

**Third Session - Thirty-Eighth Legislature**  
of the  
**Legislative Assembly of Manitoba**  
**DEBATES**  
and  
**PROCEEDINGS**  
**Official Report**  
**(Hansard)**

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

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Eighth Legislature**

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 14, 2005

The House met at 1:30 p.m.

### ROUTINE PROCEEDINGS

#### PETITIONS

##### Provincial Road 355

**Mrs. Leanne Rowat (Minnedosa):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

The unsafe conditions of PR No. 355 from the western edge of Minto municipality to PR No. 270 (including the hill out of the Minnedosa valley), poses an undue risk to Manitobans who must travel on this roadway.

The steady stream of traffic on this stretch of PR No. 355, which includes automobiles such as "B" train semi-trailer tractors, mail delivery vehicles and school buses, make the roadway in its current state dangerously impassable.

Continued expansion of the regional economy in livestock development, grain storage and transportation and the proposed Mohawk Plant, puts additional strain on PR No. 355 and creates further safety concerns for motorists.

PR No. 355 experiences an increased risk in traffic flow during the spring season when there are weight restrictions on surrounding provincial trunk highways.

For several years, representatives of six municipal corporations, as well as an ad hoc citizens' group have been actively lobbying the provincial government to upgrade and reconstruct the stretch of PR No. 355 at issue.

Manitobans and visitors to the province deserve a better rural highway infrastructure.

We petition the Manitoba Legislative Assembly as follows:

To request the Minister of Transportation and Government Services (Mr. Lemieux) to consider upgrading PR No. 355 from the western edge of the R.M. of Minto to PR No. 270 (including the hill out of the Minnedosa valley).

To request the Premier of Manitoba (Mr. Doer) to consider supporting the said initiative to ensure the safety of our Manitobans and all Canadians who travel along Manitoba highways.

Signed by Gail Birch, Richard English, Harvey English and others.

**Mr. Speaker:** In accordance with our Rule 132(6), when petitions are read they are deemed to be received by the House.

#### Generally Accepted Accounting Principles

**Mr. Kevin Lamoureux (Inkster):** I wish to present the following petition to the Legislative Assembly of Manitoba.

The background to this petition is as follows:

Manitoba's provincial auditor has stated that Manitoba's 2003-2004 budget deficit was the second highest on record at \$604 million.

The provincial government is misleading the public by saying they had a surplus of \$13 million in the 2003-2004 budget.

The provincial auditor has indicated that the \$13-million surplus the government says it had cannot be justified.

The provincial auditor has also indicated that the Province is using its own made up accounting rules in order to show a surplus instead of using generally accepted accounting principles.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government to consider adopting generally accepted accounting principles in reporting Manitoba's budgetary numbers.

Signed by A. Jing Asperin, R. Bantugan and A. Gacutan.

\* (13:35)

**Pembina Trails School Division—New  
High School**

**Mr. John Loewen (Fort Whyte):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

Overcrowded schools throughout Whyte Ridge, Lindenwoods, Linden Ridge and Richmond West subdivisions are forcing Pembina Trails School Division to bus students outside of these areas to attend classes in the public school system.

Elementary schools in Pembina Trails School Division have run out of space to accommodate the growing population of students in the aforementioned areas.

Five-year projections for enrolment in the elementary schools in these areas indicate significant continued growth.

Existing high schools that receive students from Whyte Ridge, Lindenwoods and Linden Ridge are at capacity and cannot accommodate the growing number of students that will continue to branch out of these subdivisions.

Bussing to outlying areas is not a viable long-term solution to meeting the student population growth in the southwest portion of Winnipeg.

The development of Waverley West will increase the need for a high school in the southwest sector of Winnipeg.

The government is demonstrating a lack of respect for the students and families in Whyte Ridge, Lindenwoods, Linden Ridge and Richmond West by refusing to provide adequate access to education within the community.

The Fort Whyte constituency is the only constituency in the province that does not have a public high school.

NDP constituencies in Winnipeg continue to receive capital funding for various school projects while critical overcrowding exists in schools in Lindenwoods, Whyte Ridge and Richmond West.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government recognize the need for a public high school in the southwest region of Winnipeg.

To request the provincial government, in conjunction with the Public Schools Finance Board, to consider adequate funding to establish a high school in the southwest sector of Winnipeg.

Signed by Erin Beaudry, Lindsay Beaudry, Jae Beaudry and Erin others.

**Coverage of Insulin Pumps**

**Mr. Kelvin Goertzen (Steinbach):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition:

Insulin pumps cost over \$6,500.

The cost of diabetes to the Manitoba government in 2005 will be approximately \$214.4 million. Each day 16 Manitobans are diagnosed with this disease compared to the national average of 11 new cases daily.

Good blood sugar control reduces or eliminates kidney failure by 50 percent, blindness by 76 percent, nerve damage by 60 percent, cardiac disease by 35 percent and even amputations.

Diabetes is an epidemic in our province and will become an unprecedented drain on our struggling health care system if we do not take action now.

The benefit of having an insulin pump is it allows the person living with this life-altering disease to obtain good sugar control and become a much healthier, complication-free individual.

We petition the Legislative Assembly of Manitoba as follows:

To request the Premier (Mr. Doer) of Manitoba to consider covering the cost of insulin pumps that are prescribed by an endocrinologist or medical doctor under the Manitoba Health Insurance Plan.

This is signed by Dora Sobering, Carol Wall, Annette Giesbrecht and many, many others.

\* (13:40)

### Highway 227

**Mr. Ralph Eichler (Lakeside):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

It is unacceptable for the residents of Manitoba to travel the unsafe gravel roads of Highway 227 in the constituencies of Lakeside and Portage la Prairie.

Inclement weather can make Highway 227 treacherous to all drivers.

Allowing better access to Highway 227 would ease the flow of traffic on the Trans-Canada Highway.

Residences along Highway 227 are not as accessible to emergency services due to the nature of the current condition of the roadway.

The condition of these gravel roads can cause serious damage to all vehicles, which is unacceptable.

Residents of Manitoba deserve a better rural highway infrastructure.

We petition the Manitoba Legislative Assembly as follows:

To request the Minister of Transportation and Government Services (Mr. Lemieux) to consider having Highway 227 paved from the junction of highways 248 and 227 all the way to Highway 16, the Yellowhead route.

To request the Premier of Manitoba (Mr. Doer) to consider supporting said initiatives to ensure for the safety of all Manitobans and all Canadians who travel along Manitoba highways.

Submitted on behalf of Joseph Hofer, David Hofer, Jerry Hofer and many, many more.

**Mr. David Faurshou (Portage la Prairie):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

It is unacceptable for the residents of Manitoba to travel the unsafe gravel road of Highway 227 in the constituencies of Lakeside and Portage la Prairie.

Inclement weather can make Highway 227 treacherous to all drivers.

Allowing for better access to Highway 227 would ease the flow of traffic on the Trans-Canada Highway.

Residences along Highway 227 are not as accessible to emergency services due to the nature of the current condition of the roadway.

The condition of these gravel roads can cause serious damage to all vehicles, which is unacceptable.

Residents of Manitoba deserve a better rural highway infrastructure.

We petition the Manitoba Legislative Assembly as follows:

To request that the Minister of Transportation and Government Services (Mr. Lemieux) to consider having Highway 227 paved from the junction of highways 248 and 227 all the way to Highway 16, the Yellowhead route.

To request the Premier of Manitoba (Mr. Doer) to consider supporting said initiatives to ensure for the safety of our Manitobans and all Canadians who travel along Manitoba highways.

This petition is presented by Peter Bradley, Ross McRae, Armin Friese and many, many others.

\* (13:45)

**Mr. Larry Maguire (Arthur-Virden):** Mr. Speaker, I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

It is unacceptable for the residents of Manitoba to travel the unsafe gravel road of Highway 227 in the constituencies of Lakeside and Portage la Prairie.

Inclement weather can make Highway 227 treacherous to all drivers.

Allowing for better access to Highway 227 would ease the flow of traffic on the Trans-Canada Highway.

Residences along Highway 227 are not as accessible to emergency services due to the nature of the current condition of the roadway.

The condition of these gravel roads can cause serious damage to all vehicles, which is unacceptable.

Residents of Manitoba deserve a better rural highway infrastructure.

We petition the Manitoba Legislative Assembly as follows:

To request that the Minister of Transportation and Government Services (Mr. Lemieux) allow having Highway 227 paved from the junction of highways 248 all the way to Highway 16, the Yellowhead route.

To request the Premier of Manitoba to consider supporting said initiatives to ensure for the safety of all Manitobans and all Canadians who travel along Manitoba highways.

Signed by Craig Finnie, Grant Bullock, Bonnie Boon, Bev MacMillan and many others.

#### **Ambulance Service**

**Mr. Ron Schuler (Springfield):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for the petition:

In May 2004, 46-year-old Peter Krahn suffered a heart attack while exercising in East St. Paul and was pronounced dead just under an hour later after being transported to the Concordia Hospital in Winnipeg. Reports show that it took nearly 18 minutes for an ambulance to arrive for Mr. Krahn.

The Interlake Regional Health Authority claims that 21 minutes is an acceptable emergency response time, whereas the City of Winnipeg uses a benchmark of 4 minutes.

Ambulance coverage for East St. Paul is provided from Selkirk, which is almost 25 kilometres away.

The municipalities of East St. Paul and West St. Paul combined have over 12 000 residents.

We petition the Legislative Assembly of Manitoba as follows:

To request the provincial government to consider providing East St. Paul with local

ambulance service which would service both East and West St. Paul.

To request the provincial government to consider improving the way that ambulance service is supplied to all Manitobans by utilizing technologies such as GPS in conjunction with a Medical Transportation Co-ordination Centre (MTCC) which will ensure that patients receive the nearest ambulance in the least amount of time.

To request the provincial government to consider ensuring that appropriate funding is provided to maintain superior response times and sustainable services.

Signed by Catherine Wilde, Sheila Wolfe, Bernie Wolfe and many others.

\* (13:50)

#### **Highway 227**

**Mr. Gerald Hawranik (Lac du Bonnet):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

It is unacceptable for the residents of Manitoba to travel the unsafe gravel roads of Highway 227 in the constituencies of Lakeside and Portage la Prairie.

Inclement weather can make Highway 227 treacherous to all drivers.

Allowing better access to Highway 227 would ease the flow of traffic on the Trans-Canada Highway.

Residences along Highway 227 are not as accessible to emergency services due to the nature of the current condition of the roadway.

The condition of these gravel roads can cause serious damage to all vehicles, which is unacceptable.

Residents of Manitoba deserve a better rural highway infrastructure.

We petition the Manitoba Legislative Assembly as follows:

To request that the Minister of Transportation and Government Services consider having Highway 227 paved from the junction of highways 248 and

227 all the way to Highway 16, the Yellowhead route.

To request the Premier of Manitoba to consider supporting said initiatives to ensure for the safety of all Manitobans and all Canadians who travel along Manitoba highways.

Signed by Jerald Wollmann, Mark Fleury, Bruce Matthews and others.

**Mrs. Mavis Taillieu (Morris):** I wish to present the following petition to the Legislative Assembly of Manitoba.

These are the reasons for this petition.

It is unacceptable for the residents of Manitoba to travel the unsafe gravel roads of Highway 227 in the constituencies of Lakeside and Portage la Prairie.

Inclement weather can make Highway 227 treacherous to all drivers.

Allowing better access to Highway 227 would ease the flow of traffic on the Trans-Canada Highway.

Residences along Highway 227 are not as accessible to emergency services due to the nature of the current condition of the roadway.

The condition of these gravel roads can cause serious damage to all vehicles, which is unacceptable.

Residents of Manitoba deserve a better rural highway infrastructure.

We petition the Manitoba Legislative Assembly as follows:

To request that the Minister of Transportation and Government Services to consider having Highway 227 paved from the junction of highways 248 and 227 all the way to Highway 16, the Yellowhead route.

To request the Premier of Manitoba to consider supporting said initiatives to ensure for the safety of all Manitobans and all Canadians who travel along Manitoba highways.

Signed by Archie McRae, Al Jones, Peter Hofer and others.

## INTRODUCTION OF BILLS

### Bill 29—The Municipal Councils and School Boards Elections Act

**Hon. Scott Smith (Minister of Intergovernmental Affairs and Trade):** Mr. Speaker, I move, seconded by the Minister of Conservation (Mr. Struthers), that Bill 29, The Municipal Councils and School Boards Elections Act, now be read a first time.

*Motion presented.*

\* (13:55)

**Mr. Smith:** Mr. Speaker, this bill replaces a Local Authorities Election Act. The bill streamlines and modernizes the procedures for electing members of municipal councils and school boards in the province of Manitoba.

**Mr. Speaker:** Is it the pleasure of the House to adopt the motion? [*Agreed*]

### Introduction of Guests

**Mr. Speaker:** Prior to Oral Questions, I would like to draw the attention of all honourable members to the loge to my right where we have with us Mr. Binx Remnant who is a former Clerk of the Manitoba Legislative Assembly.

Also in the public gallery we have with us from F.W. Gilbert School 21 Grade 5 students under the direction of Mr. Devon Turner. This school is located in the constituency of the honourable Member for Lac du Bonnet (Mr. Hawranik).

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

## ORAL QUESTIONS

### Crocus Fund Public Inquiry

**Mr. Stuart Murray (Leader of the Official Opposition):** Mr. Speaker, before putting my question forward, on behalf of all of us, I wish to offer condolences to the Clerk. I understand that she lost her loving grandmother who was at the wonderful age of 103. I just want to offer our condolences.

Mr. Speaker, the Crocus Fund is an issue for more than 33 000 Manitobans and all taxpayers of Manitoba. They deserve to have full disclosure, the truth to come forward as to what happened with this mess. We understand the Auditor General is going to be bringing his report forward, and we understand that there is a May 6 Securities Commission meeting scheduled which we hope will go forward as well. Regardless of the Auditor General's report or the May 6 meeting, it is very important that an independent public inquiry be called so all Manitoba taxpayers and shareholders of the Crocus Fund find out the truth of what has happened with this Crocus mess.

Mr. Speaker, this Premier has the opportunity to do the right thing. He can either sweep this under the carpet as if it did not happen, or he can do the right thing and today call for an independent public inquiry so all Manitoba taxpayers, the shareholders of Crocus and the future of venture capital in Manitoba, that there is confidence restored.

I am going to ask the Premier today will he do the right thing and call for an independent public inquiry to clean up the mess with Crocus.

**Hon. Gary Doer (Premier):** Mr. Speaker, the member opposite says, quote, "regardless of the work of the provincial Auditor General and regardless of the work of the Manitoba Securities Commission." We do regard, with a great deal of respect, the work that has been delegated to the two bodies. The Manitoba provincial auditor was given the authority by members opposite in 1992 for oversight provisions on the Crocus Fund. The Auditor reported to this Legislature in 1998.

I would point out yesterday that the member opposite was asking me to intervene in a quasi-judicial body which, I think, would break the law here of Manitoba, asking me to break the law. Section 22(4) of The Securities Commission Act, for the purposes of an investigation, the commission and any person appointed to make the investigation has the same power to summon and enforce the attendance of witnesses and compel them to give evidence on oath or otherwise and to produce documents, records and things as is vested in the Court of Queen's Bench for the trial of civil actions. Mr. Speaker, that is tremendous quasi-judicial power. Tomorrow he is going to ask me to interfere with the Court of Queen's Bench. I will not politically interfere.

**Mr. Murray:** Mr. Speaker, the political rhetoric coming from the Premier is unbelievable. What I have been asking this Premier, if he has been listening, is to ensure that his political appointee does not ensure that somehow there is a cover-up and that at least the May 6 meeting goes ahead. That I have been telling him.

Mr. Speaker, we all know that Manitoba Securities has done an investigation and has asked for a meeting to take place on May 6. We want that meeting to go ahead. We know the Auditor General's report is coming down. It is going to be a very, very important report for the Manitoba taxpayers and those in Crocus. But again, this Premier should understand that the best way to ensure there is full, honest disclosure on behalf of all the taxpayers of Manitoba, on behalf of those shareholders in Crocus, is to have an independent public inquiry. That is the right thing to do. This Premier has an opportunity to stand and give confidence to the Manitoba taxpayers and the Crocus ratepayers that he believes in that.

Will he today say he is going to have an independent public inquiry and get to the bottom of this Crocus mess?

\* (14:00)

**Mr. Doer:** The member opposite again, this first question talks about regardless of the provincial auditor and now he is talking about a full investigation.

Mr. Speaker, the Auditor General in agreements made before he was even an Auditor General, back in 1992, was given authority to deal with the oversight of the fund by the former Filmon government. The Auditor General reported out in 1998 and basically stated that this fund is a retail fund similar to other mutual funds in Manitoba. We have furthered that power. He had an administrative power under a memorandum of agreement. We have enhanced that power under legislation we have passed.

The member opposite talks, and he has not corrected the record yet when he talks about full facts. The members opposite, in 1993, approved a loan loss provision of 2 million. They wrote it off in a Treasury Board decision in January 1994. The prospectus in 1999, before we were in office, clearly says this matter was written off in terms of an asset

in the Crocus Fund, in terms of the provincial government obligation. So he should start putting the facts on the table himself, Mr. Speaker.

**Mr. Murray:** Mr. Speaker, of course, the Premier should understand that the Government of Manitoba is a shareholder. They have 2 million shares. Those are the facts.

Mr. Speaker, everybody knows—

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

**Mr. Speaker:** Order.

**Mr. Murray:** Well, thank you, Mr. Speaker. Everybody knows that under this Doer government the Crocus Fund has become a mess. The taxpayers of Manitoba know. The shareholders of Crocus Fund know. We on this side of the House know. It is this Premier that seems to be putting his head in the sand.

Clearly, the right thing to do if the Premier believes in strengthening venture capital for the future of Manitoba, the right thing to do on behalf of all Manitoba taxpayers, on behalf of those shareholders in the Crocus Fund, on behalf of the future for venture capital in Manitoba that creates jobs, would be for this Premier to give his assurance that he will stand and ask for an independent public inquiry to get to the bottom of this mess.

I will ask him today: Will he do the right thing, stand in his place and call for an independent public inquiry to clear up this Crocus mess?

**Mr. Doer:** Well, I am surprised the member opposite would treat the two independent bodies as a regardless body, Mr. Speaker. I am quite shocked.

Mr. Speaker, under this government, the member opposite stated that under the Filmon government, the provincial government invested in three major Crocus co-investment activities—

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

**Mr. Speaker:** Order.

**Mr. Doer:** Thank you, Mr. Speaker. They invested in 1996 and '97, \$29 million in Isobord; Crocus invested, in 1997, \$7 million in Isobord. Crocus lost \$7 million. The provincial government, with four members of Cabinet sitting in the front bench, lost \$29 million.

Mr. Speaker, a second Crocus investment, which was articulated by Martin Cash, Westsun; the provincial government had a feasibility study of \$4 million before Crocus invested \$21 million. Winnport Logistics; the provincial government wrote off \$5.6 million, another activity that had investments from Crocus. We do not have MIOP loans that we have written off with that kind of loss of taxpayers' money. They had a chance to protect taxpayers' money and they failed at Isobord. They failed at Winnport and they failed at Westsun.

### **Crocus Fund Settlement Agreement Details**

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Speaker, the 33 000 shareholders of Crocus deserve—

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

**Mr. Speaker:** Order.

**Mr. Hawranik:** Thank you, Mr. Speaker. The 33 000 shareholders of Crocus deserve all the facts about the Crocus fiasco. The underlying value of their shares has been reduced by more than \$60 million and on top of this are forced to pay the legal fees of the directors. The CEO of Crocus, Alfred Black, has stated that a settlement of the lawsuit is likely.

Will the Minister of Industry guarantee the Crocus shareholders that all the facts regarding the Crocus fiasco will be made public and that he will not muzzle any person, including the NDP appointee to the board of directors?

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Mr. Speaker, I am pleased to let the opposition know that, not only did we not muzzle the members who are quasi-judicial and have the power and authority to go in, actually, when we got a request from the Auditor one day, we responded that day and gave him the authority. Under my authority as the Minister of Industry, Economic Development and Mines, the Minister of Finance (Mr. Selinger) agreed to make sure he had the power to go in and investigate the Crocus Fund on behalf of government and on behalf of the shareholders.

The MSC has been conducting an investigation on behalf of the government, on behalf of the shareholders. Mr. Filmon, the former Premier, said that it

would be inappropriate and illegal for us as a government, or at the time, the Tories as a government, to interfere with the Manitoba Securities council or any other quasi-judicial board. We believe it is important to follow the law and the proper procedures.

**Mr. Hawranik:** Mr. Speaker, on April 28, 2000, the Premier (Mr. Doer), who was the subject of a lawsuit in 1998 when he was the Minister of Urban Affairs, settled a lawsuit for \$100,000. As part of that release, he bought the plaintiffs' silence by forcing them to sign a release to keep the terms confidential and that the terms not be disclosed, revealed, confirmed or otherwise communicated to any person, corporation or entity.

Will the minister guarantee to the 33 000 Crocus shareholders and all Manitobans that he will not follow the lead of this Premier and not muzzle all those involved in the lawsuit against Crocus?

**Mr. Rondeau:** Mr. Speaker, I would like to read a quote. "I am sure the member opposite would not want me to intervene or interfere with the quasi-judicial tribunal such as the Manitoba Securities Commission." That is done in the Hansard, November 1, 1996, and the speaker was Gary Filmon.

I think it is very, very essential that we give authority to the people who are the experts, to give the people who are quasi-judicial and are not doing the political. What they are doing is their job as professionals on behalf of all Manitobans and on behalf of all shareholders. That is our job.

#### Public Inquiry

**Mr. Gerald Hawranik (Lac du Bonnet):** Mr. Speaker, the 33 000 Crocus shareholders and the taxpayers of Manitoba need to know what went wrong at Crocus and who was responsible. They need to know this so it will not happen again with a settlement. The only way to guarantee this would happen would be to call a public inquiry so we can get to the bottom of the Crocus fiasco.

Will the minister, and I ask the minister again, will he do the right thing and advise the Premier (Mr. Doer) to call a public inquiry?

**Hon. Jim Rondeau (Minister of Industry, Economic Development and Mines):** Once again,

Mr. Speaker, another quote. On October 17, the year 2000, the Securities Commission announced a settlement agreement with Wellington West, a company the members opposite do know about, on allegations that it acted inappropriately on the privatization of MTS. The commission stated, "the commission has reviewed the settlement agreement and is of the opinion that it is in the public interest to make this order."

\* (14:10)

This is an order for settlement of the issue. It was not something the government at the time tried to politically interfere with. We believe that we should let quasi-judicial organizations do their job. In fact, the Minister of Finance (Mr. Selinger) and myself made sure that the Auditor General had the power to act on behalf of both of us in all respects to investigation and looking at this whole thing. His job was to work on behalf of all shareholders.

#### Crocus Fund Public Inquiry

**Mr. John Loewen (Fort Whyte):** Mr. Speaker, it is unfortunate for those unit holders and the taxpayers of Manitoba that anybody in government or anybody in authority at the Crocus Fund who has the ability to share with them exactly what happened and when it happened is treating them over and over with complete disregard, and in fact, has been treating them with contempt, particularly this government and this minister. They have the ability to get to the bottom of this mess. They have the ability to call a public inquiry to ensure that unit holders and taxpayers know what has gone on here. They have the ability to clear up all of the deceit that we have seen, telling the board that there was going to be further declines and the board not telling the shareholders anything.

Mr. Speaker, this government has acted in a contemptuous manner. I would ask this minister to have the courage today to stand up and indicate that his government will get to the bottom of this by calling a public inquiry today.

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, in 2001, we passed The Auditor General's Act which had not been reviewed for 20 years. In that act, we expanded the scope of that act to give the Auditor General greater powers. The powers we

gave them specifically were the power to investigate a business entity or organization that has issued a share debt obligation or other security if a person is eligible for a tax credit under a Manitoba law, in respect of that acquisition or ownership of the security. We gave the provincial auditor the ability to investigate exactly these kinds of situations.

The Auditor's office is a completely independent office reporting to the Legislature. There is no encumbrance, no barrier, nothing in the way for them to get to the bottom of any situation they wish to examine. We put those powers in legislation. The members opposite did nothing for 11 years.

**Mr. Loewen:** Mr. Speaker, once again a contemptuous answer from a minister who refuses to stand up and be accountable and refuses to act on behalf of the shareholders. If the minister felt so strongly about it, why did he not send the Auditor in two years ago? Why did he not send the Auditor in September when it was devalued by 15 million? Why did he not ask the Auditor to go in? Instead, he sends a letter February 9. February 9, he sent a letter to the Auditor General asking.

Why did he wait so long? Why is he waiting so long now? Why does he not have the decency to stand up for the unit holders to assure them today that his government will see all the facts are out in the open and that they get to the bottom of? Why does he not assure us today that we will have a public inquiry so we can find out everything that has gone on in this sordid mess and why 33 000 Manitobans have been fleeced?

**Mr. Selinger:** I have just put on the record the legislative authority that we have given the independent Auditor to investigate this matter. The Auditor requested we confirm that authority and I did that the day it was requested on February 9, with a letter which said, "I am requesting that you carry out a special audit of the Crocus Fund, as per section 16(1) of The Auditor General's Act."

The Auditor General wrote back thanking us for confirming the power we conferred to them under the legislation. They have more power than they have ever had in the history of the province to investigate exactly these kinds of situations. If those powers would have been there when you were in government, you would have been gone a long time ago.

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

**Mr. Speaker:** Order. I want to remind all honourable members that if the Speaker is standing all members should be seated and the Speaker should be heard in silence. I would like to remind all honourable members and I ask the co-operation of all honourable members, please.

**Mr. Loewen:** Thank you, Mr. Speaker. I am astonished this minister has the arrogance and the contempt that he has shown to the unit holders of the Crocus Fund. I would remind him these are individuals who, in the last seven months, have seen \$60 million of their retirement income wiped off the books, \$60 million.

His government said in 2001 that it was their responsibility to monitor. Where were you in 2001? Where have you been since, sir? You have been nowhere.

Mr. Speaker, they can correct that. They can correct that today by saying we are interested in having full, plain and true disclosure. They can correct that by standing up today and saying regardless of what happens at the Securities Commission, regardless of what happens from the Auditor General, we will insist that all information comes to the public's eye through an independent public inquiry. It is as simple as that.

There is a simple answer to all of this. Have a public inquiry. Announce today that you will have it. Tell everybody involved to keep all of their notes and make sure the public and the unit holders find out why they have been screwed.

**Mr. Selinger:** We acted in 2001 when we gave these special powers. We acted in 2001 when we took an old piece of legislation which was 20 years out of date. We updated that legislation in 2001 to give these special powers to the Auditor General of Manitoba, who is an officer of this Legislature.

They have all the powers they need to investigate to the depths they wish to, to the breadth they wish to. There is nothing in the way for them to go as far as they wish to investigate and to receive any information they have. That report will be tabled in the Legislature through you. It will be a report available to anybody in Manitoba that wishes to read it. Those powers were only brought into place under

this government. They are unique powers that we put in place.

### **Workers Compensation Expansion of Coverage**

**Mr. Cliff Cullen (Turtle Mountain):** Mr. Speaker, it has become clear with some of the proposed amendments to The Workers Compensation Act that this NDP government has formulated their own agenda. The Legislative Review Report, containing 100 unanimous recommendations put forward by both business and labour, recommends that coverage be extended gradually after a full opportunity for consultation and discussion. Contrary to this recommendation, under Bill 25 there would be universal coverage of all industries unless excluded by the Premier (Mr. Doer) and Cabinet. Why would this NDP government ignore this important recommendation?

**Hon. Nancy Allan (Minister charged with the administration of The Workers Compensation Act):** Mr. Speaker, I want to thank the member opposite for the question because it provides me an opportunity to clarify the misinformation the member put on the record. The day that Bill 25 is passed in this Legislature, the coverage for Workers Compensation, the industries will look absolutely no different than they look today. I can guarantee the member that. It will be the status quo.

I want to also inform the member that the Review Committee's recommendation on page 17 of the report says that we should expand coverage in consultation with stakeholders. That will be our approach. We will consult with stakeholders on any coverage that occurs in Manitoba.

**Mr. Cullen:** Mr. Speaker, if the minister's intent was to consult, why would she not add the word "consultation" in the new legislation?

Mr. Speaker, at the same time this NDP government is running from the Crocus scandal, they are trying to interfere with the Workers Compensation Board. Until now, the Workers Compensation Board, a quasi-independent body made up of equal representation from business and labour, plays an important role in determining which industries were to be covered. Under Bill 25, this Premier (Mr. Doer) and Cabinet would be making those decisions.

Why is this NDP government taking the decision-making authority away from Workers Compensation? Why do they not trust the Workers Compensation Board?

**Ms. Allan:** The coverage model in Bill 25 will reflect the modern and mainstream approach to WCB coverage in Canada. We will be the eleventh jurisdiction when we implement our coverage model in Canada. We will be the eleventh jurisdiction to introduce this kind of legislation. The first jurisdiction in Canada, Mr. Speaker, was Alberta in 1974. If it is good enough for Alberta, I think it is good enough for us.

**Mr. Cullen:** Mr. Speaker, I ask which way the minister wants it. Clearly the minister is doing some serious damage control. She has verbally indicated that coverage will remain status quo. However, her legislation says the opposite. Which way is it?

This NDP government has misled Manitobans time and time again. What are businesses, workers and Manitobans to believe? Do they believe the legislation tabled in the House? Do they believe these verbal comments from the minister?

**Ms. Allan:** Mr. Speaker, the current schedule in the WCB legislation is cumbersome and antiquated. It was brought in in 1917. It refers to planing cheese boxes, manufacturing buttons, manufacturing gun cotton and manufacturing shoe blacking or polish. We are going to update the act. We are going to modernize the act. We are not the mothball party. We are going to modernize the Workers Compensation system in this province.

### **Waverley West Subdivision Approval Process**

**Mr. Larry Maguire (Arthur-Virden):** On April 1 past, Mr. Speaker, the Minister of Intergovernmental Affairs approved the Waverley West development without first sending the proposal to the Municipal Board for review. Considering the fact that the Province is the majority landowner in this development and the incredible scope of the project, will the minister explain why he felt the Province could play both roles, that of developer and that of the review body.

\* (14:20)

**Hon. Scott Smith (Minister of Intergovernmental Affairs and Trade):** Mr. Speaker, this question is a good question. It gives me an opportunity to clarify for the member opposite the process. Certainly, the City of Winnipeg Charter and The Planning Act outline the process for development plans and amendment proposals in the province of Manitoba. Obviously, the member opposite knows that after first reading, there are public consultations on the process. After those public consultations are completed, it goes back to the City and the jurisdiction, in this case, the City of Winnipeg. After that, second reading is given and it is forwarded to the minister's department for consideration. The process was followed, consideration was given. It is now back with the City of Winnipeg.

**Mr. Maguire:** Well, Mr. Speaker, this minister's own predecessor, Mary Ann Mihychuk, when she was Minister of Intergovernmental Affairs, indicated to the Provincial Council of Women that she would send the development plan to the Municipal Board if any objections came forward.

Will the current Minister of Intergovernmental Affairs explain the flip-flop in this NDP government's policy?

**Mr. Smith:** Certainly, Mr. Speaker, this procedure is followed by the office that I am in. It was followed to the letter. Previous things were said by the former government, as I recall, the Leader of the Opposition saying he would not sell MTS and many other things.

Mr. Speaker, they went back on their word. In the case on this side of the House, process was followed, procedures are followed to the letter. That has been done. It is back with a responsible level of government that we have here with the City of Winnipeg. I am not sure if the member opposite is inferring that the City of Winnipeg is not a responsible level of government to make their decisions.

**Mr. Maguire:** Mr. Speaker, any time the government owns the majority of the land in a project like this, the citizens of Manitoba are entitled to a review, an independent review. Can this Minister of Intergovernmental Affairs, if he thinks this is normal procedure, the procedures in establishing Wellington West, Waverley West subdivision at this point—I ask the minister a simple question.

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

**Mr. Speaker:** Order.

**Mr. Maguire:** Mr. Speaker, is the Minister of Intergovernmental Affairs, as it relates to Waverley West, is he saying that the Premier (Mr. Doer) directed him to bypass the Municipal Board review? Can he tell us when the Premier asked for this Municipal Board review process to be changed?

**Mr. Smith:** Mr. Speaker, it seems to be a state of mind as opposed to a slip of the tongue on Wellington West and Waverley West.

In a case that certainly, through the office, it is my role to review and assess cases that are put forward by the City of Winnipeg through the Winnipeg city charter. The city of Winnipeg is growing, Mr. Speaker. It is done with pertinent information and details that are supplied to my office based on factual information supplied by the City of Winnipeg to our office.

Historically, going back 20 years to 1985, very rarely is anything sent to the city Municipal Board that is referred from the City of Winnipeg unless it is a procedural issue. Mr. Speaker, there is no procedural issue. This has been followed to the letter and it is back with the City of Winnipeg as it should be.

### **Hydra House Government Funding**

**Mrs. Mavis Taillieu (Morris):** Mr. Speaker, last September the minister indicated she was disengaging from Hydra House and would ensure the least disruption possible to the residents and families of Hydra House. Has this minister disengaged from Hydra House? Is Hydra House still receiving government funding?

**Hon. Christine Melnick (Minister of Family Services and Housing):** Mr. Speaker, when we learned of the situation on July 6, 2004, from the AG's investigation, we began to discuss what were the needs of the very vulnerable people who were residing in the Hydra House homes. I committed to the residents, families, caretakers, front-line workers and to the people of Manitoba that I would work in a way that would see disengagement from Hydra House, but would put the care of these vulnerable people first.

We are continuing to work through the disengagement that took 10 years to develop. The mess took 10 years to develop because of the actions of members opposite. We will continue to work through the disengagement. Yes, that will take time, but we will not do it at the expense of the care of the vulnerable people.

### Quality of Care

**Mrs. Mavis Taillieu (Morris):** I will remind the minister of her commitment last September. It has been six months now. Yes, the minister indicated she would provide the least disruption possible for people receiving services from Hydra House. How will the minister ensure residents receive quality and consistent care during this transition? Can she guarantee that no one will be moved from their present home?

**Hon. Christine Melnick (Minister of Family Services and Housing):** Mr. Speaker, there is a very complex set of negotiations under way. These negotiations include St. Amant Centre, which is an organization of high repute, which is an organization of long-standing in the care of individuals such as the Hydra House residents within a home setting. We have been assured and we believe that as we move forward, St. Amant Centre will ensure the level of care that these individuals need will, in fact, be provided.

### Purchase of Homes

**Mrs. Mavis Taillieu (Morris):** Mr. Speaker, Manitobans want to know what plans there are to provide the long-term care for their most vulnerable citizens. The minister has indicated that she is in negotiations with St. Amant Centre. Will St. Amant Centre take over the Hydra House homes? Is the NDP government going to buy these Hydra House homes?

