



Third Session - Thirty-Seventh Legislature

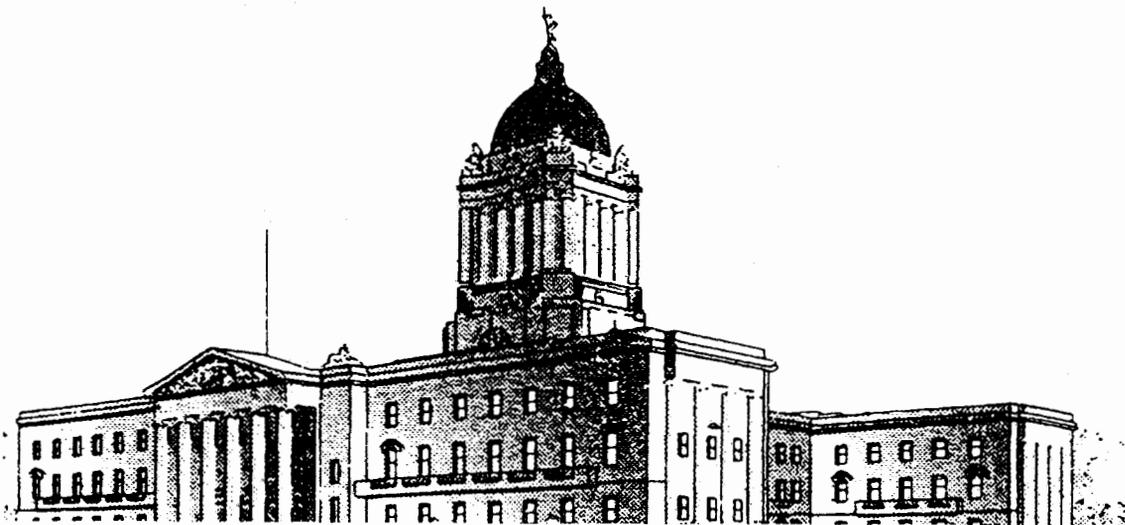
of the

**Legislative Assembly of Manitoba**

**DEBATES  
and  
PROCEEDINGS**

**Official Report  
(Hansard)**

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



Vol. LII No. 75A - 10 a.m., Thursday, August 1, 2002

ISSN 0542-5492

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Seventh Legislature**

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

## LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, August 1, 2002

The House met at 10 a.m.

### PRAYERS

### ORDERS OF THE DAY

### GOVERNMENT BUSINESS

**Hon. Steve Ashton (Deputy Government House Leader):** It is our intention to go into Interim Supply. I believe there is agreement to go into Interim Supply this morning.

I move, seconded by the Deputy Premier, the Minister of Intergovernmental Affairs (Ms. Friesen), that the House resolve into Committee of Supply.

*Motion agreed to.*

### COMMITTEE OF SUPPLY

#### Interim Supply

**Mr. Chairperson (Conrad Santos):** Committee, please come to order.

**Mr. Harold Gilleshammer (Minnedosa):** Mr. Chairperson, I would like to ask the Government some questions about the issue of class size and composition. I see the Deputy Premier is here, and I would like to ask her if the Government intends to act on that issue.

They put out a commission. The commission brought back some great recommendations, and the education community, teachers, trustees, taxpayers, everyone is wondering whether the Government will be bringing in legislation on class size and composition or whether they are going to allow that to go to arbitration.

**Hon. Jean Friesen (Deputy Premier):** As the member is aware, the Minister of Education (Mr. Caldwell) will be answering these questions very shortly, but I do want to say how delighted I am to see the Opposition interested in issues of class size and composition, because I do remember

the Render-Dyck inquiry and the great deal of issues that were on the table there that perhaps were not covered as thoroughly as they might have been.

So it is good. I think there is a great deal of interest across the province in this report and in the kinds of issues that teachers do face in classes across Manitoba. I am sure that the member opposite who is raising these issues is very well aware of situations in the classroom and the importance that teachers do have the kind of support that they need and that their class composition is one that I think is beneficial to all of the individual children in the classroom.

So I know that the member is aware of the importance of this issue, and I am very glad that he has raised it. I understand that the Minister of Education will be responding to these questions appropriately.

**Mr. Gilleshammer:** I thank the Deputy Premier for her information. I have one more question for her, however. I would ask the Deputy Premier whether a commitment, a promise, has been made to anyone in the education field to allow the concept of class size and composition. That issue, has a promise or commitment been made to allow that to become an arbitrable issue?

**Ms. Friesen:** I am sure that the Minister of Education (Mr. Caldwell) will be happy to discuss that with the member. As the member knows, my area is the Department of Intergovernmental Affairs, and those are the issues that I respond on in this House.

The Minister of Education, I think, has a great deal to say about this commission, and I know there is a great deal of interest on the other side of the House, certainly amongst parents and educators right across the province. So I think the questions are best posed to the Minister of Education.

**Mr. Gilleshammer:** Perhaps a further question. The Minister of Education has already stated in

committee that he has not made that promise. Trustees are telling me, the Trustees' Association, that the Premier (Mr. Doer) and the Government have made that commitment and that promise.

I know the honourable member, the Deputy Premier (Ms. Friesen) will know whether that commitment has been made or not, and I ask her very sincerely, has a commitment been made to allow those issues to go to arbitration?

**Ms. Friesen:** Mr. Chairperson, I think the member is aware of not only the conventions but the rules of the House, which indicate that ministers respond for the areas for which they are responsible. I do not actually have the *Beauchesne* number in front of me, but I understand that it does have a *Beauchesne* number. So I am advising the member that these are the kinds of questions that should be posed to the Minister of Education (Mr. Caldwell).

Now, I understand from his question that he has, indeed, already posed these questions to the Minister of Education, and perhaps if he has some difficulties with the responses or has questions that arise from his earlier discussion with the minister, that he would then want to follow up on those.

**Mr. Gilleshammer:** The Minister of Education has already said that he has not made that promise and not made that commitment, but I am indicating that the Trustees' Association and trustees believe that the Premier and the Government have made that promise. I know that the Deputy Premier understands the question, and being an honourable member as she is, I am surprised that she is ducking it.

It is a legitimate question, it is a legitimate issue, that trustees are asking. If, in fact, Government is going to do nothing, then the issue goes to arbitration, and I think trustees and ratepayers and teachers have a right to know what the Government's intentions are.

\* (10:10)

The Deputy Premier will know whether a commitment has been made, and, I mean, if the answer is no, I accept that. But, if it is yes, I

think the public has a right to know, trustees have a right to know, and I am surprised that she will not answer a direct question.

So I will ask her again: Has a promise, a commitment been made that the Government intends to allow those issues to go to arbitration?

**Ms. Friesen:** My advice to the member has been that the convention of the House and, indeed, the rules of the House are that ministers answer for the areas of their own competence. I am the Minister of Intergovernmental Affairs.

The member has already raised this issue with the Minister of Education and he has heard the Government's voice on this. I am curious as to why he is asking for matters that he has already received an answer on, and he has already indicated in his response that he has received an answer on.

I have indicated the rules of the House. I have indicated my areas of competence. I have indicated that the member has already heard from the Government, from the Minister of Education on this issue, and if he has questions that arise from that, I suggest that the business of the House is best conducted by the Minister of Education and the Member for Minnedosa.

**Mr. Gilleshammer:** Well, thank you, Mr. Chairperson, and I do not believe there is any rule of the House that is being contravened when I ask the Deputy Premier a question, and I am surprised, holding that high and auspicious office, that she would be unable or unwilling to answer on behalf of the Government.

