 years, we have been averaging anywhere between 20 bushels an acre to 40 to 30. It fluctuates.

* (21:40)

Madam Chairperson: You have one minute remaining.

Mr. Koroluk: Which brings me to a third major risk here. Considering what may be the result of climate change in this part of the continent, industries relying on water may become a bad public investment. I have enclosed, I do not have time to go over them, what some of these impacts to Manitoba's water resources will be. This is work done by the Conservation Department, specifically the Water Resources Branch.

In conclusion, there are far better ways of spending money to reduce greenhouse gas emissions in Manitoba and becoming less reliant on imported gas and oil. A recent *Globe and Mail* article claims that a federal Cabinet document shows that Ottawa would end up spending between \$44 to \$102 a tonne to eliminate greenhouse gases through proposed ethanol industry subsidies. The same document shows that retrofitting commercial buildings to make them energy efficient would cut greenhouse gases at a rate of one tonne for each \$8 of spending. Using natural gas in federal vehicles will eliminate greenhouse gases at one tonne per \$10 of spending.

Madam Chairperson: Is it the will of the committee to grant leave? *[Agreed]*

Mr. Koroluk: Thank you. Just to finish off here, we are talking about large sums of money, public money, that we want to invest. So there are other priorities which I would suggest we should be putting this money into.

One is the public transit system in some of our cities in this province, Winnipeg and Brandon. We could legislate or we could mandate fuel efficiency standards for vehicles. We could lower the speed limits on highways, not increase them. People are considering that right now. We could look at biodiesel for trucking, farm equipment and buses, making biodiesel from waste products, as another option in spending that money more efficiently.

Mr. Murray: Mr. Koroluk, I appreciate your coming in. I would like to thank you for your very thoughtful comments and presentation. I think you have obviously done a lot of homework. You have, in a very short time period, I think, put your thoughts on the record. In this sort of environment, from time to time, it is

difficult because I think you had more to say than what you were able to put down in here.

I wonder if you just could comment please. You made comment in here that there is no advisory committee established under the act to provide guidance to the minister and accountability to the public. Can you just maybe share your thoughts as to what you would like to see, and if you see that as something that should be in legislation, or if that is something you see in regulation, please?

Mr. Koroluk: I would like to see the legislation scrapped, but based on past experience, we have various models in place, such as The WRAP Act, The Waste Reduction and Prevention Act. There is a committee that has been established there.

I am imagining that if we are getting into water stewardship that there will be committees set up under the new ministry to help guide the legislation and help provide advice to the minister.

These to me, working through the environmental field, are sort of standard types of setups that we have for the type of governance we have in this province.

Mr. Schuler: Glen, thank you very much for coming out and making a presentation. I think it is important when we have these public committees that we get different responses, different ideas, different thoughts coming out. We certainly appreciate the viewpoint that you came up with.

A couple of questions, if I could. You do mention the subsidy for corn. I suspect you mean about the American subsidized corn. Do you see a heavier subsidy for wheat? Who would pay for that? In a sense, what you are saying is that there is not a very level playing field, corn being so heavily subsidized, it would be a lot cheaper.

Also, on page 3 of your presentation, you make a comment, some confusion as to which minister is licensing this development. I think what you are getting at is, who is in charge. Do you have some thoughts on who you think should be responsible, not just for licensing but also to oversee which department it should be?

Anyway, if you could sort of cover off those two, I would appreciate it.

Mr. Koroluk: Sure, on the last question, I am somewhat confused by reading the legislation. It is very unclear as to who is licensing this and what this licence actually is. I imagine this will be part of the regulation development.

Madam Chair, I am hoping and I am assuming that an ethanol plant is classified as a development under The Environment Act, so the Minister of Conservation (Mr. Struthers) will be responsible for licensing this plant for environmental issues. That is my assumption. I am also assuming that we will have a Clean Environment Commission for the first facility, the new facility that will be built in this province, and that is done properly.

As for your second question on corn, I just took a point from the Ethanol Advisory Panel. They identified that as an issue, so I looked at the legislation as it is proposed and it does not say anything about disallowing the flow of corn from the U.S. into these plants that we are supposed to build.

Madam Chairperson: Thank you very much, Mr. Koroluk. Your time has expired. That completes the list of speakers for the first bill.

Bill 202—The Nellie McClung Foundation Act

Madam Chairperson: On Bill 202, The Nellie McClung Foundation Act, the following speakers are listed: Gayle Andrews, Manitoba Women's Liberal Association; Mary Pankiw, President, Local Council of Women of Winnipeg; Elizabeth Fleming, Provincial Council of Women of Manitoba; and Beverley Parks, the Liberal Party of Manitoba.

Gail Andrews, Manitoba Women's Liberal Association. Thank you very much. You may proceed.

Ms. Gail Andrews (Manitoba Women's Liberal Association): Madam Chairperson, my name is Gail Andrews. I am a member of the Manitoba Women's Liberal Association, and I have volunteered to represent the association in the matter of this bill. To this end, I state that our

association strongly supports Bill 202, which seeks to create the Nellie McClung Foundation. More specifically, we support the main undertakings of the foundation, being the erection of a statue in honour of Nellie McClung and all efforts to educate the public concerning her great political and social achievements on behalf of women.

The Manitoba Women's Liberal Association is a new association created in February 2003. Our main objective is to promote and encourage Liberal women to participate in the political process. Clearly, we view our mission as a continuation of the great works of Ms. McClung.

* (21:50)

If we take a quick glance back 80-odd years to the year 1914, 1915, right here in this Legislature, Ms. McClung and her faithful supporters were fighting a pitched battle to win the voting rights for women. At that time, woman suffrage was one of the vital issues of the day. The Premier, Sir Rodmond Roblin of the Conservative Party, was vehemently opposed to women's rights. To quote his now famous opinion: "Premier Roblin says home will be ruined by votes for women . . . Straight from the shoulder, Premier Sir Rodmond Roblin yesterday told a delegation of women that he was absolutely opposed to women's suffrage . . . Sir Rodmond's argument was quite unequivocal: 'Woman's place is in the home, her duty the development of the child character and the performance of wifely duties. To project her into the sphere of party politics would be to cause her to desert her true sphere, to the grave danger to society.'

"In summary,' he concluded, 'I don't want a hyena in petticoats talking politics at me. I want a nice gentle creature to bring me my slippers.'"

When I read this paragraph with its demeaning, condescending tone directed toward fellow humans from, of all people, a provincial leader, I, for one, get a sense of the enormous frustration facing Ms. McClung.

History tells us that Nellie McClung's most effective weapon in countering such mindsets was a highly developed verbal and written style of humorous persuasion. She used her writing,

she gave speeches, she acted, and she eventually changed the public's perception of women's role in society.

In looking back, Nellie McClung concluded in her own words, I quote: "It was a bonny fight,—a knock down and drag out fight, but it united the women of Manitoba in a great cause. I never felt such unity of purpose and I look on these days with great satisfaction. We really believed we were about to achieve a new world."

Undoubtedly, Ms. McClung provided a great service to her country, to human rights and to women's rights. The lives of women in the Western world have improved enormously since Ms. McClung's day. Yes, she got us the vote, but equal footing for women in positions of power in the political sphere and in the business world has remained stubbornly elusive.

Case in point, although women make up 50 percent of the population, the proportion of women elected to political positions is much lower. In Manitoba, women currently elected to political positions comprise federally 3 of the 14 MPs, 21 percent; provincially, 14 of the 57 MLAs, 25 percent; and in the City of Winnipeg, 2 of the 15 council seats, 13 percent.

In Nellie's day, the issues were clear, the enemy easily identifiable. Today's women struggling for real power are held back by more subtle means. Essentially, our society has entrenched, pervasive negative attitudes toward women. Attitudes are hard to identify, hard to define and hard to fight. Add to this struggle our current environment of rampant political apathy, media spin and disinformation and the heightened geopolitical tensions and the task ahead of our organization is truly formidable.

In closing, I will give the final word to the person we are honouring, Ms. Nellie McClung, and I quote: It is not so much a woman's duty to bring children into the world as it is to see what sort of world she is bringing them into.

On behalf of the Manitoba Women's Liberal Association, I thank you for your kind attention to our submission.

Mr. Stuart Murray (Leader of the Official Opposition): Ms. Andrews, thank you very, very much for your presentation this evening. I think it is always interesting when we look back in history. I think what you have pointed out is quite fascinating.

Of course, as the Leader of the Progressive Conservative Party of Manitoba, I am delighted and honoured to bring this particular bill honouring Nellie McClung forward, and I am delighted to have you here this evening. Thank you.

Hon. Jon Gerrard (River Heights): Thank you for your presentation and for putting it clear why Nellie McClung has such an important place in Manitoba history and why she continues to be important today.

I think you have made it very clear why this is important, and I just want to thank you for coming and presenting.

Mrs. Myrna Driedger (Charleswood): Thank you, Gail, for your presentation. This is an honour for us, really, to be able to bring this bill forward. I said the other day this is really in many ways moving beyond partisan politics because I think women from all political parties are certainly supportive of this bill, mostly because of what Nellie McClung achieved in her day and what she was able to do for all of us in Canada by earning women the right to vote, where it started here and moved throughout the country, and later her work in having women declared as persons.

I think with all of the efforts that can happen in moving this bill forward and in erecting a statue, I really hope this whole movement can continue forward, that women from all parties and men from all parties can get behind this initiative and show that her struggles have really paid off and we have come a long way. Thank you.

Madam Chairperson: Mary Pankiw, president of the Local Council of Women of Winnipeg. You may proceed.

Ms. Mary Pankiw (President, Council of Women of Winnipeg): Madam Chairperson and

committee members, my name is Dr. Mary Pankiw, and I am president of the Council of Women of Winnipeg. Thank you for this opportunity to speak.

Who is the Council of Women of Winnipeg? The council is a federation of organizations and individuals who come together to act in the public interest for the welfare of women, families and society. What makes the council unique is its interest and focus on Winnipeg issues.