**Hon. Christine Melnick (Minister of Family Services and Housing):** Again, Mr. Speaker, I can assure the people of Manitoba that the care of the residents is at the top of the list. A personal care plan has been done for each and every resident in Hydra House. Again, as I had mentioned, there is a complex set of negotiations under way. We are dealing with the care of the residents in terms of talking to St. Amant. We are sure they will provide the care that will be best for the individuals. We have also consulted with the family members, the caretakers

and the residents themselves to assure them that we will work in a way that is least disruptive to their loved ones.

### Prairie Production Centre Purchase Price

**Mr. Kevin Lamoureux (Inkster):** Mr. Speaker, I would like to call into question the motives of this government in purchasing and buying a movie set. No one wanted it, yet this government reached into the public tax purse and pulled out \$3 million in order to get a movie set that no one wanted.

Mr. Speaker, the only direct real connection is with the Crocus Fund. The Crocus Fund had an investment in this production set and because the government moves in to purchase something that no one else wanted, with an exorbitant amount of public tax dollars, that set is still alive today. That movie set—

**An Honourable Member:** That is quite a set.

**Mr. Speaker:** Order.

**Mr. Lamoureux:** The production set, whatever you want to call it, it is corruption from my point of view. Mr. Speaker, the Prairie Production Centre, if that makes the government feel a little bit more at ease, is being acquired in order to cover up Crocus.

My question is this: Besides bailing out one of the Crocus Fund's investments, why did this government pay millions of tax dollars in a failed movie set?

**Hon. Eric Robinson (Minister of Culture, Heritage and Tourism):** Mr. Speaker, again allow me to repeat what I said yesterday in response to the member from Southdale. We believe that we see some long-term benefits to Manitoba's economic future if we proactively are in a position to turn around the former government's example of fiscal accountability or lack of. The decisions made prior to 1999, our government was left with an option of having to write off \$1.3 million in unsecured loans and losing a sound stage.

\* (14:30)

**Mr. Lamoureux:** Mr. Speaker, using this minister's logic from yesterday, one would argue then, why not

go and spend a billion dollars on movie sets and create an industry because the private sector will not do it. The simple answer, it is because this government was trying to cover up an issue which is embarrassing and that is their incompetence in dealing with the Crocus Fund. That is the bottom line.

My question to the minister responsible for Culture and Heritage is this: Has he had any communication with his Cabinet or, in particular, the Minister of Industry (Mr. Rondeau) in regard to bailing out this particular movie set? Was there any communication between these two ministers?

**Mr. Robinson:** Allow me to repeat, Mr. Speaker. Our government was left with the option of having to write off \$1.3 million in unsecured loans and losing a sound stage, an asset that is important to the overall strategy in remaining competitive and continuing with the process of ensuring success of a movie industry that is thriving in the province of Manitoba.

Now we choose to pay \$1.8 million to secure a very important part of the film and video production industry's infrastructure. This industry, we know, has virtually doubled in the last five years with film production budgets topping \$100 million last year.

**Mr. Lamoureux:** Mr. Speaker, what we are asking is if there was any coercion between the different Cabinet ministers. Did the ministers actually talk about bailing out, and the importance of bailing out this particular Prairie Production Centre in order to cover them up on the Crocus Fund? That was the question.

Has this minister not sat around the Cabinet table where surely this issue would have come up? Did this minister share his intent to purchase Prairie Production Centre in order to cover up and protect this government's political interests in the Crocus Fund? They know, Mr. Speaker, that they are losing. They shafted over 34 000 Manitobans that have invested in the Crocus Fund. Shame on them. Come clean and tell us whether or not there was communication between your Cabinet members.

**Hon. Gary Doer (Premier):** Yes, there is communication between Cabinet ministers. There is communication, hopefully, between members in this Chamber. There was a \$1.3-million unsecured loan agreed to and announced, and I can show the press release to members opposite, in 1998—

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

**Mr. Speaker:** Order.

**Mr. Doer:** That arrangement included money, like the Isoboard investment made by a former Cabinet minister in the former government. That included co-investments from Crocus. That issue, Mr. Speaker, has been described by the minister yesterday in Question Period.

Secondly, Mr. Speaker, the \$1.8-million investment that we are making and we are responsible for is a secured loan. It is a secured loan against an asset of \$1.8 million, the production studio. It is a secured loan against movie productions such as *Shall We Dance?* and other movie productions. Liberal governments all across Canada—

**Mr. Speaker:** Order. Time for Oral Questions has expired.

#### Introduction of Guests

**Mr. Speaker:** Could I just have the attention of members. I would like to introduce a school that arrived while we were in Question Period. I would like to welcome the Grades 4, 5 and 6 classes of Ms. Bissoon. This school is the Luxton School and is located in the constituency of the honourable Justice Minister.

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

#### MEMBERS' STATEMENTS

##### Fort Garry Seniors' Programs

**Ms. Kerri Irvin-Ross (Fort Garry):** Mr. Speaker, on Friday, April 18, seniors from Fort Garry were invited to an important meeting that occurred at the Victoria Community Centre in my constituency of Fort Garry.

The focus of this meeting was to discuss with seniors how to improve programs and services for them in Fort Garry and to discuss the formation of the Seniors' Advisory Council. The purpose of this advisory council is to help seniors maintain their independence by providing them information on current services and programs as well as enhancing and improving existing services.

Mr. Speaker, the format of this meeting was unique. Small focus groups of seniors worked through a number of questions related to current programs and on the potential for new programs. This format allowed each resident to take an active role in voicing their concerns and sharing their ideas. Representatives from the Winnipeg Regional Health Authority, City of Winnipeg and Victoria Lifeline also attended this event. Free transportation was provided as well as a free pancake breakfast for all participants.

Mr. Speaker, public consultations with Fort Garry seniors are integral to ensuring that our seniors enjoy an enhanced and independent quality of life. Seniors also discussed the Fort Garry shuttle bus initiative that we have undertaken since 2004. The response to this program has been very positive. I am happy to report that approximately 50 seniors attended this consultation. As the MLA for Fort Garry, I will continue to host similar consultations.

In conclusion, I would like to thank Deborah Lorteau, the Age and Opportunity seniors' resource co-ordinator for Fort Garry, Joe Egan from the City of Winnipeg, Tonya Beveridge from the WRHA and Karen Velthuys from Victoria Lifeline for helping me with this event. I especially want to thank all the seniors for attending. Thank you, Mr. Speaker.

\*(14:30)

### **Portage Terriers**

**Mr. David Fauschou (Portage la Prairie):** I am absolutely delighted to rise today and to share with all honourable members that on Tuesday, April 12, the Portage Terriers captured the Manitoba Junior Hockey League championship. I have been a season ticket holder for more than 20 years, and it is extremely exciting for all of us that follow the Terriers to see this deserving young team win the Turnbull Memorial Trophy. The Terriers earned victory under the leadership of head coach and general manager, Don MacGillvray, and team captain, Colin Slobodian, who, I might add, was attending kindergarten class when the Terriers last won the Manitoba championship.

All of us in Portage la Prairie and area are very pleased to see the Terriers win the provincial championship this year, especially when the title was won through a 4-2 series triumph over last year's

Manitoba champions, the Selkirk Steelers, the very team that swept the Terriers to the sidelines in last year's finals.

I trust that all my colleagues, including the honourable members from The Pas, from Ste. Rose and from Selkirk, whose home teams faced the Terriers in this year's playoffs, will join with me in congratulating the Portage Terriers, their coaching staff, and to wish them the very best of luck and success when they represent Manitoba in the upcoming ANAVET Cup Junior Hockey Championship.

Indeed, all Manitobans can be proud of the Portage Terriers, their coaches, staff and organization for not only their success on the ice but also for their community spirit and dedication. Thank you, Mr. Speaker.

### **Angela Sherwood**

**Mr. Gerard Jennissen (Flin Flon):** Mr. Speaker, I rise today to bring to the attention of this House the accomplishments of Angela Sherwood, a teacher and resident of Cranberry Portage. Angela is a remarkable woman and recent recipient of the Frontier School Division Achievement Award. I was privileged to participate in that award ceremony. This award, established in 1989, honours the achievements of former Frontier School Division and home placement students who have been successful in their careers or made a significant contribution to their past or present communities.

Angela grew up in Grand Rapids and graduated from Frontier Collegiate Institute in Cranberry Portage. She obtained a one-year teaching certificate and returned to Grand Rapids to teach. She completed the Brandon University of the North teachers' education four-year program while continuing as a teacher in Grand Rapids.

Angela spent 14 years teaching in Grand Rapids followed by 19 years at Frontier Collegiate Institute in Cranberry Portage. As a former colleague, I can attest to the caring and positive outlook Angela brought to her work. Despite periods of personal adversity and serious illness, Angela was a friendly and outgoing teacher who recognized the needs of her students and of the communities where she lived.

Angela started the toy library and parent and child resource centre in Grand Rapids. Brownies and

Guides and 4-H clubs, Teens Against Drunk Drivers groups, school yearbook committees, safe grad committees and student councils have flourished under Angela's guidance.

In conferring on Angela the Award for Outstanding Contribution by an Employee, Frontier School Division has recognized more than an employee. They have recognized a successful former graduate, an outstanding teacher, a community leader, and above all, a fine human being whose contribution to her students and to her communities has made many lives better.

Angela continues in her civic roles as magistrate for Cranberry Portage, as a marriage commissioner and as an active member of the Flin Flon Chapter 29 of the Eastern Star.

I invite the members of this House to join me in congratulating Angela on her award and in appreciating the contributions she has made to her communities, her profession and to the many lives she has touched in her career.

We wish her, her husband, Wayne, and her family all the best.

#### **Darryl Jackson**

**Mrs. Leanne Rowat (Minnedosa):** It gives me great pleasure to rise today and pay tribute to a generous and distinguished man, Mr. Darryl Jackson. Mr. Jackson is a pharmacist from Souris whose love and dedication towards community service has been recognized by the Manitoba Pharmaceutical Association. Mr. Jackson was awarded the Whitehall Robins' Bowl of Hygeia Award in recognition of the time and personal sacrifice he has devoted to the welfare of his community.

Darryl Jackson grew up on a farm near Margaret, Manitoba, and graduated from Boissevain High School. Following graduation, he attended the University of Manitoba where he studied to become a pharmacist and arrived in Souris in 1980.

Mr. Jackson has volunteered on many town projects and committees. He served on town council for six years, chaired the local Souris and Glenwood Community Development Corporation for several years, served as chamber president on two occasions and has been a member of the BPO Elks for 15

years. He is currently the Manitoba Chamber of Commerce Southwest director.

This is not the first time that Mr. Jackson's commitment to community service has been recognized. He was the recipient of this same award in 1979 and in 2001, he was presented with the Lieutenant-Governor's Make a Difference in Your Community Award.

I would like to take this opportunity to thank Mr. Jackson for his unending dedication towards the town of Souris, and I invite all honourable members to join me in wishing Mr. Jackson and his family continued success. Thank you, Mr. Speaker.

#### **Music Education Programs**

**Ms. Bonnie Korzeniowski (St. James):** Mr. Speaker, I rise today to remind members of the House that the Minister of Education, Citizenship and Youth (Mr. Bjornson) has announced April as Music Education in Manitoba Schools Month.

Along with the Juno awards, many celebrations of music take place in our province this month. Our government has provided 23 schools across the province with special grants to enrich their music program by performing in special music events and workshops. Students will participate in a range of activities, including public performances and learning new instruments.

I encourage all members to take in some of the wonderful noon hour musical performances taking place right here at the Legislature over the month.

In my constituency of St. James, all the schools have thriving music programs. From the elementary to the high schools, students in St. James are members of everything from bands and choirs to musical theatre groups. Why, in St. James even the preschools are making music.

Music programs make a valuable contribution to Manitoba schools. They create an enjoyable atmosphere within schools so the students look forward to returning each day. They provide students the opportunity to prove to themselves that through hard work they can develop their talents and excel.

Mr. Speaker, I would like to thank teachers and school administrators who help make school music programs possible. Especially thank you to all the

parents and the parent councils who lend their tireless support. Also, thank you to the Minister of Education, Citizenship and Youth for fostering an atmosphere where school music programs flourish. For enriching the character of Manitoba's schools and for dedicating so much time and effort to an activity they feel passionate about, I commend and congratulate students who participate in school music programs. Thank you.

### ORDERS OF THE DAY

### GOVERNMENT BUSINESS

#### House Business

**Hon. Gord Mackintosh (Government House Leader):** Mr. Speaker, would you—

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

**Mr. Speaker:** Order. We are going through Orders of the Day and I need to be able to hear exactly what business we will be dealing with.

**Mr. Mackintosh:** Mr. Speaker, would you please canvass the House to see if there is agreement to change the Estimates sequence such that the Department of Finance will now be placed ahead of Agriculture in the Chamber, with this change to apply permanently?

Would you also see if there is agreement for only two sections of Supply to sit tomorrow morning with those sections, that is from 10 to 12:30 as I recall, with those sections being the Estimates for Finance, and Family Services and Housing?

**Mr. Speaker:** Is there agreement to change the Estimates sequence such that the Department of Finance will now be placed ahead of the Department of Agriculture, Food and Rural Initiatives in the Chamber, with this change to apply permanently? Also is there agreement for only two sections of Supply to sit tomorrow morning from 10 till 12:30, with those sections being the Estimates for the Department of Finance and Estimates for the Department of Family Services and Housing?  
[Agreed]

**Mr. Mackintosh:** Please call Supply, Mr. Speaker.

**Mr. Speaker:** The House will now resolve into Committee of Supply.

### COMMITTEE OF SUPPLY (Concurrent Sections)

#### JUSTICE

\* (14:50)

**Mr. Chairperson (Harry Schellenberg):** Will the Committee of Supply please come to order.

This section of the Committee of Supply meeting in Room 254 will now resume consideration of the Estimates for the Department of Justice.

As had been previously agreed, questions for the department will follow in a global manner. The floor is now open for discussion.

**Mr. Kelvin Goertzen (Steinbach):** Mr. Chairperson, we have had a couple of days, not off as the Member for Inkster (Mr. Lamoureux) might suggest, but away from this committee for a little while.

I want to start off with just an issue that the minister brought forward today in the form of a news release. Three new provincial court judges were appointed. Can the minister indicate how many names came forward from the advisory committee to fill the three positions that he put forward today?

**Hon. Gord Mackintosh (Minister of Justice and Attorney General):** I was just thinking, is this confidential or not? I am trying to think of my legislative scheme here. The legislative scheme requires that there be a minimum of three names for every vacancy. I would be a little more comfortable checking the legislation to see what my confidentiality obligations may be and there may be none in there aside from the names that are sent, but it is certainly within the range that the legislation contemplated.

**Mr. Goertzen:** Mr. Chairperson, could the minister indicate whether or not any of the judges who were appointed today had been previous government appointees to any boards or commissions?

**Mr. Mackintosh:** I believe my recollection is that Judge Harapiak was appointed to the Municipal Board and I think there was another board, it might have been, actually, I think it was a Workers Compensation appointment, yes.

**Mr. Goertzen:** Now, Justice Harapiak, the minister points to her specifically, can the minister indicate if he had any previous dealing in law with Ms. Harapiak, if you have ever served with her as a colleague, or if he had any other kind of professional relationship?

**Mr. Mackintosh:** I met her when she was an employee of Manitoba Justice in the Family Law branch. She was employed there for sometime. The period of time is not in the press release which I have with me, but I know she was employed with the Family Law branch for some time and I remember her on a consultation, or on a briefing regarding auto orders, actually, in maintenance enforcement, but that was where I was aware of her. I think I might have met her once before, too. So that was my extent of my knowledge, first-hand, of her, but she certainly rated highly, obviously, with the nominating committee in being nominated.

**Mr. Goertzen:** Could the minister indicate if, I am only incidentally aware of some of the Harapiaks and the family, but could the minister indicate if there is any relationship with the new provincial judge with any members of his caucus?

**Mr. Mackintosh:** It is my understanding that Judge Harapiak is the daughter of Harry Harapiak. Her family would include the Minister of Agriculture (Ms. Wowchuk).

**Mr. Goertzen:** The minister obviously was aware of a relationship, whatever it might be. I do not know what the relationship is, if it is a cousin. Prior to the appointment, did he consider perhaps an alternative form of recusing himself from the decision in terms of her appointment because of a connection with a colleague on Cabinet?

**Mr. Mackintosh:** Well, first of all, is the member alleging some conflict of interest? He should be aware of the conflict of interest law. I do not see how that would apply in the circumstance.

\* (15:00)

**Mr. Goertzen:** I am aware of the conflict of interest law. I just wondered if the minister himself might have thought of it as a conflict. I certainly know the minister has made statements in the past in his previous functions and role in the Legislature about the importance of judicial independence, perceived or real. I just wonder, given the statements that the

minister has made in the past, whether he himself considered an alternative method.

**Mr. Mackintosh:** Alternative?

**Mr. Goertzen:** Alternative method, or whether or not you thought it was appropriate that you are making the appointment.

**Mr. Mackintosh:** I will go through the process. The Cabinet appoints a nominating committee. It is headed by the Chief Judge, another judge of the Provincial Court, a representative of the Law Society, a representative of the Bar Association and three lay representatives appointed by the government.

In this case, three lay representatives, I think, represented different communities and interests in the community that would be most directly affected by the Provincial Court appointment. My understanding is the process then is to go through some advertisements, receive applications. This nominating committee then short-lists it, does the interviews, not unlike other kinds of hiring processes, and then provides a list to the minister of no less than three names per vacancy.

That nominating committee, comprised of former RCMP head for Dauphin, Ron Marlin, and Gisèle Funk who, I know, is active in the Aboriginal community, the Métis community in that area, and I believe it is a business person, Reid Minish, from Swan River.

So the Swan River area, Dauphin area were represented and areas in between. I thought it was an excellent nominating committee. The person I knew myself there was Ron Marlin, who was a highly, highly respected RCMP officer in the city of Dauphin and retired a year or two ago, so I was very pleased that he took on this appointment.

Then the names come into the minister, and the minister will make a recommendation to the Cabinet. So, in fact, the appointment is not by a minister, it is by the Cabinet. This was an appointment made by the Cabinet. It was made yesterday morning.

**Mr. Goertzen:** Is the minister aware of any recommendations that have been made by the current or previous Justice ministers that have not been accepted by Cabinet?

**Mr. Mackintosh:** The ministers are restricted to making appointments from the list that is provided to the minister. I know there was a controversy a few years ago with my predecessor—

**Mr. Goertzen:** Your controversy.

**Mr. Mackintosh:** Huh?

**Mr. Goertzen:** Your controversy. There was no controversy.

**Mr. Mackintosh:** There was a controversy that was made public by the Bar Association and the Law Society, actually the president of the Law Society of Manitoba and the president of the Manitoba Bar Association.

**Mr. Goertzen:** Got Francophone representation.

**Mr. Mackintosh:** There were allegations about sending the lists back, or acceptability. That was an example there of allegations, at least, and I think there may have been some admissions that took place. I cannot recall if there were admissions or not at the end of the day, but it certainly was a serious allegation by very prominent members of the Manitoba Bar as to the conduct of my predecessor. That was the only circumstance I am aware of where a minister may have attempted to have a name from other than on the list or at least trying to interfere with the process that is, I think, very highly independent and, I think, too, with the eyes of the Chief Judge and the Bar Association, all the members of the nominating committee on this process.

It is arguably the best nominating process for bench appointments in the country, but in terms of my own recommendations to Cabinet, I can tell you that there are always robust discussions about appointments. The Cabinet does take it seriously and wants to ensure that the candidates that are being considered will serve justice well.

**Mr. Goertzen:** Can the minister indicate whether the new provincial judge being discussed at this point—is there a relation to John Harapiak, who, I understand, ran for the NDP in St. John's in the last election? Sorry, in Ste. Rose.

**Mr. Mackintosh:** I do not know that relationship, actually, other than the name association. I think

there might be assumptions that there is a relationship there, but I do not know the fact.

**Mr. Goertzen:** When the name came forward, there was part of a list of six, or as few as three, and the name the minister obviously knew at the point was a relation to a colleague in Cabinet. He put that forward of his own volition. The other name may or may not have come forward in terms of a New Democratic candidate in the last election.

Did the minister have cause for pause in terms of whether or not he may, himself, have at the very least perceived conflict in the appointment?

**Mr. Mackintosh:** The names are not put together by myself or the Cabinet. The names come from a nominating committee that, I would suggest, is beyond reproach through a very vigorous process. I know the calibre of names that come forward from that process from repeated nominating committees. I know how difficult many of the decisions are because of the calibre of the people that come forward. This particular candidate has an excellent background as a lawyer with a varied practice in the city of Dauphin in family law, in Manitoba Justice and, more recently, with Justice Canada in the Aboriginal law area.

My understanding is that she is, in every way, an excellent appointment, and I have no reason to think otherwise. That there is some association by family with a Cabinet minister I do not think should bias the consideration of her or disqualify her in any way. I think that she should be considered on her own merits, and I am sure if the nominating committee thought she was not worthy, there would not be her name put forward. I know that in every way she is worthy from what I understand is her reputation and, indeed, her experience.

**Mr. Goertzen:** I do not think that, in this committee, any accusations have come forward regarding the provincial judge's qualifications, or that of the nominating committee. It was about whether or not there would be a perceived conflict with the recommendation coming from a minister who sits around the table with someone who is now related.

Certainly, I know there are many people within the Law Society in the province who would be qualified, I think, to have their names come forward as well, and there might very well be questions that they would be asked. I think the perception of a

conflict is as real as an actual conflict in this case and in many others.

I wonder if the minister would indicate if he would see more of a concern if, in fact, he had to select the individual off a list of more than three?

**Mr. Mackintosh:** First, I think we have to be clear that I do not think that relations should disqualify anyone. If there are issues of conflict of interest, there are procedures in place to govern that so that there is not a loose application of what should or should not constitute conflict of interest. There is an independent committee that does its work.

The process in Manitoba has integrity, and I would say great integrity. In fact, I have urged this on the federal government for their Queen's Bench appointments. I would urge them on anyone who would listen to the Manitoba process. I believe that process began, I think, under Jim McCrae, if I recall. I think it was in the early nineties. So the process speaks volumes about Manitoba's approach, in a principled way, to appointments to the bench, and I think that it served us well and will continue to serve us well.

\* (15:10)

Out of the candidates that was considered, the nominating committee gave us a list. I do not think it is fair that someone be disqualified because of some relations. They have to choose from the list, and I would urge the member to consider support for the nominating process in Manitoba. It goes way beyond what I have seen from other jurisdictions and way beyond what I see even with the Queen's Bench appointment in Manitoba.

I just had a discussion in my office, actually, in the last couple of days, comparing our process to the Queen's Bench appointment process. I know how hard some people work on this Queen's Bench appointment process here in Manitoba. They come up with a short list of excellent candidates, and then, lo and behold, I get a call from Ottawa, or I read a news release from somewhere saying they appointed so-and-so and the person was never on the list. It turns out it was some personal relationship or party relationship to the federal government. I am sick and tired of that kind of thing.

It is because it is done without a nominating process, without the application process, and the

transparency that we have in Manitoba. So I think it is worthy of support. Now, I can say as well if the member wants to go this way, and this is maybe where he is going, but this decision was made yesterday morning in Cabinet and I can tell you that the Minister of Agriculture (Ms. Wowchuk) was not even there. She was on a plane somewhere, actually, to Sacramento.

**Mr. Goertzen:** Well, I am not surprised that ministers in the government are on a plane somewhere, because most of them often are at various times. I think that the minister should be careful because the only one who has raised any kinds of allegations about how the individual is appointed or the appropriateness of the Manitoba system has been the Minister of Justice at this point. Sometimes the protest that he puts forward speaks volume to the issue.

He did raise though and he might want to look back on his own comments in Hansard about the federal system, how he has great concern about how there are sometimes personal relationships, and that is the genesis of people being appointed. That is specifically what I am speaking about here, so I am glad that the minister raises that point for me. He did not answer the question that I posed, so I will pose it again although perhaps in a different way so it might be more meaningful to the minister.

Given the fact that the individual had been appointed to two boards by the government, the Municipal Board and, I understand now, the Workers Compensation Board Appeal Commission, and given the fact that it is related to one of his colleagues in Cabinet and possibly related to a candidate in the most recent provincial election, I just simply raise the fact again. Does the minister not feel that this has come to mind when the name came forward that it might be perceived as a conflict? There is no suggestion that the person should be disqualified, but I certainly want to ensure that there is not a perception that an individual is helped by their affiliation, either possibly with the party or with somebody who represents that party.

**Mr. Mackintosh:** Well, I just think it is unfair to suggest that this new judge would be tainted by criticism that she was appointed because of some connections. She made the short list and she was appointed from the list that was provided under the law, the best law of its kind, the best process of its

kind, I think. She is going to be an excellent judge, I know that, for the Dauphin area.

**Mr. Goertzen:** I do not think that anybody, except the minister again, has called into any kind of question about her qualifications for the position at this point. I am just simply asking the minister that because of his past statements, and I can dig them out if he wants for him about the perception of a conflict of interest when it comes to the law, whether or not it struck him, given many of his past comments, that this might itself seem to be a conflict and whether or not there was a way that he might recuse himself or other members on this issue, whether to seek any other kind of advice on the issue of how it could be handled.

**Mr. Mackintosh:** Is the member suggesting that the Minister of Justice not have a role? I do not see the logic. There is no conflict there. There is no conflict with my role whatsoever. I cannot answer the question any different way. She was short-listed; she was put forward for consideration, and the Cabinet made a decision based on qualifications.

**Mr. Goertzen:** I would ask the Minister of Justice a question regarding the amendments to the stalking, commonly referred to as The Stalking Act in Manitoba. Certainly, we are well aware of difficulties and troubling circumstances on the weekend, not to discuss specifics, obviously, of that particular situation, which I suspect all of us were troubled by. It did come to light again, and it was not the first time that it has come to light that the amendments that the minister put forward have been delayed significantly. In fact, it has been two years, the minister can correct me if I am wrong, it might even be two years to the day, that the act was introduced into the Legislature, and it still has not come forward.

Can the minister indicate the difficulties that he is having in bringing forward legislation that, I believe, when he brought it forward, said it was a significant and urgent piece of legislation, why it has been two years that legislation has not come forward?

**Mr. Mackintosh:** Well, the member is wrong. The bill passed in June.

**An Honourable Member:** Proclaimed.

**Mr. Mackintosh:** It was passed in June.

**Mr. Goertzen:** The minister might want to split hairs on this issue. He knows full well what the issue is and I ask him why the law has not been proclaimed in two years.

**Mr. Mackintosh:** The member is wrong. The act passed in June and will be proclaimed October 31, so the member has his dates wrong. The important date, of course, is when the bill passes. It was a money bill. The member knows that. Given that it is a money bill, it required financial commitment in the budget and the budget contained amounts in order to facilitate a sure-footed proclamation of the legislation.

**Mrs. Bonnie Mitchelson (River East):** I just want to pursue along my colleagues line of questioning. The minister is saying that the bill passed in June of 2003—

**An Honourable Member:** No, it passed last June. Just passed in June.

**Mrs. Mitchelson:** But the act, in my understanding from the newspaper article, so are you saying that the newspaper article is wrong when it says that it was introduced in April 29 of 2003? Was it April 29 of 2004 that it was introduced and passed in June of 2004? I have some difficulty understanding if it was introduced in April of 2003, that it did not pass till June of 2004. So I am just asking for some clarification.

**Mr. Mackintosh:** The Domestic Violence and Stalking Act Amendments passed at the end of the last session, which was in June 2004.

**Mrs. Mitchelson:** I thank the minister for that clarification. I guess the bill died on the Order Paper during the election campaign and was brought back in after, so thanks for the clarification. Can the minister indicate what money is in his budget this year for the training and the resources and the hiring of new staff in his department in order to have this law proclaimed?

**Mr. Mackintosh:** Yes. There is a quarter of a million dollars in this year's budget that was sought, and I just want to explain this. When the former government brought in this kind of legislation, it took them, by the way, a similar time frame to proclaim it. The reason given at that time was that there had to be developed regulations and training. As it all turned out, there have been shortcomings

with the regulations and the training which, by indications that I have received, fell short of what was required for an even application and the knowledge by those that can get these orders used across Manitoba.

\* (15:20)

When this legislation was introduced, the department and stakeholders clearly told me that we had to first of all look at the regulations again in a consultative way and fix them up. In fact, that was required. As well, we had to put in place resources which were never in place when the legislation was brought in. It was really unfortunate there were no resources that went along with the introduction of this legislative scheme in Manitoba, I am advised. They felt they had to have some further resources.

As well, they had to develop training materials, and that is under way, and engage in stakeholder education and public education. The most intensive part of that will take place in late summer. What is critical here is that the shelter workers in particular who now will be empowered to assist victims and survivors make application have to be given full knowledge of what the remedies are under the act.

I do not think the act is quite as straightforward as any of us might like in terms of the difference between protection orders and prevention orders, for example. If there is a buzz that has been going around about what the act provides for, that will change significantly because there are some changes that I think are of significance in the bill, particularly with regard to dating violence, with regard to a test available for the hearing officers, with regard to the publication bans, compensation for children, orders for treatment and other situations like elders, where there have not been people living together in a family. There are some big changes. As well, there has been a concern about the uneven application and uneven granting of orders under the legislation across the province.

You know, this is good legislation. It was good legislation when it was brought in by and large. I had criticisms of aspects of it and some of that has been dealt with in the bill. But let us face it, this is a good idea. There are a number of provinces, five or six of them now, that have this kind of legislation. There are records going back about my contributions and so on, but this option, I think, is very positive to

deal with the scourge of domestic violence. These improvements are very significant.

This is not my own conclusion, but I am advised this makes the strongest domestic violence protection legislation in the country, and I would say that is where we should be. I hope that is the case, but we want to do it right. We want to do it in a sure-footed way and that is why the department and stakeholders have so clearly given me that opinion. I am obliged to take that because it is such a serious issue of protection.

**Mrs. Mitchelson:** Mr. Chair, I listened closely to the minister's answer and I think we all would agree to have strong legislation in this area, especially looking at what happened last weekend and issues of domestic violence that continue to take place. I think it is important that we all recognize that laws needs to be strengthened, and resources and tougher regulations and better dealing of these issues is very important.

It is interesting to hear the minister admit that, unfortunately, there were no resources in place when the government brought this piece of legislation—*[interjection]* I guess the minister, in his hurry to get something like this introduced into the House and put out a new press release and introduce legislation, did not think about the detail that was involved in bringing this kind of legislation in and did not do any planning or any thinking about what resources might need to be put in place.

I know we went into an election in 2003 and the government was re-elected, and we had a very long hiatus before we came back into the House. I would think that if this was as much a priority for the minister as he talks about it being, some work would have been done. It was the same minister and the same portfolio, and that some work would have been done in preparation for introduction of this legislation. Some of the issues and some of the complications that he talks about might have been looked at by him if he was truly serious about moving this legislation forward and ensuring that a plan of action was in place when the legislation passed.

The minister has all kinds of reasons for why this is not in place yet, and I would ask him some very specific questions because I see that there is significant hiring. Can the minister indicate what the

new sheriff, what the new magistrate and how many and what other Justice staff need to be put in place before the law is proclaimed?

**Mr. Mackintosh:** In addition to staffing, dollars are required to do the educational materials. This will have to be disseminated to not only those who can now help get protection orders, but in the shelters and there may be housing people, but the police, the magistrates and the general public, as well, will have to have new information. There will have to be the construction of some public information that has not been available before.

As well, I can say the regulations have been developing under the act and there was a consultation process put together to do that. It was not just done unilaterally by the government, but the consultation process was constructed. The views were obtained and considered in the development of the regulations. The Queen's Bench rules have to be changed, so this is all the process that is part of making a change, an important change, in an important law.

The dollars allow for hearing officers, judicial support staff, a sheriff position, training, transcriptions, women's advocacy and legal counsel expenditures. No, I take that back. Those are the changes in terms of the staff.

I will just go back. The member had paraphrased me saying that there were no resources for domestic violence. I did not say that, of course. She will see that from the record, but I want to just make it clear to her right now that I said there were no new resources provided along with that legislation introduced by the former administration. There were a lot of pressures that were put on the system, I understand. We want to make sure, though, that this is a robust application of the legislation.

As I say, the former government, when they looked at this legislation, had a similar time frame for the introduction and yet, there was no hiring. There were no new budget allocations and the training was skeletal. So we are doing it differently, and yet, within a very similar time frame. I think it is a difference of 30 days actually. I think the former administration had their legislation passed in June and it was proclaimed in late September or something. It is a very similar time frame.

We have to do this in a way that makes sure the bill is put to good use. If people are not aware of what is in the bill, particularly those in the law enforcement community, the shelter community and others that deal on the front lines with victims and survivors of domestic violence, we are not going to get what the Legislature expected when it passed the legislation. So, if that is what we want to do, we want to do it right.

**Mrs. Mitchelson:** Mr. Chair, could the minister indicate to me whether any new staff have been hired in order to move forward on this piece of legislation? I will ask a couple of questions, and then, hopefully, we will get some answers to them. You talked about training materials, education materials. Who is in charge of developing those and where are we at in that process?

\*(15:30)

**Mr. Mackintosh:** Of course, the hiring will take place once the expenditures are approved by the budget process, as the former minister knows. The department has already begun its preparation for that hiring in anticipation of a positive outcome from budget approvals. The Family Law branch is working on the materials and the regulation change. I can tell you the regulation change has been a substantive piece of work, and that will be dealt with on a timely basis, of course, in concert with the other aspects of a proclamation.

**Mrs. Mitchelson:** How many people will be hired? What will their positions be?

**Mr. Mackintosh:** There are 2.5 hearing officers and 1.5 sheriff positions.

**An Honourable Member:** Mr. Chair, 2.5 what? I am sorry.

**Mr. Mackintosh:** Hearing officers, and 1.5 sheriffs. But the amount also goes toward the training which is operating and transfers for the hearings.

**Mrs. Mitchelson:** We are looking at page 41 in the detailed Estimates, and page 57 in the detailed Estimates, both Victim Services and Family Law, and it does not appear that there is any new staff resources or any new salaries.

Can the minister tell me where those positions are located, and where we should see an increase in staff resources?

**Mr. Mackintosh:** The new amount is in Courts, and the amounts are reflected at pages 83 and 85. The amount was \$250,000.

I am advised that, just to help us over the breakdown there, page 83, under Judicial Services, the hearing officers are there for 184.4, and there is Operating of 4.2 on that page. They are not separated out in separate lines. Oh, 7.2.

**Mrs. Mitchelson:** Under Other Expenditures or under what?

**Mr. Mackintosh:** For example, under Other Expenditures, the 7.2 is included there, I understand; 2.5 for Training, 4.7 for Transcription, and the hearing officers of 184.4 are on the Salaries line. They are not broken out separately. They are in the total. And then, as I say, on the other page, under Sheriff Services, there is 58.4 that is included on the Salaries line.