So I will ask the Minister of Education—and we have had this discussion before, as we are in the days toward the end of this House and the Government needs to make a statement about what their intentions are. There are many interested parties out there. Teachers are very interested in what the Government is going to do or not do on this issue, trustees and others.

So I ask the Minister of Education: Is there any new information that he can share with the House today about where the Government is going on the issue of class size and composition?

**Hon. Drew Caldwell (Minister of Education, Training and Youth):** As the Deputy Premier indicated, we have in the Estimates process been through quite an exhaustive series of questions around the commission on class size and composition. I would like to note that first and foremost the Nicholls report is all about the education of children. It helps us focus on the main issues and on where our priorities should be with regard to class size and composition. Those priorities are to place our attention on the early grades, on children with special needs and on the fact, as outlined by Doctor Nicholls, the very salient fact that in Manitoba we have very few classes with large numbers of students.

As I indicated to the Member for Minnedosa (Mr. Gilleshammer) in the Estimates process, Doctor Nicholls worked on his report for over a year. He has provided us with a thorough and thoughtful consideration of a wide range of complex issues and has called on us as a government to begin to formulate a plan to address the priority issues identified.

Mr. Chairperson, my first responsibility in this regard is to discuss the report with trustees, with teachers, with parents and those who participated in the hearing process as established by Doctor Nicholls for his report on class size and composition. There were some thousands of individuals that participated in the process undertaken by Doctor Nicholls in his assessment of class size and composition in the province of Manitoba.

I intend to discuss the entire report with the field. I indicated to the Member for Minnedosa that I have a meeting set with the Manitoba Association of School Trustees in the near future. Class size and composition is one of the agenda items that we will be discussing at that meeting as well as other educational issues. I intend to discuss, as I said, the entire report with MAST as well as with other stakeholders, education stakeholders. I do not intend to pre-empt the outcome of these discussions. When the Government is prepared to make an announcement on this issue, we will do so.

**Mr. Gilleshammer:** Yesterday the minister indicated as far as the Auditor's report is concerned that they have accepted in totality

everything that the Auditor has indicated in the audit to do with the adult learning centres. I have a few questions again on the Auditor's report. I would like to pose them to the Minister of Education.

Did the minister or the Government or the department contract with Pricewaterhouse at any point to look at this report and the recommendations and the different aspects of the report?

**Mr. Caldwell:** We as a government accepted the Auditor's report in its entirety. We recognize that the Auditor had a considerably difficult task in reviewing the adult learning centres in Manitoba. As the provincial auditor noted, the bookkeeping and record keeping of the Morris-Macdonald School Division was, where it existed, shoddy, and, where it did not exist, absent.

The provincial auditor also noted in his report, page 92, that there was no evidence at all that ALCs developed as a result of considered policy development by the government of the day, nor that there had been a particular identification of needs to be met. Further, no policy was considered for a local, community-driven, decentralized, flexible, province-wide array of centres designed to meet multiple adult learning needs.

The term "adult learning centre" was devised after the event to describe the variety of programs that had sprung up. Thus, there was no prior discussion within government as to the concept, form or function of an adult learning centre.

Mr. Chairperson, the issue of adult learning centres in the province, as I indicated yesterday, has been a considerably vexing one for me personally and for the department generally. But, as I said yesterday, the provincial auditor's report has been accepted in its entirety by the Province, and we have put into place steps to address every single recommendation provided by the provincial auditor up to and including legislation that is before the House this session.

**Mr. Gilleshammer:** I thank the minister for that information, but he did not answer the question. The question is: Did he, the Government or the

department contract with Pricewaterhouse to do an overview of the report by the provincial auditor?

**Mr. Caldwell:** As I indicated, we accepted as a government the conclusions and the recommendations of the provincial auditor as an independent officer of the Legislature in their entirety. The provincial auditor's report, which comprised some 108 pages of information, was a very exhaustive report, a very considerate and thoughtful report, a report that brought the full resources of the Auditor General's office to bear on the issue of adult learning centres in their development and operation in the province of Manitoba.

The provincial auditor recognized that his office had a considerably challenging task in ascertaining with precision how monies were spent in the operation of adult learning centres by the Morris-Macdonald School Division. But the precision that was available with the records that were in existence for the provincial auditor to review, as we reviewed yesterday, indicated that between \$2.5 million and \$4 million of provincial monies were allocated in a manner not in accord with, I guess, proper allocation or expenditure.

\* (10:20)

We, as a government, determined that we would seek redress for the minimum amount of monies identified by the provincial auditor as being mismanaged and that is \$2.5 million notionally, \$2.5 million. The report of the provincial auditor was accepted in its entirety by the department.

**Mr. Gilleshammer:** Mr. Chairperson, the question still is: Did the Government, the department, the minister contract with Pricewaterhouse to give an overview of the Auditor's report and give advice on the repayment?

**Mr. Caldwell:** Mr. Chair, I know that there were a number of reviews undertaken by various sources into the provincial auditor's report. I understand that the municipalities in the Morris-Macdonald School Division, some of the municipalities in the Morris-Macdonald School Division undertook a further review of the provincial auditor's report subsequent to its release.

As I said in earlier statements, we, as a government, agreed to address the recommendations of the provincial auditor's report and accept his conclusions and the conclusions of his office in their entirety. I think it is important to note that the provincial auditor's office itself engaged KPMG Investigation and Security Inc. and an educational consultant to work with the Auditor's office in their investigation.

Certainly, the Auditor had a challenging task, as I made reference to earlier, because of the nature of the bookkeeping, or lack thereof, by the Morris-Macdonald School Division, the former Morris-Macdonald School Division. So the Auditor's office had a considerably difficult task in undertaking its audit of the operations of the Morris-Macdonald School Division vis-à-vis adult learning centres.

I also note that the provincial auditor recommended that the department seek legal advice on the appropriateness of the Morris-Macdonald School Division providing the department with student enrolment numbers that Morris-Macdonald knew or should have known were significantly overstated. The Auditor also suggested that the Morris-Macdonald School Division's board should seek legal advice on the appropriateness of its administrators and/or the administrators of the program providing Morris-Macdonald School Division with enrolment figures that they knew or should have known to be overstated. That is referenced on page 9 of the provincial auditor's report.

In terms of the department seeking advice from Pricewaterhouse, I am advised that Morris-Macdonald School Division sought out advice from Pricewaterhouse, but, as I said in earlier statements in the House today and in Estimates, the department itself and the Government itself accepted the recommendations of the provincial auditor in their entirety and have put in steps consistent with the provincial auditor's recommendations, both previous to the Auditor's report release and currently with the legislation that is before the House dealing with adult learning centres in the province.

**Mr. Gilleshammer:** Mr. Chairman, I wonder if we could get a yes or no answer from the minister. Did the minister or the department or the

Government engage Pricewaterhouse to give an overview of the Auditor's report?

**Mr. Caldwell:** Mr. Chair, my information and my recollection, again, I am advised that Morris-Macdonald School Division sought some advice from Pricewaterhouse to review the provincial auditor's report. The Morris-Macdonald School Division did have some relationship with Pricewaterhouse in this regard, but certainly the department and the Government took its direction and has acted in response to the provincial auditor's report, not from any other party but rather from the individual office of the Auditor General. We respect his and that office's integrity as an independent officer of this Legislature.

So, I guess, to provide greater clarity to it or clarity at all, no, we did not contract with Pricewaterhouse. Morris-Macdonald, however, apparently did to have some advice, did contract Pricewaterhouse, apparently, to seek some advice from them in this matter, but, again, I am not privy to those details. That was something that was done between the former board and Pricewaterhouse.

From the perspective of the provincial government and from the minister's office on the part of Education, Training and Youth, our direction was taken directly from the provincial auditor's report. That has been consistent with our approach to this matter since day one.