What is the history of the council? Well, in 2004, our council of Winnipeg is going to be 110 years old, and the National Council of Women was founded just one year sooner, in 1893. This lets us know the council was established over 100 years ago, on March 27 in 1894, when 10 women's groups in Winnipeg joined to improve the quality of life in Winnipeg. Now Winnipeg's women had established one of the first councils of women in Canada. That is something.

On behalf of the Council of Women of Winnipeg, our wish is to acknowledge and support Nellie McClung's contributions and the passing of Bill 202, which would create a statue to Nellie McClung.

Why is that important? Well, for one, it would be a symbol, I should say a concrete symbol because the statue would be concrete also, of women's involvement and participation in the political arena. We know there are not enough women doing that. This would contribute to the history of women's involvement and the evolution of women's role in politics.

Bill 202 would present a real woman, Nellie McClung, as a role model for not only the women living in the present time but also for those in the future. As well, a historic record would be maintained of the past. Not only that, but Bill 202 and the statue would be an inspiration for women to expand their interests and horizons, to develop their potential and realize their dreams and goals. They would not be relegated into stereotyped roles but have that opportunity to expand and know that they would get support.

I commend the Government of Manitoba for their consideration of Bill 202. Also this would be an opportunity to write a new chapter on the history of our city and our province. In addition, you would present a historic model for other provinces in Canada, and you would be a catalyst in the making of history.

In conclusion, the Council of Women of Winnipeg acknowledges, applauds and supports Bill 202. I thank you.

* (22:00)

Mr. Murray: Mary, thank you very much for your presentation. Thank you for coming down and for reminding us about the importance of the Council of Women of Winnipeg. The fact that you are going to be some 100 years young, I think that is important. I think it also addresses the fact and stresses the importance of why we should recognize another tremendous woman in the province of Manitoba, being Nellie McClung. I support you and your group for being here. We thank you for taking time to share your support and your thoughts with us this evening.

Mrs. Driedger: Thank you, Mary, and for staying here until this time of night to speak so eloquently about this bill. I would like to acknowledge the work of the Council of Women of Winnipeg for the efforts you put forward to strengthen some of the many issues that face women and for taking a lot of issues forward and being a good voice out there to make things better for women in this province and this city.

Also, thank you for being there all along the way as this bill has evolved. The council has certainly written in support of it in the early days when the bill was first presented. So I would hope the council will stay involved with this and be some support to the women in Manitou who will be moving forward, setting up the foundation and moving this issue forward. I hope we can see a huge movement of women that get behind this to make this a reality. Thank you very much for your support and for being here.

Ms. Pankiw: I think they will all be inspired. If we are finished, once again, thank you.

Mr. Gerrard: Mary, I want to say thank you for coming forward and supporting this. It is important we have a statue for Nellie McClung, and we recognize what she has done.

Ms. Pankiw: Well, I thank you, and it is our pleasure, on behalf of the council of Winnipeg, to have a voice.

Madam Chairperson: Elizabeth Fleming, the Provincial Council of Women of Manitoba.

Ms. Elizabeth Fleming (Provincial Council of Women of Manitoba): Good evening, Madam Chairwoman, members of the committee, and a special greeting to the new faces, especially the women's faces, on both sides of the House. It is great to see more women at the table.

I come on behalf of the Provincial Council of Women of Manitoba, and with regrets from our president, Arlene Draffin Jones, who had another engagement this evening she was not able to change.

We are very pleased to support Bill 202. We are simply delighted to read that on second reading there was support from each of the parties. This is wonderful. We hope this will have speedy passage through the House before the end of the week.

I would just like to comment, many of you will have noticed there is a plaque outside in the hall opposite the entrance to the library. In 1966, Dr. Myrtle Conway, chair of the Provincial Council of Women's Centennial Committee, was responsible for organizing the largest celebration in the history of the councils in Manitoba.

Five hundred persons, council and federate members, women, girls, mayors and reeves from all over the province gathered at the Manitoba Legislative Building to honour the women and organizations that paved the way. A bronze plaque was unveiled commemorating the 50th anniversary of the granting of the franchise to the women of Manitoba, and then a government reception followed.

The tablet that is placed outside says it is to honour the men and women through whose efforts the women of Manitoba were given the

right to vote in provincial elections and to become members of the Legislative Assembly, and to commemorate the granting of provincial women's suffrage by the Manitoba Legislature on January 28, 1916. To the Manitoba Legislature, which was the first law-making body in Canada to enfranchise women, it was unveiled on November 25, 1966, by the Honourable Thelma Forbes, MLA.

Starting in 1912, Nellie McClung and Lillian Benyon Thomas led the original campaign through the women's Political Equality League. Women went from farm to farm getting signatures. They walked, rode horseback, drove buggies and buckboards, and one was reputed to have gone by stone boat, always with determination, courage and an indispensable sense of humour. Dr. Rodmond Roblin was quoted as saying: He did not want women to dirty their hands in politics. But Nellie McClung's premise was that, "We are not asking for a gift or a favour, we are asking for our right." As it turned out, 44 000 signatures convinced T. C. Norris and resulted in his government upsetting Roblin and taking power with women winning the vote, a win-win situation.

In conclusion, we look forward to this being passed. We think it is extremely important. We would like to see the statue, perhaps in the grounds of the Legislative building. We would be very happy to help the women of the Manitou council with any help that we could offer. Maybe one day we will see a portrait in this room full of men's portraits that is actually a woman's portrait. We look forward to that day as well.

Mr. Murray: Elizabeth, thank you very much for your comments. Thank you for the information that you left with us. I just had a quick look at it. It looks very interesting. Thank you for that. We appreciate very much the fact that you would come down on behalf of the Provincial Council of Women of Manitoba to support the initiative, Bill 202, which, of course, is to promote somebody, particularly Nellie McClung, who is, clearly, a pioneer, an entrepreneur, a leader, a tremendous person who, I think, had a wonderful effect on Manitoba. We also believe, and I am sure that your words will ring true, that there will be a portrait of a woman

hanging in this hallowed place, and so it should be.

Mrs. Driedger: Thank you, Elizabeth, for your comments and also for the support of the Provincial Council of Women all through this process. It has, certainly, been an honour for us in the Progressive Conservative Party to be able to bring this bill forward and to have it discussed, and to see it come this far so that we can honour a woman, who, I would say, it was a good thing she did not listen to the men in her day, because she really did move a lot of things forward for women even before she did become an MLA in Alberta. Her political achievements in what she was able to do in Manitoba were very strong and, certainly, deserve to be acknowledged. It has been our pleasure to introduce the bill and move it forward and continue to look forward to the support of all the women's groups in helping to make this a reality.

Mr. Gerrard: I just want to thank you for your presentation and for the recognition as well, how hard Nellie McClung had worked to elect the government of Tobias Norris, and the fact that it was the government that brought in the vote for women but, in fact, also did a number of very forward-thinking social policy initiatives to help women. Thank you for coming here and presenting.

Madam Chairperson: Beverley Parks, the Liberal Party of Manitoba.

Ms. Beverley Parks (Liberal Party of Manitoba): Good evening, all. My name is Beverley Parks. I have come this evening as a member of the Manitoba Liberal Party to provide my support for Bill 202, The Nellie McClung Foundation Act.

It is excellent to see that Nellie McClung is being so honoured with this bill, and I would like to see it enacted. Upon coming here this evening, I was reflecting as to what I would like to say in support and have decided that I would like to share this evening a little history about Nellie McClung and the type of person that she was and what she brought about for all women.

* (22:10)

Nellie was born as Helen Mooney in 1873 near Owen Sound, Ontario, Canada. It is seen

that during the year of 1880, she moved with her family to a small farm near Millford, in the Tiger Hills, southwest of Brandon. At the age of 16, with only five years of formal education, she moved to Winnipeg where she attended school and qualified as a teacher. In the 1890s, she went to teach at Manitou where she boarded with the family of the Reverend James and Annie McClung. Here she was profoundly influenced by Annie McClung, who was a strong champion for women's rights, suffrage and president of the Manitou chapter of Women's Christian Temperance Union.

In the years before the First World War, Nellie McClung established herself as a popular author. Her books celebrated the rule and Western ideal and the superiority of country life over city life. The bright and heroic tone of these books captured the optimism and idealism of the Canadian prairies and they won a large readership. These books were seen to capture the essence of Nellie McClung's feminism. As a pioneer writer, Nellie was clearly aware of the extent of women's labour and sensitive to the fact that it was not always recognized or, in fact, rewarded. She had a sharp eye for the realities of the prairie experience and her writings of the struggles of farm families struck a chord with many westerners at the time.

Madam Chairperson, while being a celebrated novelist, it is as a political activist that Nellie McClung is most often remembered. She and her husband, Wes, moved to Winnipeg in 1911, where she became involved with the Canadian Women's Press Club and where her strong belief in social gospel found release and expression in the suffrage movement. Nellie McClung, together with middle-class reformers, was a founding member of the Political Equality League and a speaker for its bureau. She crossed the province dozens of times, using her wit and humour to drive home at every theatre and community hall her message of justice for women.

Nellie enjoyed a long and often bitter rivalry with Manitoba's Premier, Sir Rodman Roblin, having encountered him early in her political career when she and an accomplice tricked him into a tour of some of Winnipeg's dirtiest sweatshops, forcing him to come face to face with the reality of women's labour. Nellie loved to imitate

the Premier's self-important manner. Women's suffrage was one of the vital issues of the day and Nellie McClung took the lead. Of interest is the fact that Premier Roblin, in 1914, was strongly opposed to such.

When approached at the Legislature by Nellie McClung and a member of the Political Equality League, Premier Roblin's answer was blunt. Quoting from the *Winnipeg Free Press* of January 28, 1914, it stated: "Premier Roblin says home will be ruined by votes for women. Straight from the shoulder, Premier Roblin yesterday told a delegation of women that he is absolutely opposed to women's suffrage." He stated that a woman's place was in the home, her duty, the development of the child's character and the performance of wifely duties. He said: "To project her into the sphere of party politics would cause her to desert her true sphere, to the grave danger to society."