**Mrs. Mitchelson:** I am having a little bit of difficulty following the minister, so maybe we could go at it just a little slowly and I will go back and see whether I understand or not.

Under Other Expenditures on page 83, there is 2.5.

**Mr. Mackintosh:** There is a total of 7.2 for new Operating related to this initiative.

**Mrs. Mitchelson:** Okay, 7.2 for Training and Transcription. And under Salaries, then, there is 184.4 thousand. That is for how many staff, and what would there job descriptions be?

**Mr. Mackintosh:** Mr. Chair, 2.5 hearing officers are included in that 184.4, I am advised.

**Mrs. Mitchelson:** Then that begs the question, given that there are 2.5 new hearing officers and it is only showing one additional staff in this line, are the reductions elsewhere? Is there a 1.5 staff reduction?

**Mr. Mackintosh:** I am advised that the money is there. They have not designated an FTE yet, but it is the dollar figure that goes towards the hiring of those positions, so the FTE has to be established by way of the HR process.

**Mrs. Mitchelson:** What kinds of services might be reduced in the minister's department in order to enhance this function?

**Mr. Mackintosh:** No, those are new dollars that I have just described. We had to go and get, as a new initiative, the amount of \$250,000 for the proclamation of The Domestic Violence and Stalking Act.

**Mrs. Mitchelson:** But if there is no staff here in this line in the Estimates, if we are short 1.5 staff years, where will those staff years come from? Is, in fact then, the detailed Estimates misleading, because we have not created the new staff years yet for these positions, or will there be reductions elsewhere within the department to accommodate the new 2.5 hearing officers?

**Mr. Mackintosh:** No, my understanding is that the positions will be terms until they are converted into FTEs at such time as that can be accommodated. But there is no difference. They are new people; there are new positions, new money.

\* (15:40)

**Mrs. Mitchelson:** I guess, you know we are only, I mean the budget was introduced how many weeks ago? If, in fact, there are going to be two-and-a-half new FTEs under Judicial Services to accommodate the hearing officers, why do we not have an increase in the Estimates of 2.5 FTEs?

**Mr. Mackintosh:** My understanding is that the department HR, Administration and Finance, will look for other FTEs, but what is important here is that the initiative get going, and so the money—

**Mrs. Mitchelson:** At what cost? What are you going to cut?

**Mr. Mackintosh:** No, there is no cut. There is new money. There is a quarter of a million dollars of new money—

**Mrs. Mitchelson:** Well, you are taking the FTE from somewhere else. You are taking it—

**Mr. Mackintosh:** The former minister should know how this is done. The amount is budgeted for, and there are new positions, and there will be term positions.

**Mrs. Mitchelson:** I am having a little difficulty following the minister's logic, I guess. He is indicating that they will be term positions, so there will not be permanent positions—[interjection]

Well, Mr. Chair, he said a second ago they would be term positions, and now he is saying they will be permanent positions. If they will be permanent positions, why do his Estimates not reflect permanent positions for a new initiative that we all support? Why on earth would the minister not have it reflected in this line in the Estimates if that is where the money is?

**Mr. Mackintosh:** You know, as a former minister I am surprised. That is reflected in the line. I say there is \$250,000 in new money to hire 2.5 hearing officers, and it is in the line. That is what matters. That is the difference. That was the money that we were able to obtain as a result of the passage of the legislation and the decision of the government leading up to the conclusion of the budget considerations.

**Mrs. Mitchelson:** Well, thanks again, Mr. Chair, but, again, yes, the money is here and we found out and that is fine. I have no problem with the money. I guess the problem that I have, again, is misleading through the detailed Estimates. It says here there is 184,000 new dollars and that is fine. That is great.

The question is we are not seeing 2.5 new positions reflected. We are seeing one new position reflected in the detailed Estimates. So the money may be there, but the reality is that the positions are not here in this book. So this is not correct reporting of the information and the decisions that were made and printed in the detailed Estimates.

**Mr. Mackintosh:** I know the former minister must know this process. These people will be permanent. These are new positions with job descriptions. They are hired to deal with this legislation, and the money is there.

The FTEs will be attracted to these lines as a result of the HR process over the next year or so, I understand, but in the meantime they are going to be there and from the 2000 and some positions in Justice the department will look for the FTEs, but that does not make a difference to the money or the position. That is to marry the FTE with the hiring, and that is a usual procedure. So that is what the department is required to do and will do. It makes no difference to the provision of the service. The service is in here and indeed, like I say, it was a new initiative in what we call, in the budget process.

**Mrs. Mitchelson:** Well, thanks, Mr. Chair, but I guess I might ask then how many other new positions are there going to be within the Department of Justice and new staff years that are not reflected in these detailed Estimates.

**Mr. Mackintosh:** Well, I think that the rationale here of the \$250,000 in the block funding assigned to these lines is to allow the department to break down the different job descriptions, the different personnel that are required for the legislation.

*Mr. Gerard Jennissen, Acting Chairperson, in the Chair*

So now it is incumbent on the department then to reallocate the FT, which is an exercise. It does not make any difference to the person in the position or the function. It is a matter of marrying that. I am sure the former minister knows all that, but that is how it was done here. It allowed for some flexibility in responding to what we saw as the best way to staff the legislation.

**Mrs. Mitchelson:** Can the minister show us in the detailed Estimates where it would reflect the hiring of a new sheriff that will be needed to proclaim this legislation?

**Mr. Mackintosh:** So, on the Sheriff Services page, I am advised that the amount for sheriffs relating to the legislation totals 58.4 which is for 1.5 sheriff positions.

**Mrs. Mitchelson:** Where is that under Sheriff Services? Is that under Other Expenditures under Salaries and Employee Benefits?

**Mr. Mackintosh:** It is on the line Salaries and Employment Benefits, I understand.

**Mrs. Mitchelson:** It was the first time I had been looking at the detailed Estimates, but I see that there was a reduction in 12 sheriffs as a result of, I guess, the gang trial, which is understandable. But then, again, I do not see reflected in here the additional 1.5 staff years for the sheriffs that the minister has just indicated will be hired for this initiative. Could I also have the dollar figure for the 1.5 sheriffs?

**Mr. Mackintosh:** The dollar figure is 58.4. I am advised that the sheriffs are casuals, that the issue of FTs is not relevant to that.

**Mrs. Mitchelson:** Could the minister indicate to me where we would find the resources for the magistrate that will be hired?

**Mr. Mackintosh:** Yes, that was the 184.4 on the earlier page.

\* (15:50)

**Mrs. Mitchelson:** So, then, the hearing officers, is that magistrates, the 2.5? Okay, thanks. I appreciate that clarification.

Then it also indicates that the government is in the process of hiring other justice staff. Could the minister indicate to me how many other justice staff that will be hired, and in which areas within the department? Where would they be reflected?

**Mr. Mackintosh:** I am just wondering if the member can clarify again that question, where she is quoting from.

**Mrs. Mitchelson:** I believe it was a spokesman for the Minister of Justice that indicated that we will be hiring a new sheriff, magistrate and other justice staff that will be in place to enforce the law, he said, so that was the minister's spokesperson that said that. I guess I am asking what other justice staff, what will their responsibilities be and where are they located in the Supplementary Estimates?

**Mr. Mackintosh:** The hirings, they are called magistrates or hearing officers, I think. Technically, they are called hearing officers, so the hirings, as I said earlier, 2.5 hearing officers, and 1.5 sheriffs. That is the hirings that comprise the \$250,000 plus the operating amounts that we talked about.

**Mrs. Mitchelson:** So that is all of the staff, then, that is being hired to deal with the new initiative? We have got four new staff and that is \$250,000?

**Mr. Mackintosh:** That should comprise the \$250,000. I have not done the quick math here, but I think that should be it. Again, though, but including the transcription and training costs.

**Mrs. Mitchelson:** There is a reference made in the same article to \$40,000 being given to A Woman's Place, a downtown clinic that supports victims of domestic violence. Could the minister just elaborate a bit for me on exactly what A Woman's Place is doing to support the new initiatives?

**Mr. Mackintosh:** The former minister would remember this kind of discussions as between Justice and Family Services probably, but I have a sense I should defer to my colleague in Family Services. They are the lead on that funding. I am more than happy to talk about it, and if the member wants me to do that, I can, but I think that Minister of Family Services (Ms. Melnick), because she has made the funding decisions in her area, is better qualified. I just got a letter the other day and 98 women have been helped in circumstances who might not have received help.

I would urge the member to pursue that line of questioning. It think it is a good initiative that was community driven. We are part of that. Legal Aid did have a role, mind you. They are independent from my office, but the executive director at Legal Aid, prosecutions, and women's advocacy people, the people in Victim Services, have played a very strong role. In that way the department does have a tie-in so I can speak about that.

I can say that it is an initiative that is led by Nor'West, and it is in the Dayton Building on Portage Avenue. Instead of survivors going from one door to another door, it is to provide one door to provide legal assistance, not only on the criminal side, but on the civil side, to provide even help like, maybe going with a woman to court or even help with some chores, to provide housing assistance and advice. I think very importantly, though, it is that the victims' assistance that can be rallied. My understanding is that this is very unique so I hope it continues to serve and grow, but I think the other minister may have more to add.

**Mrs. Mitchelson:** Mr. Chair, so the \$40,000 that is in the newspaper article, that would be funded through Family Services as the lead. Is there money from Justice in the project?

**Mr. Mackintosh:** No, it is my understanding that the actual dollars come from Family Services, but I could quantify if the member asked what are the contributions in kind from both Legal Aid and from Manitoba Justice because they are significant. I remember at the opening I had a list of the services in kind and the staff contributions on a weekly basis to A Woman's Place, but I could obtain that for the member if she wants that. Otherwise, I will leave that for the other department.

**Mrs. Mitchelson:** Mr. Chair, just one or two more questions. It says also in this article that the government is in the process of training front-line workers. Could the minister indicate to me what front-line workers are being trained or have been trained to date?

**Mr. Mackintosh:** That may relate to the domestic violence and stalking act training agenda. I suspect that is what she is quoting about. Aside from the development of the regulations in consultation, I see the training as a key development in making sure this legislation is going to work as well as it can. The development of the training initiative is under way. As I say, the family law group in Manitoba Justice hopes it can be delivered starting in late summer and into the fall when people are back from vacations and in time for proclamation on October 31. They will be conducting information sessions for justices of the peace, Court of Queen's Bench justices, family law lawyers through the Manitoba Bar Association, and community service providers.

I will also add that they have to develop new and revised court forms. They have to change the court orders. They will then, have to look at how this is going to be conducted across the province, how it can be most effectively delivered and they are developing that agenda now.

\* (16:00)

**Mrs. Mitchelson:** Just one more question. It was a horrible situation on the weekend in Lockport with the murder-suicide, and I just want to be sure that we know for sure that there was no contact with the RCMP or with the judicial system, by way of requesting protection orders or restraining orders.

Can the minister assure us that there was no contact in request for support?

**Mr. Mackintosh:** I am a bit cautious here because this is second-hand. That information is best provided by law enforcement agencies, but our contact, our liaison with law enforcement, Mr. Horn, advises that to the best of his understanding on advice from the RCMP that there were no requests for restraining orders, I am advised.

**Mrs. Mitchelson:** There are restraining orders and there are also protection orders. Would that be both—

**Mr. Mackintosh:** I am advised of the same, that there were no requests for protection or restraining orders or prevention orders, for that matter.

**Mrs. Leanne Rowat (Minnedosa):** On the weekend, a mother of three children was taken away from her family. A father was taken away from the children as well. The family lost a brother, a sister and the mother lost her children, as well as a parent of the woman that was killed.

We are seeing more and more that women are taking it upon themselves to uproot their families and move out of an abusive situation.

This woman did everything right. She removed herself from the situation. She found the supports within her family to protect her the best that you can, and obviously it failed, tragically.

We did not need to motivate this woman to seek out a protection order. We did not need to motivate this woman to look for a restraining order. She had that option. I guess the question that I have, and I know that a lot of other women, husbands, families, would like to know whether, for some reason, there was an obstacle in her need to find protection.

My question to the minister is how many of these restraining orders are granted on a yearly basis. How many of them have been granted this year, and how many of these orders have been refused in this past year?

I am asking for both protection orders, and I am also asking for prevention or restraining orders.

**Mr. Mackintosh:** The department advises that there were 527 applications. Of those applications, 305 were granted and 223 were dismissed.

*Mr. Chairperson in the Chair*

We do not have the exact number of prevention orders, I am advised by the department, but we do have a number of prevention orders that were filed with CPIC from QB, and that is 255. So that may help in breaking down the type of order there, but that will not be an exact number because that will not be the total number. There will be a larger number than that.

**Mrs. Rowat:** I would like clarification on why those numbers are not available. He is indicating there are 255 granted. I would like to know how many were applied for, and also the reasons why these numbers are not available.

**Mr. Mackintosh:** The information I had was just what was at hand. I can undertake to look further to see if there is further information available in more detail. I understand and maybe the member will want put on the record, the breakdown of the information. I think she was saying the difference between protection orders and prevention orders. If that is right, maybe she could clarify that and we can pursue that information.

**Mrs. Rowat:** Mr. Chair, what I am looking for are the number of orders granted, the number of orders that have been refused and then total number of orders that have been applied for. I would like them both for protection orders, and I would also like them for the restraining or prevention orders broken down individually and specifically.

I would also like to know the rationale for the ones being refused and my understanding is 222. I am not sure if those were protection orders or restraining orders, but there are 222 of them that have been denied. I would like to know the rationale and the reasoning behind those denials. Thank you.

**Mr. Mackintosh:** We can get some advice on different kinds of reasons. Of course, they may differ in each and every case based on the evidence. I can say one thing. We have had concern about the threshold test for obtaining the orders. With the new legislation, there is a different threshold in that there need not be violence current. If there is—I will just get the language—I will just paraphrase, but if there is a reasonable likelihood that violence will start up again in the future, an order will be obtained under the new legislation. So I think it is a good progression based on the experience under the act.

**Mrs. Rowat:** Mr. Chair, I am a bit concerned and a bit confused on why, if there is a concern about the threshold, this is not being considered immediate, especially in light of circumstances that have been occurring unfortunately and tragically on a more common basis. I think this government has to take this very seriously. Obviously, measures currently in place are not working. We need a stop-gap measure in place now and not wait until October because I

think the situations speak for themselves. We need some action from this government today.

**Mr. Mackintosh:** What I am going to say is the very reason why there has to be a robust training and education program around the changes. If people do not know, not only the magistrates but the applicants, because that is where, I think, there have been so many conflicting pieces of advice, I understand, right across this province in terms of what this legislation can do for people. When victims go to court and do not get an order because they have been told it is there for other thresholds or for other reasons, it reduces confidence in the system and I think that can have a chilling effect.

What has to happen in this province is a clear understanding of how the legislation can work for victims. That is why there has to be the development of training and its delivery for those who can make a difference. So that is exactly why the department has urged on these. I will tell you in no uncertain terms that this has got to be done right by way of a robust training system. I can tell you that as an elected member, I would love to just turn on the light switch and have a new act come in. It is not going to work if people do not know what it is going to do for them and do not know the circumstances in which it can be applied.

The magistrates, the hearing officers have to know in a comprehensive and consistent way what the legislation is about and how it can be applied because I think there are different interpretations that have developed from one hearing officer to another. I am hearing that from people and I have to listen to it. I have to respond to the advice of professionals who say, "There has to be a good training program. You have to let people know what this legislation is about."

\* (16:10)

**Mrs. Rowat:** I guess I am a little concerned that we are waiting for legislation when we obviously know that there are some issues with the measures that are currently in place. They are not addressing the issues at hand. Individuals are losing their lives because of this government's inability to act on issues and measures that need to be in place now. Legislation, we are seeing, obviously, has not addressed issues, and, yes, people have indicated, crisis intervention workers have indicated, police have indicated that

the system is failing families, failing individuals who are looking at us as legislators to help. I think families such as this have a lot of questions and I think that waiting for a piece of legislation without addressing the measures that are obviously not working, you are failing families.

**Mr. Mackintosh:** The way to ensure that we have an effective justice system response to domestic violence is to ensure that people know the tools available in the justice system to counter the violence. So that is why professionals have said to me to pursue the course of action we are pursuing. I have to listen to that advice, and I think what we are doing here is making sure that this legislation is going to be one that is a valuable tool, that is understood, that makes a difference.

This has to happen right across the province, from Souris to Shamattawa, and that is what we are going to do. But I can say that when you look at the initiatives that we have introduced as a government dealing with domestic violence, there can be no doubt that we are committed, as Manitobans, to a very, very strong system in this province, and we have committed, not only resources, but new initiatives, new partnerships. I think this legislation is a good part of what has to be a multi-part response recognizing, of course, that everyone has an obligation.

I think the letter that went around from the North End Women's Centre on Monday to all MLAs, I understand, and to others really hit the nail on the head, is that all of us have an obligation, and when we feel that a person is in need, a neighbour, a friend, in need of protection, that we take steps, we provide advice but, at the same time, there has to be in place, obviously, systems that are responsive. So I think in Manitoba over the years we have learned from some tragedies; systems have improved, both under the former administration, and it is ongoing. I think that, as a province, we are continuing to make advancements. We will continue to do that, but it has to be done in a sure-footed way.

**Mrs. Mitchelson:** I have been listening very carefully to the minister, and he has indicated, obviously, with restraining orders if there were 527 applied for, and 220-some denied, that means that almost half of those that applied for restraining orders were denied. Now, I heard the minister say that there is different application of the present-day

law, we do not have to wait for a new law to come into place, but he is saying that there are inconsistencies in the law that exists today. It is incumbent, he has been the minister now for six years, and if half of the women, or almost half of the women that are applying for restraining orders are being denied that kind of protection because the law today is being applied inconsistently across the province, why has he not done something to fix it now? You do not have to wait for a new law and new training. What kind of training has been going on to date under this minister's watch that will see some consistency throughout the system?

**Mr. Mackintosh:** It is the former administration's law and we are fixing it. The Legislature went to work. People that have watched the law unfold in terms of its application have learned lessons. So new legislation is coming in, and it is legislation that will be accompanied by training, by resources and by better regulations.

One of the concerns is the requirement that there be a fear of immediate harm. I think that by addressing that, we should have a different result, but there will be no different result if the process of implementation is not followed; by the way, a process of implementation, a period that is in the same time frame as the former administration's.

**Mrs. Mitchelson:** I am sure that women that are feeling vulnerable today in society will take great comfort from those comments from a minister that has been sitting in this role as the Minister of Justice. For six years, he has seen inconsistencies in the way the present-day law is being applied and he is saying that we have to wait until next October-November in order to have things changed.

It is under his watch, he is in charge, he is in the driver's seat, and it is time that he took some responsibility for his inaction to try to ensure that people were trained consistently across the province under the present-day law so that women would be protected. I hope that between now and November while the minister uses a new law for justification for any changes nothing dramatic happens to a woman as a result of his inaction.

**Mr. Mackintosh:** The member seems to misunderstand that her government brought in a legislation with no new resources—

**Mrs. Mitchelson:** Give me a break.

**Mr. Mackintosh:** Well, the very rude member should perhaps reflect on the silly way that they brought in their legislation. They not only took a period of time to proclaim this legislation, but they added no new resources. Can you imagine that? Their training has been criticized and ridiculed ever since they did that—

**Mrs. Mitchelson:** You have been training for six years.

**Mr. Mackintosh:** Is the member rude?

**Mr. Chairperson:** Order, please.

**Mr. Mackintosh:** It is because of the application of this law and the experience under this law that we have learned lessons as to how to improve it. One of the lessons is that there has to be a better understanding of what it can do. There has to be training, there has to be some additional resources. There were shortcomings and they are going to be addressed. They are being addressed.

So, Mr. Chair, the member actually is making the point as to why we are doing exactly what we are doing. We are going to do it right; they did not. We are going to do this right, recognizing that this kind of law can only go so far. It is only one part of what has to be a multi-faceted response to domestic violence. So I am going to listen to those who have advised me, who say that there has to be a province-wide training initiative. The lawyers have to know how this works, the hearing officers have to have the training. So that is what we are embarked on.

**Mr. Goertzen:** I am obviously disappointed by the comments that the Minister of Justice brought forward on a very serious issue raised by my colleagues. I think he is quickly understanding why he is gaining the reputation that he has, maybe within his department, but certainly within the media. I suspect some within his department would echo the concerns as well that the minister is quick to make numerous statements but really is not able to bring forward action, particularly after six years.

I think it brings disrepute onto all of us as legislators, unfortunately, because people in the public take a look at the inaction of the government and simply get angry and get frustrated with all of us and each of us that are here trying to serve the best interests of Manitoba.

To say that after six years there was an inability to bring forward changes or resources for a government that has had more resources than any previous government in the history of this government simply, I think, is not only unfair, but it is a poor statement and a poor reflection on the minister, not one that we have to bring forward further because it is evident in the comments that the minister has put on the record. We will ensure that those comments are seen by those who are concerned and by Manitobans who wonder what is happening with this very serious issue of domestic violence.

\* (16:20)

I want to ask the minister a few questions on the issue of conditional sentencing and, in particular, if he could advise the committee how many people in Manitoba today are serving conditional sentences as opposed to incarceration or jail or time in an institution.

**Mr. Mackintosh:** I am advised that there are 960 offenders on conditional sentences.

**Mr. Goertzen:** Can the minister indicate how that compares with the two previous years?

**Mr. Mackintosh:** No. We would have to obtain that. That is the current number.

**Mr. Goertzen:** Could the minister undertake to provide those numbers from the two previous years?

**Mr. Mackintosh:** I understand they may well be available, and we will get that to the member, yes.

**Mr. Goertzen:** I thank the minister for that undertaking. Can he indicate, in terms of compliance on conditional sentences and the various restraints that are placed upon individuals on conditional sentences, whether it is work restrictions or general travel restrictions, how many people there are within the department to monitor these 960 offenders who are currently serving conditional sentences in Manitoba?

**Mr. Mackintosh:** The member may want to just clarify that, but conditional sentences, of course, are managed as part of the probation officer system in Manitoba. Maybe the member could ask any specific questions related to that or restate his question.

**Mr. Goertzen:** Well, I think the minister, some of his answers go down the road to an answer on that question. It is the probation officers in Manitoba who are monitoring the conditional sentences. Is that correct?

**Mr. Mackintosh:** Yes.

**Mr. Goertzen:** Can the minister indicate how many probation officers are currently in the province of Manitoba?

**Mr. Mackintosh:** I am advised that the total number of probation officers is 211.

**Mr. Goertzen:** I thank the minister for that response. I understand probation officers will have a number of different duties beyond, obviously, conditional sentence offenders. Does the minister have statistics in terms of the average caseload for probation officers in the province currently?

**Mr. Mackintosh:** We do not have that here but we can get that information.

**Mr. Goertzen:** I thank the minister for that undertaking. I realize that the minister, it was not recently I guess, but he was in Ottawa earlier this year and, together with other Attorney Generals from across the provinces, brought forward issues on conditional sentencing. I understand from the minister's comments that he has some undertaking that would happen in terms of a review by the federal government. Could he indicate whether or not that review has taken shape or whether or not the committee that was intended to review that issue has been formed, or maybe even in what nature if it was going to be the standing committee on justice that performs that review?

**Mr. Mackintosh:** Finally, a federal minister said it was time to take a look at, I think the words were, to make a change, or to address the situation of conditional sentences for the high-end violent offences. My understanding is there is to be an interim report to the deputies in June of the work that was to be triggered by the federal minister. As well, it is my understanding the matter had been referred to the federal justice committee. It was my understanding from the federal minister that they never reported out on that issue so he, as well, had undertaken to do some prodding of the committee to try and prioritize that issue because that would be very helpful.

**Mr. Goertzen:** I suspect that if the minister would confer as well with members of the standing committee, he might find that, in fact, it has been referred to the committee not once but a number of times, and the delay typically comes from the government on that side. We hope it is not just another ruse and another off ramp because we also want to see changes on the federal side of conditional sentencing.

Can the minister indicate on the issue of police officers in schools, as it relates to gang education, what program there is in the department on that issue?

**Mr. Mackintosh:** Just to follow up on that last point of the federal committee. As I recall, I heard this, I think, from Anita Neville, but the majority on that committee were opposition members that the government did not have control so I hope this is going to be re-prioritized if it has not. *[interjection]* You are jumping ahead.

In terms of school resources, indeed, in Winnipeg School Division No. 1, there is a pilot program with three police officers serving several schools. By all indications, this is a very successful initiative on a number of counts. There is an evaluation process that has unfolded. The program, I am confident, will continue with either current partners or more. They are certainly looking at options there. I understand there are discussions with the City, the federal government, even the school division, Winnipeg Police Services and the Province on that. I think there are even a number of functions served by that. I do not know if the member wants to talk about that.

In terms of other educational initiatives relating to organized crime or to gangs, the department helped Winnipeg Police Services to put together an initiative called Take Action in Schools a number of years ago and it had a number of components. I saw that initiative, and that is driven by Winnipeg Police Services. The RCMP have the DARE program. I think they have been expanding that. I think one of the main objectives of the DARE program is with regard to drug education, but I think there are other components to it as well. There may be some other programs specific in schools that Justice has a relationship to. I can let the member know about those.

\* (16:30)

**Mr. Goertzen:** I am aware of some of the RCMP initiatives and, certainly, even within my own area, RCMP have indicated to me that where they used to have an individual RCMP officer assigned to each school, they no longer do that because of the lack of resources and lack of officers.

But specific to the provincial pilot program, could the minister indicate when the pilot program began with the three officers that are currently in the one division.

**Mr. Mackintosh:** It is my recollection that the program got off the ground three years ago this coming September.

**Mr. Goertzen:** Three years ago, were there only three officers in the program at that time as well?

**Mr. Mackintosh:** The program is designed just for three officers assigned to certain specific schools and three high schools and, I think, about 12 elementary schools, something in that range.

**Mr. Goertzen:** On the specifics of the program, how much time would an officer spend in a particular school in a week, for example?

**Mr. Mackintosh:** Those officers, unlike an earlier deployment of Winnipeg Police Service officers and liaison with schools, these officers are full-time assigned to their schools. In terms of their workday, we can make inquiries. I think that this has been explained to me some time ago, but, as well, I know they are flexible. If there is a reason that they have to be one place more than another that they can do that. But I think they have some objectives in terms of the distribution of their time among the schools.

**Mr. Goertzen:** What is the determination in terms of which schools officers are assigned to?

**Mr. Mackintosh:** The initiative, as I recall, came from the—actually, there is one principal in particular who was very keen on this, going back a number of years, who now is a principal at the St. John's High School, but he was in a school where there had been some experiment like this on a one-off basis, and he took a lot of good lessons from that. I think at the time he was at Isaac Newton School in the North End, and as a result of dialogue with North End Community Renewal Corporation, parent councils and the school division, a proposal was developed

that was presented to the Province, Winnipeg Police Services, The Winnipeg Foundation. I may be missing a partner. In any event, over the course of some time, the initiative was fine-tuned and eventually rolled out and in these schools.

I think now the question is what would the continued program look like. Should there be any changes to it? Should there be any different schools? I think that depends on the nature of the partnerships that are attracted to it.

**Mr. Chairperson:** The Member for River–Steinbach.

**Mr. Goertzen:** Not River East yet, although there are lots of good Mennonites in River East.

Could the minister indicate how many, or if there is a plan to expand the pilot project that currently has three officers?

**Mr. Mackintosh:** I am not privy to those discussions. I think it may well be preferable to expand it, but I think the funding partners will have to look at the evaluations and make a decision as to whether there is a basis to expand it or not.

**Mr. Goertzen:** The minister indicates he is not privy to the decisions. Is it an arm's-length organization that is funding it, assuming that there are provincial funds involved and they still have some direction in terms of funds that go forward from the department?

**Mr. Mackintosh:** No, the funding comes through Neighbourhoods Alive!

**Mr. Goertzen:** Is the minister indicating that he would like to see an expansion of the program from three officers and resources might be available for that?

**Mr. Mackintosh:** Well, I have indicated, I think publicly, that I would like to see no less than maintenance of the current deployment in schools, but again, there has to be collegial decision-making on that and I understand the discussions are ongoing. My understanding is that there are discussions ongoing around the potential of the Winnipeg Partnership Agreement.

**Mr. Goertzen:** Can the minister indicate what other type of resources are provided to the officers,

whether there are videos or guide books on issues of gangs provided to the officers?

**Mr. Mackintosh:** Yes, I can find out for the member and let him know.

**Mr. Goertzen:** I know that in 1999 the member put out a Gang Action Plan, calling for a police officer program, although not as arm's length as seems to be described now, and certainly was stated with more urgency in, I am sorry, this is 1996. It also called for things like guide books and videos.

It does not seem that the minister is as aware of it or it seems strange to me that for almost 10 years now, this plan, which the minister referred to as kind of revolutionary at the time, has three officers and he is not aware if there are any kind of resources available to them. Can he indicate what has changed in the last nine years from when he issued the press release on the gang plan?

**Mr. Mackintosh:** That Gang Action Plan included police in schools, so I am pleased that developed in partnership. That is exactly what we got. Well, the member laughs; he thinks that is funny. *[interjection]* The Take Action in Schools program I described earlier.

I want to say that there are more police in schools than the North End initiative throughout the province and indeed, it depends on what community it is we are talking about, but there are some very strong relationships with police and school communities. I am aware there are initiatives for it to expand the deployment of police in schools, so I think we will have to stay tuned to see how those discussions unfold.

**Mr. Goertzen:** Well, we have been staying tuned, I guess, for 10 years since the initial release came from the now-minister and, certainly, six years since he has become the Justice Minister. I was not laughing at the initiative. I agree with the idea of having police officers or other law enforcement in school, but I do think it is somewhat sadly humorous that in six years there would be three officers and no resources as the minister argued back in 1996 for them. So that is kind of the genesis of my laughter as it were.

I will not go through a point-by-point plan of the minister's Gang Action Plan because that would

probably not serve a purpose other than to embarrass the minister, but probably would not give a lot of other action.

I want to indicate or ask the minister, in the late 1990s he referenced the fact that we had 800 gang members active and inactive in the province of Manitoba. He called it a crisis at the time. Could he indicate how he feels and what superlative he would use to describe the 3000 active and inactive gang members in the province?

\* (16:40)

**Mr. Mackintosh:** I think it was very unfortunate that in the course of the nineties, the former government did nothing to counter the street gang number, the growth in street gang activity. There was this huge increase in membership over the course of just a few short years.

Actually, I remember raising this in the House and a member from the government benches and the Treasury benches started laughing and started saying, "Whoop, whoop, gangs. Scary." I thought that kind of pathetic response was so out of touch with the concern that Winnipeggers were developing, and, sure enough, it developed into the subculture in this city, and really, nothing was done. I think that was most unfortunate. It became entrenched, and now we have seen at least a halt in the growth in those numbers that we saw over the course of the nineties and, indeed, according to Winnipeg Police Services and their record keeping, there is a significant decline in the number of active and inactive gang members. Having said that, this remains a serious concern, and the inaction of the past is the price that we are paying today.

**Mr. Goertzen:** I thank the minister for his 1990s response again. It has certainly worn thin with the media, and I am surprised he has not tried a different tactic, realizing that it is certainly not helping him, but I guess he—oh, we have woken up the former Minister of Education, a few former ministers, the member from Brandon East.

I think that I would like to ask the minister a question. We were speaking about police per offences, I think when we broke last week. I just want to finish off on that and ask if the minister's department keeps statistics on the number of offences per officers in the city of Winnipeg, those

that they are responsible for in the province, if he keeps those kind of statistics, and if he would make them available?

**Mr. Mackintosh:** I recall when this issue arose in the media a few months ago, there were some numbers that we had, so I will look to rediscover where those are and provide them to the member.

**Mr. Goertzen:** At that time, the minister, I think it was his spokesperson again, said that we were not the seventh-worst in the country, we are the sixth-worst, and if he could confirm that as well. I wonder if the minister could indicate whether he believes that police per offences statistics are a meaningful way to track the appropriate number of police officers that we have, or whether we have an appropriate number of police officers in the province.

**Mr. Mackintosh:** I think people would agree that there is no exact science to determining the exact amount of police officers required. It depends from community to community what their needs are, and, indeed, even offences themselves can vary greatly from month to month, year to year, and in terms of the amount of time it takes to investigate and deal with them. I do not think there is any statistic that any observer would conclude is the right one to use. I think there are a number of measures and of course, we have the second-highest number of officers per capita. Our numbers will change as we go ahead because of our budget commitment over the next two years.

**Mr. Goertzen:** I thank the minister for confirming that he does not believe that officers-per-offence ratio is an important measure of the appropriate level of policing. Well, you want to dispute that? Go ahead.

**Mr. Mackintosh:** The member is putting words in my mouth. I did not say that. I said that there are serious concerns about using that measure, actually, and I gave reasons for that.

**Mr. Goertzen:** I am sorry, I misunderstood the member, and I suppose the *Free Press* misunderstood the member in January of 1998 when the then-Opposition critic argued the need for more officers, citing caseloads in the United States, and using that comparison. I wonder if the minister could indicate what has changed between 1998 and now, other than the obvious.

**Mr. Mackintosh:** I think you really have to look at the different measures that are available for policing deployment, and make decisions based on what can be funded and how recruiting can take place, how we can move ahead with the policing resources in the province, and that is exactly what we have done with the budget commitment, the largest single increase to investments in policing in the province's history, to my knowledge.

**Mr. Goertzen:** I thank the minister for indicating his duplicity on positions between the 1990s and now, when he is the minister. I appreciate having that confirmed, on the record.

The minister indicated that he attended a methamphetamine conference earlier this year with Western Attorneys General from the United States, I believe. Can he indicate who went with him to that conference, or did he go, I do not imagine he went on his own, but who went with him to the conference?

**Mr. Mackintosh:** Does the member mean in terms of staff or—

**Mr. Goertzen:** Anybody who went: political staff, government department staff, other MLAs, anyone who went with you.

**Mr. Mackintosh:** Is this the Western AGs, you said? No, no staff.

**Mr. Goertzen:** So can the Minister indicate that he went alone?

**Mr. Mackintosh:** I went with my wife, but, yes, I went alone in terms of the Justice Department.

**Mr. Goertzen:** So, no political staff, no other MLAs?

**Mr. Mackintosh:** No.

**Mr. Goertzen:** Three nos. I will take that as a no. Can the minister indicate how long the conference was, or how long he was at the conference?

**Mr. Mackintosh:** The conference began in the late afternoon, and then the day before we ran, I think, from eight o'clock to, actually, a little tense moments as 25 jurisdictions, including, I think, 10 or 11 AGs attempted to hammer out a joint press release, which was really something to see, and it happened. So I think we went to about six o'clock or so and then

there were further discussions, informal, in addition to that.