**Mr. Gilleshammer:** On page 39 of the Auditor's report, it indicates the comments from the department. This is the department's response to the Auditor's report. It indicates: Based on the findings of the provincial auditor's office, the department will cease funding HOPE.

I take it that there is no government money or departmental money that is flowing to the organization known as HOPE or any of its successors. Is that correct?

**Mr. Caldwell:** This is more material that has been dealt with in the House during Question Period last fall, where virtually three-quarters of every Question Period was occupied with this issue of Morris-Macdonald and adult learning centres in the province of Manitoba. I know that the organization known as HOPE did have some

history in the province. HOPE, which was formerly known as Upward Bound, was first funded by the previous Tory administration in August of 1997.

The funding formula at that time for ALCs was a per pupil allocation which was subsequently changed by this Government to a program-based allocation. On receipt of the provincial auditor's report, funding for HOPE was stopped. Funding to HOPE has been discontinued effective December 31, 2001.

I suppose that I should be pleased that there is a recognition of the importance of accountability by all members in this House now, because there certainly was no accountability, as identified by the provincial auditor's report previous to the change in government. I noted yesterday that expenditures for the ALC and the program increased from \$6 million, over 100 percent in the next budget year.

\* (10:30)

The first sign of trouble in paradise in this regard was noted in the Deloitte Touche financial review that was undertaken in the fall of 1999 and the early months of 2000, which identified an overexpenditure on adult learning centres in the province from a budgeted amount of \$6 million to over 100 percent more than that \$6 million in terms of actual expenditures. It also was flagged that 60 percent of the entire ALC budget in the province of Manitoba went to one school division. That is the Morris-Macdonald School Division.

These facts certainly should have caused concern for the previous government. They certainly did cause concern for our new government. The end result, I suppose, was the adult learning centre scandal that this province experienced during the last couple of years.

As I have said today and yesterday in committee here, all of the recommendations of the provincial auditor, his conclusions have been accepted by the Government and by my office. The Auditor's report in its entirety has been accepted by the Government. We have before the House this session legislation which would provide a legislative framework to the adult

learning centres in the province of Manitoba. I look forward to the passing of that legislation, which in my view should have been in place before there were any public dollars directed to adult learning centres in the province of Manitoba.

**Mr. Gilleshammer:** I would ask the minister to focus on the question. It indicates in the Auditor's report a commitment from the department that they will no longer fund HOPE or any of its adult learning centres. Is that correct today? Are there any government funds going to adult education that is owned and operated by the Orlikow family?

**Mr. Caldwell:** Perhaps the member missed it, but I did state that on the receipt of the provincial auditor's report funding for HOPE was stopped. I also noted that HOPE, which was formerly known as Upward Bound, was first funded by the previous Tory administration in August 1997, and that funding for HOPE has been discontinued effective December 31, 2001.

**Mr. Gilleshammer:** So there are no adult education centres that have been formed by the Orlikow family that are currently being funded through the department or any of the school divisions that they have been associated with?

**Mr. Caldwell:** Funding for adult learning centres is provided through school divisions and educational bodies, Mr. Chair. They are not funded from the Province to third parties. They are funded through educational institutions. I think the exception to that is CAHRD, which has had a long-standing record of providing adult education to learners in the province, particularly Aboriginal learners in the province. That goes back some many, many years. CAHRD also has a very solid track record in terms of the program quality and the success rate of their programs for individual learners, but as I stated again on receipt of the Auditor's report, funding for HOPE was stopped and has been discontinued since December 31, 2001.

I should also add, Mr. Chair, that departmental staff has worked with the Winnipeg School Division to ensure a continuation of services for HOPE learners because, again, we are not interested in creating a situation where

adult learners are impacted negatively by the issues surrounding the management of adult learning centres in the province of Manitoba. We are interested as a government in providing for program and fiscal accountability certainly. Program accountability is certainly to ensure that learners participating in adult learning programs in the province have quality programs, but we certainly are not interested in having a situation where our actions as a government impacts negatively adult learners. We are interested primarily in bringing some order, some accountability and responsibility to a system of adult learning centres in the province that previously did not operate within a program or fiscal accountability in the main.

**Mr. Gilleshammer:** Are there any Government of Manitoba dollars that flow directly or indirectly to operations owned and operated by the Orlikow family at this time?

**Mr. Caldwell:** Well, I know, Mr. Speaker, that members opposite take some delight in naming individuals and putting their names through the mud in this House. We have seen that in Question Periods over the last few days, and we certainly have seen that over the last couple of years. It is not a tactic or a modus operandi that I particularly have any truck or trade with. I do not think it serves any of us well to be vilifying individuals, but I will say again that, no, there are no ALCs being funded that are run by HOPE.

Upward Bound, the precursor to HOPE, was incorporated in 1995, as a for-profit education provider. It operated in partnership with the Morris-Macdonald School Division, as well as other school divisions and private schools until June of 2000. In 2000-2001, Upward Bound was split into two separate entities. HOPE was operated by Lionel and John Orlikow, and the Stepping Stone was operated by Brenda Garner. Both were established as non-profits.

Mr. Chairperson, as I said in my earlier answers, on receipt of the provincial auditor's report, funding for HOPE was stopped. HOPE is the agency operated by the individuals that the member is putting on record. Funding to HOPE has been discontinued and was discontinued effective December 31, 2001. There are no

ALCs being funded that are run by HOPE in the province of Manitoba.

**Mr. Gilleshammer:** I would say to the minister that I am not vilifying anybody nor dragging anybody through the mud. I am just asking for some clarification.

Are there any adult learning centres operated by the Orlikow family? He has answered the question on HOPE. Are there any ALCs operated by the Orlikow family under new names that the Government is funding at the present time?

**Mr. Caldwell:** Mr. Chairperson, as I indicated, the Government supports and provides funding to educational entities through contract with third parties. I am not aware of any operations that are in the public domain that have public dollars attached to them that are operated by the individual family raised by the member.

**Mr. Gilleshammer:** I thank the minister for that clarification. On page 39, the department makes a commitment. It said the department will be seeking appropriate reimbursement of funds provided to the program. What has the department and the minister done about that commitment?

**Mr. Caldwell:** I am sorry, Mr. Chair, could I get the member to reference the page again so I can turn to it?

**An Honourable Member:** 39.

**Mr. Caldwell:** And the commitment that he was asking about, Mr. Chair?

\* (10:40)

**Mr. Gilleshammer:** On page 39, comments from the department, it says the department will be seeking appropriate reimbursement of funds provided to the program. I am asking what the status of that is.

**Mr. Caldwell:** Of course, the recovery of funds, which the provincial auditor urged be undertaken by the department is one of the many recommendations by the provincial auditor that we are engaged with satisfying.

There were significant dollars that went astray as a consequence of a program with no legislative framework or no fiscal or program accountability provisions. The member's assertion that the department committed to recover funds directly from the program, if indeed that is what the member is asserting, is false. The commitment made on page 39 is a direct response to the Auditor's recommendation on page 9 that the department seek reimbursement from Morris-Macdonald School Division of overfunding for the program. It is the second paragraph, I believe, on page 9, "that the department consider requesting reimbursement from Morris-Macdonald for overfunding of an amount between \$488,900 and \$613,300, representing the difference between Morris-Macdonald's full-time equivalent funding submission in December 2000 and our," the provincial auditor's office, "FTE estimate for the program of between 50 and 100 student FTEs."

The Auditor, on page 9, makes a number of other points around collecting reimbursement from Morris-Macdonald School Division. It also recommends that Morris-Macdonald School Division itself consider obtaining legal advice respecting its right to recover monies advanced for a summer program that provided efficient quality of education.