"In summary," he concluded, "I don't want a hyena in petticoats talking politics at me. I want a nice gentle creature to bring me my slippers."

"Nellie McClung turned and stomped out of his office. 'You will hear from me again and you may not like it.'

'Is that a threat?' asked the Premier.

'No,' replied Nellie over her shoulder. 'It is a prophecy.'

The women responded the next evening with a night of performance at the Walker Theatre. Nellie McClung, in full evening gown and black cloak, strutted out in front of the curtain. In a common straightforward tone of voice she set the stage for the audience. She explained that they would have to use their imagination as political conditions were reversed and women were in power. She could not see why women should not sit in Parliament. It did not seem to be such a hard job. Soon after the curtain rose, it revealed the women legislators all in their evening gowns covered with black cloaks, seated at desks in readiness for the first session.

In 1915, Nellie wrote *In Times Like These*, a collection of commentaries and speeches based on the speaking tours she had done for the

Political Equality League. This book remains today one of the most clear expressions of the ideas and arguments of feminism. Nellie did not stay in Manitoba long enough to see the women win the vote, but rather followed her husband's pharmacy business to Alberta where she remained very much in public life.

She was to serve as a Liberal member of the Legislative Assembly in Alberta in the early twenties and was to reach thousands with her newspaper column, "Nellie McClung Says." Nellie remained active with the cause of women's rights all her life, and, in 1929, she was one of the Famous Five who battled in the courts and in Parliament to have women declared persons under the law. This was an excellent beginning towards a change for the better; hence, I, indeed, support Bill 202, The Nellie McClung Foundation Act. Thank you.

Mr. Murray: Ms. Parks, thank you very much for coming down and sharing your support for this initiative. We, obviously, believe it is an important initiative, not only for women, but for all people of Manitoba to recognize the importance of Nellie McClung and the importance that she had on Manitoba but, perhaps, a wider spread than just Manitoba. It was throughout Canada. We are delighted that you came down this evening to share your thoughts and your support for Bill 202.

Mrs. Driedger: Thank you, Beverley, for your comments and for taking us back through some of that history. One other thing I heard about her was she always loved a good hat, too. She was a woman that was always seen to be wearing a hat and liked her hats.

We certainly appreciate your comments on this and your support. One of the quotable quotes of Nellie McClung which might be a great way to end our evening here on this bill is a quote I just love hearing all the time. She said: "Never retreat; never explain; never apologize; get the thing done and let them howl." That certainly personified her. I hope we can be able to move further along and with all women achieve the erection of this statue of Nellie McClung.

Mr. Gerrard: Thank you for your excellent presentation. It was very well researched. I just

very much appreciate your coming down and supporting this initiative.

Mrs. Leanne Rowat (Minnedosa): I wanted to thank all of the speakers tonight, Gail, Mary, Elizabeth and Beverley for sharing some historical stories on the importance of women and empowerment. I want to thank each of you for doing that. I also want to thank our leader and the Member for Charleswood for bringing this bill forward. I think it is important, especially for a new MLA and one from rural Manitoba that represents the area where Ms. McClung lived. I find this a great opportunity. Thank you.

Madam Chairperson: That concludes the list of presenters that I have before me this evening. Are there any other persons in attendance who wish to make a presentation?

Seeing none, is it the will of the committee to proceed with detailed, clause-by-clause consideration of Bill 2, 3, 4 and 202? If yes, in which order do you wish to proceed?

An Honourable Member: As outlined.

Madam Chairperson: As outlined? Thank you.

Before commencing clause-by-clause consideration, I would like to bring to the attention of committee members the new format agreed to by the House leaders for calling clauses.

Previously, the Chair would call all clauses and subclauses for passage either separately or in blocks that conformed to pages. For example, shall clause 2 pass? Shall clause 3(1) through 3(5) pass? The House leaders have met and agreed that only the main clause number, in the case of the above example, clause 3, would be called for passage, even if there are several subclauses.

This does not preclude members from moving amendments or asking questions at any particular subclause contained in the bill. The difference will be that if an amendment passes to a subclause, the question will only be put on the amendment. When all questions or amendments have been dealt with, only the main clause number would be required to be passed as amended.

* (22:20)

Bill 2—The Biofuels and Gasoline Tax Amendment Act

Madam Chairperson: Does the minister responsible for Bill 2 have an opening statement?

Hon. Tim Sale (Minister of Energy, Science and Technology): Madam Chairperson, in the interests of time, I will be exceedingly brief. I want to do five very short things. First, I want to thank again the ethanol panel that set in motion the consultation process that spoke to all parts of Manitoba and received very valuable input about how we might organize an ethanol mandate for our province. I want to thank them for that work and thank those who came and presented.

Secondly, I want to thank members of the Legislature, members of the Opposition, my critic, others for allowing this legislation to be considered in a speedier fashion than might normally be the case. The reason for that is my third point. That is that the federal government introduced in September a requirement that there be legislative clarity in their terms of reference for the ethanol support program that was announced in the latter part of September. I did immediately meet with my colleagues in the Opposition and explained to them the concern. They agreed to give this matter their consideration. I appreciate that they have done that.

I want, fourth, to pay tribute to the many communities, many of whom appeared here tonight: Killarney, the Russell-Roblin area, the people from Birtle, people from Minnedosa, from Beausejour and the briefs we received from the North. People from Swan River met with us as well. There is clearly a great deal of community animation and community anticipation.

My hope, I am sure, shared by all members, is that those companies who have applied to the federal government from Manitoba will be successful. We have very little control over that question, but I think by passing this legislation we at least assure as level a playing field as possible for communities that wish to benefit from the initial support. I am confident, particularly in the light of the briefs from a number of presenters, that we will see an export market for

our ethanol, that we will see the benefits in the feed industry and I think, ultimately, in the human food chain for the use of the side products, co-products, of distiller's grains.

Finally, I want to pay tribute to the staff of the agri-energy office and the staff who worked with communities in a number of government departments, our public servants, our true public servants. They have served communities well as they have developed the framework for this legislation. They have consulted widely with industry, with blenders, with producers of fuel, with farm communities, and I believe they have brought credit to their profession as very civil servants. I want to thank them for that. Those are my opening remarks, Madam Chair.

Madam Chairperson: We thank the minister. Does the critic from the Official Opposition have an opening statement?

Mr. Ron Schuler (Springfield): Thank you. Certainly, I would like to put a few comments on the record. This issue of ethanol has been on the agenda now for some time. We have seen one bill presented in spring and saw it die on the Order Paper because a provincial election was called. Then for many months we heard very little about it. It was October 1 when I was approached by the minister that there was difficulty with some of the federal funding.

I would like to take this opportunity to thank all of the departmental staff who participated in the meetings, and thank the minister for laying the issue out very clearly to us. That, of course, had to do with the federal government's ethanol expansion program, which, surprise, surprise, all of a sudden had a closing date for 60 percent of the \$100 million of November the 19th.

This, obviously, then put Manitoba at a disadvantage, because Québec, Ontario and Saskatchewan had enabling legislation and Manitoba did not. The feeling was that, if we were going to be competitive in the ethanol industry field, clearly, we wanted to be on the ground floor with that kind of funding, especially if it was \$20 million per plant and three plants being earmarked.

Madam Chair, I expressed to the minister at that time that, clearly, we would have great concerns with hurry-up legislation, because it is a very substantive issue that we face as a province. We have heard presentations tonight I think that were very telling. Those who would like to see ethanol in their communities are clearly overjoyed to see the legislation go in, and others putting forward the case that whether it be on the environment side or on the economic side that it may not make entirely sense.

I think we have sort of seen both sides of the issue. Now it is time for us to deal with the legislation. I guess I have great faith in the business community. I suspect that it will take a lot of financing from private sector to make any ethanol plant work. I speak from experience here to you through the Chair to you, minister, that banks are notorious for giving businesses umbrellas when the sun shines.

If there will be due diligence it will be on the funding side. The business plans will have to be incredibly tight. This is a new industry. It has faced some successes. It has faced some failures, some difficulties throughout North America. I have great confidence in the business community, in the lending institutions that these projects in the end have to make sense. I think that is where we want to see our communities go, that we not have projects go forward that hurt our communities, that cost our communities and in the end will cost government money.

Madam Chair, we have gone through the legislation. Again, very clearly, I want to state that as the Opposition, we are uncomfortable with the hurry-up mode that this legislation is in, because, to those members on committee who are new to the process, it is the role of the Opposition to ensure that the public gets full access to the legislation and has an opportunity to look at all aspects of it and that there be a very open and broad debate on a policy as important as ethanol. Unfortunately, we are in a situation where we did not have that kind of opportunity, and thus we are here tonight. I think we have heard the presentations. There has been input from the public. We are conceptually in agreement and would like to see us go now through line by line and start dealing with the legislation.

One of my colleagues has a question, if the minister would agree to it. Then we will be prepared to go through the legislation. Fair enough?

Mr. Glen Cummings (Ste. Rose): Madam Chairman, this bill is enabling legislation. What I would like to know from the minister, through you, is if he intends to take an active or a passive role in attempting, once this bill is in place, to attract federal investment to the province and just how he sees what that track might be.

Mr. Sale: Thank you very much. Am I allowed to say Glen, or do I have to deal with it? Could you clarify what you mean? If you mean lobbying on the particular program, we certainly will do that, although the submissions are already in and it is a tight RFP process, so how much effect at this point we could have, I do not know. But, if you mean something broader, maybe could you just clarify what you are meaning?

* (22:30)

Mr. Cummings: Well, Madam Chair, very simply, as every presenter here tonight said, this is a significant piece of legislation. Whether they were for it or against it, they felt it was significant. The bottom line for opportunity is probably based on whether or not we can attract investment from the federal government here.

Simply passing this legislation under the pressures that we are, for example, I would have preferred to explore further Mr. Koroluk's suggestion that there be an ongoing advisory capacity. Several people around this table that spent some considerable time making sure anything that was at all related to environment had advisory capacity to the general public attached.