**Mr. Goertzen:** So it was a two-day conference, as the minister has indicated?

**Mr. Mackintosh:** Yes, the conference itself was a full day of the meetings, and the night before there was a gathering of the AGs on a voluntary basis.

**Mr. Goertzen:** So it was a one-day conference. Can the minister indicate how long he was at the conference? Was it just for the two nights or two days?

**Mr. Mackintosh:** No, I also had the opportunity to meet with several justice officials in Phoenix on prosecution policies and a number of other initiatives that were happening with regard to public safety in that part of the world.

**Mr. Goertzen:** That part of the world being Mesa, Arizona. Can the member indicate then for us how many nights he was in Mesa on this business?

**Mr. Mackintosh:** No, I did not go to Mesa, Arizona.

**Mr. Goertzen:** Perhaps it was Tempe or Phoenix, Arizona. I do not get to go to Arizona on these trips. Can the minister indicate how long he was in Arizona on this business?

**Mr. Mackintosh:** Well, I know my wife and I took a Saturday on our own expense, so we stayed the extra day.

**Mr. Goertzen:** So it was three nights.

**Mr. Mackintosh:** It was either three or four. I will have to look it up.

**Mr. Goertzen:** Could the minister also provide us with the cost of the conference for the duration that he was there, excluding what he might have paid for personally?

**Mr. Mackintosh:** Yes, we will obtain that information.

\* (16:50)

**Mr. Goertzen:** I thank the minister for that undertaking.

Before I turn it over to the Member for Inkster (Mr. Lamoureux), who I know has been waiting

patiently with a number of questions, I do want to ask the minister a few questions on the issue of auto theft. Can the minister indicate what the status of the bait car program is in Manitoba? Perhaps he could provide some indication in the last year how many individuals have been captured or charged as a result of the bait car program in Manitoba.

**Mr. Mackintosh:** That is a WPS initiative. I would urge the member to canvass that with the WPS unless he wants us to make inquiries on his behalf.

**Mr. Goertzen:** So the minister has not made any inquiries in the recent past regarding the bait car program. He is uninterested in that initiative.

**Mr. Mackintosh:** Actually, we may have that information from MPI as well. I can let the member know.

**Mr. Goertzen:** I would be particularly interested when the minister is getting the information about the number of bait cars that are provided by MPI, how often the cars are out, how often they need to be repaired, and particularly its most recent usage.

Can the minister indicate as well another program, the Combat Auto Theft program, the CAT program, which is used, I believe, to allow vehicles to be pulled over when they are being driven on hours that are not normally driven by the registered owner. How many individuals have been arrested or charged on auto theft as a result of the CAT program?

**Mr. Mackintosh:** That, again, is a program of the Winnipeg Police Services. If the member wishes, we can make inquiries about their statistics.

**Mr. Goertzen:** I am a little surprised that the minister is not aware of the information. I know he has at least stated publicly that he considers the issue of auto theft to be a high priority and one that he wants to "wrestle to the ground" and the various other catch phrases he has put out over the last six years. I do not have time to go through all of them. We would probably use most of the 100 hours that we have. I would ask that he provide that information in terms of the number of arrests we have on the CAT program.

Moving to the auto theft task force, can the minister indicate who currently comprises the auto theft task force in Manitoba?

**Mr. Mackintosh:** The members of the task force are Rick Linden, Gregory Graceffo from Justice, Tim Meyerson of MPI who is the newly appointed co-ordinator regarding auto theft. I do not know his official position title, but it is something like that. John Douglas of MPI, Winnipeg Police Services' Corrine Scott, who is superintendent and Inspector Sinkora or the RCMP. I am advised that may well be changing. There has been a significant redeployment of Winnipeg Police Service personnel over the last few weeks. And the RCMP, Inspector Wheaton [phonetic]. As well, there was a superintendent from Westman there.

**Mr. Goertzen:** Can the minister indicate how often the task force meets, if it is a kind of an ad hoc call of the chair, or how often, and if they have regular meetings?

**Mr. Mackintosh:** The purpose and the scheduling of the meetings actually have been undergoing some change. There was an ad hoc meeting schedule that is changing now to a regularized monthly meeting schedule. In fact, they are meeting tomorrow I am advised.

**Mr. Goertzen:** Can the minister indicate how often the auto theft task force has met over the past 12 months?

**Mr. Mackintosh:** Yes. We can obtain those numbers.

**Mr. Goertzen:** Can the minister indicate what the budget for the auto theft task force is?

**Mr. Mackintosh:** No, the purpose of the task force is to bring parties together. It really was, I think, the first movement towards breaking down barriers between the different stakeholders on this issue, so it is not like a budgeted operation. It is more information sharing and generating ideas. The budget costs, because I think it would be unfair to say that it has no budget because the individuals who are on the task force bear their own budget expenditures and budget costs for their participation in the task force.

**Mr. Kevin Lamoureux (Inkster):** Mr. Chairperson, I did have a number of questions I was wanting to get on the record, but I want to first make the general comment that I have heard the minister on numerous occasions indicate that he is going to get back, take

information or take questions and get back to us, and that does—

**An Honourable Member:** Thirty-eight times.

**Mr. Lamoureux:** The member from Steinbach says 38 times.

I think it adds a great deal to the discussions around the table if, in fact, we are provided answers as quickly as possible, ideally, immediately following them being posed. I find it difficult to image why the minister, for example, would not know some of these answers. The member from Steinbach asked about bait cars, and I suspect with the incredible talent that the minister has at his fingertips, the individuals who are filling the chairs in this room, would be able to provide some of those answers. Part of the Estimates process is to provide support staff to the minister to be able to answer questions, not just to be here for decoration. I would suggest to you that it would be a more fruitful discussion if, in fact, some of these numbers were provided and, as I say, I use the bait car or the other 34 times in which the minister has taken it as notice.

I do have some questions in regard to our courts. I am trying to get a better understanding in terms of consequences. I think it is important that there is some consistency to a certain degree to some sense of public awareness as to what types of consequences there are when someone commits an offence, whatever type of offence that there might be. So the first question I would ask the minister is can he indicate to this committee what sort of recordkeeping does the province maintain in regards to judgments, statistically? Can he give us some sort of an indication? If he wants a specific example, it would be wonderful if he could provide me the number of how many home break-in types of cases were held last year, and what sort of consequences did the individuals receive as a result of home break-ins.

**Mr. Mackintosh:** First, what the member should appreciate is that most of the questions asked in this round of Estimates, which are rather different than I have seen in the past or participated in, are questions about the operations of police forces, whether it is gang intelligence or CAP programs, bait cars. Those are all outside agencies, very independent from government. Those are not figures that are generated by Manitoba Justice because they are generated by

the police agencies. *[interjection]* Well, the member says, "I do not care." The member should be very cautious in pursuing gang intelligence in a public forum like this. I will have more to say to the member about that another time because that is a very, very serious issue about information police have that cannot be used to undermine any ongoing investigation.

What information we can provide, we will. *[interjection]* The member wants to know gang intelligence. He should exercise some restraint there, as I must, and so I have sought information and advice from the police. *[interjection]*

**Mr. Chairperson:** Order, please. Honourable Minister, you have the floor.

\* (17:00)

**Mr. Mackintosh:** I am advised that I have to be very careful on the information I put on the record publicly about intelligence and information that is held by police forces. Having said that, there is other information that has been sought about police operations, and we will provide what information we can but we will heed the advice of the police. There are others, questions like today, that we will seek information about from police forces. Perhaps MPI can help us on some, but it may be that that information is not provided by the police forces, and the member should ask the respective police forces for that information.

**Mr. Lamoureux:** The question was in regards to what sort of statistical information does the government actually maintain that clearly would demonstrate consequences to crimes that have been committed in which judgment has been made. So, while he gives some thought to that answer, Mr. Chairperson, I would suggest to you that if there is—I can walk into any community police office in Winnipeg and sit down. I can have more statistical numbers given from the front-line police officer than I have seen provided inside the legislative committee with some of these questions that are being asked. I guess there is a general feeling that just with the capabilities of these individuals that we have around the table, we could be getting more dialogue on some of the numbers.

We are not saying we want right down to the very last one statistically a hundred percent accurate,

but it would have been nice to be able to have that dialogue. We both had a chance to comment on that issue, and if you would just answer the question.

**Mr. Mackintosh:** I think it is important to defend the responsiveness of Manitoba Justice to questions when we cannot anticipate, coming into this room, what the questions are in terms of the numbers. I have seen the department generate numbers in quite an amazing way when you have questions, and so we will put that to work in terms of the questions.

In terms of dispositions and the breakdown, we are moving into a new era now, I am pleased to say, in terms of automation and the ability to track these kinds of numbers, to track, for example, what offences are resulting in incarceration. We can provide that. I think the member is going to have to be a little more specific, though, in the information he wants because it could be that there is going to be a lot of work generated unless he is specific in telling us what he is looking for specifically. He did mention he wanted information, for example, about the number of B and E's, and that information is readily available. Stats Canada, by the way, also produces that on an annualized basis across the country.

As well, there is information in our systems that can be sought and provided, but I think we have to make sure that if we are going to embark on some number crunching that we know exactly what he is asking for.

**Mr. Lamoureux:** Very specifically what I am asking for is what sort of statistical information capability does the department have which it can actually provide, whether it is to the minister or members of this committee, regarding dispositions of court cases where someone has been found as guilty.

I will use a very specific example. I think that there is some need to be able to understand how many home break-ins there are in any given year. Are home break-ins on the increase? Are they going down? What about home invasions? If someone is involved in a home invasion, are they typically sentenced to two months in jail, two years in jail, conditional sentences? I think that there is an appetite that is there to have a better understanding in terms of how our judges are handing out what forms of dispositions for the many different types of offences that are there.

I would think that there would be some form of a data bank that is maintained, given the amount of technology. I would encourage the minister; I know I had the opportunity with some of his colleagues to visit IBM, as an example, out in Washington. It was just impressive in terms of what it is that they can do that ultimately provides a better service to the population as a whole and becomes more informative.

Well, I would think that we should have a sense as to what sort of penalties there are as a result of these types of crimes that are taking place. That is really where my interests are in regard to the courts.

**Mr. Mackintosh:** First, in terms of the incidence of, the member talked about home invasions and break-and-enters. By the way, I know there has been statistically a challenge across the country with home invasions because they are classified as different kinds of offences. You know, break-and-enters are robberies with intent. That is part of the problem and one of the reasons we have asked for a specific stand-alone provision of home invasion in the Criminal Code, which has so far been rejected, I can tell you. That is only one reason that we would like to see that.

Break-and-enters though, on the other hand, are measurable. They are measurable by the respective police forces, and then, of course, Stats Canada in the Canadian Centre for Justice Statistics collects those figures across the country, but we can provide the member with some indication about break-and-enters and what is happening there. I know that the break-and-enter rate today is significantly lower than the last 10-year average.

Now the member then was also talking about dispositions. I am not sure if he means what the case law is. In other words, if it is a first-time break-and-enter, what would be the usual consequence, because that would be the kind of precedent, the case law that Prosecutions applies. Perhaps we can be helpful for the member there, if he can provide some examples of the kinds of offences that he would like to know the case law, what the range of consequences is for that kind of offence. Prosecutions branch, that is what they do as professionals is make sure that they have an understanding of the range that may be available in certain circumstances.

\*(17:10)

**Mr. Lamoureux:** Yes, I would appreciate some specific numbers, and if the department can get back to me with those numbers it would be great. I am talking about home invasions, break-ins, whether it is the first time, second time. I am interested in knowing in terms of the number of repeat offenders.

I realize there is a good chance we might be passing Justice, so I have got about another four or five minutes. What I would like to be able to do is get a sense in terms of automobile theft also. We had 13 000 vehicles that were stolen last year. Do we have any sense in terms of what percentage those vehicles were actually stolen by repeat offenders? Do we have 150 people, for example, who are stealing 4000 vehicles? I think having that sort of information would be very valuable in terms of setting government policy in some areas. In other areas, by having the statistical breakdown in regard to dispositions coming from our judges, I think that would be good for lobbying, whether it is in Ottawa, whether it is within Cabinet.

I guess the other issue I would raise is in regard to probation officers. I understand the minister indicated we have, I think, 211 probation officers in the province of Manitoba. I, for one, feel that the caseload for probation officers is such that we are not allowing them to be able to do the things that they could be doing, i.e. curfews, or following or doing more towards curfews. I think there is merit for incorporating some sort of a specialty group of sorts. I am wanting to use very general words here where we have some probation officers at work trying to assist us in some of those high-risk or high-repeat offenders because many of them are on probation. They are, from what I understand and from what I have been told, in violation of probation, but the resources just are not there to do the proper tracking.

So those are some of the issues that I would like to see the minister act on. If he can get back to me, or his department get back to me with some stats, the ones that I have listed, I would very much appreciate it. If, in fact, it can be done prior to us being in concurrence, that would even be better because then we could, at least, carry on some sort of dialogue on those stats during concurrence.

**Mr. Mackintosh:** The department has been doing some considerable work to look to see what the profile is of those who are engaged in auto theft. We will make good efforts to answer the questions. We

will go from the transcript in terms of delineating what the numbers are that the member seeks.

**Mr. Lamoureux:** One of the budget items that was passed was to give significant dollars in order for our police forces to be enhanced, both rural and urban. The other day I was ending my comments, if you like, or I had run out of time, as to what the actual needs were of Winnipeggers in regard to a police department. I think the deployment of our police officers and the type of work they do is absolutely critical in terms of how much time they are going to be on the streets and have that high visibility. I have walked by the courts on numerous occasions, as I am sure the Minister of Justice has, and you will quite often see them doing all sorts of court work.

I have had opportunity to talk to what some have termed as courtroom junkies. I do not know if the minister has referred to that. There is a following of individuals who watch the courts virtually on a daily basis, and they, too, have some very constructive things to say about the process. I would ask the minister if he feels that there is a need to see changes within our court structure, in particular, issues like remands. Are there other things that we can do to the number of remands that are constantly being given, I am referring to? Are there other ways in which we can support our police officers by ensuring that they do not have to be in the courtrooms as much? Is the government looking at these two issues? If they are, can they give some sort of an indication as to what sort of action they plan on taking?

**Mr. Mackintosh:** There have been some recent efforts to deal with the issue of police overtime and attendance at court. I think that what overshadows all the efforts, though, is the Front End Project as it is called. I think there is a formal name for it, but the Front End Project began in the Family Violence area. It is headed by the Chief Judge and it is a result of a partnership and a deal that was made between the court itself, the Manitoba Justice prosecutions courts, and the Legal Aid defence bar, to usher in a new era so that we could defeat this remand culture that has built up across the country.

The delays quite frankly feed on themselves. I think that the processes from adjournments add to the burden in the court system. Judges and court clerks are just dealing with adjournments and causing other problems where there are more breaches because of the delay and the adjournments

and so on. So, as a result of this Front End Project, the time lines for dealing with cases in the Family Violence Court in Winnipeg have decreased significantly. The Chief Judge has said it is way beyond his expectations, and I would add my voice to that.

Now we are looking at expanding that, and it is our hope and expectation that in the coming years that will become the new justice system in Manitoba. We have got other provinces that are now looking at the Front End Project here. They are wondering how we have done it, but it has not been easy. I think there have been glitches discovered and corrected and we are continuing to build that. It is the leadership of the Chief Judge that has been instrumental in this because, of course, the court can bring together all the divergent partners; I should not call them partners, but independent players in the justice system, wholly independent from each other indeed, if not adversarial, that no other place in the justice system could rally that kind of joint effort.

What the front-end system means is time lines, stringent time lines for getting work done, for disclosing information to the defence, for entering pleas. They call it the Front End Project because it is to get more work done as soon as the case comes into the court system. That is really where it has fallen down, the court. Traditionally, the file comes in and there may be information not on the file that has to be disclosed, ongoing communications back and forth between Prosecutions and police and real delay in providing that to the defence; real delay, then, in entering the plea and getting going with the disposition.

So, if the member would like any more information, we can obtain that for him, but I think I have described in at least general terms what is happening in Manitoba now. I think we are about a year and a half into that program and the indications are from the Chief Judge that the backlog reductions are so significant that we are looking at reductions of a third to one half in the time that it has been taking to process cases. It depends, though, on the nature of whether the case is one involving an offender in custody or out of custody because there is a priority given to those that are in custody in terms of moving their cases.

There are four FTEs, four positions, in the Justice Department to bolster this. We are finding

savings on the other hand. My understanding is in the first year of operation we saved \$150,000 approximately in overtime as a result of the efficiencies.

There are other efficiencies as well. I can go into video courtrooms. We have expanded. We have got a video courtroom now at Headingley, one at the Remand Centre and both are operational. That has made a difference. We are continuing to look at the use of video and other technologies outside of Winnipeg. So, if that answers the member's question.

\* (17:20)

**Mr. Lamoureux:** This will be my final question, at least for the Estimates portion, to ask or to stress that crimes of all levels from the relatively small minor crimes to the murders that exist—I have had the opportunity to know a couple of individuals where they have had family members murdered, and one in particular where it has been a number of years still in the court process and there is a high sense of frustration. I think that what is really needed more than anything else is a government, No. 1, that is committed to fixing the system, and some sort of a strategic time frame for that to be done.

I would ask the minister in terms of when does he expect to see the initiative that he started in one area of the courts not only expanded, but when he expects to see tangible results at that stage. Again, just to re-emphasize the importance of helping our police officers throughout the province in dealing with the whole court process and how their time is being consumed in courts and how we might be better able to deal with allowing them to be on the streets as opposed to in our courts.

**Mr. Mackintosh:** Just very briefly, I think the single most effective change, aside from expanding the Front End Project would be to eliminate preliminary inquiries. That is a horribly victimizing retardant to justice. It is expensive. It can triple the time it takes to process a case. There is some estimate that it could cost \$1.6 million, as much as that perhaps in a year. Unfortunately, instead of eliminating it, the federal government has expanded it to the youth courts under the Youth Criminal Justice Act, but I think that it is very unfortunate. We have taken a strong view on it here provincially. It is not necessary ever since the early nineties of Stinchcombe where there is mandatory disclosure, and I think there are other

ways to deal with concerns that have been raised from time to time about it.

**Mr. Chairperson:** If there are no further questions, we will begin with the resolutions.

Resolution 4.2: RESOLVED that there be granted to Her Majesty a sum not exceeding \$104,202,600 for Justice, Criminal Justice, for the fiscal year ending the 31st day of March, 2006.

*Resolution agreed to.*

Resolution 4.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$25,284,300 for Justice, Civil Justice, for the fiscal year ending the 31st day of March, 2006.

*Resolution agreed to.*

There is a question here from the member from Steinbach.

**Mr. Goertzen:** I just want to thank the Department of Justice staff who are currently leaving the room for coming out for the last couple of days. We appreciate the work that they do in the department for coming. I look forward to the answers we asked.

**Mr. Chairperson:** Resolution 4.4: RESOLVED that there be granted to Her Majesty a sum not exceeding \$105,759,600 for Justice, Corrections, for the fiscal year ending the 31st day of March, 2006.

*Resolution agreed to.*

Resolution 4.5: RESOLVED that there be granted to Her Majesty a sum not exceeding \$41,234,700 for Justice, Courts, for the fiscal year ending the 31st day of March, 2006.

*Resolution agreed to.*

Resolution 4.6: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,910,400 for Justice, Costs Related to Capital Assets, for the fiscal year ending the 31st day of March, 2006.

*Resolution agreed to.*

The last item to be considered for the Estimates in this department is item 4.1(a) Minister's Salary, contained in Resolution 4.1.

The floor is open for questions.

**Mr. Lamoureux:** I just wanted to in essence, I guess, it would be to conclude some comments in regard to Justice. This is a minister that has been around for a number of years now, both as a critic and a minister, and I think that he has been afforded the opportunity to really make a difference in Justice.

For me, this would be, in essence, my second year as a critic, but I also have other roles that I play. I do appreciate the fact that the member from Steinbach, as a critic for Justice, puts in a great deal of effort to have his questions answered to the best of the minister's ability. I do think that the time frame that we are put into in regard to the Justice Estimates really does not give us the best service that we could get.

I would have really enjoyed the opportunity to be able to get into some of the details of some of the numbers, the statisticals that we talked for a few minutes about, about the courts. I look at that as a fairly serious issue, a problem that needs to be dealt with. The minister made reference to \$150,000 in savings in overtime in one area. I suspect that there is a great deal of money that could be saved, or more importantly, better spent. I think that you can have a very constructive dialogue when you have, as I indicated earlier, some incredible individuals that have the expertise and the background knowledge. It is just a question. To what degree do we want to allow that to proceed?

I think when it comes to our courts, I personally would have welcomed the opportunity to have a good, positive exchange on ideas. In having said that, I do have a few more questions that I would like to be able to ask, but we will wait until we get into the concurrence, and at this point I will conclude my remarks. Thank you.

**Mr. Goertzen:** I might want to just add a few comments myself. Certainly, we have a number of concerns regarding the inability to get answers out of this particular minister, but also on a broader scale, the inability to get action on a number of issues. I think that throughout Manitoba there is an awareness now that this government has a lot of air time on justice, but not a lot of actions, and there is a growing cynicism about justice in the province of Manitoba and a growing concern, just from the headlines that people read, of increased gangs or domestic violence in the newspapers because of a

lack of action and response to those particular concerns.

I would encourage the minister, however, to try to get the numerous answers to the questions that he took as notice in terms of statistics and others prior to the concurrence process. That would probably make that an easier process when we get there in a short period of time.

**Mr. Chairperson:** No further questions? I will read the last resolution.

Resolution 4.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$5,792,000 for Justice, Administration and Finance, for the fiscal year ending the 31st day of March, 2006.

***Resolution agreed to.***

This completes the Estimates of the Department of Justice.

The next set of Estimates considered by this section of the Committee of Supply is for the Department of Health.

The hour being 5:30 p.m., committee rise.

**FAMILY SERVICES AND HOUSING**

\* (15:00)

**Madam Chairperson (Bonnie Korzeniowski):** Good afternoon. Will the Committee of Supply please come to order. Committee will be continuing with questioning on Resolution 9.1. We are presently on 9.1(b) The floor is open for questions. The minister has a statement.

**Hon. Christine Melnick (Minister of Family Services and Housing):** I just wanted to clarify some of the questions that were asked last day when we were talking about qualifications for social workers. I have a brief statement to read and then some documents to table that I hope will clarify any questions that might be outstanding.

The member focussed a great deal of her questions on the impact of the Aboriginal Justice Inquiry Child Welfare Initiative on human resource related matters, specifically on worker qualifications.

I am assuming that her concern is that there will not be a lowering of existing standards of worker qualifications, and as a result, a lowering of the quality of services as a result of the roll-out of the Child Welfare Initiative.

So, first, I would like to reiterate for the member that we have from the outset of the AJICWI process maintained a priority emphasis on worker qualifications foundational standards. As I informed the member previously, prior to the AJICWI, there were no provincial standards regarding worker qualifications. In fact, there never had been. The AJICWI was the first time that Manitoba had committed publicly to ensure provincial standards. Up until now, each agency established its own hiring criteria.

I should point out that a Bachelor of Social Work, or a BSW, has generally been understood as a benchmark academic qualification in the field. However, all the agencies, including the government, have historically also accepted equivalencies, which is a generally understood alternative to a combination of suitable or acceptable education, training and experience, including culturally appropriate background that could be language or cultural.

When the consultation process, completed with the authorities and the departments, make the final decision on foundational standards, it will, I predict, recognize the appropriateness of equivalent qualifications.

I would also like to correct some related information that I gave the member at the last meeting. I had indicated that work on qualification standards had begun in November 2004. To correct the record, it in fact commenced in May 2004. The department's policy document was released in November 2003.

The only exception in the hiring criteria by the authorities at this time is for positions relating to Winnipeg Child and Family Services, which is the conditional recognition of the Métis Child, Family and Community Service two-year diploma program which is delivered through Red River Community College and is referenced in the policy document. Graduates having successfully completed an additional one-year competency based internship program under the direct supervision of a social worker employed in the field, and following a further review or validation by the Child Protection branch

of each individual's overall competencies, skills, experience and suitability, the graduate may be assessed as satisfying the hiring criteria for an entry-level position. So I stress that it is an entry-level position.

Following completion of this process, eight of the possible 48 graduates met the criteria for positions as front-line social workers. It should be noted that additionally the Métis agency has agreed to an enhanced supervisory arrangement for a period of up to 18 months for these 8 workers.

I would like now to address more specifically the member's questions regarding the department policy framework and, in fact, I have copies to table. I will be tabling copies of the policy discussion paper, qualifications of Child and Family Services workers, development of provincial standards, the legislation, and the current consultation process leading to the establishment of foundational standards. As well, I am able to provide the interim hiring standards and the criteria.

It is my hope that these documents will help to clarify any questions that might have been outstanding from our discussion a few days ago.

\*(15:10)

**Mrs. Mavis Taillieu (Morris):** Madam Chairperson, yesterday, I asked a question in the Legislature regarding Jackie, a vulnerable person who had on several occasions threatened to take her own life and, in fact, had attempted that. I asked that the minister act today, that being yesterday, and get Jackie some help. Yesterday, an employee from Family Services called Jackie's sister, the person next to Jackie, and asked in a very, I can quote what Jackie's sister has said: "He is very insensitive towards the case." He told her to put Jackie on medication instead of asking for a behaviour therapist. He was verbally abusive and said, "Do not go down that road. Do not use that tone of voice with me." He suggested they bring in a pastor which had been one of the avenues they tried.

I am going to ask the minister now a whole day later: Has Jackie received care from a behaviour therapist?

**Ms. Melnick:** Yes, I had discussions with the department upon receiving notice of the situation from the member. I thank her for that notice. I have

been assured that the department has been working with the individual and, as in situations of this nature, the family is involved, the agency, as well as the community-support network. I am aware that discussions are under way with the various stakeholders, and that services which will be deemed appropriate for her will be provided.

**Mrs. Taillieu:** Again, I will ask the minister does Jackie have today a behaviour therapist with her.

**Ms. Melnick:** There has not been a behaviour therapist assigned to Jackie. There is ongoing discussion. There is ongoing assessment. I think it is very important to recognize that when an individual is in a situation like this, there is care 24/7 in a group-home setting, in a day-program setting and, certainly, I know the department is working with the various stakeholders to determine and assess the appropriate care that will be provided.

**Mrs. Taillieu:** I do not think by telling Jackie's sister, "Do not go down that road," in asking for a behaviour therapist, I do not think that is consulting with a stakeholder. I think that is threatening a stakeholder.

When I provided that letter to the minister's office, there was a suicide note attached to that. Just last week, we learned in the *Free Press* that a person took the lives of two other people and then himself. He had threatened to do that and that may have been something that someone with intervention may have been able to prevent.

I am asking the minister does she not think that this is serious enough to put someone with Jackie, to put a behaviour therapist with her.

**Ms. Melnick:** Again, I understand from the department that Jackie is receiving care 24 hours a day. There is assessment, there is discussion and that discussion will continue until the individual is receiving the care that we can all agree on. Also, in a situation such as this, we understand there are community stakeholders who are involved. There is the department, there is the family and, certainly, there is the individual herself. While I understand the member's concerns, I think it is important to recognize that there is care, there is support and we will continue to assess this situation as with any other situation of this nature.

**Mrs. Taillieu:** Madam Chair, yes, you can bet I am concerned. I am concerned for Jackie's safety. I am concerned for her family that have been waiting two months and asking for two months for some help and they have not had any. They have now requested a new social worker because of the way in which their former one has been treating this case. They have been told, no, with no reason other than there is no one else.

Will the minister look at providing Jackie and her family with someone more caring, someone who can understand the situation and someone who will advocate and get a behaviour therapist for Jackie. If the minister will not do it, will she put someone there that will?

**Ms. Melnick:** I think it is important to correct the record. Jackie has, in fact, been receiving—pardon me, a person in this situation would, in fact, be receiving care and support on a 24/7 basis. Also, I will take the member's comments under advisement and will look into the situation within the department.

**Mrs. Taillieu:** Can the minister tell me how many behavioural therapist positions there are in the Department of Family Services?

**Ms. Melnick:** We have a total of approximately 10. We have 5 located in Winnipeg and 5 located throughout the province.

**Mrs. Taillieu:** What are the current caseloads of the ones in Winnipeg?

**Ms. Melnick:** The typical caseload would be a total of about 30. Cases would be active on and off so we would not have a total of 50 active caseloads. I do not know for each individual therapist how many caseloads would be active at any given time and the extent to the activity with any individual. Services would be provided depending on the needs of the individuals at any given time.

**Mrs. Taillieu:** When a behavioural therapist is requested, how long does it take on average for that person to receive those services?

**Ms. Melnick:** Pardon me. My allergies are really acting up today so I will be coughing a bit.

Again, it would depend on the needs of the individual. There would be a prioritizing of cases and then the amount of time that would be spent with the individual would be based on needs.

I think we have to have a bit of clarity here in understanding that if there are concerns around suicidal behaviours, a behavioural therapist may not necessarily have the skills that might be required. That is where the assessment I was referring to earlier on in a situation such as this is very important. If there are needs, for example, mental health supports, those services would be brought forward.

**Mrs. Taillieu:** Well, if the minister is trying to deflect and say that the specific case I was speaking about with Jackie does not warrant a behavioural therapist, I would ask her then what she thinks would be appropriate for someone that is threatening suicide.

\* (15:20)

**Ms. Melnick:** We have to speak in an overall situation, and that is why, when I talked about the care that is being received by any individual in a situation such as this, we would deal with the community support network, which could include mental health workers. If it was determined that a behavioural therapist would be helpful, certainly, it would include that. That is where I think we have to be very careful to make sure that we allow the community to do the work that they need to do, so that the individual is receiving, in fact, the services that will be most effective for them.

**Mrs. Taillieu:** In the specific case of Jackie, for two months she was asking for help. The assessments did not get her anybody except her own pastor. So the Department of Family Services failed Jackie in that they did not put anybody to examine the situation. They did not look at what was needed for this family. I would like to ask how many of those 10 positions, are they all filled, or are any vacant?

**Ms Melnick:** Perhaps I could go back to the first part of the member's question. In fact, the department has been working with the individual, with the family and with the community support network, as well as the involved agency. So I understand that there is concern from the member, I understand that there is concern from the family, and I think it is important to recognize that, as in any case such as

this, there would be a group of stakeholders, a group of team members, who would be working around the care.

The second question dealt with the number. I think there was a question about the number of vacancies. Currently, all the positions in Winnipeg are filled. We believe that there may be a vacancy in the rural areas.

**Mrs. Taillieu:** Was that a vacancy? One?

**Ms. Melnick:** My understanding is that there may be a vacancy in the rural areas.

**Mrs. Taillieu:** Can the minister say the amount of money spent so far in consulting fees, studies and architectural plans spent on the upgrading of the Manitoba Developmental Centre?

**Ms. Melnick:** That would actually be a question for the Department of Transportation and Government Services as they would have been the ones who would have been doing the contracting.

**Mrs. Taillieu:** Madam Chair, last year in Estimates the minister said in regard to MDC, and I am quoting this, "The population is aging. There are no plans to make changes at MDC." Recently, she said that plans have been in the works for four years to make changes at MDC. Now which is it?

**Ms. Melnick:** All of our facilities are under review on a continual basis. The concerns around the modernization of the Manitoba Developmental Centre are around safety issues for residents as well as for workers. They are also dealing with ensuring that the modernized facility would have universally accessible facilities, but if we go by the universally accessible guidelines, which we have adopted in our government, we would make sure that people with even quite severe mobility issues would be able to move around comfortably and freely within their home environment.

**Mrs. Taillieu:** Thank you. I recently visited with a very disabled person born with cerebral palsy who lives in his own home, is very immobile, confined to a chair which he has very limited movement to control. He is very, very happy living in his own home, and, in his words, "I make my decisions myself."

Who did the minister consult with before she made the announcement to commit \$40 million to redevelop the institution known as the Manitoba Developmental Centre?

**Ms. Melnick:** Because this was not a change in policy, we did not have a wide consultation. If there would be a change in policy, certainly, we would have that sort of consultation.

**Mrs. Taillieu:** Was there a policy change then from last year when the minister said in Estimates that there are no plans to make changes at MDC?

**Ms. Melnick:** No, there is ongoing monitoring. We, as I have mentioned before, monitor all the facilities on an ongoing basis and recognize there were some safety issues we felt would be appropriate to address at this time, as well as accessibility issues at MDC.

**Mrs. Taillieu:** How many people currently live at MDC in Portage la Prairie?

**Ms. Melnick:** Our latest numbers show a total of 397.

**Mrs. Taillieu:** I am sorry, was that 397?

**Ms. Melnick:** Our latest totals show a total of 397.

**Mrs. Taillieu:** Can the minister say what the total number of people living at MDC was at this time last year?

**Ms. Melnick:** There were approximately 409.

**Mrs. Taillieu:** How many people are moving out of MDC in a year period?

**Ms. Melnick:** We average about six or seven discharges a year. There can be people passing away, as well. I will just get the totals from the last two years. For the year 2004-2005, there were seven discharges. In that same period, there were nine people who passed.

**Mrs. Taillieu:** How many vacancies or how many spots could be filled if people were to be moved in there? How many places would be available for other people?

**Ms. Melnick:** We do not have a total number, as such. As people are needing accommodation for

various reasons to come into MDC, it is accommodated according to their needs.

One thing that I would like to point out is that the modernization of the Manitoba Developmental Centre is also based on dignity issues and life issues that would afford a person in the design more privacy, more accessibility, easier movement through the developmental centre. So there is not a set number per se. What we are dealing with are the needs of the individuals who are there now.

\* (15:30)

**Mrs. Taillieu:** I think that if the minister is speaking about dignity and privacy, there is no more privacy and dignity a person can have other than being in their own home, in their own community.

As I said, I visited people; they have their privacy, and certainly they have their dignity because they are making decisions, they are involved in making their decisions with their supporters that are there to care for them.

Can the minister tell me what the staff ratio, staff-to-client ratio is at MDC?

**Ms. Melnick:** Well, I think that the member has hit on an important issue which is community living. Certainly, our record on community living has been very positive. It was the previous administration under our political party that led the Welcome Home initiative. It is also this current administration since '99 that has raised the support 130 percent for community living, Mr. Speaker.

Certainly, with the changes that will be happening at the Manitoba Developmental Centre, we will be looking to increase the rate of acceleration into the community so that what we will see, as we go through the redevelopment and the modernization of the Manitoba Developmental Centre, a lowering of the number of beds which will translate into the lowering of number of residents within the Manitoba Developmental Centre.

I will just check on the ratio of, I think it was, residents to staff. Was that your question?