As I said and have said today and yesterday, as well as in Question Period last year and in Estimates earlier this session, we have as a government accepted the recommendations and conclusions of the provincial auditor's report in their entirety, have sought to put into place measures, virtually since forming office, that would bring some order to a system of adult learning centres in the province of Manitoba that was sorely lacking in order, putting in place regulations, putting in place a funding model that is tied to program quality and program development, as opposed to per student or per pupil allocations. The per pupil allocation that was established by the previous government saw a system run wild in terms of provincial dollars flowing out of this building without any provisions for accountability.

We have in this session, as I said, legislation before the House right now that will bring a legislative framework to adult learning centres in

the province that will place Manitoba at the head of Canada in terms of the management of its adult learning centres.

I indicated earlier that this has been, as I said, a personally troubling file for me. It has certainly been a troubling file for the Government and the department. I would suggest it is a troubling issue for Manitobans who are out between \$2.5 million and 4 million, as estimated by the provincial auditor, and certainly to address this issue of monies being allocated in a manner that was deemed by the Auditor to be improper.

We have placed the first priority on maintaining stability for learners both in the public school system in Morris-Macdonald, and the adult learning centre system for those adult learners who are participants in adult learning centres in the province. We have sought the minimal amount identified by the provincial auditor so that Manitoba taxpayers can have redress for the monies that taxpayers in Brandon, in Minnedosa, in Thompson, in Dauphin and throughout the province have seen go astray. But also we have been respectful of ratepayers in the Morris-Macdonald School Division area in seeking the minimal amount as opposed to the maximum amount identified by the provincial auditor as some figure in between.

So, Mr. Chairperson, all along we have, as a government, sought that fairness and balance in our efforts to recover money from the Morris-Macdonald School Division. It is our responsibility as a government to act in the best interest of accountability and responsibility for all public dollars. This one has certainly been vexing, however, because it does have significant impacts upon learners as well as significant impacts upon ratepayers, specifically in Morris-Macdonald, but more broadly for every taxpayer in the province of Manitoba.

Coming back to the member's question around the commitment to the recovery of funds from the program, it is the responsibility of the school division to seek reimbursement from the program, just as it was the responsibility of the division to monitor properly the programs it sponsored.

I should also note that the Auditor was quite critical of Morris-Macdonald School Division

for the numbers and enrolment figures it did provide the department in this regard.

**Mr. Gilleshammer:** Has the minister's hand-picked trustee taken any steps to recover money that was funded to others for the program?

**Mr. Caldwell:** The trustee that was put in place to manage the affairs of the Morris-Macdonald School Division, Mr. Alex Krawec, former mayor of Stonewall, long-time municipal official, well-respected citizen of the province of Manitoba, a gentleman whom I have not yet had the pleasure of meeting personally, so as not to give any opportunity for bias or interference in his deliberations in terms of his very difficult task of managing what probably is the single largest public school funding scandal in the province of Manitoba.

Mr. Krawec has acted in the best interests of learners in the Morris-Macdonald School Division very capably, very responsibly, very professionally, very compassionately. He has certainly engaged individuals in the school division to advise him in his deliberations and decision-making very extensively.

I have certainly, in reviewing media reports of Mr. Krawec's activities over the last year or so, notionally a year or so, during monitoring media reports of his activities and the work he is doing, been very, very impressed at the integrity which he has brought to that task, very difficult task. He certainly has had his fair share of public meetings and oftentimes fairly contentious public meetings to deal with. I have been very impressed at Mr. Krawec's fortitude and sense of civic duty in his activities.

I expect that he will be very pleased to pass the reigns of his office to the newly elected school board in the soon-to-be Red River School Division, which is the merger between a significant portion of the former Red River Valley School Division, I should say, which is the newly merged division of combining a large portion of the present Red River School Division with the former Morris-Macdonald School Division. I expect he will be very much looking forward to concluding his duties.

\* (10:50)

**Mr. Gilleshammer:** So the minister has no knowledge of whether the appointed trustee or anyone is following through on this commitment from the department to seek appropriate reimbursement of funds provided to the program.

Is the minister saying that this is going to have to wait until after October 23, when a new board is put in place in that school division?

**Mr. Caldwell:** Mr. Krawec has taken some move to address the recommendation of the provincial auditor's report in terms of reimbursement of funds to the province. I also fully expect that we will have ongoing work to do in partnership with the new board of the future Red River Valley School Division, post-October 2002. This issue is one that will have to be managed in a very sensitive and sensible way, in a way that places the stability of the classrooms and the public education system in the new Red River Valley School Division first.

As I have said earlier, Mr. Chairperson, our paramount responsibility is to ensure that the classrooms in the new Red River Valley School Division, the integrity of the classrooms in the new Red River Valley School Division is maintained, that quality education does not suffer, that students do not suffer by the activities of the former Morris-Macdonald School Division board and the relationships that they entered into with third parties as outlined by the provincial auditor's report in September of last year.

**Mr. Gilleshammer:** Is the minister aware of anything that Mr. Krawec has done to seek the appropriate reimbursement of funds provided to the program?

**Mr. Caldwell:** As I think I indicated a couple of questions ago, Mr. Krawec has been acting as a trustee in the Morris-Macdonald School Division with full powers as are identified in The Public Schools Act that are vested in such a position.

I have not engaged myself with the activities of Mr. Krawec. I have not yet met Mr. Krawec. I can only imagine what sort of foofaraw there would be in this building if I had engaged myself with the activities of Mr. Krawec in his trusteeship with the Morris-Macdonald School Division, given the foofaraws that we have in this

House from time to time, including this session. Mr. Krawec is acting in a capacity that has my full confidence.

He comes to this task as a man of integrity, a long-serving municipal official, a former mayor of Stonewall. I have nothing but respect for the gentleman. He certainly, in my review of his work in Morris-Macdonald School Division, as through the media and comments to me from individuals associated with this issue, in particular municipal councillors and so forth that are friends and acquaintances of mine, has dealt with a very, very difficult task with a great deal of aplomb, courtesy, compassion, professionalism, integrity and respect in terms of his management of the division.

As I indicated, he has the full powers of a trustee as vested in him by The Public Schools Act and, in my observation, has been taking on the task that has been presented to him with great sensitivity and great professionalism.

**Mr. Gilleshammer:** Mr. Chairperson, can the minister indicate who in his department deals with Mr. Krawec on matters that need to be reviewed by the department? Who gives him advice? Who deals with him on a day-to-day basis or week-to-week basis?

Someone in the department must have a relationship in terms of a sounding board or advice. Can the minister indicate if it is the minister himself, his deputy, or who in the department plays that role?

**Mr. Caldwell:** Mr. Chair, I did indicate, perhaps the member missed it, that certainly I have not had any relationship with Mr. Krawec. I do not know that individuals give Mr. Krawec advice. I think Mr. Krawec acts very much with a sense of his own judgment in terms of the operations of Morris-Macdonald School Division. I do know that he is very concerned and has been very concerned because of reports in the media, that he is fundamentally concerned with the educational integrity being maintained for his students in the Morris-Macdonald School Division so that they are not impacted by this sorry affair.

I believe that he has had conversations with the Deputy Minister, Dr. Ben Levin, from time

to time, but there certainly is not a daily function between the department and Mr. Krawec. Mr. Krawec acts independently of my office.

**Mr. Gilleshammer:** I certainly accept the minister at his word, that he is not involved with Mr. Krawec and, in fact, has indicated he has never met him.

Mr. Chairperson, has Mr. Krawec asked advice of your deputy about this commitment the department made to seek appropriate reimbursement of funds?