I make that suggestion, but I am not a member to make a motion at this moment. I would like the minister to indicate if he believes that this is the end of his responsibility in getting the ethanol industry started in this province, or if he has an active conduit to the federal government to live up to some of the expectations that have been expressed around the table here tonight about this, should be positioning us to be on the leading edge for perhaps some experimentation

or certainly some known technology to be invested here.

I continue to hear on an ongoing basis and even from some of the people here tonight off the record that perhaps the decision is already made. Ottawa has decided where these plants are going to go. I wonder if there is anything that the minister can share there, or if he can share a strategy to now help one or two of these industries attract the investment that they are going to need to start the capital.

Mr. Sale: Thank you for clarifying what it was you were seeking. What I can tell the honourable member is that since I was given the honour of moving this Energy, Science and Technology Department forward, I have met on four occasions with Iogen. I have toured their plant twice.

I met with their proponents in Killarney and advocated on their behalf with NRCan officials and with the minister. I met with commercial, I do not think I could count the times, but it would be more than five and probably fewer than ten. I have met with them quite a number of times. Ken Field and I have spoken on the phone a number of times. I have met with Vince Chin from Husky a number of times as well and with other officials.

I have met with every community that is a proponent for ethanol development in their community. My officials have met with the fuel blenders and producers in Calgary a number of times. Again, I could find out for the member how many times we have been there, but three or four times in the last six months at least. We attended the world ethanol conference in Québec City and there met with federal officials as well as ethanol producers. Some of our community representatives were there as well. I think that the opportunity with a new government in Ottawa is very significant. I think that Mr. Martin has made comments about his intention to have a new deal for the West, to listen to the West. We who live out here have heard those words before. We will be very delighted if they prove to have good fruit this time.

I agree with the member that we need to be very vigilant to make sure that the distribution of this fund is fair and equitable and represents

support for provinces such as ours and Saskatchewan, both of whom took leadership positions on the development of ethanol fuel and deserve consideration, especially on the basis that the science seems to be very clear that we are the lowest-cost producers in the country. Saskatchewan is slightly less competitive on an exact-equivalent basis but not much. It is so small as to be negligible. They do have the advantage of having a refining industry which gives them some advantage in terms of opportunity for blending directly at the production site. They have waste heat in the form of the refineries producing significant heat, which can be a benefit if you can capture it. I want to assure the member that I do not see my job ending tonight or tomorrow, assuming this legislation finds favour. We have a lot to do to make sure the playing field stays level and that we can attract our share of the support.

Madam Chairperson: We thank the member.

During the consideration of a bill, the preamble, enacting clause, table of contents and the title are postponed until all other clauses have been considered in their proper order.

If there is agreement from the committee, the Chair will call clauses in blocks that conform to pages, with the understanding that we will stop at any particular clause or clauses where members may have comments, questions or amendments to propose. Is that agreed?
[Agreed]

Clause 1—pass; clauses 2 and 3—pass; clauses 4 and 5—pass; clauses 6 through 8—pass; clause 9—pass; clause 10—pass; clauses 11 through 13—pass; clause 14—pass; clauses 15 through 17—pass; clause 18—pass; clause 19—pass; clause 20—pass; clauses 21 and 22—pass; enacting clause—pass; preamble—pass; table of contents—pass; title—pass. Bill be reported.

Bill 3—The Helen Betty Osborne Memorial Foundation Amendment Act

Madam Chairperson: Does the minister responsible for Bill 3 have an opening statement?

Hon. Gord Mackintosh (Minister of Justice and Attorney General): I wanted to thank the

Opposition, in particular, the critic and the House Leader for helping to move this legislation along. This is a very small bill, but it may have some significant positive outcome. I should mention the Liberal Party in the House as well, absolutely, but it may have certainly some positive contributions to the life of some young Aboriginal Manitobans.

Madam Chair, I just will say that, as a result of some dialogue and concerns from the Opposition, a regulation will be put together to help preserve the direct amounts contributed, presumably under the understanding that payments out would only be from interest. I will consult with my critic in the development of that regulation which we would like to get going on in the next couple of weeks or so.

Madam Chairperson: We thank the minister. Does the critic from the Official Opposition have an opening statement?

Mr. Gerald Hawranik (Lac du Bonnet): Yes, I do, Madam Chairperson.

Manitoba has more foundations registered than any other province in Canada, so it is a very important instrument, I believe, for charities in the province. I believe the importance and the value of foundations cannot be over emphasized. They are really charities in support of other charities. They raise money. They receive donations. They have a charitable number. They take those donations and they invest those funds and then give it to other non-profit charitable groups within communities.

Madam Chair, one of the difficulties that charities have, or non-profit groups have, within any community, of course, is not in the delivery of service, but in the raising of funds. That is why foundations are very, very important to our communities, because they support other non-profit charitable groups in our community and those groups in turn provide essential services to our committee which we have come to expect and which we deserve.

* (22:40)

The value to any foundation in any community is not necessarily in collecting funds and

taking donations, but, in fact, the value to any community is in giving grants, scholarships and bursaries. That is the importance of any foundation. This bill allows this particular foundation, The Helen Betty Osborne Memorial Foundation, to encroach on the capital of the funds that they receive.

I think there are valid reasons for this bill. First of all, interest rates. Rates of return on any investments are low at this point and I think it is important to recognize that, given the capital value of the fund that is there now, they would have difficulty giving any scholarship or bursary of any value or of any importance. So I think it is important to recognize that. It is also important to recognize that other foundations have the ability to encroach on capital, and foundations that have been incorporated over the last three or four years have all incorporated that within their incorporating documents. Those foundations that have incorporated prior to three or four years ago are changing their incorporating documents to allow that.

I think also it is important to recognize that foundations should have the ability to encroach on capital because federal income tax regulations have changed over the last four or five years. Federal income tax regulations state that you have to give at least 3.5 percent of your capital every year out of your fund. Whether you raise that by way of a return on investment does not matter, you have to give away 3.5 percent of the value of your fund each year or else you lose your charitable status. So I think it is important that we recognize that.

We have had some concerns about the bill and we have voiced those concerns to the minister, specifically that we were concerned that those people who had donated to the capital of the fund may not be consulted in the sense that those people who had donated to the capital expected the capital of their donation would remain in the fund and would not be impaired, that it would be there forever in perpetuity to raise money for the benefit of the purposes of the fund. That was our concern and the minister has agreed to and has provided us with a written confirmation that he will assure us that the capital of the fund will not be impaired, that in the event that part of it does get used, he will get

their written consent to do so, to give out that money. Thank you.

Madam Chairperson: We thank the member. During the consideration of a bill, the enacting clause and the title are postponed until all other clauses have been considered in their proper order.

Clause 1—pass; clause 2—pass; clause 3—pass; enacting clause—pass; title—pass. Bill be reported.

Bill 4—The Employment Standards Code Amendment Act

Madam Chairperson: Does the minister responsible for Bill 4 have an opening statement?

Hon. Nancy Allan (Minister of Labour and Immigration): Yes. I would just like to take this opportunity to thank my colleagues the MLA for Inkster (Mr. Lamoureux) and the MLA for Springfield (Mr. Schuler), who have provided a great deal of support in moving this legislation forward. It is another piece of legislation that we have that had a tight time frame because we were harmonizing this legislation to take effect in January, so that people who take compassionate leave can avail themselves of unemployment insurance benefits.

I would like to thank the legislative management review committee, who worked very, very hard and had several meetings, many meetings in regard to this legislation and worked under tight time constraints because of the January 2004, deadline that was looming. I would also like to thank them for their unanimous support of this legislation.

I would also like to say a big thank you to the public servants that worked on this legislation, Joanna Plater and Dave Dyson in my department, who were there stick-handling this legislation with the same kind of time constraints. So thank you very much.

Madam Chairperson: We thank the minister. Does the critic from the Official Opposition have an opening statement?

Mr. Ron Schuler (Springfield): Certainly, Madam Chair, we as the Opposition, again, feel

very uncomfortable that a piece of legislation that we were approached on on November 19 is in hurry-up mode. We certainly did not have, and the public certainly did not have, a lot of opportunity to participate in the debate on this bill. The briefing that we got, the Opposition, was on November 19, an opportunity to sit down with the departmental staff. We certainly appreciated the presentation that we got. At that time it was explained to us that to comply with federal legislation by January 4, that enabling legislation had to come forward. We did not have difficulty with that part of it.

Madam Chair, what we did have difficulty with is the Employment Standards Code amendment. We felt that the sections of the pages 5 to 12, and that is in the spreadsheet, could have easily have been taken care of in the spring session.

Since then, we have received a lot of concerns from Manitobans in written form. As we go through the legislation, we would like to spend some time dealing with those concerns with the minister. Clearly, all of them cannot be done. In fact, yesterday, the minister approached me with her own amendment to the legislation.

My concern is that this is poorly written legislation. I think it has a dramatic impact on a lot of Manitobans. My concern was right from day one that there were going to be flaws simply because it was far too rushed. There was too much that was thrown into it, and, certainly, that has come to be proven. I hope the minister takes an opportunity to listen to some of the concerns. I know she has received letters, and they were cc'd to me. I hope that we can go through and perhaps correct some of the errors that are in this legislation.

But, from the opposition side, we are really concerned about the legislation that is in front of us. We are prepared to go clause by clause and start the discussion.

Madam Chairperson: We thank the member. During the consideration of a bill, the enacting clause and the title are postponed until all other clauses have been considered in their proper order.

Clause 1—pass; clause 2—pass; clause 3—pass; clause 4—Shall clause 4 pass?

Mr. Schuler: Whoa. You know what, Madam Chair, I apologize. I was following along at 59.2(1) and I thought that was where you were going to call them. I see you are calling them by sections.

By leave, if we could go back to 3. The sections that I would like to deal with are 59.2(2) and 59.2(3) to start with.

Madam Chairperson: Is there leave to revert to clause 3?

An Honourable Member: Leave.

Madam Chairperson: Leave is granted.

* (22:50)

Mr. Schuler: The first question I have for the minister is 59.2(2) and that is the 30 days to entitlement. As the minister has received correspondence on this, I am sure she has a response. Federal legislation clearly lays out 600 hours. Why is there the difference between the provincial and federal legislation, if this is enabling legislation?