**Mrs. Taillieu:** Staff persons to residents.

**Ms. Melnick:** The current ratio is approximately 1.5 staff to resident.

I would like to get into a bit of explanation on that. That, of course, takes into consideration the 24/7 care that happens at the Manitoba Developmental Centre. There is housekeeping. There is also a very wide variety of professional services that are provided to individuals as needs be, and the degree to which care would be provided would again be based on the needs of an individual. So, whether it be a very high-needs individual, there would be a higher concentration of support and care provided when we would compare that with an individual who would be deemed a lower needs.

**Mrs. Taillieu:** Can the minister tell me how many deaths there were at MDC last year?

**Ms. Melnick:** We believe there were nine. That is what our numbers show.

**Mrs. Taillieu:** Can the minister say how many of these deaths were subject to an inquest?

**Ms. Melnick:** There is one that we believe will be subject to an inquest. It would be the first, certainly, that we have experienced since 1999.

**Mrs. Taillieu:** During a briefing on MDC from the minister and her staff, she indicated that there may be other folks that would be considered eligible or would be considered to be moved into the Manitoba Developmental Centre. What types of other folks would that be?

**Ms. Melnick:** On any given year, there would be three to four new admissions.

Now, I think it is important, again, to talk about what is the process through which an individual would be admitted into the Manitoba Developmental Centre. Through legislation brought in by the previous administration in the nineties, there was quite a well-developed process established through which admittance to the MDC would be determined through a process that would lead us to MDC being a last resort.

There would be various community options that would have to be tried that simply would not have worked. There would have to be a certain concern around the behaviour of an individual and then there would certainly have to be court approval given for a person to be admitted.

I think it is important to recognize that this is the sort of process that we would take very seriously and that we would work with the Community Living community to make sure that any person that we would consider who would, perhaps, be going into MDC would really have exhausted all of the resources that would be available in the community.

**Mrs. Taillieu:** I am not sure that I understand that that was an answer to my question. However, can the minister say then, are these other folks, are they high-risk people, and how many would that be?

**Ms. Melnick:** The individuals who would be admitted to MDC at this time would be individuals who would be deemed high risk. Now that could be high risk to themselves or that could be high risk to other people.

**Mrs. Taillieu:** Can the minister tell us then if there is a long-term plan? With the \$40 million redevelopment of this property and with less and less people every year living there, but other folks maybe that are high risk, is there an intention to turn this facility into a high-risk facility?

**Ms. Melnick:** Well, what we are planning is a smaller facility, less beds. We are not planning that this would be a high-risk facility, rather that it would be a facility that would meet the needs of the individuals who are currently living there. Certainly, that number will diminish over time.

I think it is also important to recognize that people may come into MDC who have, in fact, been living in the community who experience some form of destabilization. There can be a lot of efforts put forward in the community to help people stabilize, but when that is not possible, it is a facility that is used by the Community Living community to have people go to have the sort of intense services and supports and care they will need to stabilize, with every intention to move people back into the community when that stabilization has been achieved.

\*(15:40)

**Mrs. Taillieu:** I am a huge proponent of placing people in the community and a proponent of a group of caregivers and substitute decision makers for vulnerable people and those who have some developmental difficulties, certainly recognizing that

vulnerable people are a huge part of our society, and it is our duty to care for them in the most respected of manners. I want to leave this and go to another area, but I will come back to it.

I would like to ask the minister who owns the Hydra House homes.

**Ms. Melnick:** Hydra House owns the homes, Hydra House Incorporation.

**Mrs. Taillieu:** How many homes are there?

**Ms. Melnick:** The current number is 15.

**Mrs. Taillieu:** How many people are living in the Hydra House homes?

**Ms. Melnick:** Currently, there are 52 residents in the Hydra House homes.

**Mrs. Taillieu:** Can the minister say how many residents were in the Hydra homes at this time last year?

**Ms. Melnick:** We do not have that number handy right now. I could get it if the member would like it?

**Mrs. Taillieu:** I find that very hard to believe. The minister has her staff at the table. She knows the questioning we are going to go on today. There is no reason not to have that information at hand. Yes, I would like to have the answer to that question.

**Ms. Melnick:** Okay, we will be able to get that for you.

**Mrs. Taillieu:** The last I recall, the number of people at Hydra House homes last year was around 90, would that be correct?

**Ms. Melnick:** Again, I prefer that we get the exact number and then we will know what number it is we are actually going to be dealing with here.

**Mrs. Taillieu:** Can the minister tell me what the budget was for Hydra House? What was the total funding provided to Hydra House? I am sorry, erase the budget, I am not speaking about budget. I am asking for the level of funding this government provided to Hydra House in 2003-2004.

**Ms. Melnick:** For 2003-2004, the total was \$6,440,435.

**Mrs. Taillieu:** Thank you. Can the minister tell me the amount of funding given to Hydra House in the year 2004 to 2005?

**Ms. Melnick:** The total for 2004-2005, \$6,236,502.

**Mrs. Taillieu:** Can the minister tell us what that breaks down to per client?

**Ms. Melnick:** We could look into the care plans if you would like, but I think that we have to be aware that funding per client can change, depending on the needs of the client. We do not have a set amount that is allotted. Rather, due to the vulnerable nature of these individuals, funding would be provided based on their needs. If there are improvements, and we find that less care is necessary at any given time, then we would have the funding changed. Also, if certain concerns arise and funding needs to be increased, we would be in discussion on a continual basis with the caretakers as to the needs of the individuals.

**Mr. Ralph Eichler (Lakeside):** Surely, the minister and her staff can give us the calculation based on the participants that are in the Hydra House, divide that out and give us those figures, then we will follow up with a follow-up question to that.

**Ms. Melnick:** Well, we could have a look at that again. I do not think that would speak to the needs of the individuals. Also, some individuals have moved out part way through the fiscal year. There were no new admissions since July 6, so to go on a kind of yardstick basis would be quite difficult to do, because there are a lot of individual characteristics that would determine care of any individual.

**Mr. Eichler:** I will help the minister and her staff out, then. If the math is too difficult for you, we will use the figure of \$120,000 per client. Is that a fair assumption?

**Ms. Melnick:** Again, I think we have to speak to the nature of the care provided to each individual at any given time, depending on their needs.

**Mr. Eichler:** What is the provincial average then, if you want to not talk about the Hydra House per-client base, what is the average within the province per client? Again, using your same information, you said each individual client has individual needs, what is the average per client within the province?

**Ms. Melnick:** Again, this is not speaking to any individual needs that we have, but a very basic overview would be for an individual who would be needing this level of care, there would be about \$90,000 a year for residential costs, which would include the residence and the in-home care costs. The individual may be partaking in a day program that could go to another, say, \$30,000 a year.

Again, I want to be very careful here that we are speaking in very, very broad terms, and not about the individuals. Each and every individual has an individual care plan, so that is why I am hesitating to give sort of broad numbers like that.

\* (15:50)

**Mr. Eichler:** Broad numbers are fine, Madam Minister. However, where we are going with this is that if the average residential cost, you say that it is, within the province of Manitoba, \$90,000, and yet we are paying Hydra House \$120,000 on average. Then what are you paying St. Amant for that same service, based on your generalities?

**Ms. Melnick:** Well, again, as frustrating as I know this is for you, we have to talk on an individual basis, and there are different levels of care that can be provided now. Although the AG did say that there was no substantial difference in the funding provided to Hydra House or any other organization, the level of funding can fluctuate depending on the level of care that is needed overall. The individuals at Hydra House were all what we would determine Level 5, which were very high-needs individuals. Other organizations may be caring for some Level 5 individuals. They may be caring for various other levels. So that is why, as difficult as it is for you to hear this, I am quite hesitant to sort of put a number beside a name at any given time.

**Mr. Eichler:** This is very frustrating. You are trying to tell me that we have department staff here that cannot give us a number on average what it costs us within Hydra House. We are not asking for individuals based upon their particular needs. You cannot tell us as members of the Legislative Assembly what the cost comparison is for Hydra House as opposed to any other department that you have in Housing with cost based upon those clients' needs. Surely there is a median there that you can say, this is a good deal; this is not a good deal. That is what we are trying to ask you. Hydra House costs

us \$120,000 average, so the St. Amant Centre, what is that average? What is the average around the province? You have got three simple places there to try and base your figures on. Surely that is available to us with the technology we have out there today. I find that very hard to believe.

**Ms. Melnick:** Well, again, if we go back to the AG's report, he did state that there was not a major funding difference depending on the individual, and I will go back to the level of care needed. I know that, for example, St. Amant would provide care to people who are high needs, a Level 5. They would also provide care to people who are not as high needs, and so for individuals who are not as high needs, it stands to reason that the same degree of care would not be needed.

I did, a few minutes ago, I believe, quote some overall numbers of approximately \$90,000 for residential care for Level 5, which all Hydra House residents are. I also talked about whether or not the individual would have the ability to attend a day program, and there could be costs associated with that around about the \$30,000 range.

**Mr. Eichler:** I will rephrase it one more time. With Hydra House at \$120,000, \$90,000 for the average residential, what then is the St. Amant Centre cost to the province per client?

**Ms. Melnick:** Well, again, I think we have to talk about the levels, and all individuals at Hydra House were Level 5. We gave a very broad estimate of approximately \$90,000 for residential care and then, if the individual was able to participate in a day program, there could be approximate costs of about \$30,000.

So to compare where an individual is residing may not give a true picture as to the level of care that they are needing, and so that would not give a true picture as to the average amounts that would have to be spent to provide the care.

**Mr. Eichler:** I will do the math myself, Madam Minister. If you just give me the total cost that the Province pays to St. Amant Centre, and the number of participants. Those two figures.

**Ms. Melnick:** I will preface my remarks with a bit of an overview of St. Amant Centre. St. Amant Centre provides care mainly for individuals what would be

determined as Levels 2 and 3. They are individuals who definitely need care. There are very few Level 5s at St. Amant Centre, as compared to the Hydra House individuals, who were all Level 5s.

There is also community living as well as living within the centre itself. So, when we look at what was provided to St. Amant Centre for the year 2004-2005, there were 182 clients, residents of various natures, and there was \$6,196,500 provided by the Province.

**Mr. Eichler:** When the minister contracts with various profit organizations for care, residential care, what is the range that they normally contract for, for residential care only?

**Ms. Melnick:** Again, it is based on the individual. It is based very much on the individual needs. There are the various levels that are determined, and whether it is a for-profit or a not-for-profit, a personal-care plan is developed for each and every individual. Now, again, I will go back to a previous comment, where I talked about a fluctuation in the level of service that may be needed, the level of care that may be needed, depending on the individual's own particular situation at any given time.

So we could see fluctuations within a year that may call for an increase in care, so, therefore, an increase in funding. We may also see, on the other side of the spectrum, an individual not needing the services they had previously needed. So we have to go back to the individual needs of each and every person that is being cared for by an organization.

**Mrs. Taillieu:** Thank you very much. Now, we have had a bit of a time here. I am just wondering if the minister now has the figures, the number of people that were in Hydra House at this time last year.

**Ms. Melnick:** We do not have that information handy, and no one here has left the table, but we will certainly provide it to the member as soon as we can.

\*(16:00)

**Mrs. Taillieu:** I do not understand why you would not have this information at the table, Madam Minister. Madam Chair, the department heads are here, your deputies are here. You have other information. It seems to me you just do not want to provide this information on the record, and I am

asking you to please provide me with that information.

**Ms. Melnick:** Again, we will provide that information for the member as soon as possible.

**Mrs. Taillieu:** Madam Chair, if my recollection is right, the numbers at Hydra House were in the nineties. Now the minister is saying they are down to in the fifties. I would like to know where the people from Hydra House have gone.

**Ms. Melnick:** As I had mentioned previously, there has not been any more admittance into Hydra House since July 6 of 2004. Now what also happens in this area is that individuals can be taken under the care of another organization. So where there have been a couple of people who have passed, who were residing in the Hydra House residence, the vast majority of those transmissions that we have seen have been into the care of other organizations.

**Mrs. Taillieu:** Where have the people from Hydra House gone? Specifically, what organizations or institutions now house the people from the Hydra House homes?

*Mr. Doug Martindale, Acting Chairperson, in the Chair*

**Ms. Melnick:** Some of the residents have gone into foster situations and to foster care positions. Some have gone to organizations such as DASCH, such as New Directions, so there have been various placements made.

**Mrs. Taillieu:** Mr. Chair, have any persons from Hydra House homes been moved to St. Amant Centre?

**Ms. Melnick:** With the information that we have here, we understand that none have.

**Mrs. Taillieu:** Is it correct that the government is currently negotiating with St. Amant Centre to take over the Hydra House homes?

**Ms. Melnick:** Yes, there is currently a very complex set of negotiations under way. Those negotiations do include St. Amant Centre as a possible organization to take over the care of the residents who are currently under Hydra House care.

**Mrs. Taillieu:** What funding will be provided to St. Amant to do this?

**Ms. Melnick:** Well, as I said, we are just at a stage of negotiations. I think it would not be appropriate to be discussing anything specific, but any organization that would be taking over the care of residents who are currently under Hydra House would—again, there are personal care plans for each and every individual. Funding is provided based on the needs of those individuals regardless of the organization that would be providing that care.

**Mrs. Taillieu:** Well, Madam Minister, you are talking about taking over the care of these people that now live in the Hydra House homes. Are they going to take over the home, or are you going to move them out of their homes into St. Amant Centre or St. Amant homes?

**Ms. Melnick:** I think we must let the negotiations take their course and must respect the process around negotiations that there are people at the table who are currently in discussion, and I think it would not be appropriate to speak of any specifics that may or may not be under discussion at this time.

**Mrs. Taillieu:** Well, thank you, again. If you are in negotiations, you have to know where you want to go with this. You cannot just say you are negotiating, but you do not know what you are negotiating. I mean, if you are negotiating for the people in St. Amant to take over the care of people in Hydra House, then that is what you are doing. I would ask again, are the people from the Hydra House homes going to stay in their homes? Is that part of your plan, or is part of your plan to move them out of the homes they are currently in and move them into St. Amant Centre or into St. Amant homes?

**Ms. Melnick:** I just want to correct the record there. At no point did I say anyone was unaware of what they were negotiating. To quote myself from a few minutes ago, I said, "It is important to respect the process around negotiation." It is a complex process, as I am sure the member can recognize and can understand. I think it is very important that we allow the negotiations to play out as they will.

**Mrs. Taillieu:** When does the minister plan to fully disengage from Hydra House?

**Ms. Melnick:** I am hopeful that the negotiations under way will be completed in a relatively short

period of time, but I also am very aware of the high needs of the individuals in Hydra House, so we must make sure that their needs would be respected as well.

**Mrs. Taillieu:** Last year, Madam Minister, you indicated on September 3, "I, as minister, announce that this government will begin the process of disengagement from Hydra House. This will effectively end our relationship through a period of transition." It is six months later, and you are saying that you want to expedite this process. Okay, I will ask you this. Have any of the residential care licences been renewed for Hydra House? How many have been renewed?

**Ms. Melnick:** While we have residents in any facility, we have to make sure they are properly licensed, so all of the facilities are currently licensed. There is an annual review that typically takes place. I cannot give you the exact dates for any specific residence that is currently licensed under Hydra House or any other organization, but can assure you that the facilities that people are in are currently licensed.

**Mrs. Taillieu:** Thank you. So, in fact, you have not begun the process of disengagement with Hydra House because you have renewed all of the licences for the residential care at Hydra House. Is that correct?

\* (16:10)

**Ms. Melnick:** I will point out that the disengagement really began on July 6, 2004 when the decision was made not to place any more residents, any new residents into the Hydra House facilities. We have discussed today that the number of residents has, in fact, declined for various reasons throughout the past months at Hydra House. I have confirmed that there are negotiations under way and that I am hoping that in the near future we will be, in fact, completely disengaged from Hydra House, but, again we have to be very respectful of the process of a negotiation.

I think, to put it in perspective, we have to recognize that it did take at least ten years for this situation to develop and, yes, it will take time for the disengagement to be complete. I know that we all are concerned about the residents of Hydra House. We would not want any sort of quick decision, any sort of a not-well-thought-out decision to be put into

place that might in some way put any risk on the vulnerable people who are currently residing in the Hydra House homes.

**Mrs. Taillieu:** Madam Minister, you indicated that there is an annual review. When was the last time an annual review was done at Hydro House?

**Ms. Melnick:** That was in relation to any licensed facility that we would have, so any facility that we would have people placed in would be reviewed on an annual basis. It is through that process that any facility would be licensed. At that time, if there were any concerns raised around the physical setting of the home, there would be a record made of what had to be improved on and a time set for improvements to be made. So that is the sort of annual review that I was referring to a few moments ago.

**Mrs. Taillieu:** There has obviously been no disengagement from Hydra House. Hydra House is still fully engaged with the province and receiving similar funding this year as to last year. There are less people, the minister said they have been declining, although she is refusing to give me the numbers of people living there at this time last year. I am simply wanting to know what arrangements are going to be made for the people that live in Hydra House? When is this disengagement going to happen? What is going to happen to these people? Where are they going to live? Are they going to live in the homes that they are presently living in, or are they going to be moved?

**Ms. Melnick:** Again, I will, perhaps, go through what I was speaking of a few moments ago, where I talked about the process of, on July 6, 2004, making the decision not to place any new people in. Individuals have moved out and there is a complex set of negotiations under way.

*Madam Chairperson in the Chair*

I think it is also very important to recognize that where there are individuals still in Hydro House homes, I have made a commitment to the residents, to their families, to the caretakers and to the people of Manitoba, that these people would, in fact, receive the level of care that that they need.

Some moments ago we talked about the different determinants of care and I noted that the Hydra House residents were all of a Level 5 category,

which is the highest level within our system, so there can be very intense care needs that have to be provided on an individual basis to residents of Hydra House and any other Level 5 resident in any agency in which they may reside. That is the commitment that I made and that is the commitment that I will stand by for the people that are residing in Hydra House.

**Mrs. Taillieu:** Since July 6 of 2004, it is my understanding that you said that no new people have been taken as clients at Hydra House. Where, then, have vulnerable people at any level been placed that would have been placed in Hydra House? Where are they now?

**Ms. Melnick:** Well, this would speak to any individuals needing any care throughout the system. Again, I will go back to the establishment of a personal care plan which would be provided for each and every individual, and placements would be to organizations based on those needs. So there are certain organizations and agencies that deal with Level 5 care needs individuals. Some of those would be St. Amant Centre, some would be New Directions and some would be DASCH. So it is on that basis that we would be placing individuals.

**Mrs. Taillieu:** Thank you. Could you tell me the current number of people living at St. Amant Centre, both within the centre and community under the care of St. Amant Centre?

**Ms. Melnick:** Again, we have to talk in this case in terms of children and adults. The Department of Family Services and Housing funds the adult residence of St. Amant Centre, be that within the centre itself or within a community living setting. I had quoted the number of 182 which we believe is the current number. The care of the children at St. Amant Centre is actually under the Winnipeg Regional Health Authority. Perhaps that question would be better put to the Department of Health.

**Madam Chairperson:** Could I just take a moment before recognizing you that perhaps we would like to introduce—

**Ms. Melnick:** Sorry about that, Madam Chair. I would like to introduce Gisela Rempel, who is the Assistant Deputy Minister for Services for Persons with Disabilities.

**Mrs. Taillieu:** Just for clarification then, when the minister said 182 at St. Amant Centre, that would be adults?

**Ms. Melnick:** When I used the number of 182, that is within the community program. That is adults and one child. The main residence which is funded by the Winnipeg Regional Health Authority would be approximately 200 residents. We believe the breakdown there is approximately two thirds adult to children when we talk about the main residence.

**Mrs. Taillieu:** In regard to personal care plans, how often is a personal care plan reviewed?

**Ms. Melnick:** There is an effort to review personal care plans annually. Now, if a circumstance has seemed to change at any given time, certainly, there would be discussion around what the changes are, and what changes would have to be made in regard to the care of the individual.

\* (16:20)

**Mrs. Taillieu:** Can the minister tell me who does the personal care plans?

**Ms. Melnick:** The review of any care plan at any given time would be done in a consultative process with Family Services staff, care providers or service providers, families, and where there are substitute decision makers, with the substitute decision makers.

**Mrs. Taillieu:** Madam Chair, I just want to ask a few questions in regard to people with disabilities. I recently met with a young married couple. She was a person with a congenital disability, and he was a person who was not a disabled person but did have some health problems.

Would the minister say it is government policy to cut off a disabled person's income assistance because she would get married?

**Ms. Melnick:** The provision of financial supports to an individual with disabilities would depend on the income of the household.

**Mrs. Taillieu:** So, if a person with disabilities who had been receiving a disability allowance married a person who was not disabled but had some health problems, was working and not working, would it be

automatic then that because she was married she would be cut off of the disability assistance?

**Ms. Melnick:** Again, there would be consideration given to what the family income would be when determining eligibility for a social services program such as Persons with Disabilities through EIA.

**Mrs. Taillieu:** If a person is disabled and is able to work for a certain amount of time, and then because of a range of things that happen with disabled people, from depression to other health-related problems, and then they are unable to work for a portion of time, what appears to happen is if they make a certain amount of income two months in a row, then their income assistance is cut back and they have to actually live on less if they then find themselves unable to work.

Many of these people do not work in a traditional type of job where they would get sick leave or vacation time. They kind of go between jobs, and when they work, they work, and when they do not, they do not. It is causing some definite problems with those people that try and work, want to get off the system, want to become taxpayers in the province, want to make their own way, but find it difficult when there is really no incentive to go beyond a certain level because then they will be cut off their assistance. They know that in the future if they have some problems occur, they are going to have to apply to get back on the system and they find that very difficult.

I think when you go through the maze of forms and the bureaucracy that any person has to go through dealing with government, it is difficult. It is even more difficult for disabled people, people that are maybe just a bit less mobile in getting to the offices, maybe have some difficulty when filling out the forms.

I would just like to ask the minister: Are there no personal plans for people with disabilities, for people on income assistance, to help them through situations, especially people with disabilities who work and then do not work, is there no personal plan for these people?

**Ms. Melnick:** Certainly, changes have been made since 1999 that are addressing some of the concerns that you have raised. One is when we are dealing with individuals with disabilities, we have brought in

what is called rapid re-enrolment. This is a part of the system where, if an individual has a disability and is moving in and out of the workforce based on their ability, a lot of the scenario that you just outlined would, in fact, not be part of their experience in that they would be enrolled rapidly. So there would be a picking up of where they had left off in regard to accessing services.

We also raised earnings exemptions in July of 2000 for single parents and families with children to \$115 plus 25 percent of earnings in excess of the \$115. There is another category of "other earning exemptions" that has been raised for single parents with disabilities, which was increased to \$115 plus 30 percent in earnings in excess of \$115.

Also, I wanted to point out that we did establish an exemption of lump-sum payments for persons with disabilities up to the amount of \$100,000. This would be, for example, if an individual won the lottery, if an individual received an inheritance, if there was an insurance claim that an individual was successful in, the individual could take up to \$100,000 of that without losing any of their benefits.

The theory behind that is that we would ask that the individual spend that money on improving their lifestyle, for example, renovating their home so that it becomes universally accessible, widening door frames, using push door handles rather than the turn, perhaps getting rid of stairs leading in and out of the entrance of their home so that there would be a ramp which would make that easier perhaps, and upgrading of washroom facilities, lowering of counter levels if the person was in a wheelchair. Those are some of the things that we have done in an attempt to address some of the concerns that you have raised.

**Mrs. Taillieu:** Well, it is just all fine to make all these policies and put out press releases and say all the wonderful things you think you have accomplished, but when you talk to people that are not getting the help in the system they need, they do not have this information. I am sure your workers do not have this information. Who is communicating this information to the people that need it? I have spoken to many people. They have no idea. They do not know where to go anymore. I am asking how these disabled people that even have trouble getting around, how do they get this information. Do you have a list where you send out all this information to all the people?

\* (16:30)

**Ms. Melnick:** When a person is receiving assistance, they should be receiving all this information. We can work within the department to make sure that information is further disseminated. I would ask the member, she has spoken a couple of times this afternoon of having discussions with individuals, if she would like to chat with me further in a more confidential setting about the individuals. We would be very happy to make sure that they in fact get whatever information they may be needing delivered to them.

**Mrs. Taillieu:** I will do that. I will ask that they get the information they need, but I would also ask that they get the personal program that they need and that they be assisted to get the income assistance that they need and have it tailored to their needs. Oh, sorry. I am losing it.

I just would like to go back now and ask some more questions in regard to the devolution process.

**Ms. Melnick:** We are just getting staff up here if you would not mind waiting for just a moment.

**Mrs. Leanne Rowat (Minnedosa):** I am going to throw musical chairs on the minister and her staff. I have a few questions on domestic violence and family interventions. Sorry about that.

I would like to ask a few questions, and I would like to have the questions be focussed on a global basis instead of specific to a section. I did not realize that you are going to a specific section.

**Madam Chairperson:** Is it agreed that we discuss on a global level, Madam Minister?

**Ms. Melnick:** Sure. As long as time can be allotted to make sure that the proper people are up here.

**Madam Chairperson:** Agreed? *[Agreed]*

**Ms. Melnick:** I think the member from Minnedosa talked about domestic violence. So I would just like to introduce Sharon Kuropatwa, who is from our Family Violence Prevention Program. She is a policy analyst.

**Mrs. Rowat:** Over the last weekend, we as Manitobans were saddened to learn of a very tragic

event that occurred. A family lost a mother of three small children and also a father of some children of his own, and the whole family is grieving and have several questions regarding how something so tragic could happen to them. We as a society are also suffering with them and wondering how we as a society could allow and let something like this happen.

My questions for the minister are specific to a few areas in Family Services and wondering what we can do to ensure that when women decide on their own to leave a situation that is unsafe and take their children and do what they know and believe is important to keep themselves and their children safe. In a situation like that which occurred this weekend, the woman was not motivated by anyone other than herself. She, on her own, located and determined a safe place. She found somebody that would protect her. Unfortunately, a tragedy occurred in her judgment and choice of supports. We did not help her as a society, and I think that all of us were saddened. We are really concerned about what message we are sending out to women who are looking at leaving an abusive situation.

I, as a legislator, am going to try to look for answers on how we can strengthen the supports and to give, not necessarily her, but in her memory, ways that we can improve this system and ensure that measures are in place to address this.

My understanding from individuals who work in the system of domestic violence is that measures currently in place are not working. My understanding is that protection orders and restraining orders that are being asked for are not necessarily always being granted. My understanding in discussions with the Minister of Justice (Mr. Mackintosh) in Justice Estimates a short time ago, that of 527 applications, only 305 were granted and that 222 were denied.

That is almost a 50% denial rate, and I have asked the minister to provide rationale on the reasons why when a family member or a women or a man come forward and ask for judicial support, asking for help and asking to be kept safe, are denied. I am hoping that he will provide that information.

I am also asking this minister, who is responsible for families, that she will also lobby and discuss and do what she can to work with the Department of Justice to ensure that stop gap measures are put into

place before, as the Minister of Justice had indicated, the legislation comes forward and is brought forward in October. We need measures now, and we need to show Manitobans who are looking at us for support and help that we are working towards doing this.

My question to the minister is I am looking at some information that was shared by a spokesperson for the Department of Justice. They spoke about the expansion of specialized domestic violence services to 28 communities. I would like her to speak to that to some degree, and I would also like her to share—I will leave it at that, and I will come to the next question.

**Ms. Melnick:** I certainly agree with the member from Minnedosa about the seriousness of what occurred last weekend and the overall seriousness of domestic violence. I think her question is rather broad, so I will give a rather broad answer, and if there are more specifics then I encourage her to ask.

Since coming into government in 1999, our overall budget for domestic violence has increased by some 51 percent. There has been a 41% increase in shelters. We recognize that there are a lot of men who want to deal with these issues which is why, for the first time in the history of Manitoba, we have begun to fund the men's resource centre.

The mandate of the men's resource centre is to help men deal with issues of violence, perhaps incidents in their own past, cycles that they may be experiencing and to help them find ways to not turn to violence when difficulties arise. As I said, this is the first centre of its kind in the history of Manitoba and it is only one of three across the country of Canada. So it would be perhaps appropriate to encourage that other such centres develop.

\* (16:40)

Also in the women's shelters, of which we have 10 in Manitoba, 2 in Winnipeg, and the rest in rural areas, workers there are trained that, if a male comes to them with these concerns, they will know where to refer these men to and, in fact, would be able to help them financially to get to the places which would be dealing with men who are wanting to deal with their issues of violence.

In 1999, November was designated as Domestic Violence Prevention Month, and the main focus of

that is public education. Public education on what is domestic violence, public education on where you can get support to leave a situation, public information on where counselling would be available, and on an annual basis the department sends out roughly 10 000 packages throughout the province that would be going to public libraries, public offices, government offices.

I think we have also seen the bus shelters. There is a real desire to make sure that people, wherever they might be, might be able to access some education as to how to stop a cycle of violence, or how to get out of a cycle of violence.

We are also supporting second-stage housing. There is a need to, when a woman says, "no more," to make sure that there are safe places for her to go, which in many cases, would be a shelter. We also have to work together to ensure that there is a way for her to stay out of those situations, which is also why we are so supportive of the program run out of Ma Mawi, in which an individual woman can go and, for no cost, get furniture that she may need and other things that she may need to set up a home.

While I recognize that we have gone a distance, a great distance, it was also very upsetting to hear of what had happened over the weekend.

**Mrs. Rowat:** I was interested in hearing what the minister had to say, but, obviously, there are definitely flaws to the system. There seems to be measures that are not working for families when things like the murder-suicide on the weekend occur. The Minister of Justice (Mr. Mackintosh) spokesperson indicated that training and resources is the main reason for the delay in proclaiming that domestic violence legislation.

I guess my question is, if we know that there are issues and we know that the measures that are in place are not working, why do we have to wait for the domestic violence legislation to pass before we take action and start working on stop-gap measures to address this issue? I find a little concerning and confusing that she would want to wait for legislation when situations like this occur.

**Ms. Melnick:** Certainly, I cannot speak for the Minister of Justice, I think he does a fine job of that, and certainly your questions would be best put to him on his legislation.

We also provide, in the province of Manitoba, \$400,000 to shelter services to implement a toll-free crisis information line. Now, statistics have shown us that this line is often used as a prevention tool to avoid situations happening. I think we may be one of the only jurisdictions across Canada to provide that. We are also providing funding for follow-up workers at shelter services, again in an effort to help a woman stay out of a situation during the post-crisis stage.

Manitoba is also providing support and funding for children's counsellors at shelter services, and this can also be seen as a preventative to end the cycle that we are aware can occur. As part of the continuum of services, we also provide interim housing units for individuals through an agreement with our housing department.

We are also, I believe, one of if not the first jurisdiction in Canada to bring in a children's visitation access and exchange service that is available in Winnipeg, Brandon, Thompson and Selkirk. We are providing services to 34 agencies, over \$10 million this year. I think it is not accurate to say that we are not doing anything. I think it is accurate to say that we have to continually look to improve our services, to work with our community which, in fact, we are very interested in doing, and we also have to ensure the services that are being provided are effective, are helpful, and that we are making sure we are providing the best we can with the view to improve where we can.

**Mrs. Rowat:** A quick question. I am very concerned with the statistical numbers that are showing that restraining or prevention orders are almost at a 50% denial. If the minister wants to do something about training and resources and working within the system to improve supports, I think this is an area she could do some work in and look at. I do believe this is very upsetting to a number of individuals who have tried to get restraining orders, and I am not quite sure what the rationale would be in denying these orders.

One final question to the minister. The NDP government is apparently providing \$40,000 to A Woman's Place, which is a downtown clinic that supports victims of domestic violence. What is that \$40,000 going to be used for? What is the purpose of the centre?

**Ms. Melnick:** A Woman's Place is the first of its kind in Canada. I believe there may be a few in

various jurisdictions throughout the United States. A Woman's Place is a unique model in that there are services that would be provided for women who do not qualify for civil legal aid.

There is agreement between the Department of Justice and the Department of Family Services to provide a virtual cornucopia of services for women who may be having to re-establish themselves. If we go through the list, there would be legal advice provided to her on whatever her individual situation is. There would be information provided to her on how to access the type of housing that she may be requiring. Child care services, she would be made aware of those, certain counselling services.

We also work with Nor'West Co-op on this, and they are providing counselling support services. It is a model that we are monitoring, that we are looking at and in fact we are very proud that we have brought this forward. It is another area that we are hoping women will be able to access the services they need to get out of bad situations and begin again and eventually find themselves in a safe and very positive living and life situation.

**Mrs. Taillieu:** Thank you. It has been five years, I think, since the government has initiated the Aboriginal Justice Inquiry Child Welfare Initiative, but what we are hearing from people within the system is there is a horrendous push on right now in the last couple of months to get those case works transferred. There is a flurry of secondments within the department which is causing enormous stress on the people that work in the department and, in fact, the chaotic upheaval of the department, the fear is that there is compromised care for children that are cared for within this system.

Can the minister tell me what was the cutoff date to take children into care into child care agencies?

**Ms. Melnick:** There is no cutoff date for taking children into care.

\* (16:50)

**Mrs. Taillieu:** What was the cutoff date then for no new referrals to Family Service units?

**Ms. Melnick:** I believe that in January of this year there was a plan put in place where intake would be done through other areas of the department so that

the area of Child and Family Services that is working on the roll out could be focussing on the roll out, but there has been no cutoff of taking children into care.

**Mrs. Taillieu:** Where are children taken into care? What is the first area?

**Ms. Melnick:** There is a joint intake which is typically used to take children into care. There is also the after-hours intake so that there is 24/7 coverage. If there needs to be an apprehension, there is also the emergency intake in which the emergency team would go out to where the child is located, and the intake process would begin through that.

**Mrs. Taillieu:** In the case of an emergency intake and a child is taken into care, where are they then placed now?

**Ms. Melnick:** Well, the first option would be kinship care in which a child would be placed under the care of a family member, someone they are familiar with, someone they know, someone who knows them. We have also emergency foster beds which we have just opened, close to 70 new ones, and those certainly would be the second choice to kinship care. There would then be a shelter placement, if necessary, and as a last resort, a hotel placement. The hotel placements would be primarily used to maintain sibling groups. This is a policy that we brought in in May of 2004, where recognizing the trauma of being taken into care, we felt it was best to keep sibling groups together. Certainly, the vast majority of the emergency foster beds that we have within the system are for children under the age of eight or for sibling groups. This is something that was strongly recommended by the Children's Advocate in her report, and it is something that we undertook to work on immediately.

**Mrs. Taillieu:** We have heard that students have been hired to do file summary transfers. What students and how many have been hired to do file summary transfers?

**Ms. Melnick:** We have hired some social work students to do more administrative tasks. They are not doing any front-line casework. They are not dealing hands-on with individual situations. It is more a filing role, an administrative role, that they are playing.

**Mrs. Taillieu:** Then you are saying, Madam Minister, there are no students doing file summary transfers?

**Ms. Melnick:** They are working under the supervision of social workers to help with the file transfers. So the tasks that they may be undertaking could be file summaries, but I just would stress that it certainly is with supervision of professional social workers.