**Mr. Caldwell:** Mr. Chair, I know that the deputy has had some conversations with Mr. Krawec from time to time. The responsibility of the school division to seek reimbursement from the program, as outlined in the provincial auditor's report, is, in fact, the responsibility of the division, just as it was the responsibility of the division to monitor properly the programs it sponsored and to provide records of funds that were used to develop and support those programs.

Mr. Chairperson, the recovery of funds from third parties or from individual organizations that were contracted by Morris-Macdonald to support programs is in the bailiwick of the Morris-Macdonald School Division, and I have no knowledge of activities in that regard one way or the other.

**Mr. Gilleshammer:** Well, on page 39, the department has made a clear, unequivocal commitment. It says the department will be seeking appropriate reimbursement of funds provided to the program. This promise, this commitment, is outlined on page 39, and is the minister now saying the department is doing nothing to recover those funds from the program?

**Mr. Caldwell:** The assertion that the department committed to recovering funds directly from the program is false. The commitment made on page 39 is a direct response to the Auditor's recommendation on page 9 that the department seek reimbursement from Morris-Macdonald School Division of overfunding for the program.

Mr. Chairperson, a few questions ago, we touched on this. It is the responsibility of the school division to seek reimbursement from the

program, just as it was the responsibility of the division to monitor properly the programs it sponsored. The department seeking appropriate reimbursement of the funds provided to the program refers to the recovery of funds from the Morris-Macdonald School Division, who was the beneficiary of provincial funds and who, in turn, contracted with third parties to operate its programs. The funds were paid to the Morris-Macdonald School Division in the first place. That is where the funds are being sought from.

\* (11:00)

**Mr. Gilleshammer:** Mr. Chairperson, it seems that the minister is backing away from this commitment made to the Auditor. He is saying the department is not seeking appropriate reimbursement of funds provided to the program. The department is taking a hands-off approach to that. He is indicating that the appointed trustee, hand-picked by the minister, is not pursuing this issue.

Why are the minister and the department backing away from this commitment that is stated in the Auditor's report, particularly since the minister has stated so many times in the last few days their total commitment to all of the recommendations and all of the promises made in the Auditor's report?

**Mr. Caldwell:** I understand the member putting that particular spin on this issue, or that analysis, because of the political mileage that provides the member. However, we have been quite consistent and quite clear. Provincial dollars were delivered to the Morris-Macdonald School Division. Morris-Macdonald School Division are responsible for those dollars. They contracted with other parties. The history of that is contained, in large measure, in the provincial auditor's report. I will, again, for the member's edification, put on the record that the recovery of funds from the program is the responsibility of the contracting body, that is the Morris-Macdonald School Division.

The member's assertion that the department committed to a recovery of funds directly from the program is false. The commitment made on page 39 is a direct response to the Auditor's recommendation on page 9 of the report that the

department seek reimbursement from Morris-Macdonald School Division of overfunding of the program. It is the responsibility of the school division to seek reimbursement from the program just as it was the responsibility of the division to monitor properly the programs it sponsored.

I will refer to the provincial auditor's report, again on page 9 and page 74, I believe: that the department consider requesting reimbursement from Morris-Macdonald School Division for overfunding of an amount between \$488,900 and \$613,300 representing the difference between Morris-Macdonald School Division's full-time, equivalent funding submission in December 2000 and our, that being the provincial auditor's office, full-time equivalent estimate for the program of between 50 and 100 students; that the department consider requesting reimbursement from Morris-Macdonald School Division of at least \$371,000 based upon our, that is the provincial auditor's office, extrapolation of the contracted survey results; that the department consider requesting Morris-Macdonald School Division to return the excess funding that was not required to operate the entrepreneurial technology education centres, ETEC's program, from inception to June 30, 2001, estimated at approximately \$1.5 million. We could go on.

The responsibility for public funds in this building is ours as government, as elected representatives of the people of the province of Manitoba. The responsibility for public funds allocated by the Morris-Macdonald School Division is the Morris-Macdonald School Division's responsibility as elected officials responsible for contracting with third parties. Our relationship as a provincial government is with the body that we granted the funds to. That is the Morris-Macdonald School Division.

**Mr. Gilleshammer:** Mr. Chairperson, the minister has indicated that his deputy is in frequent contact with Mr. Krawec about the operation of Morris-Macdonald School Division. Given that there appear to be funds that flowed through the department to those who ran and operated the program, is the minister prepared to indicate to his deputy to indicate to Mr. Krawec that they should be actively pursuing these dollars today?

**Mr. Caldwell:** I certainly did not say that the deputy was in frequent contact with Mr. Krawec. I believe his contact is quite infrequent as a matter of fact.

The relationship that we have with Mr. Krawec is one that equates with the relationship that we have with every other school division in the province of Manitoba, Mr. Chair. It is one that provides respect for local autonomy, local decision making and local operations of the public school system. I am not in the habit of directing or ordering or influencing in any overt fashion the operations of any school division in the province. I certainly do not believe it is in the public interest to do so. I have a fairly strong respect for and commitment to local autonomy.

I know that Mr. Krawec, as I said earlier, is an individual that I have grown to respect more with each passing media report on his activities in the Morris-Macdonald School Division. He has engaged in a very constructive way individuals in that part of the province, elected officials in many cases, municipal councillors and so forth, to advise him and provide support for his very difficult task of bringing some resolution to this issue.

I know that, broadly speaking, these matters are the subject of an RCMP investigation which in due course will be concluded. I think that it is important again to note the provincial auditor's reflections on the overfunding provided to the Morris-Macdonald School Division, the overfunding of the program which is the member's current line of questioning, is referred to in a number of places, page 19 and page 34 spring to mind as being specific, where a minimum overpayment of \$488,900 is identified and up to \$613,000 as a maximum.

Overfunding of other ALCs has been identified on pages 47 and 61 to be in the range of \$371,000; ETEC surpluses projected at June 22, 2001, pages 47 and 63 at \$1.5 million; potential student dropout rates referred to on page 61, minimum of zero, assuming no dropouts, to a maximum of \$1.7 million. The total figures identified by the provincial auditor's report are at a minimum of \$2,360,000 and a maximum of \$4,184,000; notional amounts, again, of \$2.5 million to \$4 million.

This is quite a tangled tale and it has been quite vexing, as I mentioned earlier, to myself personally and to the department, also to myself professionally, quite frankly, but certainly personally. The last fall session was not one that I would wish on anyone, Mr. Chair. Having said that, we are as a government and we have been as a department working on this file with a view to bringing order and accountability to adult learning centres in the province of Manitoba since the very early days of government in the fall of 1999 and the winter of 2000. We have put in place many regulations to bring accountability and responsibility to both fiscal management and program excellence.

Mr. Chairperson, we have moved from a per-pupil funding model to a program-based funding model. Before this House this session we have legislation, the adult learning centre legislation, that will at its passage bring a resolution in a positive fashion to all of the recommendations of the provincial auditor's report.

**Mr. Gilleshammer:** Mr. Chair, what did the department mean when they said to the provincial auditor and he put in his report that they would seek appropriate reimbursement?

\* (11:10)

**Mr. Caldwell:** Well, appropriate reimbursement, I think, as most Manitobans know, has been determined to be the minimum amount identified by the provincial auditor. Again, we have been through this quite a number of ways and times in the last few days and in the House last fall, that as a government we wanted to have fairness and accountability being paramount in our deliberations, fairness and accountability to students so the classrooms would not be impacted by any decision we may make, fairness and accountability to the ratepayers of Morris-Macdonald, who for years were beneficiaries of other provincial tax dollars flowing into their division and, more recently, have been impacted by the conclusions of the provincial auditor's report in quite a different way, and fairness to taxpayers in Minnedosa, Russell, Brandon, St. Boniface, Dauphin, Thompson and every other community in the province of Manitoba who saw their tax dollars flowing into Morris-Macdonald School Division to support the operations of that individual school division.