Ms. Allan: Actually, Madam Chair, there is a difference between the federal legislation and the provincial legislation, but it is not what the member thinks it is.

The 600 hours that you are referencing relates to the number of hours that an employee has to work to be entitled for unemployment insurance. The federal legislation that was passed in regard to compassionate care leave is decided by the labour code and the labour code actually says there is absolutely zero entitlement, that they do not have to work any days, which is also exactly the same entitlement period that the Yukon has as well. So, actually, 59.2 is much more restrictive. Our legislation is more restrictive than the federal legislation under the labour code and more restrictive than the legislation that was passed in the Yukon.

Mr. Schuler: Okay, to the minister, so the 600 hours is laid out by federal legislation, that you

had to have worked 600 hours continuous, I take it, or within a certain time period, for you to qualify for EI payments if you take this kind of a leave.

Ms. Allan: That is correct and it also can be worked with a variety of employers.

Mr. Schuler: So, then, the 30 days is how you qualify for compassionate care under provincial legislation, but that does not mean that you would qualify for EI.

Ms. Allan: The 30 days means you have to have worked for an employer for 30 days before you can take compassionate care leave. You also would have had to have had 600 hours to qualify for unemployment insurance benefits.

Mr. Schuler: Okay, then, to the minister, so could you still have worked 30 days, but not have your 600 hours and you would still get compassionate leave from your employer provincially, it is just that you would not get EI?

Ms. Allan: That is correct.

Mr. Schuler: My next question to the minister is: Can she explain how she defines 30 days? Is that 30 working days? Is that 30 calendar days? Does that mean full time? Can she explain how that is defined?

Ms. Allan: Just 30 calendar days.

Mr. Schuler: I think it is important that we pause here and make sure it is very clear what the minister and the Government mean by 30 calendar days. Does that mean a person would have to have worked 30 days, or does that mean they would have had to have been in the employ of a business for 30 days, even if they worked for one shift?

Ms. Allan: Thirty calendar days.

Mr. Schuler: I am not getting comfort with the answer. I would ask the minister if she would take a bit of time and just flesh that out. Does that actually mean that an individual who works a Friday evening shift on day one and is still in the employ of the business, but does not work

for 29 days still can apply for this kind of a leave?

Ms. Allan: It is very simple. He has been employed for 30 calendar days. It does not necessarily mean that individual has worked 30 days within those 30 calendar days. They may have worked 10 days, 20 days, 5 days, but they have been employed by the employer for 30 calendar days.

Mr. Schuler: So, in essence, you can have an employee who has not worked a shift in 30 days, but then can apply for compassionate leave.

Ms. Allan: That is correct. It would be highly unusual. I also want to just inform the member that the 30 days is consistent with the probationary period that is already provided for in the Employment Standards Code.

That is why we did it, Madam Chair. We wanted to have some consistency, and that is what the other two jurisdictions have done. Another jurisdiction, Nova Scotia, I believe, had a period that was similar to their probationary period.

Mr. Schuler: To the minister, would the minister consider a friendly amendment to the section that there at least be some component of an employee having to have worked at least a certain amount of hours?

Again, where I think some of the difficulty comes in with this is small independent businesses who do have quite a bit of staff because it is of a part-time nature, students who only can work weekends, or some students who can only work certain evenings. This kind of thing can become very disruptive to a small business.

Ms. Allan: I just want to make sure the member realizes that it is very important that we are consistent with the probationary period that is already in the code.

I also want to remind the member that Dave Dyson met with the Manitoba Employers Council, had a long meeting with eight to ten representatives of the Employers Council, and a lot of thought went into this piece of the legislation.

There was unanimous consent on this, so I am not prepared to make amendments to this.

Mr. Schuler: If we can move on to section 59.2(3): "(a) a family member of the employee has a serious medical condition with a significant risk of death within 26 weeks from (i) the day the certificate is issued, or (ii) if the leave has begun before the certificate was issued, the day the leave began, and (b) the family member requires the care or support of one or more family members."

When we met with the minister, the minister left an impression that, for instance, if there was an accident, a car accident, and a child was involved, immediately with 24 hours' or 48 hours' notice or less than that, the individual could attend to their family member. Yet where is that provided for in 59.2(3)?

Ms. Allan: There is some flexibility built into the legislation in regard to the fact that there may be this kind of an occurrence, and this certificate would be provided by the physician who was attending the person who was ill.

I just want the member to know that a lot of these situations have occurred with businesses in the past, and these kinds of issues and these kinds of compassionate leaves have been worked out on an informal basis. This kind of support, this opportunity for someone to take a compassionate care leave on a shorter notice is something that would be worked out with the employer.

Mr. Schuler: Again, what happens when you move from an informal to a structured system, then people go to the structured approach? What does the legislation say? My concern is that I do not see it in here. Perhaps the minister or her staff could point out where there is a provision made that would negate 26 weeks.

Ms. Allan: Madam Chair, 59.2(4): "An employee who wishes to take a leave under this section must give the employer notice of at least one pay period, unless circumstances necessitate a shorter period."

* (23:00)

Mr. Schuler: But it still speaks about, again, 59.2(3): "For an employee to be eligible for leave, a physician must issue a certificate stating . . ."

Is it me or is there a little bit of a conflict there? Do you need a certificate or do you not?

Ms. Allan: Madam Chair, 59.2(5): "The employee must give the employer a copy of the physician's certificate as soon as possible."

So, if it was in a situation where it was something that occurred like a car crash and it was time sensitive, it can be dealt with after the employee has taken their leave. It can be provided as soon as possible.

Mr. Schuler: I think there is a degree of difficulty in there. Again, this is something that probably should have been worked out a little cleaner. I think this is a little sloppy, because on three different occasions, we talk about different things: One, 26 weeks from a serious medical condition, you have to provide a certificate and then you get leave. Here it says 59.2(4): unless a shorter period. Then 2(5): "The employee must give the employer a copy of the physician's certificate as soon as possible." Is that 2(4) or 2(3)? Is it the 26 weeks or the sooner?

Anyway, that is why we have difficulty with this. It is these kinds of things. You formalize a process, and businesses and employees will go back to the legislation because now you have a formal process. It just depends, which piece you lift out will depend on what will happen.

I have one more question for the minister: If someone is hired, and, again now, it just adds more confusion to this, if someone is hired and they have to have been employed for 30 days, do they have to declare that they have a family member who is ill?

If you are going on the 26 weeks within a very short period of time, they could actually, after 30 days are over, already have compassionate leave. So they could actually work 30 days and then go on compassionate leave without having to comply with the 26.

Again, the confusion is that 2(4) and 2(5) negate 2(3) anyway. That is where, as an

employer, employers have been speaking to me, this becomes really, really difficult to understand.

Ms. Allan: I just want to inform the member that this legislation mirrors exactly the federal legislation.

Mr. Schuler: Two holes no more make a doughnut than two wrongs make a right. I would like to see us put forward legislation that would actually work for Manitoba and for Manitoba businesses.

Again, somebody, if they have a family member with illness, do they then have to declare when they are being hired that they have a member that is ill, or they get hired and they can produce a certificate that shows that 26 weeks earlier, this person had gotten ill and they can go for compassionate leave?

Ms. Allan: The entitlement to leave is after 30 calendar days. They must have been employed for 30 calendar days, and there was unanimous consent on this issue.

Mr. Schuler: Again, I am sure there was much discussion about it. Minister, I am not too sure hiding behind those individuals when other things come forward is the best policy. You have received letters. I have received copies of them where individuals have laid this out. I suspect that the minister would not agree to any friendly amendment to try to tighten up these sections.

Ms. Allan: That is correct.

Mr. Schuler: I do not know how this system works. I understand we are under new rules. I would like to move to 96.1(2).

Madam Chairperson: Is that all for clause 3?

Mr. Schuler: Yes.

Madam Chairperson: Shall clause 3 pass?

Some Honourable Members: Pass.

An Honourable Member: No.

Voice Vote

Madam Chairperson: All those in favour of the clause passing, please say yea.

Some Honourable Members: Yea.

Madam Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Madam Chairperson: In my opinion, the Yeas have it.

* * *

Madam Chairperson: Shall clause 4 pass?

Mr. Schuler: Just a brief question to the minister. Under 60(5) on the bottom, it says: "may file a complaint with an officer under section 92." Can the minister or her department, again, tell this committee who exactly that officer is?

Ms. Allan: It would be an Employment Standards officer with the Employment Standards Branch.

Mr. Schuler: Are there individuals right now in the Employment Standards Branch who are trained to deal with these kinds of complaints, or would it not make more sense to have that complaint go to the Labour Board where they deal with these issues?

Ms. Allan: There was a long discussion at the Labour Management Review Committee in regard to the process around this, and there was agreement that this is the process and this is how it should be dealt with.

Mr. Schuler: Again, I have had opportunity to speak with individuals and they felt that probably there is appropriately trained staff at the Labour Board who would be better placed to deal with these issues, but we will let that section go.

Madam Chairperson: Clause 4—pass; clause 5—pass; clause 6—

Mr. Schuler: Madam Chair, I guess no surprise to the minister, section 96.1(2) is probably the one section where there is an awful lot of disagreement with the Government and where it is going with that particular section. When we had our briefing with the minister and her staff, the discussion was around being able to provide

an employee with opportunity, if you were fired, that there be some kind of a recourse. What is troubling for the small business community and for—

Madam Chairperson: Just a moment, Mr. Schuler, which clause are you speaking on?

Mr. Schuler: 96.1(2), which is under section 6.

Madam Chairperson: I am sorry. Just one moment. The honourable minister has an amendment to the preceding clause, clause 96.1.

* (23:10)

Ms. Allan: I move:

THAT the proposed subsection 96.1(1), as set out in Clause 6 of the Bill, be amended by striking out everything after "to pay compensation" and substituting "to the director for any loss the employee incurred as a result of the contravention, or reinstate the employee, or do both."