**Mrs. Taillieu:** Well, which is it, Madam Minister? First you say they are just doing filing and administrative things, now you say they are actually doing case summaries.

**Ms. Melnick:** Perhaps I could clarify. They are doing administrative tasks around the transferring of files which could include case summaries. But, again, I would stress it is under the supervision of professionals.

**Mrs. Taillieu:** We have heard that there is a time limit been placed, a time limit of two hours to complete a case summary. Can you confirm that?

**Ms. Melnick:** We are not aware of any imposed time limit. There may be a benchmark established as to what might be a typical amount of time that might be taken to prepare a case summary.

**Mrs. Taillieu:** Has there been direction given to place more emphasis on getting the file summaries done than actually looking after the children?

**Ms. Melnick:** Certainly, there would not be an emphasis over the care of the children of anything. We are moving toward the roll out in the Winnipeg area. This is, in fact, time intensive. There are a lot of details to make sure that we have a successful roll out, as has been experienced throughout the rest of the province. This is a very big initiative. We left Winnipeg for the last so that we could learn as we went along with the roll outs in the other areas of the province, but there would not be an emphasis that would take precedence over the care of the children.

**Mrs. Taillieu:** Thank you. I get a lot of these notes passed to me from people. I would like to read what this one says: "I am told I must stop doing so much for clients so I can get my transfers done. I was to go to a meeting to get kids into school. I am told not to attend. Told today, February 25, '05, I am considered insubordinate to not get my case transfers done. I still have 18 cases."

Can the minister comment on that?

**Ms. Melnick:** Well, certainly, I am not aware of the individual's situation. Again, I would encourage the member from Morris that if she receives any information that is concerning to her I would be very happy to sit down with her, discuss her concerns and would encourage her to do so in the future.

\* (17:00)

**Mrs. Taillieu:** Well, thank you. I can assure the minister I have many troubling pieces of information passed my way as to what may be happening throughout this devolution process.

Again, I would like to ask. Certainly, all the children that would be taken into care under the Department of Family Services, regardless of what colour they are or where they live, should be provided with the same provincial standards and policies. I would like to know if these policies and standards are written in legislation.

**Ms. Melnick:** The Child and Family Services Authorities Act, which was proclaimed on November 24, 2003, as with many pieces of legislation, has regulations. It is within those regulations that the provincial standards would reside. Again, this is the first time in the history of Manitoba that we have had provincial standards. Accompanying that would be a policy manual around the standards for the areas that you are concerned with.

I suppose I went kind of down the list on that. If we go up, there is a policy manual. There are standards which are part of regulations. Those regulations relate to The Child and Family Services Authorities Act which, of course, is the law in the province of Manitoba now.

**Mrs. Taillieu:** Is there any room for discretion? Once the authorities are formed, can any authority decide to have their own policies in place and disregard the provincial policies?

**Ms. Melnick:** Well, the authorities are, in fact, functioning as of November 24, 2003. Currently, as has been the history of the province, each agency would have its standards. However, there are consultations with all the authorities around standards.

I think it is very important to point out that as we develop provincial standards, each authority, each

agency functioning in the province of Manitoba would have to meet these standards.

If they choose to exceed these standards, that would be their choice, but that would be the only variance allowed.

**Mrs. Taillieu:** Part of the process, I think, when you go through a process like this would be to establish a baseline by which you can evaluate how a system works or does not work.

What base line has been established by which comparison can be made as to the progress that would be made in this initiative, or lack of that?

**Ms. Melnick:** I am not sure if the member is again referring to standards, but, certainly, the establishment of provincial standards would provide us with a base line for criteria of qualifications for people who would be working in social work positions with children who are in care, whether they be under the northern authority, southern, Métis, or the general authority.

**Mrs. Taillieu:** Once a family or a child has chosen on the intake form the authority of their choice for care, will they be contacted and encouraged to change their mind to a more culturally appropriate authority if they have not chosen a culturally appropriate authority?

**Ms. Melnick:** During the transition process, when there has been the roll out to the four authorities, families would choose which of the four authorities they were interested in working with.

Now, in an instance where a First Nations family had not chosen either of the First Nations authorities, they would be asked, "Would it be okay if the authority contacts you to discuss transfer to whatever authority may be suggested?" If the answer was yes, there would be a call. If the answer is no, there would not be contact. But there would not have been contact without permission of the family.

**Mrs. Taillieu:** Thank you. If permission is not given, then, just for clarification, if permission is not given, they would not be contacted further?

**Ms. Melnick:** If permission has not been given, they would not be contacted at all by another authority, as

any other authority would not have been notified of the family.

**Mr. David Faurshou (Portage la Prairie):** I asked a question last year, and the minister was very forthcoming in regard to a situation regarding Zelana Village, which is a Manitoba Housing complex in Portage la Prairie where individuals that still are residing from the unfortunate incident the Waterhen Band near Dauphin experienced break-up over disagreement. I wonder if the minister could give me an update as to whether that situation exists as it did last year and whether the department is moving to address the issues of concern.

**Ms. Melnick:** Yes, I would like to, on this area, where it is a new area that we are moving into, introduce Henry Bos, who is the director of corporate service in the Manitoba Housing and Renewal Corporation.

So, if I could address your question now. Certainly, we have been monitoring the situation. We have been working with various stakeholders of whom I am sure you are aware and we are working toward seeing some movement around the current problem. All of the details have not been worked out, but when we get them worked out I will be happy to share that with you further.

\* (17:10)

**Mr. Faurshou:** I appreciate the minister understanding the situation and the absolute need to address this outstanding issue. The community of Portage la Prairie is very interested in seeing this situation resolved in the shortest time frame as is possible, because not only is there animosity within the complex itself, but it spills over into the general community of Portage la Prairie as well because of the concern of persons not paying rent or persons that are in breach of standard Manitoba Housing compliance as a resident.

So does the minister have any further comment to that effect? Or I will move onto another topic of concern.

**Ms. Melnick:** Thank you. I would, again, reconfirm I am very aware of the member's concerns, and I would like to thank him for his patience. I know it is a difficult situation. We are quite close, I believe, to a plan which would include all the stakeholders. We

want to make sure that we are moving forward in a way that is recognized as appropriate, and then which we have the buy-in from all the individual groups that would be involved. So I thank the member for raising his question, and assure him that I will be communicating with him further.

**Mr. Faurschou:** I appreciate the minister understanding the situation and recognizing that it is not only her department that needs to be involved to address the whole issue. I hope that there is co-operation or a spirit of co-operation between herself and the Cabinet colleagues.

Another genuine concern within the community of Portage la Prairie is the, as we all face an ageing population, concern for assisted living suitable accommodations. Well, accommodations that lend themselves to assisted and supportive living. There is an ongoing dialogue now between the RHA and the City of Portage la Prairie, the Lions Club in particular, to try and address this issue.

Is Manitoba Housing engaged, or, if not engaged, would they be considered of being engaged in these discussions?

**Ms. Melnick:** Certainly, I can assure the member that assisted living is something that both myself and the Minister of Health (Mr. Sale) are very interested in. We have been running what might be considered pilots over the better part of the last year. One is at 125 Carriage Road here in Winnipeg. The other is Arlington place and Princess Park in Brandon, which both 125 Carriage Road and Princess Park are newly renovated to fit an assisted living model.

I would most certainly encourage the member, if he has an active group in his community, to find out about the Affordable Housing Initiative. We do run what are called expressions of interest where it can be community groups, it can be private developers, it could be not-for-profit groups who bring forward proposals of any type of affordable or low-income housing initiatives that they would like to see in their community. The first review of any proposal, just so you know, will be a technical review.

Sometimes you have a community group with a wonderful vision, but they do not have the expertise. So to make sure that any proposal that comes forward would have a good technical grounding, we make available to people through—it is called the

PDF, Proposal Development Funding, up to \$60,000 that we allot in \$10,000 allotments, through which people can get the expertise they need—engineering, architectural landscaping, interior design, whatever professional sources they may need.

So I very much encourage the member to work with his community and to find out more about this. If you would like, you can certainly have someone call the Department of Housing and we can send out an information package for you. They can ask for an affordable housing package. It may be opportune at that time to also ask for a proposal development fund package.

**Hon. Jon Gerrard (River Heights):** The minister said that after the \$40 million is spent the Manitoba Developmental Centre will be a smaller facility. How many beds will it have and what level of care?

**Ms. Melnick:** We are initially looking at a facility of about 350 beds. The level of care will be that which is necessary to the residents. I am not sure if the member was here earlier when we talked about different levels of care requiring different types of care. Services provided are provided on the basis of individual needs. We will be looking at an accelerated pace of transition into the community for individuals for whom that would work well. We will have to, as we go through the next little while, determine who and how many can be transitioned into the community and look at the needs of the residents who will be remaining in MDC.

**Mr. Gerrard:** When will construction be completed, and have any consultants, planning, architectural services, and others received contracts so far?

**Ms. Melnick:** This is a 7- to 10-year project. For information on the contractual consultant, professional services around plans, drawing, et cetera, I believe, the question would be better put to Government Services and Transportation.

**Mr. Gerrard:** Will the minister provide the plans on which the \$40-million expenditure is being based?

**Ms. Melnick:** Again, I believe that question would be better put to Government Services and Transportation. It would be the information that they would have prepared.

**Mr. Gerrard:** Aiyawin Corporation. Is the General Manager, Ed Lafreniere who was the subject of some

major investigations, still working at Aiyawin and, if so, why?

**Ms. Melnick:** The situation at Aiyawin is certainly of concern. The Aiyawin board has not moved to remove the current individual. We do have an individual in who is doing some monitoring of the way the Aiyawin Corporation is being run. We remain very concerned. There is a process we are going through so we ensure that every possible effort is made to have Aiyawin be successful. If our work with Aiyawin is not successful, then we would certainly move to ensure that the housing corporation stay under the umbrella of Manitoba Urban Native Housing Association. Concerns remain very serious around Aiyawin Corporation.

**Mr. Gerrard:** There were two employees; there is considerable evidence that they were probably wrongfully fired after co-operating with the Attorney General, and I just wondered if you could give us an update on their status.

**Ms. Melnick:** My understanding is that these individuals have not been reinstated by the Aiyawin Corporation. We did a review and we did not find the process that was followed was satisfactory to us. That, in fact, is one of the concerns we do have around Aiyawin Corporation at this time, is around process.

**Mr. Gerrard:** What is the minister doing about the two individuals who have lost their jobs through a process which she describes as not being satisfactory to her?

**Ms. Melnick:** I am sorry, if you could repeat the question.

\* (17:20)

**Mr. Gerrard:** The minister said the process was not satisfactory to her. I am just wondering what is happening to the two individuals who have lost their jobs as a result of a process which was not satisfactory to her.

**Ms. Melnick:** They have been informed through our property manager at Aiyawin that their recourse would be to go through labour standards or go through the court process. Where Aiyawin is an organization that we fund but do not control, we do not have the ability to reinstate individuals.

**Mr. Gerrard:** I would ask the minister for some background on B & L Homes. When was it first contracted to provide services under Child and Family Services? Can the minister provide us a history of the dollars and funding provided by CFS to B & L Homes for '03-04, '04-05 and '05-06? That is the current year.

**Ms. Melnick:** We will have to take that question as notice, and we will provide it to the member from River Heights as soon as possible.

**Mr. Gerrard:** I am surprised that the minister does not know when the first contract was signed with B & L Homes. I would ask is there now a signed service provider agreement with B & L Homes.

**Ms. Melnick:** There is a signed purchase agreement, known as an SPA, I think, just the terminology. I think we are talking about the same type of document.

**Mr. Gerrard:** Can the minister provide us with a copy of the signed purchase agreement?

**Ms. Melnick:** I believe that would be protected under third party so I would not be able to provide you with a copy of that agreement.

**Mr. Gerrard:** We learned not very long ago about a 15-year-old who was shot with a sawed-off shotgun at a B & L supervised site. Can the minister tell us what are the normal procedures with regard to guns in CFL supervised sites?

**Ms. Melnick:** CFS? Certainly, there would be no guns allowed in a living situation.

**Mr. Gerrard:** Has the minister made inquiries as to how a gun could get into a CFS supervised site?

**Ms. Melnick:** In any incident such as the one the member is referring to, the agency would do a report within the first 24 hours. There would also be a police investigation in the case of a fatality. The Chief Medical Examiner would do a review under section 10 of The Fatalities Inquiries Act. The agency authority and director of child welfare would do what is known as a section 4 review under The Child and Family Services Act.

**Mr. Gerrard:** One of the things that we were told last year dealing with the Hydra House situation, the

minister put in place an implementation team, and she provided the names of people on the implementation team. One of the people who was on that was Ian Anderson. There are some eyebrows being raised about the fact that he was put on there when he was a close friend of Diane Lau and had accompanied Diane Lau to Hong Kong in March of '99. This is clearly a very serious conflict of interest. It is incomprehensible that the minister would have put somebody with such an obvious conflict of interest on that committee.

Why did the minister put somebody like that on the committee, and what are the procedures for screening in terms of conflicts?

**Ms. Melnick:** Certainly, Ian Anderson is a long-standing member of the community. He comes from a very reputable organization. The committee was not to deal with concerns around Hydra House. The committee was to deal with systemic issues around, for example, the development and signing of service purchase agreements, talking about the different types of service purchase agreements depending on the size and the services provided by services. It was dealing with per diem rates, a review of per diem rates.

So it was dealing with issues that would be within the system. There was, in my understanding, no contact with anyone from Hydra House by anyone on the committee during that time. Certainly, there was no requirement to be dealing with anyone involved in the Hydra House situation then, and to my understanding nothing of the kind occurred.

**Mr. Gerrard:** Let me briefly follow-up the B & L Homes gun situation. What has the minister done to make sure there are no more guns in CFS supervised sites?

**Ms. Melnick:** Our provincial investigator reviewed the situation, and we have communicated with all the agencies around ensuring that children who are in care, if they are returning from outside of the place where they are currently living, there is a review of any materials that they—

**Madam Chairperson:** The time being 5:30 p.m., I am interrupting proceedings.

The Committee of Supply will resume sitting tomorrow morning (Friday) at 10 a.m.

## FINANCE

\* (14:40)

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

Does the honourable minister have an opening statement?

**Hon. Greg Selinger (Minister of Finance):** First of all, I would like to thank the Member for Turtle Mountain (Mr. Cullen) for providing me with liquid refreshments. The Perrier water is not normally something we purchase in the Finance Department, but I know the opposition has a very generous member's allowance fund, and I will thank him for that. *[interjection]*

You can ask when the Estimates get started. I am sure you will. Glad to see you have your sense of humour as usual.

Thank you very much, Mr. Chairperson. It is my pleasure to present for your consideration and approval, the Estimates of Expenditure of the Department of Finance for '05-06 fiscal year. I have a brief opening statement, after which I will be pleased to respond to any questions that members might have, including questions about personal or finance expenses with respect to meals.

Fiscal and economic policies. Despite the appreciation of the Canadian dollar, the U.S. trade restrictions that have severely affected our cattle industry and increasing global competition, Manitoba's diversified economy posted a strong performance in 2004. Manitoba's real GDP grew 2.8 percent in line with other jurisdictions and is expected to grow 2.7 percent in '05, according to the average of the seven estimates from independent forecasters, and 2.8 percent in '06.

Manitoba's manufacturing shipments increased 10 percent, outpacing Canada for the second consecutive year. As well, exports increased 7.5 percent, and foreign exports to nations other than the United States grew by 22 percent.

After accounting for inflation, Manitoba's real per capita personal disposable incomes have

increased by 5.2 percent over the past five years. This income growth is substantially better than the 1990s when Manitobans' real incomes actually declined over the decade.

A major factor in these income increases has been the excellent growth in jobs in Manitoba with an average annual employment increase of 7200 per year since '99, more than double the growth in the previous decade.

Strong income growth resulted in continued increases in consumer spending. Retail sales rose 7.5 percent, the second-highest increase among provinces, and housing starts increased by 5.6 percent, bringing the growth since 2000 to 73 percent.

Robust construction activity in '04 helped private capital investment in Manitoba increase by 8.1 percent. Private investment has been a consistent source of economic strength for the Manitoba economy for the past several years.

A number of key investments are under way or planned for 2005 with companies like Biovail, Cangene, AirSource Power Fund and Winpak Limited undertaking capital investments here.

We look forward to even higher levels of investment in the future. Statistics Canada projects private investment in Manitoba will grow by 3.6 percent in 2005, while the Conference Board of Canada projects total investment growth of 6.2 percent.

Mr. Chairperson, we will continue our work to ensure that Manitoba remains competitive and that all communities benefit from our economic growth.

\* (14:50)

Mr. Chairperson, in keeping with our balanced budget and responsible fiscal plan, we continue our program of strong debt reduction measures. We are moving forward with paying down both the general purpose debt, as well as pension liabilities. Our combined six-year payment toward this debt totals \$594 million, the largest such payment in Manitoba history.

In our 2005 budget, our budgeted debt payment has been increased from \$96 million to \$110 million. Since 1999, the net general purpose debt to GDP

ratio has been reduced by 20 percent. As our debt service costs have fallen, we have earned credit rating upgrades from both Moody's Investor Service and the Dominion Bond Rating Service.

Our government continues to work diligently on the intergovernmental issues of importance to Manitobans. Our government has engaged in on-going negotiations on health care funding with other provinces and the federal government for a number of years now. We were rewarded for our persistence on September 16, '04, when Canada's First Ministers signed an unprecedented, unanimous agreement on health care.

We estimate that the underlying federal share of funding for health care in Manitoba has risen from about 20 percent to 23 percent as a result of this agreement. This figure is getting close to the 25 % target that we would consider a fair partnership. Manitoba will receive \$76 million more in '04-05 than previously committed by the federal government as a result of the agreement.

However, I should note that \$2 billion was shifted out of the post-secondary and social services portion of the CHST into the envelope for the Canadian health transfer, which leaves post-secondary education with far less resources than it has had historically from the federal government.

The federal government has chosen to pre-fund its obligations for wait-time reductions using its '04-05 surplus. As a result, Manitoba received an additional \$132 million towards its obligation for the next four years. In keeping with our part of the agreement, we have deposited these funds in our fiscal stabilization fund to be used over the next four years to augment our provincial strategies for reducing wait times for health services.

While acknowledging the strides that have been made in respective health care funding, provinces and territories are facing the reality of a weakened federal funding partnership in other areas. When the federal government split the Canada Health and Social Transfer into separate transfers for health and other social programs in '04-05, federal funding for health was increased at the expense of post-secondary education and social services.

In splitting the CHST, the federal government cut \$2.7 billion in funding for PSE, post-secondary

education, and social services compared to a decade earlier. Manitoba, along with other provinces and territories, has backfilled what amounts to a 31% cut in federal funding in these areas over the past decade. Manitoba will continue to work with other jurisdictions and the federal government to restore the federal funding commitment to these vital programs.

The equalization program is an area of major funding uncertainty. At the First Ministers' meeting in October '04, the federal government presented its plan to increase funding for '04-05 and to set the total level of funding in '05-06 in subsequent years. The new federal equalization plan provided us with \$184 million more for '04-05, but it left important issues unresolved. The Province's future allocations related to equalization are subject to the review and recommendations of a federal expert panel on equalization. As well, the fiscal imbalance subcommittee of the House of Commons Finance Committee will be reporting to Parliament on equalization in June.

On taxation matters, Budget '05 builds on the previous five years of tax reductions by offering a further \$137 million in reductions in property, farmland, personal income tax and business taxes for a combined six-year total of \$500 million. The residential education support levy is being reduced for the fourth time since 2001, saving Manitoba homeowners another \$30 million annually. The tax rate applied to middle bracket personal income is reduced from 14 percent to 13.5 percent for the 2006 tax year, and the basic personal amount tax credit is increased by \$100 to \$7,734. Together, these measures will save Manitobans \$30 million a year.

The corporations' income tax rate is reduced from 15 percent to 14.5 percent, effective July '06, and further reduced to 14 percent for July '07. The small business income tax rate is reduced from 5 percent to 4.5 percent for '06, and further reduced to 4 percent for '07. The reductions to the corporations' rate and small business rate saved Manitoba businesses \$37 million per year.

The rise in the Canadian dollar and ever increasing global competition are pushing manufacturing and processing companies to continually invest in plants and equipment. To encourage this, we have broadened the Manufacturing Investment Tax Credit to include used buildings, machinery and equipment as qualifying property.

The Research and Development Tax Credit is increased from 15 percent to 20 percent to provide further needed support to Manitoba's knowledge-based industries. The farmland school tax rebate, introduced in the November '04 Speech from the Throne as a 33% rebate of the school division special levy on farmland, is increased in '05 to 50 percent of the special levy on farmland.

In addition, the maximum tax credit for political donations was increased to \$650. The Film and Video Tax Credit was increased to 45 percent, the Community Economic Development Tax Credit, Manitoba Equity Tax Credit and the Co-operative Education Tax Credit were all extended by three years.

The R&D Tax Credit was increased from 15 to 20 percent. The Riparian Tax Credit was extended for a fourth intake, and a retail tax exemption from manure slurry tanks was extended, and free-distribution magazines were exempted from a retail sales tax for the first time ever.

Mr. Chairperson, this government continues to work on behalf of all Manitobans in balancing priorities while reducing taxes and paying down our debt. With respect to transparency and accountability, we are committed to continuous improvements to financial management and reporting practices that enhance transparency and accountability. Government's efforts to keep pace with the pronouncements of the Public Sector Accounting Standards Board of the Canadian Institute of Chartered Accountants have been assisted by the recommendations of the Auditor General. Various improvements to financial reporting, as outlined in Budget '05, have been implemented over the past several years. Examples include improved disclosures in various technical areas and the recognition of the unfunded liability for future benefits for employees of the non-devolved health care facilities.

In addition to improvements in financial reporting, the government has taken the necessary steps in respect of capital acquisitions and infrastructure capitalization to bring accounting practices in full compliance with generally accepted accounting principles.

Mr. Chairperson, Budget '05 continues our program of fully implementing generally accepted accounting principles, moving to full summary

budgeting and reporting for '07-08. This is reflected in the increased prominence given to the summary budget projections presented in the '05 provincial budget. This program of fully implementing general accepted accounting principles is not without significant challenges. Public sector accounting recommendations are not static. New and changed pronouncements have been issued with some frequency in recent years. For example, recent pronouncements have changed the definitions of entities to be included in the government reporting entity. This will undoubtedly result in the addition of entities in the government reporting entity.

Moving to Consumer and Corporate Affairs, Mr. Chairperson, the department will continue in '05-06 to focus on opportunities and challenges that benefit Manitobans. The Residential Tenancies Branch has completed the first phase of a re-engineering of its business processes. The first phase will address disputes relating to security deposits, repairs, utilities, orders of possession and rent. An integrated case management system will track and schedule cases. A new integrated electronic system will help front-line staff to start to resolve disputes between landlords and tenants immediately. Changes will also facilitate faster mediation and hearing decisions will issue more quickly.

Phase two of this project will provide various additional administrative efficiencies which will further improve our service to tenants and landlords. Last year, Manitoba agreed to harmonize key aspects of consumer protection legislation, to improve consumer protection and harmonize certain provisions across Canada. We will be introducing amendments to The Consumer Protection Act this year to harmonize cost-of-credit disclosure legislation, which will meet our commitments under this agreement. The new legislation will apply to all consumer loans and, for the first time, will include requirements for disclosure in regard to consumer mortgages and leases. These amendments will also include prohibitions on brokers receiving advance fees for arranging a consumer loan, mortgage release and will introduce administrative penalties to address certain problem practices in the marketplace related to the advertising of consumer credit.

\* (15:00)

In addition to cost of credit disclosure amendments, we are planning to introduce legislation

related to payday lending in '05. There has been a proliferation of payday lending stores opening in Manitoba in recent years, and demands for small-sum, short-term loans by thousands of Manitobans who use these services regularly. Issues related to high interest rates and abusive lending practices common to this industry require immediate attention. We have been pressing the federal government to address these problems by delegating authority to Manitoba to regulate this industry outside the confines of the usury provisions of the Criminal Code. We intend to introduce legislation that will prohibit certain practices by payday lenders such as rollovers and wage assignments and consider regulating the fees that lenders may charge.

In the area of securities regulation, we have achieved considerable success in terms of inter-provincial co-operation. The ministers responsible for securities regulation in 10 Canadian provinces and territories signed a memorandum of understanding last year aimed at reforming securities regulation through streamlining and harmonization. Two of the three remaining jurisdictions have committed to the memorandum of understanding and the third, Ontario, while not a signatory, is working with the rest of the country to implement the improvements that are contemplated by the document.

The initial step under the memorandum of understanding is the implementation of a passport between Canadian jurisdictions in the areas of prospectus and continuous disclosure filings and in registrations. Under the passport system, a market participant will only need to deal with one set of rules and one regulator. This will reduce direct and indirect compliance costs and the time required to obtain regulatory approvals. This is to be put in place by August 1, 2005.

The memorandum of understanding also commits to the development and implementation across the country of highly harmonized legislation simplified where appropriate, by December 31, 2006. A council of ministers is established to provide direction, sponsor enabling legislation and make decisions about the broad, future reforms.

This initiative is in response to industry requests for a streamlined system with consistent rules. Department staff are working closely with the regulatory community, including representatives of

the Manitoba Securities Commission, in completing this important work, which will provide issuers and registrants with the efficiency of dealing with a single regulator on national offerings and registration applications while allowing the provinces to maintain jurisdiction over this area of essential economic activity.

There are many more examples of such programs and initiatives planned for '05-06 which we would be pleased to discuss in greater detail with our honourable members as we move forward in this committee with our department's Estimates.

With these brief opening comments, I would be pleased to respond to any questions that the honourable members may have. Thank you.

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

Does the official opposition critic, the honourable Member for Lac du Bonnet (Mr. Hawranik), have any opening comments?

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

**Mr. Chairperson:** Please do proceed.

**Mr. Hawranik:** I would like to first thank the minister for his opening statement. While I do not always agree with everything he says, I thank the minister for the statement and will try to highlight some of the differences between what he has said in terms of the economy and the economic performance of the province and what I feel is where we are at.

I would also like to thank the member from Fort Whyte. Of course, these are my first Estimates with the first budget as Finance critic. I would like to thank the member from Fort Whyte for being the previous Finance critic. He did a very good job, excellent job. I know he has pressed the minister many times during Question Period and during the Estimates, and I thank him for all his dedication to the Finance portfolio.

Some of the things that the minister has indicated in his opening statement, I believe, exemplify the words that the Auditor placed within the 2003-2004 audit report. That is that he, in a number of places in that report, indicated that in the

government's press releases and, in fact, in the way they treated the report in terms of the debt and deficit, he felt the NDP and the minister were misleading by omission. That is not all the facts—not that the minister or the government, in fact, misstated some of the facts. They, in fact, used some of the statistics within the financial report that were, in fact, correct, but they did not present all the facts. That is what he meant, I think, by misleading by omission. I note whenever I see some of the government press releases, whenever I see some of the quarterly reports and so on, we are not getting all the facts. That is the concern I have, that basically the minister and the government are, in fact, using those parts of the financial statements and those parts of the economy that are doing well but not presenting all of the facts to Manitobans.

Yes, I agree, there has been some very strong growth in Manitoba in some sectors of the economy, as indicated by the minister. He certainly should acknowledge it is not necessarily through his efforts and this government's efforts that is taking place. In fact, there is growth all across Canada in various sectors. I think the important factor to consider with respect to economic growth is not necessarily just focus entirely on Manitoba, but compare us with other provinces, compare us with the Canadian average, and then we get the true picture. When we are dealing with growth, when we are dealing with economic activity across Canada, I think you will find, more often than not, that we are below the Canadian average in most sectors.

The minister has mentioned a number of times, in fact, even to some of my questions in Question Period, that the real GDP-to-debt ratio is declining. He was not at the breakfast that was sponsored by the Manitoba Chamber of Commerce a couple of weeks ago where the Auditor General was present and made a presentation. I was, and I was surprised to see that the minister did not attend that breakfast. But what the Auditor General had to say, I felt, was extremely important. One of his charts, one of the charts he put up on the overhead that he was using, in fact, was the real GDP-to-debt ratio. It indicated that was not declining.

When I look at some of the information that is presented in the budget, in fact in the budget papers, it shows that there is a decline of the real GDP-to-debt ratio. I am somewhat concerned because looking through the numbers that are presented in the

budget, I cannot understand where that calculation comes from in terms of the ratio. When I do the math myself, from the budget papers it appears as though there is not really a decline. So I will be asking the minister some questions in that regard later to determine where he gets those numbers from, where he gets that ratio from and how it is determined, because it might very well be that it is determined differently than what I have calculated it.

One of the concerns I have is that, in fact, it arises from the audit report of '03-04, and that is the statement by the Auditor General somewhat that he cannot trust the quarterly reports. Having reviewed some of those quarterly reports, I agree with him because one of the problems is that the minister deals with the operating fund and, as we know, these financial statements for the operating fund are easily manipulated to show a surplus no matter what happens in the province.

All you have to do is use various clauses out of the balanced budget legislation to your advantage. There are lots of ins and outs. There are lots of loopholes, as I see it, in the legislation. It is very easy to come up with a balanced budget, very easy to come up with a balanced financial statement with respect to the operating fund. As I say, it can be manipulated by counting revenue that is not really revenue. If it is a transfer in from the rainy day fund, it is a transfer from one pocket to the next, and it is counted as revenue. I am not faulting the Finance Minister for that. It is permitted under the legislation, but is it really revenue? That is my question. In my opinion, it is not. It is just a transfer from one savings account to another account.

**An Honourable Member:** It is your legislation.

\* (15:10)

**Mr. Hawranik:** The member from La Verendrye says, "It is our legislation." Yes, it is our legislation, but it is you who is using every loophole you can find and dream of in that legislation to ensure that we do have balanced budgets. *[interjection]* Well, not necessarily built loopholes in it; you found every loophole you could find and invented and dreamed of. So that is the problem.

Secondly, when it comes time to the operating fund financial statements, you do not have to count some expenses that are really expenses. I mean, it is

easy to balance a budget then. It is easy to balance financial statements on an operating fund basis. Anyone could do it. I mean, if you are running a \$500-million deficit, just do not count \$500 million worth of expenses. It is easily done.

In every communication by this Finance Minister and by this government, they continue to quote the summary financial statements. The Auditor General called them on it. He said that the summary financial statements do not fairly represent the financial position of the Province and the financial performance of the Province. He says that the government should focus instead on the summary financial statements. That is directly from the Auditor; that is not from me. That is directly from an independent source stating that those are the numbers that need to be used. I give you that as an example of expenses that were not really counted. There were millions of dollars that were not counted in forest fire expenses and expenses related to BSE. The Finance Minister claimed that those were as a result of a natural disaster. While I would agree that the BSE crisis is very devastating to the farmers, we thought the BSE crisis was enough of a crisis to ask the Legislature to return in September of last year.

We thought it was a crisis. The Premier (Mr. Doer) thought it was not because he did not feel it was enough to recall the Legislature. So, on the one hand, the Finance Minister is calling it a crisis for the balanced budget legislation and, on the other hand, the Premier does not agree. So the difficulty is, of course, in that balanced budget legislation as there is really no definition of a crisis. As long as the Finance Minister believes that the expenses were related to a crisis, a natural disaster or a crisis, they do not have to be counted. As long as that is there without any real definition, any proper definition within the legislation, it is subject to abuse. That we found out in 2003-2004 during that budget year and during those financial statements.

Another concern I have had, and I have mentioned in this Legislature, both in the budget debate and even during Question Period, is I have a genuine concern about whether or not the budget for 2005 and the statements that were presented in this House by the Finance Minister, including the Estimates books, whether those are the real numbers. There is real concern there about whether or not they can be trusted.

I go back to the statements of the Minister of Health (Mr. Sale) in December of 2004 where he was quoted in the newspaper. He has not denied it, by the way. He has not denied it publicly, and he has not denied it in this House. He stated in the newspaper that he deliberately misstated the numbers in the health care budget. He did not believe that the numbers that were quoted in the health care budget were high enough to run that department. That is really what he said, in which case it leads everyone to believe that we cannot trust the budget numbers. If it is just a deliberate misstatement to ensure that there is a balanced budget presented, how can we trust the numbers that are in the 2005 budget that was presented last month?

So we really have some doubt about the numbers in the budget. As a result of that, that really affects, and rightly or wrongly, I think it affects the credibility of the Finance Minister. I am not sure that he participated in that. All I know is that the Health Minister was quoted in the newspaper as saying that, and he has not denied it publicly, and he has not denied it in this House.

It is important that we rely on the budget numbers and that they are accurate because how, as an opposition, can we scrutinize what the government is doing if we do not know the real numbers? That is a real concern of ours. I think it should be a concern of the Finance Minister as well.

There are a number of missed opportunities, I think, that I did not get around to talking about in my budget debate, but I would like to speak a little bit about it now, in terms of the Estimates, in the Estimates, that I believe this Finance Minister missed. That is how we dubbed the budget, as a missed opportunity.

For instance, in Justice there were really no detailed plans to address the record number of auto thefts, the record number of murders in Manitoba. There were no plans to break up any existing gangs and prevent new gangs from moving to Manitoba. The Hells Angels came to Manitoba in the year 2000 under the watch of this government and now we have got the Bandidos moving into the city and into Manitoba. I believe that that should have been one of the priorities of the budget, and the Finance Minister and the Justice Minister and the Premier (Mr. Doer), as far as I am concerned, they should have put more

attention to breaking up the existing gangs and preventing new gangs from moving in.

There were also no detailed plans to deal with the growing number of grow ops and illegal drug labs that are in the city. There was nothing to address the growing problem of drugs in the schools. There was no initiative that was shown in the numbers and in the budget by the government to address the increasing crime rate in our province. They announced in the budget 20 new police officers for the city of Winnipeg and 20 for rural Manitoba over the next two years, but we do not feel that that was enough. I know that I have asked questions in this House and I have heard various comments from members opposite that, well, on the one hand they do not want us to spend anymore and on the other hand, you do want us to spend.

Well, it is all a question of priorities. That is what it is a question of. First of all, we believe that the priorities of the government should be different than what it is, and it is all a question of priorities for Manitobans, in terms of where the issues are, where the concerns are and where more attention has to be placed.

In terms of Hydro, this government has, over a number of years, doubled the water rental rates and nearly doubled the provincial debt guarantee fee to Manitoba Hydro. Over the past three years, they have taken \$208 million from Manitoba just to balance the budget, to try to balance the budgets. The \$203-million raid on Manitoba also led to a 10% increase for Manitoba Hydro ratepayers. Under this government, the long-term debt in Manitoba Hydro soared to over \$7 billion. Over the time period within which this government has stated that they would be building the Wuskwatim Dam, during that delay and that time period, the projected cost of Wuskwatim has increased by \$130 million. The estimated cost of the new Hydro office towers has now doubled. My concern with building a new office tower, even though it is subject to an agreement, I believe, with Winnipeg Hydro at the time when they took over Winnipeg Hydro, the difficulty I have with building a new office tower is how can you build a new office tower when Hydro's debt has soared to over \$7 billion?