In terms of appropriate reimbursement of funds provided, broadly it is the minimal amount as identified by the provincial auditor. That provides some benefit for the ratepayers of Morris-Macdonald, who could have been asked for the maximum amount but were not, rather were asked for the minimum amount, and fairness to the people in the province of Manitoba, who are out \$2.5 million to \$4 million in getting at least some of that money back, \$2.5 million notionally, and in the midst of that the deliberation to provide fairness to taxpayers throughout the province as well as fairness to taxpayers in Morris-Macdonald School Division, the students, both in the public school system and the adult learning system, that they not be negatively impacted by efforts to seek redress for funds provided to the school division.

**Mr. Gilleshammer:** Mr. Chair, I think Manitobans, wherever they are, whether they are in Morris-Macdonald or elsewhere, want to see this wrapped up in a just way. To me justice would be served by seeking the appropriate reimbursement of funds, wherever that may lead.

There seems to be a reluctance on the part of the minister and the deputy, who is in contact with Mr. Krawec to pursue the third parties in this issue. I am wondering why the minister is reluctant to have his deputy say to Mr. Krawec, rather than wait another half a year or a year as the trail grows cold, why not seek that justice now? Why not seek that appropriate reimbursement now so that everybody can have the comfort of knowing that this has been appropriately and fairly and justly handled rather than to leave this dangling, leave this in abeyance?

I think people in Morris-Macdonald are prepared to share some part of the blame, but they want to see justice done. They want to see the appropriate reimbursement. Why would the minister not have his deputy in his meetings with Mr. Krawec indicate to proceed in that direction?

**Mr. Caldwell:** Mr. Chair, I appreciate the member's remarks. In the main, I concur that Manitobans do want to see this issue put to rest. Certainly, people in the Morris-Macdonald School Division probably feel the same way.

These matters are the subject of an RCMP investigation. I do not know that there is any trail going cold. They have been the subject of an investigation by the Royal Canadian Mounted Police since the Auditor's report was released last year. One of the first actions that we took as part of this report was to refer it to the RCMP.

In terms of the operations of the Morris-Macdonald School Division, as I indicated, my assessment of the trustees' work in the school division is a very respectful one and a very positive one. My readings of news accounts on this issue and the anecdotal information that has been provided to me by individuals in the school division, as I mentioned, councillors and acquaintances of mine from my life as a Manitoban have all been positive.

I have not heard Mr. Krawec disparaged in the least anywhere by individuals who are impacted by this matter in the Morris-Macdonald School Division area. Quite the contrary, people have been tremendously impressed by the fortitude, by the dignity, by the integrity and professionalism by which Mr. Krawec has been conducting himself in a very difficult environment.

I am, as I mentioned in a previous question, reticent to interfere with any school division in terms of their day-to-day operations. From time to time, I do have challenges, as Minister of Education, with school divisions. That is no secret. My home school division in Brandon, a couple of years ago, when there was a move to hire a fourth senior manager at a rate of \$100,000, I had some concerns and expressed those concerns in terms of the allocation of education dollars, but I am certainly not in the practice of directing or instructing school divisions on how to conduct their affairs. Mr. Krawec is the official trustee, has all the powers, rights, obligations and duties under The Public Schools Act as a division, and, as I respect other divisions, I respect the Morris-Macdonald Division.

**Mr. Gilleshammer:** The minister talks about his great respect for trustees and school boards and the job that they do, yet, at the same time, fired a board and has just indicated that he got involved with the Brandon School Division board when

they were making a decision about their administration.

So, given his wandering into school division business from time to time, why is he so reluctant to have his deputy speak with his hand-picked, appointed trustee and have him pursue what he has called the appropriate reimbursement of these funds?

*Mr. Stan Struthers, Acting Chairperson, in the Chair*

**Mr. Caldwell:** I am glad that the member acknowledges that I am reluctant to wander in, as he puts it, to school division affairs because I certainly am, and that, in no small measure, is the reason that I am not particularly enamoured with the idea of having the deputy or the department instruct a school division to do anything.

I think that Mr. Krawec, as official trustee, has acquitted himself with dignity, professionalism, compassion, respect and the utmost integrity in his management of the Morris-Macdonald School Division over the last number of months. This is a very, very challenging and difficult task, I am certain, for Mr. Krawec. He has been put into a situation where emotions have run quite high. In that environment, he has conducted public meetings. He has made himself and his office available for representation from any interested party.

\* (11:20)

He has had the advice and counsel and sought the advice and counsel of elected officials in the municipalities that comprise the Morris-Macdonald School Division. He has sought advice and counsel broadly from the communities within the Morris-Macdonald School Division, all with a view to maintaining stability for the classrooms of the system, maintaining the integrity of the public school system in the Morris-Macdonald School Division, being mindful of the potential impacts upon students and, in my view, from my observations of this matter, has been quite unbelievably professional and respectful.

Mr. Chairperson, I have nothing but the greatest of respect for Mr. Krawec, and I look

forward to having a chat with him once his task is completed because I certainly want to thank him, in a meaningful and personal way, for the tremendous work he has done on behalf of, not only the people of Morris-Macdonald and the students of Morris-Macdonald, but on behalf of Manitobans, generally.

**Mr. Gilleshammer:** Mr. Chairman, it appears that the minister and the department are not concerned with pursuing justice in this issue. Does he not see that justice delayed, in this case, until new board members can be elected, appears to be justice denied in the eyes of the ratepayers of Morris-Macdonald?

Mr. Chairman, I have indicated that I believe that they are prepared to do their share and pay their share, and I think all of Manitoba wants to see this brought to a conclusion. By the department standing on the sidelines, we do have justice delayed here, and I would urge the minister to have his department get a little more involved in pursuing their commitment to seek appropriate reimbursement of funds.

**Mr. Caldwell:** I appreciate the sentiments of the member about justice delayed being perceived as justice denied. I suppose for those reasons we, in the fall of 1999 and the early months of 2000, addressed the over 100% overexpenditure in adult learning centres in the province of Manitoba and moved from a per-pupil, per-capita allocation to a program-based model for funding of the adult learning centres in the province, put into place a regulatory framework that provided for fiscal and program accountability, brought in the provincial auditor in the first place when flags were being raised in 1998 under the watch of the members opposite when they were in government, acted on every recommendation in the provincial auditor's report up to and including legislation this session, turned the file over to the Royal Canadian Mounted Police to undertake a criminal investigation into the activities of the school division.

I would say that we have acted in every way all along this path to bring justice not only for the people of Morris-Macdonald, but for the people of Manitoba and the adult learners who are students in our system.

**Mr. Gilleshammer:** Well, I would suggest by not taking a more proactive approach to have this justice pursued the minister is going to continue to wear some of the ill will that is associated with this. I would urge him when his deputy meets with Mr. Krawec to seek the appropriate reimbursement of funds provided, as was indicated in the Auditor's report, would be a commitment from the department. Having said that, I would like to move to something else for the moment. I may come back to this later.

On page 64, there is some discussion of what is called the ETECs and that there was a surplus of \$1.5 million. Has that surplus been recovered from Morris-Macdonald School Division at this time?

**Mr. Caldwell:** I will take that question under advisement and consult with the department to ascertain what has been recovered regarding the ETEC surplus. I have just turned to page 64 in reference to the member's question. I do note on the third bullet that the ETEC surplus was approximately \$1.1 million as of June 30, 2000.