Madam Chairperson: It has been moved by the Honourable Ms. Allan:

THAT the proposed subsection 96.1(1), as set out in Clause 6 of the Bill, be amended by striking out everything after "to pay compensation" and substituting "to the director for any loss the employee incurred as a result of the contravention, or reinstate the employee, or do both."

The amendment is in order.

Ms. Allan: The amendment is required because the provision respecting compensation orders incorrectly states that the employer is required to pay the amount to the employee rather than the director. This amendment clarifies that an employer must pay the amount of a compensation ordered to the director of the Employment Standards Branch. What this does is it ensures that the correct amount is paid, and then the release provides verification that the employer has no further liability in respect to this matter.

Madam Chairperson: The question before the committee—Mr. Schuler, did you—

Mr. Schuler: I just wish to speak to this. It is, again, why we have such hesitation with this

bill. The bill was barely off the printing press and already the minister was running around to the Opposition saying there are flaws in the bill; we have to amend the bill. Maybe if we would have waited until spring with parts of this, the minister would have had opportunity to find even more flaws in her own legislation. That is the problem we have with this bill. It is flawed, flawed, flawed. Even the minister has to be sitting at committee and amending her own legislation. We do not have a problem with the amendment, but it just speaks to how poorly this bill has been written.

Madam Chairperson: The question before the committee is

THAT the proposed subsection 96.1(1), as set out in Clause 6 of the Bill, be amended by striking out everything after "to pay compensation" and substituting "to the director for any loss the employee incurred as a result of the contravention, or reinstate the employee, or do both."

Shall the amendment pass?

Some Honourable Members: Pass.

Madam Chairperson: The amendment is passed.

Mr. Schuler: Would now be an appropriate time to start talking about 96.1(2)?

Madam Chairperson: Please proceed, Mr. Schuler.

Mr. Schuler: The minister has, I am sure, received correspondence in regard to this particular section. In the discussions I have had with individuals out in the community, clearly, there is an understanding that if a business wrongs an employee, there is compensation owing to the employee, but why is it that the hand of government immediately has to be in the individual's pocket to get its pound of flesh? It is just seen as punitive, unjustified and a tax grab. I think the business community has a point and is asking that that particular section 96.1(2) should be stricken from the legislation.

There is no reason for that to be in there. This is about employees. This is not about

government and a tax grab. That is all that this section becomes.

Ms. Allan: The Employment Standards Code currently requires all payment of wages orders to include an administrative fee. The requirement for the administrative fee was included in legislation passed by the previous administration. Currently, approximately 95 percent of all employment standards claims are resolved voluntarily without the need for an order or a fee to be issued.

Mr. Schuler: I have no idea what the intent was of previous governments and the legislation they passed, and neither does the minister.

In this particular section, this is something new that has come up. I would suggest to the minister that I doubt when legislation was passed that it was meant for this minister and, frankly, for members of her department to put in a tax grab. I do not think that was the intent of any previous legislation. I would point out to the minister that she should stand on her own two feet and not just be an apologist for bad legislation, but say, no, this does not work. It is not going to fly.

It is time that we not just look out for money flowing to the Government, that this be in the best interests not just of the employee. There is also the small-business community. If there is something owing to an employee, absolutely, that is what should be paid. It should not be a tax grab.

Ms. Allan: Actually, it is not a tax grab, because 95 percent of all of the claims are resolved voluntarily without the need for an administrative penalty. We have absolutely no reason to believe that it will be any different with this legislation.

Mr. Schuler: Then the minister is talking out of both sides of her mouth. There has never been legislation like this before. The minister said, well, actually they did not know how many people had actually even called, because they never tracked it. I do not know how the minister can be saying that, that 95 percent of all of these things are resolved. This is dealing with something new in legislation.

We will leave at that. I take it that the minister will not withdraw 96.1(2) and just continue down the road of her *modus operandi* government of a tax grab.

Madam Chairperson: Shall clause 6 pass as amended?

Some Honourable Members: No.

Some Honourable Members: Yes.

Voice Vote

Madam Chairperson: All those in favour?

Some Honourable Members: Yea.

Madam Chairperson: Pass the clause as amended. All those opposed?

Some Honourable Members: Nay.

Madam Chairperson: In my opinion, the Yeas have it.

* * *

Madam Chairperson: Clause 6 as amended—pass; clause 7—pass; clause 8—pass; clause 9—pass; clause 10—pass; enacting clause—pass; title—pass. Bill be reported.

Mr. Vice-Chairperson in the Chair

Bill 202—The Nellie McClung Foundation Act

Mr. Vice-Chairperson: We will begin clause by clause, Bill 202.

Does the member responsible for Bill 202 have an opening statement? Does the Leader of the Opposition responsible for Bill 202 have an opening statement?

* (23:20)

Mr. Stuart Murray (Leader of the Official Opposition): Yes, I do.

Thank you very much for the—[interjection] Yes, exactly. I am delighted for the formalities at this time of the evening.

I am very pleased to put some words on the record about Bill 202, The Nellie McClung

Foundation Act, which establishes a foundation to promote the memory of Nellie McClung.

We appreciate the opportunity to have this legislation brought forward for comment from the public. As we heard tonight, it is not a common occurrence for an opposition bill to come this far through the legislative process.

In brief, Madam Chair, our legislation calls for the establishment of a foundation empowered to raise funds for the creation, erection and maintenance of a statue to commemorate Nellie McClung. The foundation might also undertake other works to educate the public about Nellie McClung's contributions to our province and our country.

The foundation shall be managed by a board of trustees consisting of no fewer than three and not more than seven trustees appointed by the Manitou-Pembina Culture and Heritage Committee. We believe the erection of a statue is one important way of honouring the immeasurable contribution Ms. McClung made in helping advance the cause of women in politics in Manitoba and, indeed, well beyond our borders.

That this bill has made it to the committee stage, I believe, is indicative of the high regard in which Nellie McClung is held and the strong desire of legislators and the public alike to have her memory honoured in a tangible way.

Women have long played a key role in the success of Manitoba's Progressive Conservative Party and, indeed, all of Manitoba's political parties. It is difficult to believe that there was a time when women were not allowed to vote, let alone hold public office. Just think of the talent, energy and ideas that we have missed out on for all of those years.

By bringing forward this act, Madam Chair, we as legislators are recognizing the significant contributions that women have made to Manitoba politics and, in particular, Nellie McClung, who led the charge to give Manitoba women the right to vote.

We could not bring forward important legislation like this, Madam Chair, without the help and support of groups such as the Manitou-

Pembina Culture and Heritage Committee and the Nellie McClung statue committee, which are working vigorously to keep the memory of Nellie McClung's work alive through a variety of projects.

I know there are many other members of the public, some of you here this evening, who have spoken out throughout the years for the erection of a statue in Nellie McClung's honour, or a similar type of project to honour her contributions. We would like to thank all of you for your support and for your dedication in keeping Nellie McClung's important work so fresh in our memories.

I look forward to the support of all members of the Legislature moving this bill through committee into third reading and its speedy passage, and I would like to thank the Member for Charleswood (Mrs. Driedger), who seconded this important bill.

In closing, I would like to quote from Nellie McClung who once said minding one's own business, quote, "is a cheap and second-rate virtue, much extolled in certain circles, overestimated by the world at large, in constant use as an excuse for laziness, an alibi for indifference, coldness and neglect, the slacker's refuge, the sluggard's sure defence."

I would also like to acknowledge the advocate for women's issues here on behalf of the Progressive Conservative caucus and those members. We thank Mrs. McClung and all those who have chosen to become actively involved in advancing causes that work to strengthen our society. Thank you, Mr. Vice-Chairperson.

Mr. Vice-Chairperson: We thank the Leader of the Opposition (Mr. Murray) for those comments. Does Ms. Brick, the representative from the government side, have any opening comments?

Ms. Marilyn Brick (St. Norbert): Yes, I do.

Mr. Vice-Chairperson: Go ahead.

Ms. Brick: Nellie McClung is widely recognized as a pioneer in women's rights across Canada. She was instrumental in securing the

right for women to vote in Manitoba in 1916, and her contributions to women and to politics generally were remarkable.

Ms. McClung's achievements were impressive. She became a member of the Legislative Assembly, and the women here have much to thank her for. She pioneered the rights for women and, as we heard from many of the speakers here, it was obvious that Nellie had much opposition from the men who had influence. It takes a lot of courage to stand up against people in power. We are glad that Nellie McClung was willing to be considered "a hyena in petticoats."

As a woman, I have much to credit her for as do many of the other women here. Women can now be doctors, lawyers and judges. It took a forward-thinking woman who could envision the future and was willing to take the incentive and risk that Nellie was.

Ms. McClung was one of the Famous Five involved in the Persons Case, a case which led to the British courts declaring that women were, indeed, persons. It is hard for us around the table here to think that women could one day long ago have not been considered persons.

Nellie McClung was a great woman in Canadian history and a great woman in Manitoba's history. We are happy to see this foundation go forward and for her to have a statue erected as her legacy. We look forward to seeing the results of this worthy effort. Thank you.

Mr. Vice-Chairperson: We thank you for those comments.

Hon. Jon Gerrard (River Heights): I would like to make a brief comment, if I may, and I would like to just say that I am very pleased that there is all-party support for this initiative. I want to thank the Member for Kirkfield Park (Mr. Murray) in bringing this forward because I think that this is an important initiative that recognizes the very important role that Nellie McClung played in the history of Manitoba.

I am pleased that we had a number of women who were Liberals presenting earlier

today. After all, Nellie McClung was a Liberal, and we are very proud of that fact.

Mr. Vice-Chairperson: Thank you. Any other members? We will continue then.

During the consideration of a bill, the enacting clause and the title are postponed until all other clauses have been considered in their proper order. Also, if there is an agreement from the committee, the Chair will call clauses in blocks that conform to pages with the understanding that we will stop at any particular clause or clauses where members may have comments, questions or amendments to propose. Is that agreed? *[Agreed]*

Clauses 1 through 3—pass; clauses 4 through 6—pass; clauses 7 and 8—pass; clauses 9 through 13—pass; enacting clause—pass; title—pass. Bill be reported.