In terms of finance, we find that \$2.8 billion of all revenues come from federal transfers and equalization. That represents 34.2 percent of all provincial

revenue, which is up 2 percent from the last year. I believe that that is the case because of the massive cash injection of the federal government, both for this fiscal year and last fiscal year.

\* (15:20)

Tax cuts, and I know the minister has mentioned that there were tax cuts, but a lot of those were previously announced and do not take place until January of 2006, so really no tax relief for this taxation year, 2005. They really do little when they actually do kick in; there is very little change. This in spite of the fact that—I will be watching; tell the minister that I will be watching the budgets as they unfold from other provinces as they come along—I think what we will see is an increased level of tax cuts by other provincial jurisdictions across this country. When we see that, I think what we are going to find is that we are going to be less competitive than we were before. That is a definite concern.

Middle-income earners, under this budget in Manitoba, are still the highest taxed west of New Brunswick. There is still no move, despite the hard work of the Manitoba business community and their efforts to stay afloat and to expand and to create new investment in Manitoba, there is still no movement on eliminating the punitive payroll tax which collects nearly \$300 million annually. Saskatchewan, under an NDP government, does not even have one.

The debt has increased under this budget by almost \$3.5 billion in the last six years. Today, the total provincial debt is more than \$20 billion. That debt grows by \$1,441,100 a day. Every time we ask a question in Question Period, the debt goes up by \$1,000. Every time we get an answer from the government in Question Period, it goes up another \$1,000; \$1,000 a minute is the increase in debt of this Province. Is that sustainable? I suggest not. It is not sustainable. When do we stop this treadmill that we seem to be on, the debt going up, record high revenues? In spite of record high revenues, the debt goes up. How much revenue is it going to take before the debt goes down?

I know the minister has indicated many times in this House that he has paid toward the debt. He words his comments very, very carefully. He says he paid toward the debt. He is right. The budget indicates there is a payment toward the debt, but it does not pay down the debt. The debt is increasing at

too high a rate that it does not pay down the debt. We have got an increase in the net debt of the Province this year of \$526 million, just the net debt alone in spite of payment toward the debt. Well, yes, you do make a payment toward the debt that is increasing so fast that the debt is actually increasing.

The per capita debt has grown by almost \$2,500 under this government. Now, every man, woman and child is responsible for more than \$17,000 of provincial debt. Manitoba is still lagging behind most of Canada and most of Canada has yet to introduce their own budgets and tax-cut measures for the coming year and Manitoba is in danger of being left further behind.

So the debt has increased in spite of record-high revenues, and we seem to get further and further and further behind. This, in contrast to the province of Alberta which, in fact, this year has paid its debt down entirely; there is no debt at all. How do we compete with a province like Alberta when they have no debt and we are spending money for interest, for payment on that debt?

That debt has to be paid down by somebody and someone in this province. It may not be us, but it will be our children and our grandchildren, but it certainly will not be us. What we are doing is we are mortgaging the future of Manitoba. Manitoba is quickly becoming the last have-not province in western Canada. Even the Saskatchewan government under NDP rule is leaving Manitoba behind. BC will next, I understand, become a have province with Alberta, and Saskatchewan is not far behind.

My concern, too, is that we are quickly becoming the last have-not province in western Canada and we do not have a strategy, we do not have a long-term economic plan, we have no strategy for dealing with that. That is a major concern. Saskatchewan is leaving the Province of Manitoba in its dust. Saskatchewan paid \$180 million down on its debt this year, \$180 million. Saskatchewan has no payroll tax, and Saskatchewan residents pay less in income tax than Manitoba residents.

Now, we are dealing with education. The government has had more than enough new revenue to finally take the burden of education taxes off residential property and farmland, but it chose not to do that. It lost the opportunity. With the cash injection in extra federal transfer payments from

Ottawa, it had more than enough money to take education taxes off residential property and farmland. That commitment would take less than all of the education taxes off residential property and farmland, would take less than \$300 million a year to fulfil that commitment.

The new revenue available to the province this last budget was \$525 million of new revenue. Normally, we get between \$200 and \$300 million of new revenue every year. That \$200 to \$300 million of new revenue, normally, covers expansion of new programs. It covers inflationary increases to existing programming, and it covers new programming and new facilities and so on in Health and Education.

In terms of your priorities, and you have mentioned this a number of times, Education and Health are your priorities. Well, the \$200 to \$300 million in annual increases in revenues is enough to cover that. You have \$525 million of new revenue that is available to the province, and with that \$525 million, you could have used the less than \$300 million it requires to remove all education taxes from residential property and farmland now, for this budget year, and forever. It could have been done all in one year.

I recall during the 2003 election when we announced that commitment during the 2003 election, the Premier (Mr. Doer) scoffed at that idea. "Where are we going to get the money?" he said. "Where is the money going to come from?" he said. "They are not realistic. They do not know what they are doing," he said. He was wrong and this year proved us right. We were going to get that money from increased revenues. That is what we said during the election campaign. The Premier scoffed at that idea. Well, all I can tell you is this budget year proved him wrong. We have yet to hear the Premier acknowledge that, in fact, he made a mistake; that, in fact, this year, yes, with those increased revenues he could have removed education taxes from residential property and farmland, not only this year, but next year and the year after and so on. He could have actually done it in one year and forever.

What little tax reductions that have been provided in the budget will be swallowed up through special levy increases that this government will do nothing about. We have seen that across the province as school divisions present their budgets for coming years. I commend the government for at least doing

something with respect to farmland in terms of education taxes, but with those kinds of reductions, what you also have to do is ensure that you finance education to a level that school divisions will not increase the mill rates across the board. What we are seeing over these last couple of months is school divisions coming up with plans to increase their mill rates beyond the rate of inflation. So what they do not get from farmland, they are making up for with increases in mill rates across the province, whether it is residential property, whether it is farmland, or whether it is business levies against property taxes.

\* (15:30)

What we also see is that provincial education funding is at an all-time low of 56 percent of cost. That is forcing school divisions to either raise taxes, as I mentioned before, or to cut programs. Forced amalgamation has placed a burden on many school divisions and local taxpayers. It was supposed to save \$10 million a year to amalgamated school divisions. Well, I can tell you that through contract rationalizations that have occurred and harmonization of contracts that have occurred within Sunrise School Division that is not correct. In fact, I would believe that they did not save \$10 million just in Sunrise, it probably cost them \$10-million extra in amalgamation costs because it involved the harmonization of all the salaries.

I do not blame the teachers, and I do not blame the school bus drivers, and I do not blame the personnel in the school divisions because, well, why should one school bus driver in the same division on one side of the street be paid 30% less than a school bus driver across the street? It is absolutely not fair and, if I was in that position, I would be concerned too. I do not blame them for wanting to get the best deal for themselves and for their families, and to try to harmonize because we are doing the same job. We are working for the same division, the same employer, and we have a substantial difference in salaries that are paid to division employees.

I do not blame the workers. I do not blame the teachers. I do not blame the school bus drivers, and so on. I blame this government. They forced the amalgamation instead of trying to work through a negotiated settlement between divisions and giving them time within which to negotiate and to harmonize those salaries in a reasonable manner. They forced it, and the school division trustees had

no choice but to try to make the best of a bad situation, and that is what they did. What ended up happening is that the cost to the property taxpayers has been horrendous, particularly in my area with respect to Sunrise. We had double-digit increases for the first two years, and now we are down a little bit. People are upset in our area about the action of this government to do that and so am I because I hear about it on a daily basis in my constituency. I, too, am very concerned about the increases in taxes.

Manitoba's Health budget has now risen to \$3.4 billion, which is an incredible amount of the total budget within the Province. The waiting lists are still growing. Administrative costs have skyrocketed, and there is no real plan yet to deal with the increased health care needs of Manitoba's aging population.

With that, I know that my time is probably up or coming to very shortly. I would like to leave that opening statement as it is. Thank you.

**Mr. Chairperson:** Under Manitoba practice, debate on the Minister's Salary is traditionally the last item considered for a department of the Committee of Supply.

Accordingly, we shall now defer consideration of line item 1(a) and proceed with the consideration of the remaining items referenced in Resolution 7.1.

At this time we invite the minister's staff to join us at the table, and we ask that the minister introduce the staff in attendance.

May we request the minister, again, to introduce the staff in attendance.

**Mr. Selinger:** Yes, thank you, Mr. Chairperson. I have with me the Deputy Minister of Finance, Ewald Boschmann, and the director of our administration operations inside the Department of Finance, Erroll Kavanagh. We will call forward other officials as necessary. Thank you.

**Mr. Chairperson:** Does the committee wish to proceed through these Estimates in a chronological manner, or do we want a global discussion?

The Member for Lac du Bonnet, the official opposition critic for Finance.

**Mr. Hawranik:** Yes, and as is traditional in this Legislature, both in Finance and Justice and all other Estimates, I would request that we proceed on a global basis, discussion first. That, certainly, would facilitate the line by line passage of the budget.

**Mr. Chairperson:** Is that agreed?

**Mr. Selinger:** Because we are in the Chamber here, my officials, and there are many of them up there, I do not want to keep them all sitting in this Chamber for an extended period of time. If you want to go with the global just to get the ball rolling, and then we will proceed chronologically through the Supplementary Estimates. I am fine with that, but what I do not want to do is jump around from one section to another and keep all the officials here at the same time. If the member agrees to that kind of an approach, I am fine with that.

**Mr. Hawranik:** Well, certainly, I can understand the minister's concern, and I will try to accommodate him as much as possible for certain. I would like to start globally first and, in fact, my discussion, probably, today will be just targeted at the Auditor's Report of '03-04. So I suspect that the rest of the day we will be talking about that.

**Mr. Chairperson:** So did the Chair understand that we start globally, and then, depending on the scheduling of the staff, section by section?

**Mr. Selinger:** If I understand correctly, the member is suggesting we will do a global discussion focussing on the Auditor General's Report, which normally would come under the comptroller's section of the Estimates, so I will ask the comptroller to join us, and I will ask all the other officials, for the most part, not necessarily to stay. We will focus on that. I understand we might run out of gas on that topic, and you might want to move to some other areas. We will try to accommodate that, but I am not going to keep everybody here on the understanding that we are going to focus on comptroller issues, auditing issues, Auditor General issues today.

**Mr. Hawranik:** Yes, that is correct. I think that is where I am going to start, in any event. I will try to stay within the audit issues, itself, at least for today. As he indicates, if I have no further questions, we will move on to some other section. So I have no problem with that.

**Mr. Chairperson:** So is there agreement now as to procedure?

**An Honourable Member:** I think we have agreement.

**Mr. Selinger:** Yes.

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

**Mr. Hawranik:** Focussing on the '03-04 audit report, the audit report, of course, came out earlier this year. We had not really had a real full discussion of it until now. I have got a number of questions to the Finance Minister with respect to the report and with respect to what the Auditor found, I guess, within that report, and his comments that he made.

I turn to the press releases and the statements made by the minister that, in fact, we had a \$13-million surplus in '03-04. Yet the Auditor stated we had a \$604-million deficit basically, because the minister was quoting from the operating fund financial statements, and the Auditor was quoting from the summary financial statements. That is the difference there.

\* (15:40)

In order to arrive at that \$13-million surplus that the minister and this government, in fact, hung their hat on, so to speak, in their press releases and in their public statements, in order to arrive at that \$13-million surplus, he had to transfer money from the rainy day fund and he had to transfer \$171 million from the rainy day fund, which is \$120 million more than was budgeted from the rainy day fund. In addition to that, he had to exclude \$71 million in disaster-related expenses, and he had to exclude pension costs of \$182 million.

Now, my question to the minister is how does he feel, in terms of balanced budget legislation. Should there be a definition for the word "disaster" in the legislation and, if so, what would his definition be?

**Mr. Selinger:** The member of Lac du Bonnet, in his opening comments in question just now, seems to inquire as to how the \$13 million was arrived at and, then, almost asked a second question at the same time about what the definition is of a disaster and how that was applied in this circumstances.

To answer the first question, it would simply be that the \$13-million surplus was arrived at using the balanced budget legislation as put into law by the Conservative Party of Manitoba when they were the government. It was their rules and procedures that they put in place, and their rules and procedures they followed. Really, we developed our \$13-million surplus based on past practice.

**Mr. Hawranik:** Given those statements by the Finance Minister, why did he pick \$13 million? Why did he not pick 12, 11, 10, 27, 53? Why did he not pick any other number? Why did he pick \$13 million? He could have picked any number, simply because he was using whatever loophole he could find in the balanced budgeted legislation. Why did he pick \$13 million?

**Mr. Selinger:** Well, once again, the surplus was arrived at using the past practices as put in place by the former government under the legislation put in place by the former government.

**Mr. Hawranik:** I do not believe the former government picked \$13 million in the past.

My question to the minister is why did he pick \$13 million. He could have picked any other number.

Does the minister agree that he could have picked any other number? Not any other number, but almost any other number. Because he had more money available in the rainy day fund, he could have picked \$14 million or \$12 million or \$8 million. Why the \$13 million?

**Mr. Selinger:** At the risk of being redundant, the surplus was generated through the legislative provisions and past practices inherited from the former government by the current government.

They wrote the rules. They passed the legislation. They set up the mechanisms within the balanced budget legislation which the member now calls loopholes, which, I think, were basic features of the legislation as developed by the political party the member represents right now.

**Mr. Hawranik:** Does the minister agree that \$13 million, perhaps, was just a figment? That he could have picked any number almost?

He did not have to pick \$13 million. He could have picked \$12 million. He could have picked \$10 million. He could have picked \$1 million. He could have picked zero. Does he agree?

**Mr. Selinger:** I agree that the number was arrived at within the parameters outlined within the legislation as put in place by the former government, and there are constraints there. There are also some elements of flexibility as provided in the legislation.

**Mr. Hawranik:** I asked the minister whether he participated in picking the \$13 million, or was it just department staff? Was it a recommendation from the department, or was it a recommendation from Cabinet?

**Mr. Selinger:** Under our system of government there is the principle of ministerial responsibility. The report was issued under my name, and I take responsibility for the numbers published there. To my knowledge, those numbers were published in accordance with the law in place in Manitoba.

**Mr. Hawranik:** I ask the minister what is the magic of \$13 million. Was there any significance to picking \$13 million as a surplus?

**Mr. Selinger:** The significance is that the legislation provides for a methodology in reporting the finances of the Province of Manitoba that we followed. That methodology produced a \$13-million surplus under balanced budget legislation, and that number indicated that with all the provisions as in the legislation that there was a surplus for that fiscal year according to those rules.

**Mr. Hawranik:** Does the minister agree that that methodology that he employed that he says is under the balanced budget legislation, that same methodology could have produced a \$1-million surplus, rather than a \$13-million surplus?

**Mr. Selinger:** As I indicated in my last question, the legislation has certain constraints, and it has certain flexibilities, and we operated squarely within what the law provided.

**Mr. Hawranik:** Would the minister agree that if he had transferred \$170 million from the rainy day fund rather than the \$171 million from the rainy day fund that it would have produced a \$12-million surplus?

**Mr. Selinger:** I hope I am not going to repeat myself too many times, but the short answer is that we followed the procedures put in the legislation. We reported on them fully as the legislation requires and, in addition, we were the first government to publish a summary financial budget and report on that at the same time as we provided a budget to Manitobans under balanced budget legislation.

**An Honourable Member:** That is a good point.

**Mr. Hawranik:** I go back to my original question that I asked earlier. Should there be a definition of the word "disaster" in the legislation, and would the minister agree to that?

**Mr. Selinger:** Before I answer the second question the member has raised, I would like to point out to him that in the 1998-99 budget the government of the day, the Conservative government drew \$186 million from the Fiscal Stabilization Fund and showed at the end of the year a \$31-million surplus. That is a higher draw than the member indicates for last year.

In addition, in the '99-2000 budget, the election budget that the member ran under, or his party ran under—I think he ran in a by-election—they drew \$185 million from the Fiscal Stabilization Fund and produced at the end of the year \$11-million surplus.

In addition, in 1997-98—and this is all on pages B30, 31, if the member is interested to see the actual text in the Manitoba budget papers, they drew \$100 million from the Fiscal Stabilization Fund and at the end of the year showed a surplus under those rules of balanced budget legislation of \$76 million. This is pages B30, 31 in the budget papers.

In the '96-97 budget, they put \$264 million into the Fiscal Stabilization Fund—

**An Honourable Member:** Where did it come from?

\* (15:50)

**Mr. Selinger:** From the sale of the Manitoba Telephone System, but only showed a surplus of \$91 million. So it is pretty clear that the operation and reporting under the balanced budget legislation has been very consistent over the last several years as the legislation requires.

Now, as to the second question, should there be a definition of disaster, I am going to just talk to my officials for a second because I know this was an important discussion before we made our deliberations. On this question of what constitutes a disaster or a crisis, as the member will know, we budget every year a certain amount for disaster assistance within the budget. In this case, this year was \$25 million.

When we have extraordinary circumstances which require resources in excess of that for forest fires, BSE and other disasters which were occurring in the year we are discussing, we looked at the difference between what we budgeted and what the actual costs were. We consulted legislative legal counsel as to whether that would be reasonable to assume those were resources allocated to a disaster-type of situation. The response we got was that was reasonable to consider it to be disaster assistance or special assistance because it far exceeded what the budget had provided for.

**Mr. Hawranik:** I would ask the Minister of Finance whether his definition of disaster under the balanced budget legislation is different than the definition of the disaster as the Premier (Mr. Doer) thinks it is. Is there a difference in application of disaster between you and the Premier?

**Mr. Selinger:** I cannot speak for the Premier. If you have some specific quotes or language you would like to show me and have me comment, I would be happy to try and do that. All I can say to you is that when we budget for disasters, we look at historical experience and try to allocate an amount in the budget which would cover the historical experience we have in the province every year.

Every year there are things that happen that are not planned for; weather related matters, forest fire related matters, as it turns out, matters related to whether or not the border is open or closed, and what the impact that has on a portion of the Manitoba economy. In a situation where the expenses are extraordinary and exceed historical averages, it seemed reasonable to define them as disaster expenses under the balanced budget legislation. Our advice from legal counsel confirmed that.

**Mr. Hawranik:** The reason I asked the minister whether there was a difference in definition of the word "disaster" between the Premier and himself was

because under the '03-04 audit report, he felt that the BSE crisis, the money spent on the BSE crisis, was a disaster for purposes of the '03-04 financial statements.

At the same time, when we called in September of that year for an emergency recall of the Legislature because we felt that BSE was a disaster. The Premier (Mr. Doer) disagreed. How do you reconcile the two differences in definition between yourself and the Premier?

**Mr. Selinger:** I could put the question back to the member. At the time, the opposition criticized us for using the provisions of balanced budget legislation with respect to how we dealt with disaster expenses and said we had exploited a loophole and we should not have done that, when, in fact, we were simply following the provisions of the legislation.

The member should know that we acted with alacrity to respond to that BSE situation during the course of that crisis unfolding. I think it started in May of that year and proceeded on through the summer, and in many respects we are still dealing with that crisis. I can tell you that the Minister of Agriculture (Ms. Wowchuk) and the government generally was on the case responding to that crisis and providing practical, on-the-ground support to producers as well as working with the federal government to try and find a permanent solution to that problem which involves opening the border.

**Mr. Hawranik:** The minister indicated in terms of a loophole, in terms of the disaster, that the only reason that there is a loophole there is because of the differences in opinion with respect to what a disaster really is. I would like to have the Minister of Finance's definition, what he believes a disaster is when it is applied under the balanced budget legislation. What is his definition of a disaster under the legislation?

**Mr. Selinger:** I provided that definition in previous answers. To summarize for the member again, we put in the budget resources that we think respond to the historical demands for emergency relief to various sectors of the Manitoba community and economy. In circumstances where those expenses dramatically exceed historical averages, we had advice that they qualify as disaster, a special situation, a disaster or crisis situation.

We acted accordingly. Not only did we act on the ground to provide this practical relief to people, but we acted accordingly in terms of how the legislation reads. It is section 3(2). Section 3(2) of the act indicates the government is not required to include an expenditure required in the fiscal year as a result of a natural or other disaster in Manitoba that could not have been anticipated and affects the province or a region of the province in a manner that is of urgent public concern in determining whether there is a positive or negative balance for a fiscal year. We followed squarely the provisions of the act as put in place by the member's former government.

**Mr. Hawranik:** I remind the minister that that is a matter of interpretation. It is a bit of a subjective call.

In any event, getting back to one of the minister's comments on one of my previous questions, he quoted that under his Budget 2005 budget papers on page 32, 33, he stated, "In '97-98 there was a transfer from the Fiscal Stabilization Fund of \$100 million."

That is one of the reasons why I am not sure we can trust the budget papers versus what the Auditor does. I turn to the Auditor's Report, page 63 in the Auditor's Report says there was a draw on the Fiscal Stabilization Fund of \$12 million. Can you explain that difference? And this in spite of the fact that in '97-98 there was the flood of the century in Manitoba. So why is there that difference?

**Mr. Selinger:** Just before I answer, is the member referring to the same year, '97-98, with those, what he considers to be discrepant numbers?

\*(16:00)

**Mr. Hawranik:** Yes, I believe I am. When I look at page 32, 33 of your budget papers, you have \$100 million transferred from the Stabilization Fund. When I look at Figure 7, page 63 of the Auditor's Report of '03-04, it indicates that from '97 to '98 the Fiscal Stabilization Fund declined from a \$577-million balance to a \$565-million balance, meaning that there was a reduction of balance in the Fiscal Stabilization Fund of only \$12 million.

**Mr. Selinger:** I just want to clarify, the page the member is referring to in the Auditor's Report. Is it page 60, 61?

**An Honourable Member:** Sixty-three.

**Mr. Selinger:** Sixty-three, thank you. We just want to make sure we are using the same information before we give you an answer. That is the annual report of '03-04?

**An Honourable Member:** Yes.

**Mr. Selinger:** Okay, thank you. When the member refers to page 63 of Public Accounts for '03-04 on March 31, '04, I take it he is referring to the graph that shows in 1997, there was 577 million in the Fiscal Stabilization Fund, and then in '98, there was 565 million, for a difference of 12. He is asking how I reconcile that with a draw of 100 million in '97-98, right?

**An Honourable Member:** Yes.

**Mr. Selinger:** Okay, the first comment I have to make is continuing the tradition of opposition cheap shots versus government cheap shots back. This was your budget. *[interjection]* Okay, I just had to put that on the record. This discrepancy was during your time in office. *[interjection]* I understand that, but they refer to a discrepancy when you were in office. I just want to point that little point out, then the difference would be as follows, we think.

On page B31, they took out 100 million. They generated a surplus of 76 million for a difference of 24 million. In other words, they put back 76 million at the end of the year from the hundred they originally drew out, so that would have a difference of 26. Then the question is what is the difference between 26 and 12? It probably was interest earned in the fund during the course of that year, to give the net difference of 12. That is normally how it is calculated.

Now, I know the member is amazed by that, but I just point out to him again, these are the rules you guys put in place.

**Mr. Hawranik:** I guess my point is there was not \$100 million taken out. Sure, there was \$100 million taken out, but it was put back in. In reality, we only took \$12 million out. We really did. We only took \$12 million out of that rainy day fund because it only went down \$12 million. You said we took out \$100 million. It is not what you take out and put back in, it is what the final balance is.

What is the position of the fund effective the end of the year? The end of the year is, and these are your budget papers for 2005, not mine. You said we took out \$100 million. We may have taken out \$100 million, but we put it back. The question is how much did we really draw out of the Fiscal Stabilization Fund. My point in this whole exercise is the fact we only took out \$12 million in reality.

**Mr. Selinger:** That is a fascinating point because it could be turned in many different directions. I will just simply say the budget of that year drew \$100 million out. At the end of the year, it generated a surplus of \$76 million, so the net draw was \$24 million and that net draw was further offset by interest earned in the fund of about \$12 million for a final net balance of \$12 million. To say that you did not take the \$100 million out, that is a bit rich. That is what you budgeted for; that is what you took out. Then at the end of the year it turned out that you generated a \$76-million surplus, so you returned some to the fund. Now, we can mince words as much as you want, there is a difference between the net balance and the original draw.

A further additional point, yes, the draw was there, but if you go down further on the page of B31, you can see that the bottom line there, Fiscal Stabilization Fund End of Year Balance, corresponds exactly with the graph the member is working off. It was 578; the net balance was 565, so all the information is reported there as it occurred.

**Mr. Hawranik:** The minister had mentioned, in a previous answer to a previous question that he normally budgets disaster related expenses of \$25 million a year. Would that be correct? Is that what he said?

**Mr. Selinger:** I am going to have to excuse myself. I did not catch the full—

**Mr. Hawranik:** The minister answered in a previous question to me that he budgeted disaster expenses, he normally budgets disaster expenses in the budget of \$25 million. Would that be correct? Is that what he said?

**Mr. Selinger:** The last couple of years we have budgeted 25 million. When we came into office, it was actually a lower amount and subject to confirmation, which is coming up. I believe it was in the order of 20 million.

**Mr. Hawranik:** Forest fire expenses that occurred in the 2003-04 budget year, was that \$25 million?

**Mr. Selinger:** The member asked me how much was spent on forest fire suppression. The answer was \$51.7 million.

**Mr. Hawranik:** I noticed in the audit report that the Auditor had mentioned that the \$13-million surplus was made by excluding pension costs of \$182 million. Can the minister explain to me what exactly that is, that \$182 million?

**Mr. Selinger:** The \$182 million is the increase in the gross liability for pensions of the public service and teachers in the province of Manitoba and, as the member will know, the pension liability had been allowed to grow since 1962 without any employer contribution until we came into office. In our first budget, we changed balanced budget legislation and put in place a plan to both recognize that the pension liability had grown from about 1.8 billion to \$3 billion, and we put in a long-term plan to start paying that down in that first budget year so that at some point this growth in costs would be provided for through resources.

**Mr. Hawranik:** With respect to paying down that pension liability at the current rate that the Finance Minister says that he is paying down that pension liability, how long would it take before that pension liability is fully paid?

\*(16:10)

**Mr. Selinger:** At the time we made the commitment to start paying down the liability, I am going to just get the specifics here, but it was about a 30- to 35-year time horizon to pay down that liability. In the 2000-2001 year, we started addressing that. That changes somewhat every year through changes in contributions as well as changes in projected earnings. We started out with a plan that was about a 32-year plan. If left unattended, the unfunded pension liability would have grown in excess of \$10 billion by 2035. The bond rating agencies had been saying to us that, first of all, you should recognize you have this responsibility and start doing something about it. We acted on that in our first budget.

So, in the year 2000, we introduced the first ever plan to deal with the pension liability. In 2002-03, not only did we start using some of the money set

aside through the 96 million, now 110 million, to pay down the pension liability, but we required departments to start matching pension contributions from employees for each new employee. We took a second measure in '02-03 to accelerate our ability to deal with the pension liability. Back to the original question, under our plan, assuming the assumptions hold, the pension liability will be eliminated by the year 2032.

**Mr. Hawranik:** The minister had mentioned that the debt repayment was \$96 million. Does he acknowledge that is required by legislation under the balanced budget legislation?

**Mr. Selinger:** The original balanced budget legislation had a formula built into it for the pay down of the general purpose debt. We broadened that provision in our first year to allow a portion of it to be applied to paying down the pension liability and that is what we did. That is why we have started to allocate some resources to paying down the pension liability so that it would not swell to \$10 billion, as would have happened under the legislation of the former government, to be able to pay it down approximately in the year 2032.

**Mr. Hawranik:** When did you start using a portion of that \$96 million to start paying down the pension liability? In what year did you start doing that?

**Mr. Selinger:** In 2000-2001, we took a portion of the 96 million to start addressing the growing pension liability. That \$96 million, the first time it ever was \$96 million was in our 2000-2001 budget. Prior to that, it had been \$75 million.

**Mr. Hawranik:** I believe under balanced budget legislation, in fact, it is required that—take a look at it again—I believe it is required that you use \$96 million toward debt repayment as a minimum. So what you have done, while taking credit for broadening the application of that \$96 million now toward pension liability, are you not, in fact, paying down the debt at a lower rate than is required under the balanced budget legislation? As a result of that, you are taking money away from debt repayment and you are putting it into pension liabilities, and taking credit for doing both.

**Mr. Selinger:** Mr. Chairperson, we did add a broadening of the balanced budget to the legislation to address the pension liability which was going to

grow to \$10 billion by 2035 and which had become a major focus of criticism from credit rating agencies. Both of those liabilities, the general purpose debt and the pension liability, are recognized as important obligations of the government by credit rating agencies, but only the general purpose debt was recognized in the balanced budget legislation. They excluded the pension liability, ignored it, pretended it was not there, and let it grow, and that was considered irresponsible by bond rating agencies.

So we put in place a plan to address both the general purpose debt and the pension liability which we believe will get a better long-term result for the government of Manitoba and the people of Manitoba by reducing both of those liabilities. Why does it make sense to pay down the general purpose debt of, say, \$6 billion, and then to have a pension liability grow to \$10 billion? It makes more sense to have an approach which addresses both of those liabilities and takes them both off the books in the next 30 to 35 years. That is what our plan is.

**Mr. Hawranik:** Well, I agree. You have to address the pension liability. That is not the issue, though. The issue is you are required under the legislation to use \$96 million to pay down the debt and, by using some of that \$96 million, you are, in fact, paying down the debt by an equal amount to the amount that you are paying toward the pension liability. So you are only still using \$96 million.

I must say there is an exception in 2004-2005; you used \$99 million to add in an extra \$3 million. In 2005-2006, it went up to \$110 million which means you used an extra \$14 million but, in reality, by paying down the pension liability, which I have no argument with, you are starving paying down the debt. So, when you look at the budget, you really have not increased the amount paid by the government at all. All you have done is shuffled the money that should be paying down the debt towards the pension liability and taking credit for both.

**Mr. Selinger:** The member thinks that the approach we have taken shorts the paying down of the general purpose debt. Actually, he is wrong. The approach we have taken reduces both liabilities faster than doing one and ignoring the other. As I explained earlier, just paying down the general purpose debt of \$6 billion would have seen the pension liability grow to \$10 billion, but by tackling both at once we get a better overall result for Manitobans. We get a more

efficient use of the money, greater effectiveness and better results. That is in part explained by putting money into the pension fund then allows it to generate a return based on historical assumptions, and that return also counts towards reducing the liability.

In addition, in 2002 we started matching the pension contributions to the new employees from within existing resources. So we did an additional measure to pay down that pension liability even faster with the net result that the general purpose debt and the pension liability will go to zero, based on present assumptions, within 30 to 35 years versus the situation under the former government where they ignored the pension liability, would have paid down the general purpose debt and had a \$10-billion crisis in the pension funds for teachers and civil servants.

It was a narrow, unthoughtful approach. We improved upon that approach, and we addressed the recommendations about concerns about the growth in the pension liability brought to our attention by the bond rating agencies.

**Mr. Hawranik:** I guess my point is the fact that you are still using the same amount of money. All you are doing is shifting the money from debt repayment, according to the budget. You are shifting the money from debt repayment to the pension liability. Pension liability—the only thing I can see in these papers, and it is in black and white, \$96 million every year which is required.

In accordance with the balanced budget legislation, \$96 million every year is required to be paid toward the general purpose debt. The minister has, in fact, done that. I have no quarrel with that, but he says he started paying down the pension liability in 2000-2001. Well, where did it come from? Where it came from was the money he was supposed to pay toward the debt, except for two years, and in which I said before, '04-05, it went up by \$3 million and '05-06, it went up by \$14 million. That is it.

In the meantime, you are taking credit for both, so you are short-changing payment of the debt and using that short-changing paying of the debt toward the pension liability. That is just my concern. I do not disagree that you should pay down the pension liability. My concern is that I do not believe there is any more money in the system that you have

provided in your budget to do both. That is my concern.

**Mr. Selinger:** I want to make several points to the member. This is important, I think, because I generally sense the member is trying to understand what is going on here. I think the member would agree with me that every dollar we spend, we should get the best bang for the buck we can. The most effective use of that dollar is to get us the best return.

Our projection showed that if we amended balanced budget legislation to recognize the pension liability as one of our obligations under balanced budget legislation, and we put in place a long-term plan to both reduce the general purpose debt and the pension liability, that we would reduce our liabilities or our debts faster and more efficiently with the same amount of money. We got better mileage out of existing dollars.

In addition, we used more dollars. We went from 75 to \$96 million and now to \$110 million but, in addition, outside of balanced budget legislative formula-driven requirements, we started matching new employees' pension contributions on the employer's part out of existing resources in 2002. We made better use of existing dollars.

We put a plan in place to make sure those dollars got more mileage for Manitobans in reducing those debt and pension liability obligations. We used existing dollars toward matching employer contributions for new employees, which once again, brings those debts and liabilities down faster. These are prudent fiscal measures that have helped us improve our bond rating, our credit rating as a government, as the Province of Manitoba, which will be to the benefit of all Manitobans.

**Mr. Hawranik:** Yes, I heard the minister indicate that you increased the debt repayment from 75 to \$96 million a year. As I read, it is not as a result of a voluntary effort, I might add, because under section 8(4)(b)(i), it is required under balanced budget legislation to ensure there is a minimum of \$96,357,000 that has to go from the operating fund to debt repayment. We agree with that.

**Mr. Selinger:** I should just point out to the member it was this government that put into law the \$96-million base figure. We put the law in place and passed it as a new government.

**Mr. Hawranik:** I know the minister has indicated 35 years, I think it is or so, somewhere around that neighbourhood, the pension liability would be paid. I am curious to know how he thinks it can be paid. Maybe there is a reasonable explanation for it. I do not know, but when I look at the budget papers, Manitoba Budget 2005, page 30 and 31, I look at Other Obligations, Pension Liability. So I am not sure how he could pay it down in 30, 35 years when every year it has gone up. Can he explain that difference?

**Mr. Selinger:** Well, this is an important question and the member has accused me of increasing the debt in Manitoba. There is a billion dollars of pension liability that is increased in there, and it would have increased faster if we had not taken the measures we took. That is the first point the member has to know.

Under your legislation and your plan, that pension liability would have been even greater today than under the plan we have put in place because we have paid that down and mitigated that pension liability growth. That pension liability growth grows every year we maintain, and the civil service ages and accumulates more rights and benefits under their collective agreements, that pension liability grows. It was going to grow to \$10 billion, but because we started putting measures in place to pay that down out of the 96 and now out of the \$110 million and, in addition through employer-matching contributions, there will come a point; previous budget papers have shown the curve, I will provide you with that information, there is a point when those contributions start flattening out the growth of that liability. Instead of it just keeping growing until it hits \$10 billion, it at some point starts to flatten out, about 2017, and then starts reducing until it is eliminated in 2032, under the present assumptions we have.