Preliminary figures as at June 22, 2001, indicate that the ETEC surplus is further increased to approximately \$1.5 million. I may be able to provide the member with an accurate statement around the ETEC surplus, if staff is listening to our hearings, before we are done here at lunchtime, but certainly next time that we sit.

**Mr. Gilleshammer:** Yes, my understanding is that that \$1.5 million has been scooped by the department. I wanted to know whether that constitutes \$1.5 million of the \$2.5 million that the minister is seeking to recover?

**Mr. Caldwell:** I thank the member for that comment. It does provide greater clarity for me and for staff in answering his question.

I do know that in the recovery of funds that we as a department and as a Government are going to be very, very sensitive to the impacts of our decisions on the classrooms, the public school classrooms, and particularly the Morris-Macdonald School Division, and certainly do want to have as part of our recovery of funds, the most generous and respectful reimbursement of

those funds so that the interests of taxpayers are protected, but as importantly, the interests of students are protected.

\* (11:30)

**Mr. Marcel Laurendeau (Official Opposition House Leader):** Mr. Chair, we are prepared at this time to move through a couple of the stages, but we would ask the ministers to stick around.

**The Acting Chairperson (Mr. Stan Struthers):** Is the committee ready for the question?

**An Honourable Member:** Question.

**The Acting Chairperson (Mr. Stan Struthers):** RESOLVED that a sum not exceeding \$3,307,376,300, being 50 percent of the total amount to be voted as set forth in Part A Operating Expenditure of the Estimates, be granted to Her Majesty for the fiscal year ending the 31st day of March, 2003.

*Resolution agreed to.*

**The Acting Chairperson (Mr. Stan Struthers):** Now we have a second resolution to be considered by the committee.

RESOLVED that a sum not exceeding \$29 million, being 50 percent of the total amount to be voted as set out in Part B Capital Investment of the Estimates, be granted to Her Majesty for the fiscal year ending the 31st day of March, 2003.

*Resolution agreed to.*

**The Acting Chairperson (Mr. Stan Struthers):** Committee rise. Call in the Speaker.

## IN SESSION

### Committee Report

**Mr. Stan Struthers (Acting Chairperson):** Mr. Speaker, the Committee of Supply has adopted two resolutions respecting Interim Supply, directs me to report the same and asks leave to sit again.

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

*Motion agreed to.*

**Hon. Greg Selinger (Minister of Finance):** Mr. Speaker, I move, seconded by the Minister of Justice (Mr. Mackintosh), that the House resolve into a Committee of Ways and Means.

*Motion agreed to.*

## COMMITTEE OF WAYS AND MEANS

### Interim Supply

**Mr. Chairperson (Conrad Santos):** The Committee of Ways and Means will come to order, please. We have before us for our consideration two resolutions respecting the Interim Supply Bill.

The first resolution reads as follows:

RESOLVED that towards making good the Supply to be granted to Her Majesty on account of certain expenditures of the Public Service for the fiscal year ending the 31st day of March, 2003, the sum of \$3,307,376,300, being 50 percent of the total amount to be voted as set forth in Part A Operating Expenditures of the Estimates for the fiscal year ending the 31st day of March, 2003, laid before the House at the present session of the Legislature, be granted out of the Consolidated Fund.

Does the Minister of Finance (Mr. Selinger) have any comments? Does the opposition Finance critic, the honourable Member for Steinbach (Mr. Jim Penner), have any comments?

Is the committee ready for the question then?

**Some Honourable Members:** Question.

**Mr. Chairperson:** Shall the resolution pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** The resolution is accordingly passed.

The second resolution respecting Interim Supply reads as follows:

RESOLVED that toward making good the Supply to be granted to Her Majesty on account of certain expenditures of the Public Service for the fiscal year ending the 31st day of March, 2003, the sum of \$29 million, being 50 percent of the total amount to be voted as set out in Part B Capital Investment of the Estimates for the fiscal year ending the 31st day of March, 2003, laid before the House at the present session of the Legislature, be granted out of the Consolidated Fund.

Is the committee ready for the question?

**Some Honourable Members:** Question.

**Mr. Chairperson:** Shall the resolution pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** The resolution is accordingly passed. Committee rise. Call in the Speaker.

## IN SESSION

### Committee Report

**Mr. Conrad Santos (Chairperson):** The Committee of Ways and Means has adopted two resolutions respecting Interim Supply, directs me to report the same and asks leave to sit again.

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

*Motion agreed to.*

\* (11:40)

## INTRODUCTION OF BILLS

### Bill 55—The Interim Appropriation Act, 2002

**Hon. Greg Selinger (Minister of Finance):** I move, seconded by the Minister of Justice (Mr. Mackintosh), that leave be given to introduce Bill 55, The Interim Appropriation Act, 2002; Loi de 2002 portant affectation anticipée de crédits, and that the same be now received, read a first time and be ordered for second reading immediately.

*Motion agreed to.*

## SECOND READINGS

### Bill 55—The Interim Appropriation Act, 2002

**Hon. Greg Selinger (Minister of Finance):** I move that leave be given in order that Bill 55, The Interim Appropriation Act, 2002; Loi de 2002 portant affectation anticipée de crédits, be now read a second time and be referred to the Committee of the Whole.

**Mr. Speaker:** Does the honourable member have leave? [*Agreed*]

It has been moved by the honourable Minister of Finance (Mr. Selinger), seconded by the honourable Attorney General (Mr. Mackintosh), that Bill 55, The Interim Appropriation Act, 2002; Loi de 2002, portant affectation anticipée de crédits, be now read a second time and be referred to the Committee of the Whole.

Is it the pleasure of the House to adopt the motion? [*Agreed*]

**Mr. Selinger:** I move that the House resolve into Committee of the Whole to consider and report on Bill 55, The Interim Appropriation Act, 2002; Loi de 2002 portant affectation anticipée de crédits, for third reading, seconded by the Minister of Justice (Mr. Mackintosh).

*Motion agreed to.*

## COMMITTEE OF THE WHOLE

### Bill 55—The Interim Appropriation Act, 2002

**Mr. Chairperson (Conrad Santos):** The Committee of the Whole will come to order, please, to consider Bill 55, The Interim Appropriation Act, 2002. Does the honourable Minister of Finance have an opening statement?

**Hon. Greg Selinger (Minister of Finance):** No, thank you.

**Mr. Chairperson:** Does the Finance critic from the Official Opposition have an opening statement? We shall proceed.

**Mr. David Faurischou (Portage la Prairie):** Mr. Chairperson, I would like at this time to ask the Minister of Government Services, in light of an announcement made by the Attorney General (Mr. Mackintosh) approximately one month ago, as to the decision to replace the women's correctional facility located in Portage la Prairie. At the time of the press announcement a lot of questions were yet to be answered, most specifically as to which department or collectively between departments as to how this project was to proceed.

I would like the minister to update the citizens of Portage la Prairie as to where this project is at the present time. Has there been a decision on the time line as to when specific decisions regarding this project will take place?

**Hon. Steve Ashton (Minister of Transportation and Government Services):** Mr. Chairperson, first of all I want to indicate that I certainly appreciate the interest of the Member for Portage in this matter. I think people will be aware of the background, the fact that the current facility is not a modern facility, certainly would not I think be something that would be considered appropriate in terms of long-term usage. What the Minister of Justice (Mr. Mackintosh) signalled quite clearly to not only Portage but obviously the people of Manitoba is the fact that we are now looking at replacing the facility.

There will be two dimensions, essentially, as there are with any of these types of situations. One is the programming side. Obviously, one of the questions that needs to be asked is how many beds, how many inmates would be included in a replacement facility. That is something that will essentially be a decision that will be driven by the Department of Justice and its programming and its priorities. Our role in Government Services is basically similar to what we did recently, for example, with Headingley. That is to take the programming requirements and then determine the appropriate location, appropriate construction, appropriate financing, all those technical details.