The hour being 11:26 p.m., what is the will of the committee?

Some Honourable Members: Rise.

Mr. Vice-Chairperson: Committee rise.

COMMITTEE ROSE AT: 11:26 p.m.

WRITTEN SUBMISSIONS PRESENTED BUT NOT READ

Re: Bill 2

This submission is presented by the Economic Development Office of the Town of The Pas for the referenced meeting.

The community, comprised of representatives from The Pas, Rural Municipality of Kelsey, Opaskwayak Cree Nation, Tolko, Keewatin Community College, Hudson Bay Railway, and Manitoba Agriculture, is in the process of generating a proposal to establish an ethanol plant in The Pas area. Our current status is at the discussion phase with a concept paper and feasibility study to be prepared in the near future.

Scenarios being explored include production facilities to accommodate 20, 40 and 80 million litres of ethanol using wheat from the immediate

area and importing from the Swan River Valley. We are optimistic with performance, as we will be using Tolko's forest product waste and industrial wastes as a heat source which is substantially less expensive than natural gas.

As facilitator for this recently formed Ethanol Production Steering Committee, I solely submit the following to express support for the subject. Legislation will be championed that introduces and maintains technologies that uphold Canada's commitment to the Kyoto Protocol. Controlling the climate with clean energy is of paramount importance.

The Pas looks forward to competing in a global environment with continued and additional legislative support to ensure that the ability to compete is encouraged. There is potential in both the domestic and export markets with the strong worldwide demand for ethanol. The provincial market is to be satisfied within the next few years, and there are indications that the global requirement will justify additional Canadian production for distribution in the export market.

Legislation that recognizes the need and provides opportunities to compete with regional, national and international markets will be supported.

As competition between companies results in improved productivity and quality, co-operation within provincial marketing legislation is beneficial to profitability and therefore the economy. Stabilizing wholesale market prices via a co-operative enterprise or a marketing board will enable efficient forward planning and thereby lessen risk. This entity should provide stability, at least in the initial years, in order to establish a foothold in the marketplace. Once the industry is established, then this entity could withdraw its influence.

It is unfortunate that time and distance have prevented a personal appearance in order to elaborate. However, thank you for the opportunity to submit this brief written presentation.

Sincerely,

Gilbert T. Swann
Economic Development Officer

Town of the The Pas
Box 870, The Pas, Manitoba R9A 1K8

* * *

Re: Bill 2

INTRODUCTION:

The Manitoba Chambers of Commerce (MCC) is the umbrella organization for Manitoba's Chamber movement. With a membership comprised of local chambers as well as direct corporate members we represent, in total, approximately 10 000 businesses and 76 communities across Manitoba.

The MCC is unique amongst the business organizations that will present to you. Our organization is not confined to any specific region within Manitoba. Nor do we represent only one size of business. In fact, the MCC represents the entire spectrum of the business world, from sole proprietorships to some of the largest companies in Manitoba. Nor do we represent only one particular sector of the economy. To cite but a few examples, our membership includes representatives within the transportation industry, mining, technology, services, manufacturing and agriculture.

SUBMISSION:

The MCC is pleased to have this opportunity to present its submission to the Law Amendments Review Committee in relation to Bill 2, The Biofuels and Gasoline Tax Amendment Act.

Dating as far back as 1981, the MCC has taken an active role in advocating for alternative fuels based on agricultural products. Over the last two years these activities have intensified in relation to ethanol:

- April 14, 2002, during the 71st Annual General Meeting the membership of the Manitoba Chambers of Commerce passed a resolution that called on the Government of Manitoba to ". . . implement new policies to encourage Manitoba consumers to purchase ethanol-blended gasoline.";
- August 22, 2002: the Chambers posted a web story (Update) entitled "Jumping

- on the Ethanol Bandwagon: Panel Seeks to Ingrain Ethanol into Manitoba's Economy";
- September 19, 2002: the Chambers made a written and oral submission to the Manitoba Ethanol Advisory Panel ¹;
 - September 25, 2002: the Chambers posted a web story (Inside the Chamber) entitled "Alternative Fuel At A Crossroads: MCC Presents to Ethanol Advisory Panel";
 - October 22, 2002: the Chambers' Letter to the Editor in support of Ethanol is published in the *Winnipeg Free Press*;
 - December 11, 2002: the Chambers attended the formal release of the Ethanol Advisory Panel;
 - December 19, 2002: the Chambers posted a web story (Inside the Chamber) entitled "Going with the Grain: MCC Attends release of Ethanol Report";
 - March 6, 2003: the Chambers posted a web story (Update) entitled "The Addition of Ethanol from Wheat to GHGenius", relating to a report prepared by a B.C. consultant for Natural Resources Canada. This report, the first to examine wheat ethanol in a Canadian context, suggested that Manitoba's ethanol industry could yield the greatest reduction in greenhouse gas (GHG) emissions;
 - April 24, 2003: the Chambers posted a web story (Update) entitled "32 Recommendations, 32 Commitments: Another Step Forward For Manitoba's Ethanol Industry";
 - December 1, 2003: the Chambers, along with the Keystone Agricultural Producers and the Canadian Renewable Fuels Association, held a media

conference confirming their support for the development of ethanol in Manitoba and The Biofuels and Gasoline Tax Amendment Act.

The Chambers has been very active in relation to this issue because, as was stated in its submission to the Ethanol Advisory Panel, "The promise of a vibrant ethanol industry in Manitoba is the promise of a cleaner environment, it is the promise of economic opportunity for our province, our farmers, and our rural communities."

While all of these advantages are important to Manitoba, the greatest potential for ethanol lies in its promise of economic opportunity for our rural communities. It is important to note that this economic opportunity includes both value-added activities and diversification.

For example, in relation to the issue of diversification, a vibrant ethanol industry can lead to: research into new and existing uses of distiller's grains in wheat-based ethanol plants (particularly for use in livestock); additional co-product processes (e.g., specialty oils, novel polysaccharides, sugar alcohol food additives, and enzymes); and nutraceutical and functional food research to isolate whole grain bioactive compounds that have yet to be identified.

The Manitoba Chambers of Commerce has gone on record as supporting the recommendations of the Ethanol Advisory Panel.² Naturally, it applauded the Government of Manitoba for also endorsing the entirety of the Panel's recommendations.

The adoption of the Ethanol Advisory Panel's recommendations is but one example of a series of wise actions that this Government has taken in relation to this issue. Other examples include:

- Creating the Ethanol Advisory Panel;
- Establishing the provincial Ethanol Office;
- Setting up a working group with the Government of Saskatchewan to pool research dollars and share information on the development of feedstock and co-products;

- Committing to undertake education and awareness campaigns to promote the environmental benefits of increased ethanol fuel use to Manitobans.

The Manitoba Chambers of Commerce endorses Bill 2, The Biofuels and Gasoline Tax Amendment Act, as one more step forward in helping our province achieve the full potential of ethanol. In fact, one could even argue that The Biofuels and Gasoline Tax Amendment Act is a significant step. However, we cannot lose sight of the fact that a great deal of work remains.

For example, consider these recommendations from the Ethanol Advisory Panel:

- **Ownership**

The panel recommends that the Government of Manitoba develop a strategy designed to enable co-operatives and/or new generation co-ops (NGCs), to develop and thrive in Manitoba. This includes:

- increasing staff capacity to provide advice and expertise to groups wanting to explore the co-operative option;
- establishing educational components for communities and agricultural producers to enable them to better understand the principles of NGCs and traditional co-operatives; and
- reviewing the current regulatory system to ensure that there are no obstacles to the creation of NGCs.³

The panel also recommends that the Government emphasize its desire to have the industry locally financed by:

- requiring that projects demonstrate a substantial amount of local ownership to be eligible for incentives;
- offering increased support to projects that demonstrate 50 percent or more local ownership;
- asking communities wishing to raise capital that they consider approaching

Manitoba's Labour Sponsored Investment Funds; and

- asking agricultural producer groups to consider offering some form of voluntary "check-off" program to give their members an opportunity to conveniently invest in an ethanol facility.

The panel further recommends that the economics of investing in smaller facilities be investigated thoroughly before investment decisions are made. Furthermore, small plants should be integrated with, for example, a feedlot, or located close to existing feedlots, to eliminate drying costs of the distiller's grains.

- **Other Issues**

The panel also recommends that the Government examine the increased opportunities for cattle finishing and processing that may result from increased DG production.

- **Supporting Ethanol Development in Manitoba**

That the Government continue monitoring the fluctuations in the inputs of the ethanol industry and conduct research to find the most appropriate method of applying incentives;

That once the full mandate has been achieved, the Government of Manitoba evaluate the economic benefits of its ethanol program and compare it to the costs, including the foregone fuel tax revenue. Greenhouse gas emission reductions should also be documented.

- **Legislation and Regulations**

The panel also recommends that this legislation should assign ethanol development responsibility to the newly established Department of Energy, Science and Technology, as well as outline the authorities and responsibilities for that department with respect to:

- examination of ethanol policies and development of regulations establishing

- producer and or consumer incentives, their amount and duration;
- undertaking research and demonstration projects in support of Manitoba's ethanol industry;
 - developing and implementing communication activities related to consumer awareness campaigns related to ethanol; and
 - establishing regulations under the proposed legislation for the operation of programs or procedures developed to administer the legislation.

The panel further recommends that the legislation include a duty to report to the Legislature on issues related to mandated renewable transportation fuels.

Accountability and transparency in relation to our Government's actions remains crucial. Manitobans need assurances that its government is continually evaluating its initiatives to ensure that they are efficient and effective. In this regard, the Chambers was particularly pleased to see that the Government released a chart that, point by point, listed the Government's progress on each of the recommendation of the ethanol panel.⁴

The Chamber strongly recommends that the Provincial Government, in addition to honouring the recommendations designed by the panel to ensure accountability and transparency, continue the practice of periodically publishing a 'progress chart' that covers all of the panel's recommendations.