Of course, those will have to be revisited as we go forward, but by putting that discipline in place, we flatten out and ultimately reduce the growth in that obligation which is showing on the books of growing a billion dollars since we have come into office and would have grown even more if we had not made those contributions.

**Mr. Hawranik:** Will the minister undertake to provide me with that analysis?

**Mr. Selinger:** I will.

**Mr. Hawranik:** The minister also made a comment in answer to some of my previous questions that it was more advantageous, I believe he said to put some of the money, the \$96 million, against pension liability as opposed to paying down the debt and shifting some to the pension liability. He stated that they had an analysis done with respect to that to determine where it would best go. Would he undertake to provide me with a copy of that analysis as well?

**Mr. Selinger:** I will provide the member with the analysis we did which showed the approach we have taken would reduce both liabilities 30 to 35 years out as opposed to seeing, under the previous scenario before we became government, the general purpose debt going to zero while the pension liability grew to \$10 billion. I will provide him that analysis which was the basis upon which we made the policy decision to change balanced budget legislation, to make better use of existing resources, to get better results for Manitobans which had been acknowledged and positively acknowledged and praised by bond rating agencies.

In addition, we have made an additional move by having an employer match for new employees entering government service for pension obligations under existing resources, which is an additional measure to shrink that liabilities growth in the future.

**Mr. Hawranik:** In the Auditor's Report, the Auditor has reported, of course, that there was a deficit of \$604 million in the '03-04 fiscal year. We all heard the minister say it was a \$13-million surplus. Of course, as I mentioned earlier, it is the minister quoting from the Operating Fund financial statements and the Auditor General quoting from the summary financial statements. Would the minister agree that the summary financial statements are a closer reflection of government finances than the Operating Fund financial statements?

\* (16:30)

**Mr. Selinger:** The member himself indicated that there was a \$13-million surplus under balanced budget legislation, and I agree with him, there was. Secondly, that is the law of the province of Manitoba as put in place by the Conservative Party of Manitoba.

We had an obligation to report the surplus generated under balanced budget legislation according to their methodology. In addition, we have reported under the summary budget methodology recommended by the Auditor General and we report it at the same time. We did not bury it in the back pages of the Public Accounts like the previous government did.

I point out to the member, and I pointed this out to him in the House as well, that it was as early as September 29, 1998, where the headline read, "Watchdog Puts Bite on Tory Surplus," and the opening line reads, this is in the *Winnipeg Sun* of September 29, 1998, "The Filmon government fudged its numbers to post a \$76-million surplus last year," the Province's financial watchdog says. "Finance Department officials are breaking accounting rules and playing fast and loose with government's real bottom line," provincial auditor John Singleton said yesterday. That is when you were government that those headlines were out there.

You did not change the law. You insisted that the law was fine. It was the best and toughest law in North America even though you had that criticism, and you are a born-again Auditor General supporter now that you are in opposition. Why did you not do anything about it when you were in government?

**Mr. Hawranik:** I guess all I can say to the Finance Minister is I should have brought my quotes about what was said about Vic Schroeder when he was Finance Minister and how he fudged the books. We could talk about this forever. The point is I am talking about your budget, not someone else's budget. I am talking about your budget and how you have treated it.

First of all, the minister indicated that he has a legal obligation to report the financial statements of the operating fund financial statements. I do not disagree with him. I am not sure why he is so upset over that. I do not disagree with him. He does have a legal obligation, but that is for the purpose of whether or not you comply with balanced budget legislation. That is it. I think we agree, and I have no problem with that.

The biggest issue, I believe, is how you report it to Manitobans. When the Auditor General says that the NDP failed, and this a quote directly from the Auditor's Report, page 20, "The NDP failed in its

duty to communicate accurate information to citizens," with respect to the Province's fiscal performance. That is certainly of concern to me and it should be a concern to all Manitobans.

Would the Finance Minister agree that perhaps he is taking advantage of one set of financial statements versus another set of financial statements and continuing to feed his lines to the media, to the public, that he has a balanced budget when in fact he does not? He emphasizes the operating fund financial statements rather than the summary financial statements. He will, instead of portraying a complete picture, and these are not my words, the Auditor General said, "He is misleading by omission." Instead of giving a complete picture to Manitobans, he is picking and choosing the small part of the budget, the summary budget, in his communication with Manitobans, and that is misleading. Would he agree with that? Just say yes.

**Mr. Selinger:** I will get to the member's question, but I have received some information I want to share with the member about a previous undertaking he asked me to provide, and that would be page B1 of the 2000 budget.

Just as reference, I will provide a copy of this to the member, a Xerox copy. It shows the projected general purpose debt and pension obligations line. I will just ask the member, under the status quo, before we made the changes, the line goes up, even though the general purpose debt goes down, the pension liability goes up, so the net result is the overall line goes up. Under our plan, both our obligations go down as you move forward, so that is the basis upon which we made the policy decision to address both at the same time. I have a copy, and I am going to ask that this be provided to the member so I have got real-time information over to him.

As to the question that the member has put to me about the accuracy of the numbers, we had the legal obligation, the member agrees, to report under balanced budget legislation the operating fund, which is the lion's share of government spending in any given year. It is not a minor portion of it, as the member indicates. It is the lion's share of spending that is provided in Manitoba and we report on that.

I remember members opposite saying to me: "Don't you change that balanced budget legislation. Don't you use that summary budget, especially when

Hydro has got a surplus. Oh, that would be inaccurate. You'd be wiggling out of the balanced budget legislation." I do not know where the member stands today, but I remember those lines being visited upon me from members of the bench across there when I first had the good fortune to have this job, and we complied with balanced budget legislation as we said we would do.

In addition, because of the Auditor's concern about the summary budget, we started providing information in our budgets about summary budget results. That is why on B6 of this year's budget document, budget papers, I ask the member to turn to that, if the member could, B6.

We do things that have never been done before in terms of providing full disclosure of budget information. We show a summary comparative budget '04-05 on a summary basis, not done by the previous government, never disclosed in budget papers in a way that we have done it. We have done this for a couple of years now. On the next page, B7, for the first time ever, we have a medium-term summary budget projection on a full summary basis, and that has never been done before either.

I do not say this in a high-handed way. We have tried every year to improve the amount of financial information we report to the Legislature and to Manitobans, both on a summary budget basis as well as a balanced budget basis.

**Mr. Hawranik:** I note that the minister indicates that he published a summary budget for a couple of years, but the fact remains is we have still got the audit report and the statements that are made in there. What I stand for, I stand for accountability and transparency. Just give all the facts to the provincial taxpayer, and not just some of them.

Again, I quote from the '03-04 audit report, indicates that "Public communication on the annual financial results of the Province should be understandable, open and transparent. Public communication should focus on the summary financial statements." Directly from the Auditor. Directly from the Auditor, not my comments; that is page 5.

It also indicates that government media, communications have been emphasizing the operating fund financial statements, and that is where he gets the words, and I quote, "Misleading by

omission." The Auditor even removed the word "fairly" from his opinion on the operating fund. Has that ever been done before? I ask minister, it is not a rhetorical question, I am asking the minister for some factual information. Was that ever taken, the word "fairly", out of the operating fund financial statement before? I am not aware of it, of any time, but I ask the minister whether that has been ever done before.

I ask the minister, again, does he agree with the Auditor's statements, that public communication on the annual financial statements of the Province should be focussing on the summary financial statements and not the operating fund.

\* (16:40)

**Mr. Selinger:** First of all, if the member is really interested in transparency and openness in the providing information, government providing information, I do not know why he ran for the Conservative party, because the Conservative Party has never met the high water mark that this government has. The Conservative Party's reporting information was in fear in every respect to the information we provided. They never provided summary budgets in the budget papers. They never brought it all together in one place in the public accounts. They never talked about the pension liability. They never had a plan to address the pension liability. None of those things were done.

It is very clear that the Auditor, as early as 1998, as quoted in the press releases or the newspaper stories, was not entirely happy with the balanced budget legislation and the accounting rules that it used. They were, as a matter of fact, critical of it.

The Minister of Finance of the day in 1998, a Mr. Stefanson, argued that governments are not the same as private corporations. "Using generally accepted accounting principles is not feasible in certain circumstances," said the Finance Minister of the day who was an accountant and felt he had some expertise in this matter. That is not uncommon with governments in public sector bodies that they do not abide by all aspects of generally accepted accounting principles.

That is what the minister said of the day, and he was right. Governments do not necessarily follow all GAAP rules across the country. They move towards

them, they work on them, and that is exactly what we have been doing is working on them.

The member might think that it is actually easy to do some of these things. It actually takes a lot of hard work to address GAAP principles, particularly when the GAAP principles themselves and accounting standards are evolving. They are a moving target. There are new standards coming out and revisions of standards coming out on an ongoing basis. It presents an enormous challenge to all governments to meet those standards. We have taken those standards seriously and made serious efforts to move toward them, and we will continue that progress.

**Mr. David Faurshou (Portage la Prairie):** I do have a line of questioning here, but to follow-up on the discussions going here at the present time, to make for a user-friendly format, I am wondering whether or not there is a consideration to follow through with the audited figures and deliver them to public in the same concise, clear format that we use with the quarterly reports.

The quarterly reports, as persons that review expenditures, it is clear, it is understandable, it gives a very good Coles notes, if you will, of the state of the finances of the Province, and if that same format could be provided after the Auditor General has completed his verifications of the numbers I believe that it would be greatly appreciated, but it is perhaps just a suggestion at this time. I do not know how much it would take to bring the large phonebook way of reporting at the present time into an executive summary that is clear and easily understood by the public.

**Mr. Selinger:** I believe I know what the member is driving at. He would like a shorter, more user-friendly version of the finances of the Province so people can get at them. We do do an annual financial report which is not the huge public accounts that the member is used to. It is a lot thinner than the public accounts. If the member wants it thinner we could talk about that. That report starts with the summary financial statements. The balanced budget, operating budget requirements and statements as required under balanced budget legislation are at the back of the report. That is a big change. That complies with Auditor General requirements.

As we go forward, we will find more transparent ways to present provincial finances in consultation

with the Auditor General because, quite frankly, what is simple for you may not be acceptable to the Auditor General, and what is simple for me may not be acceptable to the Auditor General. Given the nature of the role, they kind of have more weight in deciding what is the simplest and fairest way to present information and we are obligated, with reasonable discussion, to try and respect that.

Sometimes getting it too simple is not necessarily the most transparent way. One number on a bottom line does not necessarily disaggregate all that is going on within a set of financial statement. I know the member understands that. It is a fine balance between simplicity versus providing enough information that people can understand what happened to the finances during the period that is being reported on. There is a lot of room for debate and discussion there and we are engaging in that discussion in an ongoing way with the Auditor General's department.

Any suggestions members such as yourself have about how we can do that more simply, we would take a look at them, obviously, and try to do that, but I agree with the member a citizen should be able to pick up a document and be able to understand in a reasonable way what the finances of the Province are, assuming some basic financial literacy.

**Mr. Faurshou:** I commend the department for providing the quarterly reports in a 20-page document, but it is difficult to see whether the end of the fourth quarter report and how it ends up after the Auditor has verified the accounting in the respective department to add things up. There is not an audited document in the same format as the quarterly reports. I am trying to see whether or not there are any changes after audit and whether the fourth quarter report is accurate as we hoped. That is just where I was going on it.

You are absolutely right. What does seem simple sometimes to a layperson like myself is quite complex to those in the business.

The question that I had—unless the minister wanted to comment on that. No? Okay. Mr. Chairperson, I would like to ask the Finance Minister, is always interested in highways infrastructure here, I know that it is extraordinarily difficult at times to discipline one's self as to what and where the finances should be expended, the revenues expended.

I am wondering whether the Finance Minister can recognize, or is considering recognizing, the significant deficit that we continue to accumulate that is not registered currently within the books of the provincial auditor, is the depreciation we are using up within our highways, our road network infrastructure.

It was told, myself, upon questioning the highways department, that one would have to exceed \$340 million annually just to break even, effectively, to equal out the wear and tear we experience on our provincial highways network on a given year. Just to break even. That is no new grades, no improvements, extra grade separations or clover leaves. That is just preserving what already exists today. That is over \$340 million. We have that amount of revenue now coming into the Manitoba treasury if one looks at all transportation-related revenues, whether it is driver's licences, permits, the motive fuel and other areas.

\* (16:50)

I suggest that in order to discipline ourselves today and any administrations further into the future to preserve our infrastructure because every good and every service comes to us by way of the roadways of the province, and we cannot continue to use up the existing infrastructure through depreciation and not expect to, at some time, experience catastrophic failure within our existing system.

I am wondering if there is discussion within the department of possible legislation that would earmark transportation related revenues to transportation related expenditures.

**Mr. Selinger:** As the member will know, we brought in The Gas Tax Accountability Act last year, which shows all the taxes we collect off of motor vehicles, automobiles and trucks in Manitoba, how it is allocated towards roads and highway infrastructure inside of Manitoba. I think we are the first province in the country to do that, and we will report on that this year. As the member knows, we actually spend more on highways and roads than we collect in those taxes. We actually have a net contribution from general revenue.

In addition, we have to pay for the vehicle driver's licence. We have to pay for the operation of that organization. As the member knows, it has been merged with MPI, but we made a transfer over there

of resources as well to cover the cost of that service. Then, of course, there is the department itself and all the expenses that go into providing that human and organizational infrastructure for our highways infrastructure.

The final point I would make to the member is that we have seen the federal government allocate gas tax. They collect far in excess of what they put back into the roadways. They have allocated some of that gas tax back to cities and towns, but they have not allocated any of that money back to provinces, and we are responsible for all the roads that connect up the towns and cities, right? So there has been kind of an unfairness there in giving money to the local tier of government for the roads inside their jurisdiction, but no additional resources are coming to the provinces for helping those towns and cities stay connected together and to help our producers and manufacturers ship their products to market into the United States or other markets where they use the roads infrastructure.

In a way, the federal government has made a positive move providing some of the excess revenue they collect to invest back into transportation infrastructure back to one tier of government, but they have kind of ignored that other tier of government which has huge obligations for highways throughout their jurisdictions all across the country. It is a challenge for all provinces, as the member knows. That challenge, as the member knows, has been intensified by federal regulations around RTAC, which have allowed heavier and heavier vehicles to travel on our transportation arteries. Those heavier and heavier vehicles inflict more damage on those arteries with no offsetting compensation for those rules. It is a real challenge for provinces.

You could argue that those RTAC rules have, in effect, downloaded onto provinces the cost of highways infrastructure onto the shoulders of provinces and, as you know, every year we have increased the resources we have put into highways. I think we started around \$90 million. I think we are up to in excess of \$125 million now for highways infrastructure every year, and there is a way to go. It will not all be entirely solved by more provincial dollars.

Part of it will be solved by increasing efficiencies in technology. Part of it will be resolved by

contributions from the users of those infrastructures themselves. Some of them are starting to ask to make a contribution so that they can get a better piece of infrastructure for their business. Part of it will be solved by careful prioritization of where to invest that money, and part of it will be solved by the federal government putting more of the excess revenues they collect into that infrastructure. We are twinning Highway No. 1 between Brandon and the border of Saskatchewan. I am not aware of any federal contribution to that, and that is a national highway system.

So it is a big challenge. I know the member has an interest in it. I know the member also knows that we have made pretty strong effort to increase our resources there, and we will continue to try and do that. Of course, we have given more money to municipalities for their infrastructure, for their road infrastructure, but also for their public transportation, including transit, a 15% increase this year.

**Mr. Faurschou:** Yes, I do appreciate the minister's comments, and I applaud the government for establishing a dedicated fund. It is a step towards the ultimate dedication of all transportation related revenues.

I think the Finance Minister would see a greater willingness within the general public to support, perhaps, a gas tax increase or an increased driver's licence fee, if those monies when right into improvement of our infrastructure, our roads. I did not, in my calculations, take into effect the overall maintenance and other things that are going on there.

I leave with the minister a really important issue with the highways department expenditures and that they are constantly dealing with weather. Regardless of the construction season versus snowplowing season, combatting ice with various sand and salt and highly unpredictable, they have to continue to keep a cushion in case that bad snowstorm arrives. They have returned or underexpended, by the Auditor's figures, over \$30 million over the last five years. They have underspent and those monies have flowed back to Treasury.

If the Finance Minister could consider, because of the weather related nature of the department and how they have to address their operations, it is vital that other jurisdictions now are accommodating it, a five-year rolling average of expenditure. So, indeed,

the monies are not lost because we had a wet season and could not get that road built, or that Fisheries and Oceans all of a sudden show up on the scene and have to change the design concept and delay it for another three months, or we ended up with two snowstorms back to back that was not in the budget. It would take the peaks and the valleys and the highways department could more effectively carry out their mandate, their responsibilities. I really encourage the Finance Minister to look at a five-year rolling average. I will get off my soap box.

The area of my critic's role is Conservation. Within Conservation, there is product stewardship, recycling programs, if you might. Currently, the Tire Stewardship Board, for one, is facing a very dire financial situation. It is an extraordinarily well-run program; however, costs do go up and we need to do something in that respect.

The Conservation Minister has instructed the Tire Stewardship Board to try and live within its own means. He is not prepared to effectively increase the levy. What has changed because of the Finance Department decision on April 1, 2000, was to claw back the grant that was previously given to the Tire Stewardship Board that was equal to the provincial sales tax collected on the environmental levy. In essence, when a \$2.80 per tire charge of environmental levy, provincial sales tax is charged on that, the previous administration recognized that as a double taxation. Provincial sales tax and environmental levy basically are both taxes. When the provincial sales tax equals to that of what was collected on the environmental levy reached the Treasury Department, the Treasury Department rebated that to the Product Stewardship Board and the Tire Stewardship Board.

\* (17:00)

Essentially, we were receiving around \$3, and it meant in a global budget, \$150,000 each year to the operations of the Tire Stewardship Board. Now, granted, in 2000 they had a fairly decent reserve, but when this started to be clawed back or not granted in lieu of the provincial sales tax they started to run deficits, and the deficits have increased year over year. They are facing insolvency right now.

So it is estimated that over \$750,000 is in the Treasury right now as a provincial sales tax collection on the environmental levy, which really,

truly, is due the Tire Stewardship Board. In these dire circumstances, I ask the minister's consideration to return the formerly granted monies to the Tire Stewardship for the benefit of every motoring Manitoban to preserve our environment by the collection of spent tires and to recycle.

**Mr. Selinger:** Well, I thank the member for his comments. In response, I would say that the government, generally, is looking at how to strengthen our recycling programs. As the member knows, there is an attempt to try and bring together this organization called Efficiency Manitoba, and bring it all together and try to provide one-stop shopping for Manitoban individuals, families and businesses. There is a lot we could do there.

This is part of the Kyoto framework. That treaty has now become effective with the entry of Russia. I think it was effective February 16 of '05. We now are obligated to start, and Manitoba has been doing this for several years, but we are obligated as a country under the federal government, and the provinces participate in that, to work toward our Kyoto targets. How we deal with things like recyclables, tires, et cetera, is a part of that.

*Mr. Rob Altemeyer, Acting Chairperson, in the Chair*

How we deal with greenhouse gas, all of those things, how we deal with preserving Lake Winnipeg and other bodies of water, how we deal with runoff, the riparian forests, all of these are part of our broader environmental agenda.

I think it is important. I think the member thinks is important. Without getting into the specifics that the member has raised with me, we are contributing more resources to environmental initiatives in this province that allow us to meet Kyoto, but do other things to preserve our natural resources. Removing tires from the environment when they are no longer usable for the purpose intended is part of the strategy. It is important not to have those things littered around all over the place and, quite frankly, there is a good, recyclable use for them. They could be used to generate other products. I know there are companies in Manitoba that recycle tires into useful products. There are other markets for those products.

I know the Minister of Conservation (Mr. Struthers) is working on this very issue. I think he is working on it, along with the Minister of Energy,

Science and Technology (Mr. Chomiak). I am sure the member will raise that with him. I have noted it. We will try and make sure that these programs are sustainable.

**Mr. Faurischou:** I really appreciate the minister and I know the minister does understand and comprehend, but right now it is a grave concern because there are thousands of tires right now, which because they do not have the money to collect them at the present time, are sitting out there. As we had rain last weekend, they collect water and are an excellent breeding ground for mosquitoes.

That the Kyoto, and I do appreciate the minister's recognition of what we need to do and no argument there from my side, I do not think, Mr. Chair, you will disagree either, in regard to the environment and the concern, but Efficiency Manitoba, another layer of bureaucracy. Look to maximizing what the existing boards and commissions within their own mandates can accomplish before one creates another entirely new bureaucratic organization.

*Mr. Chairperson in the Chair*

So I just leave that with the minister's thought, because I know how prudent and careful he is with the taxpayers' monies of Manitoba. Perhaps that may not be the most cost-effective expenditure of monies. So I thank you very much for the opportunity.

**Mr. Hawranik:** I would like to thank the member from Portage la Prairie for those questions. I know some of the issues that he brought up are very important to his constituents and important, I think, to his portfolio, his critic portfolio. I was glad to give the member from Portage la Prairie some time in the Estimates process so that he can represent his constituents better and well.

I was listening to some of the questions from the member from Portage la Prairie, and there is one question that I think I have that leads from a question that he gave to the minister earlier. That is with respect to roads, now that he was on the topic.

I ask the minister whether there was any study ever done to his knowledge in his department or if he is aware of any other study that was done with respect to the cost-effectiveness of spending more money on roads and highways in terms of

construction and reconstruction and how that has an effect on maintenance budgets for highways and/or reduction of costs to MPI, payments, whether it be for property damage or personal injury?

**Mr. Selinger:** Those, and I am not trying to avoid the question, those questions are properly addressed to the Minister of Transportation (Mr. Lemieux) and his deputy minister and officials, because they actually do have models, as I understand it, on the trade-off between the quality of the infrastructure and the maintenance requirements. The engineers across many jurisdictions have done a lot of work on how long you can let your infrastructure age before the maintenance costs exceed the cost of repair, et cetera.

There are break points there that generate more maintenance costs versus repairing. I know it is the case inside of municipalities as well. What is the reasonable life expectancy of a sidewalk or a back lane or a street. Those targets are often missed for various reasons, and you sometimes do see the wear and tear. It is like a car. At a certain point, the maintenance costs of an older car sort of generates a good case of cost benefit to buy a new car. There is a certain point beyond which a piece of infrastructure can go that the maintenance costs become prohibitive. At least that is the case that the engineers make when they argue for more resources.

In the budget process we do try to find ways to increase resources, but there are also, and it is not the whole solution, increasing efficiencies that can be gained through improvements in technology and how roads are constructed and reconstructed and maintained and the materials used in the construction of these transportation links, as well as the materials used in the maintenance of them and the machines and the technology. It is a moving equation or matrix, but there are analyses that the engineers have done on that.

Now if I could take this question to answer a question the member asked me earlier. The member posed a question to me: "Is this the first time the word 'fair' has not been used in an Auditor General's report?" In the Auditor General's Report of March 31, '99, on page 17, the Auditor says as follows: "In the opinion paragraph of my Auditor's Report, I avoid referring to the presentation as 'fair.'" In other words, he does not use the word "fair" because these financial statements are not intended to reflect the

financial results of government as a whole, and they are presented on a basis that vary significantly from appropriate and generally accepted accounting principles. The two most significant deviations relate to the exclusion of pension liabilities estimated at \$2.7 billion and the inappropriate disclosure of interfund transfers.

Both of those issues we addressed in our first budget. We disclosed and included pension liabilities in our documents and did something about addressing the growth of the pension liability. We changed the legislation to address the issue of interfund transfers. A copy is available if the member wishes to have them.

\* (17:10)

**Mr. Hawranik:** With respect to those comments, he says that it was removed in the '99 financial statements. The minister has repeatedly told me during these Estimates that he has increased the accountability and transparency since '99. Yet we still have the word "fairly" being removed, in spite of the fact that the two very reasons why "fairly" was removed in '99, he says were addressed. Now, what is his comment to that?

After having learned why the word "fairly" was removed from the financial statements in '99, and having addressed the two issues that he talked about since that time in '99, we still have the word "fairly" being removed. What is his comment to that?

**Mr. Selinger:** My comment would be is when we addressed the issues that were raised in the '99 Auditor's Report, the word "fairly" was used thereafter until the report the member has referenced, '03-04. At that point, the Auditor again became concerned about which information was being provided to the public. He wanted less emphasis on balanced budget reporting requirements and more emphasis on summary budget presentation of financial information.

He was concerned that it was not sufficient to have both pieces of information. He wanted a de-emphasis on BBL, bottom lines, and a greater emphasis on summary budget bottom lines. So, after several successful years of having the word "fairly" included after '99, it was removed in '03-04 because of the Auditor's growing concerns that summary budgets should be the primary reporting vehicle.

**Mr. Hawranik:** I find it interesting to hear the Finance Minister says there should be less emphasis on the operating fund and more emphasis placed on the summary budget financial statements. Would it not be more fair to say that there should be no public communication on the operating fund because it really is for the MLAs? It is to determine whether or not we have the public communication. The emphasis should be entirely on the summary budget financial statements and not on the operating fund because the Auditor General says that the operating fund financial statements are not complete.

Would you not agree that instead of having all your public communications focussed on the operating fund, or almost all of it focussed on the operating fund, they should instead be almost all of it focussed on the summary financial statements?

**Mr. Selinger:** The member I do not think wants to ignore the laws of Manitoba, and the laws of Manitoba require us to report under balanced budget legislation. The previous government made that the exclusive, well, not the exclusive but the primary reporting vehicle because they still reported on summary budgets in later released volumes of Public Accounts.

We for the first time brought all the Public Accounts balanced budget information into one set of documents released at the same time. We for the first time reported on summary budget numbers in our budget presentations to the Legislature, and I have illustrated to the member this year what we have done that was not done in the past, including forward projections on a summary budget basis.

So the Auditor is very committed to the notion of summary budgets as being the primary reporting vehicle for government finances. Is it a perfect vehicle? I am not sure anybody would say it is perfect, but auditor generals, generally, think it is the preferred vehicle. Some provinces, about half the provinces, are there. About another half are not, and in Manitoba we have legislative requirements, legal requirements that we have to follow.

**Mr. Hawranik:** I am asking the Finance Minister for his personal opinion. Does he feel that the summary financial statements are, in fact, the preferred vehicle on which he should be basing his news releases as opposed to the operating fund financial statements?

**Mr. Selinger:** I would be happy to discuss at another time and another place personal opinions on a wide range of topics with the member, but I am here as the Minister of Finance and I have an obligation to report the finances of the Province according to the laws of Manitoba and to give due consideration in regard to Auditor General recommendations with respect to generally accepted accounting principles and to find practical ways to allow the government to meet those standards as articulated by the professional accountants of this country, requirements which the former Minister of Finance under the Conservative government said, "It is not uncommon with governments in public sector bodies that they do not abide by all aspects of generally accepted accounting principles." He also indicated that governments are not the same as private corporations. These are works in progress, and we are working towards improved transparency and accountability as well as meeting our legal obligations.

**Mr. Hawranik:** All right, well, I asked the minister's personal opinion. What is the Finance Minister's professional opinion as to which financial statements should be relayed or emphasized to the public? Should it be the special purpose financial statements or should it be the summary financial statements?

**Mr. Selinger:** As the member might know, we have committed as a government to move toward summary financial statements in '07-08, and we are bound by law to report according to the law.

**Mr. Hawranik:** I do not want the Finance Minister to break the law. However, having said that, for the '04-05 audit report, do you intend on focussing your government communications on the summary financial statements or on the special purpose financial statements?

**Mr. Selinger:** I intend to report the results of our '04-05 financial experience according to the law, and I will also provide full summary financial statement information as I have in the past, and has been reported in the media in the past. We will try to ride all the horses that are required to be ridden as we move forward.

**Mr. Hawranik:** For the '04-05 financial year, which does the Finance Minister intend to emphasize more? Will it be the summary financial statements or the operating fund financial statements?

**Mr. Selinger:** Just to reiterate, we have committed to giving summary financial statements more prominence and weight as we go forward and we will.

**Mr. Hawranik:** In terms of go forward, when? I ask the minister when. Not '07-08, but is he going to do it for the '04-05 audit report?

\* (17:20)

**Mr. Selinger:** The government's commitment is to '07-08, and anything we can practically do before that, we will, but there is a tremendous amount of work that has to be done including in terms of what the broader reporting entity involves. For example, if it is determined finally that school divisions have to be part of a reporting entity, there is a lot of work that has to be done with school divisions because they do not follow GAAP procedures right now.

**Mr. Hawranik:** Is the minister telling me then, that for the '04-05 audit and financial statements, he will continue his practice of emphasizing the operating fund results in terms of his communications with media, in terms of his communication with the public?

**Mr. Selinger:** Again, that really is a hypothetical question at this stage of the game. What I have said to the members is that we are going to improve our transparency and our commitment to reporting on summary financial statements, as well as complying with the laws of Manitoba. We will attempt to do that as soon as practically possible, but there are a number of things that have to be addressed in full-summary budget reporting and financial reporting as we go forward, particularly depending on how wide the net is for what is included in the reporting entity and the willingness of everybody in that reporting entity to co-operate in providing the information we need.

**Mr. Hawranik:** Will the hypothetical answer to the hypothetical question be that it will depend, is the Finance Minister telling me, it will depend entirely on the results of the operating fund financial statements versus the results of the summary financial statements? Will that determine whether he is going to emphasize one or the other in his media communications to the public?

**Mr. Selinger:** Once again, we have made a commitment to move forward on summary financial statements. There is a lot of work to be done in getting there in terms of getting the accuracy and everybody following the same set of rule and how they report. We have already reported on a summary financial basis. For any, many years, the government of Manitoba has provided summary financial statements to the public on an annual basis, but within that there is a constant evolution in the standards and the reporting requirements, so we address these evolving standards as we go forward.

I did last year. I gave the full story when I talked to the media. I told them the operating results and I told them the summary budget results. Both were reported in the print media and I will be happy to do that again.

**Mr. Hawranik:** The question is not whether you reported. The question is what you are going to emphasize in your communications with the public. The Auditor has said that you continue to emphasize the operating fund financial statements when it comes time to the Auditor's Report, and not the summary financial statements which are, by their nature, more complete than the operating fund financial statements.

My question to the minister is, is he going to emphasize in his communication with the public the results of the '04-05 Auditor's Report? Is he going to emphasize the summary financial statements next year, or is he going to emphasize the operating fund financial statements next year? That is my question. Or is he going to still continue to have discretion, in his opinion, as to which one he wants to emphasize, depending on whether one shows a better result or another shows a better result? Is he going to pick one or the other depending on the results, or is he going to commit now to emphasize at least the summary financial statements? Is he going to commit to that today?

**Mr. Selinger:** Once again, what I am going to do is I am going to provide information on the summary financial statements so the public knows the score on the broader reporting entity. I am also going to legally meet my obligations under balanced budget legislation, and I am sure the member will pay very close attention to how I do that. If he is not entirely happy, he will let me know.

**Mr. Hawranik:** So what the minister is telling me is that he is going to pick and choose the best one available for his communications with the public. Is that what he is saying?

**Mr. Selinger:** That is not what I am saying.

**Mr. Hawranik:** Well, if he is not saying that, he should be able to make a decision right now as to whether or not he is going to emphasize one or the other in his communications with the public. He talks about transparency. He talks about accountability, and I agree that a government should be transparent and accountable to the taxpayers of Manitoba.

The summary financial statements according to the Auditor General are more complete. In fact, he states on page 38 of his report, "The special purpose, the Operating Fund financial statements are by their nature incomplete and are not complete for understanding the government's management of its financial affairs." That is not my quote. That is the Auditor General's quote. He also goes on to say that special purpose financial statements should not be used to understand and assess the government's overall management of public financial affairs and provincial resources, that these special purpose financial statements are solely for information and use of the MLAs, not the public, the MLAs, to determine whether a balanced budget occurred under the balanced budget law.

I have no argument with the minister when he says he has to report the information under the special purpose financial statements. He has to report it by law under the balanced budget legislation to determine whether a balanced budget occurred. I have no argument with that at all.

The Auditor General says the statements should not be used. That is, the special purpose statements should not be used to assess the fiscal performance of the government. He goes further on to say only the summary financial statements should be used for this.

Certainly, the minister should agree with the statements of the Auditor. He is an independent officer of government. He has got nothing to do with politics. That is what he says. I ask the minister again to follow the Auditor's comments, and I am sure the minister agrees. Page 40 and page 38 of the Auditor's Report, all of those comments are in there. If he

agrees with that, and I think he ought to because it is the Auditor who is saying that, if he agrees with that, then why is he continuing to emphasize in his communications the Operating Fund report? Why is he not instead emphasizing in his communication about the Auditor General's report the special purpose financial statements, and why is he not committing to that today for the '04-05 Auditor General's report?

**Mr. Selinger:** Just to start, if the member would look at pages B6 and B7 in the budget papers this year, I think he will find information there not ever provided before on summary financial budgets, ever.

If he actually looks at what we have done since we have become government in improving and increasing the amount of information we provide on a summary budget basis, he will see significant steps forward virtually every year that we have been in government, including the pension liability issue, which had been ignored before.

The trajectory, the trend, the tendency that we are following is toward greater transparency every year and compliance with GAAP standards as enunciated and emphasized by the Auditor General, and we plan to follow through in responding to those evolving standards as we go forward. Not necessarily uncritically, not necessarily without thorough discussion about what the implications of that are, but we do want to increase financial transparency for the Government of Manitoba.

As I said earlier, I have reported both summary financial information as well as operating budget information to the public and to the media when I have discussed it with them. I plan to do that in the future and I plan to continue that trend towards greater transparency and compliance with GAAP standards, subject to ongoing discussion and dialogue between my officials and Auditor General officials and dialogue with my counterparts across the country about what is reasonable and appropriate for provincial governments to report on.

This is not a science. It is an evolving professional practice as applied to government. There are many things that are going on there that create great challenges for those people that look after government finances, including comptrollers and auditors and financial officers in the various departments, as well as accountants that prepare the

financial statements and the people that prepare the budgets.

There are a number of challenges there. We are going to continue to address them. We are going to find practical ways to move forward on that.

If the member is as committed to the summary financial information that he seems to be when he asks me these probing and pressing questions about transparency and accountability, I am sure he will support the work we do as we go forward to move in this direction. I will be holding him accountable for

that, not to be switching back in another direction later on. *[interjection]*

Yes, exactly. I am trying to run down the clock, and I know we all want to do that. I am assuming that we are finished, so that would be it for today and we will pick this up tomorrow.

**Mr. Chairperson:** The hour being 5:30 p.m., I am interrupting the proceedings of the committee. The committee will be recessed until 10 a.m. tomorrow (Friday).

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, April 14, 2005

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