I do not want to speak for the minister. The minister is here as well. I suppose he, I am sure, is available for questions, I think could send a clear signal that we are looking at replacing the

facility. We will be making announcements as we proceed in terms of the specific timetable.

Obviously, it is not going to be overnight. It basically is going to require a thorough review in terms of both the programming and locational requirements. So I certainly will commit, from our side, to keeping the member informed as we progress because I appreciate the interest in Portage, given the fact that is the location of the current jail facility.

**Mr. Faurischou:** I appreciate the minister's comment. The city council for Portage la Prairie has made it known through media contact that they are interested in continuing the operations of the correction facility for women in Portage la Prairie.

I want to ask the minister very specifically, as I am aware there are other communities that have already expressed an interest in participating, in possibly seeing the new facility located in their community, but I would like to ask the minister specifically: Is there going to be a call go out to communities that are interested to make their intentions known at a specific time or is it just very ad hoc right now, and any communities that are interested, hearing the news through the press release, to make their intentions known? I want to know whether it is formal as to expression of interest or whether it is ad hoc and our city councillors should be sending correspondence to the attention of the minister now.

**Mr. Ashton:** Obviously, I cannot speak for municipal governments. They can and will lobby. That is essentially their role. The normal process with a facility of this type is obviously not a service that is provided through municipalities. It is quite realistic, I think the member knows that essentially what you will see is a lobbying process.

Our decision-making process will be driven by: a) the program requirements, b) what makes sense for the province in terms of delivery. The normal process is not to solicit it from communities, but I welcome the input.

I know my own community in Thompson, there have been calls for a detention centre for

quite some years. That is good—municipal governments lobby and I assume there will be some lobbying that will take place. My experience is you do not have to solicit lobbying, lobbying comes to you. That is a way of answering the member's question, I think it is probably the most appropriate.

\* (11:50)

**Mr. Faurchou:** Mr. Chairman, I do appreciate the Minister of Transportation and Government Services' response. I would now like to ask a question of the Minister of Industry, Trade and Mines (Ms. Mihychuk), please.

As lead Minister for Industry here in the province, in Portage la Prairie, construction is underway, and one could safely say, of the most major construction project within the province at this time, that being the J.R. Simplot potato processing facility, west of Portage la Prairie.

A concern at the present time for much of western Canada and the western part of our province is the lack of precipitation and consequently a deficit in soil moisture. Potatoes require a significant amount of water to be produced. J.R. Simplot's decision to locate in Portage la Prairie and in Manitoba came on the heels of a commitment by her Government that certain measures would be taken provide for retention of waters and to distribute waters to areas where soil is applicable for irrigation. I would like to ask the minister about progress in regard to addressing that need for this industry.

**Ms. MaryAnn Mihychuk (Minister of Industry, Trade and Mines):** Thank you for the question. It is a very important and significant economic development project for Manitoba. We are very pleased that the Portage la Prairie area, the former glacial delta into Lake Agassiz, provides the perfect environment, geologically, in terms of soil type and climate for potato growing. That district will soon exceed potato production of any other jurisdiction in Canada. We will take advantage of that. There are many producers in that area who will have the ability to take a more valuable cash crop than has traditionally been in the area, or provide another source for a well-paying crop.

I am aware this is a crop that requires irrigation, and that the water management of the Assiniboine River basin must be managed from the headwaters and through the delta area. It is our commitment as a government to ensure, as we ramp up for the supply of the plant in Portage la Prairie, that is done in a managed way but also meets the need of industry, of the producers and of the manufacturing facilities. Going along with that means we will have to face difficult issues of water management, control structures. Some people may be disappointed, but that is all part of an overall strategic plan. Diversifying our agricultural industry is absolutely vital.

I think the Government has taken a strong stand. We are committed to do that. We have significant components of ensuring the promises are fulfilled. We are on track and prepared to meet those commitments.

**Mr. Faurchou:** I will attempt in a very short while to bring to the House a progress report for that very major construction project. I want to emphasize it is not just the construction of the plant that is taking place in the neighbourhood of \$150-million worth of investment but more than two times that investment will be seen invested in other facilities on farm or in co-operative efforts to provide for storage of the product as it is required by the plant to be processed throughout the year.

We are speaking of potentially a half billion dollars by the time you add in the irrigation, the canals, feeder system, as well as machinery, the storage facilities. It is a major, major boon to agriculture here in the province. I do want to emphasize to the minister, though, time is short. We must provide for a strategic plan in order to capture some of the spring runoff waters in some facilities. I believe the minister is understanding of the need to come to that conclusion very shortly.

**Ms. Mihychuk:** I would invite the member to take the opportunity to discuss the business requirements of the ramping up of those various components with the department, with myself, and would encourage such a meeting take place, especially if the member has things that he would like to raise with us. We would be glad to listen.

**Mr. Chairperson:** We shall now proceed to consider the bill clause by clause.

The title and the enacting clause are postponed until all other clauses have been considered.

Clause 1—pass; clause 2—pass; clause 3—pass; clause 4—pass; clause 5—pass; clause 6—pass; clause 7—pass; clause 8—pass; enacting clause—pass; title—pass. Bill be reported.

Committee rise. Call in the Speaker.

### IN SESSION

#### Committee Report

**Mr. Conrad Santos (Chairperson):** Mr. Speaker, the Committee of the Whole has considered Bill 55, The Interim Appropriation Act, 2002 and has directed me to report the same without amendment.

I move, seconded by the honourable Member for Dauphin-Roblin (Mr. Struthers), that the report of the Committee of the Whole be received.

*Motion agreed to.*

**Mr. Marcel Laurendeau (Official Opposition House Leader):** Just in case, Mr. Speaker, I think it might be advisable that you not see the clock.

**Mr. Speaker:** Is it the will of the House to not see the clock? *[Agreed]*

### REPORT STAGE

#### Bill 55—The Interim Appropriation Act, 2002

**Hon. Greg Selinger (Minister of Finance):** I move, seconded by the Minister of Justice (Mr. Mackintosh), that leave be now given in order that Bill 55, The Interim Appropriation Act, 2002; Loi 2002 portant affectation anticipée de crédits, as reported from the Committee of the Whole, be concurred in.

**Mr. Speaker:** Does the honourable member have leave? *[Agreed]*

*Motion agreed to.*

### THIRD READINGS

#### Bill 55—The Interim Appropriation Act, 2002

**Hon. Gord Mackintosh (Government House Leader):** Yes, Mr. Speaker, by leave I move, seconded by the Minister of Finance (Mr. Selinger), that Bill 55, The Interim Appropriation Act, 2002, be now read a third time and passed.

**Mr. Speaker:** Is there leave for this? *[Agreed]*

*Motion agreed to.*

**Mr. Speaker:** The hour being past 12 p.m., we will now recess and reconvene at 1:30 p.m.

# LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, August 1, 2002

## CONTENTS

<b>ORDERS OF THE DAY</b>		<b>Second Readings</b>	
<b>GOVERNMENT BUSINESS</b>		Bill 55–The Interim Appropriation Act, 2002	4144
<b>Committee of Supply</b>		<b>Committee of the Whole</b>	
Interim Supply	4129	Bill 55–The Interim Appropriation Act, 2002	4144
<b>Committee of Ways and Means</b>		<b>Report Stage</b>	
Interim Supply	4143	Bill 55–The Interim Appropriation Act, 2002	4147
<b>Introduction of Bills</b>		<b>Third Readings</b>	
Bill 55–The Interim Appropriation Act, 2002 Selinger	4144	Bill 55–The Interim Appropriation Act, 2002	4147