We will also take this opportunity to respectfully remind the Government of some of the recommendations made during the Chambers' submission to the Ethanol Advisory Panel:

The Size/Number of the Ethanol Plants That Emerge in Manitoba:

Outside of any land-use planning considerations that are necessary to ensure environmental sustainability, the MCC recommends that the Government avoid the temptation of controlling the

size and number of ethanol facilities that emerge in Manitoba.

The Capital Available to Support the Development of an Ethanol Industry:

The Government should decline to fund or create new programs that are designed specifically to provide financial assistance to an emerging ethanol industry. Those seeking to be involved with ethanol can avail themselves of the current programs that are available. If there turns out to be more applications for funding than available funds, those directly overseeing the programs will simply have to prioritize as appropriate.

However, the Government should review the current programs in place and make changes as warranted in order to ensure that they are effective. In particular, these programs should be assessed against their ability to:

- enhance organizational development and strategic planning;
- provide startup administrative services;
- enhance the ability to access capital;
- provide consultant referrals; and
- assist in achieving the due diligence on consultant's reports.

A Public Awareness Campaign Dealing with Environmental and Consumer Issues and Benefits:

The Government should not expend revenue for a public awareness campaign for ethanol. Instead, it should facilitate the ongoing cooperation and exchange of information between the stakeholders of the industry so as to enhance the effort of those stakeholders to ensure that the 'message' regarding ethanol that is permeating the public is accurate.

Emerging Technologies That Relate to Ethanol:

Not only must the Government ensure that its policies do not close off or discourage the possibility of other developments within the industry, it must encourage the open development of innovations in relation to the ethanol industry and leave it to the market to determine which of these ideas thrive and which fail.

In this regard the Government should focus on ensuring that the necessary infrastructure and partnerships are in place to encourage the development and then commercialization of these innovations.

Partnerships:

Government must facilitate the linkages, both within and across the component parts of the ethanol industry that are needed to ensure that this industry is 'nimble' and smart.

To enhance this process the Government should sponsor provincial conferences—although effective linkages must be maintained between conferences—and participate in national networks/partnerships.

The Government should also serve as a 'channel' of information from abroad in relation to emerging technologies and best practices.

Conclusion:

A vibrant ethanol industry promises incredible opportunities for the economy, rural communities and environment of Manitoba. More work must be done to ensure accountability, community participation, effective partnerships, continual utilization of emerging technologies and government guidance without control.

That being said, Bill 2, The Biofuels and Gasoline Tax Amendment Act, is a positive step in what, to date, appears to be an informed, perhaps even inspired, series of policy decisions made by this Government in relation to ethanol.

The Manitoba Chambers of Commerce thanks this committee for the opportunity to present its views on this important issue.

John Pittman
Chairman
Manitoba Chambers of Commerce

¹ The Chambers' submission is still available at www.mbchambers.mb.ca.

² See "Going With The Grain: MCC Attends release of Ethanol Report" at

www.mbchamber.mb.ca "Inside The Chamber", Archives, December 19, 2002.

³ The Chambers is aware that on October 14, 2003 Minister Rosann Wowchuk proclaimed October 12-18 Co-op Week and announced a new co-op Web site as well as the production of new materials on the Government's cooperative development services and programs. However, it appears that the Panel's recommendation calling for a review of "... the current regulatory system to ensure that there are no obstacles to the creation of NGCs," remains unfulfilled.

⁴ "Manitoba Moves on Ethanol Industry Development", Government News Release, April 17, 2003.

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Re: Bill 4

Manitoba Federation of Labour Brief to the Manitoba Legislature on Amendments to The Employment Standards Code

Manitoba Federation of Labour

The Manitoba Federation of Labour is this province's senior central labour body—a structure chartered by the Canadian Labour Congress to represent the interests of Manitoba-based CLC affiliates. Our federation is charged with carrying out the policies and agenda set for it by delegates from our affiliates who attend our general convention held every three years. These policies cover a wide range of issues, including those related to the provincial government, the economy, social services, labour relations, labour laws, and many others.

In fact, many of the issues our movement has taken on over the decades have implications for all workers, unionized or not. Our efforts to bring about progressive change to laws such as The Employment Standards Code, The Pension Benefits Act, The Workers Compensation Act, and The Workplace Safety and Health Act bear that out.

Bill 4 addresses some important needs for working Manitobans. It recognizes that family members may, on occasion, need to take a leave of absence from the workplace to care for a dying family member. It also provides necessary protection for working Manitobans who take

unpaid parental leave or maternity leave under provisions in the Employment Standards Code.

Compassionate Care Leave

Earlier this year, the federal government recognized that it is sometimes necessary for working Canadians to take a leave of absence from their employment in order to provide care for a dying family member. The federal government also felt that people in these circumstances shouldn't have to suffer an additional financial burden by losing their paycheque for an extended period of time. To partially offset this, the federal government amended Employment Insurance legislation to allow family members in these circumstances to collect up to six weeks of Employment Insurance benefits following a two-week waiting period.

These benefits, of course, would be small comfort if there was no job for them to return to. It is therefore incumbent upon provincial jurisdictions to provide for statutory leaves of absence for working people who find themselves in these sad circumstances.

Bill 4 does just that. The sections of Bill 4 that deal with compassionate care leave closely mirror the provisions contained in federal legislation with a few additional requirements.

A maximum of eight weeks of unpaid compassionate care leave can be taken within a twenty-six-week period. The shortest duration of leave is one week, and there can be no more than two periods of leave totalling eight weeks.

In addition, an employee exercising these rights must provide the employer with a physician's certificate which states that a family member of the employee has a serious medical condition with a significant risk of death within 26 weeks. In addition, the certificate must state that the dying family member requires the care or support of one or more family members.

The legislation is crafted in a way that recognizes that employees, on rare occasions, could find themselves in extreme circumstances that require them to be away from their employment. It also places the least burden possible on

employers who would have an employee in such an unfortunate situation.

Protection for Employees Who Take Statutory Leaves of Absence

In the year 2000, the federal government also amended Employment Insurance legislation to allow a mother or father to collect up to 12 months of Employment Insurance benefits while on a leave of absence to have and care for a new-born baby.

Following these changes, each of the provincial jurisdictions amended their labour standards legislation to provide for statutory leaves of absence so that there would be a job to return to.

Unfortunately, in Manitoba, the legislation that was drafted resulted in some unintended consequences. The legislation allowed for an employee to take up to 12 months of unpaid maternity or parental leave and for the employer to reinstate the employee after the leave was over.

Unfortunately, Manitoba's Employment Standards Code does not contain a provision that requires the employer to have "just cause" for terminating a worker's employment. It merely states that any employee can be terminated, at the employer's whim, with one pay period's notice—for most Manitobans this notice period is two weeks.

The combination of these two provisions has left working Manitobans vulnerable. Under current legislation it is entirely legal, though morally reprehensible, for an employer to grant parental leave and then, when the leave period is over, to terminate the employee by providing notice or one paycheque in lieu of notice without citing "just cause" for the firing.

This unintended consequence has happened to too many Manitobans, most of whom have been women. The director of the Department of Labour's Employment Standards Branch reported to the Labour Management Review Committee that the branch has been getting many telephone calls from women who have been fired when they returned to work after their statutory leave was over. The director also reported that the legislation, as currently written, does not give

him any authority to cause the terminated employee to be reinstated if the employer has complied with the notice of termination, or pay in lieu of, provision.

In addition, the Labour Management Review Committee was provided with correspondence from the chair of the Manitoba Labour Board which indicated that the current legislation was inadequate and it could not ensure that working people who exercise their right to statutory leave would get their job back following the leave.

One woman challenged her employer's refusal to reinstate. The Labour Board heard the case and had to rule that the law was not violated, and the termination was upheld, even though the board noted that the intent of the legislation was not met.

As a result of these shortcomings, the Minister of Labour requested that the Labour Management Review Committee provide her with advice to fix this problem.

The committee compared different provincial statutes from across the country and found that most jurisdictions have legislation that empowers the director to investigate. If the investigation concludes that the termination was due to taking the leave of absence, then the director has the power to cause the employer to reinstate the employee, to pay for any lost wages, and to cause the employer to pay for any expenses related to job search and for pain and suffering, if appropriate.

The Labour Management Review Committee, after four meetings, arrived at a consensus recommendation to the minister to amend the Employment Standards Code to include these provisions. Bill 4 reflects these recommendations.

The intent of these amendments is not to punish employers who do not reinstate, although the MFL certainly sees nothing wrong with this sort of penalty for those who flagrantly disregard the rights of others. The intent of these amendments is to put a stop to reprehensible practices and to ensure that women and men who exercise their legal rights are able to return to their jobs rather

than be unemployed. If the law remains as it is, some women in Manitoba will continue to lose their jobs simply because they want to start a family. Manitoba is not a backwater, and it should not have legislation that allows this kind of unacceptable behaviour.

Employers who follow the law and respect the rights of their employees will have nothing to fear from these amendments. It is only the lawbreakers who will be punished.

Conclusion

The Manitoba Federation of Labour is a participant in the Labour Management Review Committee, and as such we will honour our agreement and support Bill 4.

We certainly do have member organizations who want stronger provisions dealing with these statutory leaves. We have had a couple of members suggest that provisions contained in several collective agreements are more comprehensive than those contained in Bill 4. These members felt that we should not agree to anything less.

Similarly, I am aware that not all of the members of the Manitoba Employers' Council embrace the provisions contained in Bill 4. However, there is a substantial majority of the employers' group and of the labour community that do endorse bill 4. This has allowed their representative on the Labour Management Review Committee to arrive at the consensus recommendations that make up Bill 4.

The MFL firmly believes that, once enacted, Bill 4 will enable working Manitobans to provide the care dying family members need, without the risk of losing their jobs. We also believe that Bill 4 will much better protect working Manitobans, particularly women, when they take statutory leaves of absence.

The MFL supports Bill 4, and we encourage members of the Legislature to give it speedy passage.

Rob Hilliard
President
Manitoba Federation of Labour

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/leg-asmb/index.html>