First Session - Thirty-Ninth Legislature

of the

## Legislative Assembly of Manitoba

# DEBATES and PROCEEDINGS

Official Report (Hansard)

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#### MANITOBA LEGISLATIVE ASSEMBLY Thirty-Ninth Legislature

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GERRARD, Jon, Hon.	River Heights	Lib.	
GOERTZEN, Kelvin	Steinbach	P.C.	
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HAWRANIK, Gerald	Lac du Bonnet	P.C.	
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WOWCHUK, Rosann, Hon.	Swan River	r.c. N.D.P.	

#### LEGISLATIVE ASSEMBLY OF MANITOBA

Thursday, September 27, 2007

The House met at 10 a.m.

#### PRAYER

#### **ORDERS OF THE DAY**

#### PRIVATE MEMBERS' BUSINESS

**Mr. Speaker:** Order. For clarification of the House, I'd like to inform the House that the order of business listed under Private Members' Business on the Order Paper is incorrect and that Second Readings–Public Bills should appear before Debate on Second Readings–Public Bills.

Therefore, I will now call Second Readings– Public Bills.

The honourable Official Opposition House Leader, on a point of order?

Mr. Gerald Hawranik (Official Opposition House Leader): No, on House business, Mr. Speaker.

Mr. Speaker: Oh, on House business, okay.

#### **House Business**

**Mr. Hawranik:** I'd like to announce that the Manitoba Drainage Management Program resolution will be considered next Thursday, the Manitoba Drainage Management Program resolution.

**Mr. Speaker:** So the Manitoba management draining program resolution on public bills will be for next Thursday. That's for the information of the House.

Now I'll call debate on second readings on Bill 200, The Health Services Amendment and-*[interjection]* Oh, yes. Okay. Second reading, public bills, The Apology Act.

#### SECOND READINGS-PUBLIC BILLS

#### **Bill 202–The Apology Act**

**Hon. Jon Gerrard (River Heights):** Mr. Speaker, I am pleased to move second reading of The Apology Act.

I move, seconded by the MLA for Inkster (Mr. Lamoureux), that Bill 202, The Apology Act; Loi sur la présentation d'excuses, be now read a second time and be referred to a committee of this House.

#### **House Business**

**Mr. Speaker:** For the correction of the House, when I announced that Manitoba management draining program was a bill, it's not a bill; it's a resolution. Just for clarification of the House.

\* \* \*

**Mr. Speaker:** It's been moved by the honourable Member for River Heights, seconded by the honourable Member for Inkster that Bill 202, The Apology Act, be now read a second time and be referred to a committee of this House.

**Mr. Gerrard:** Mr. Speaker, The Apology Act is a bill which would, in essence, provide for help with the health-care system in Manitoba. In essence, what it provides for is that health-care professionals can apologize where there is a medical error, and that that apology would not necessarily have legal ramifications in terms of liabilities.

Mr. Speaker, it's been quite important that we change the way things are done in the health-care system in Manitoba and that we recognize the problem of medical errors, mistakes, that people in the health-care system are human like in other industries, in other businesses, in other public services, and that we need to have in place processes to address and deal with those medical errors and make sure that processes are implemented as a result of investigations and understanding of what happened, and that those processes then lead to a significant reduction in medical errors in the future.

Several years ago, there was a book published with the title *To Err Is Human* and it highlighted the fact that each year, in this case in the United States, there were somewhere between 48,000 and, I believe, 98,000 deaths each year due to medical errors. If one then applies that to the Canadian situation, that is thousands of people in a year in Canada dying because of medical errors, and it is some hundreds of people in Manitoba dying each year because of medical errors. It is far too many.

It has been said that this is analogous to having planes crashing on a regular basis in the airline industry, that we need to change the way that things work within the health-care system, and that we need to adopt some of the practices which are used in the aviation industry, that we have clear investigation, open investigation where there is a medical error, and that processes need to be implemented and, from our perspective, we need those processes implemented, not just in one RHA, but provincewide, and then, hopefully, Canada-wide as a result of what we do in showing leadership in Manitoba.

But what is important here is that The Apology Act is one part of the change, that right now there is too much of hesitation, of too many health-care professionals to come forward and be open about situations and to apologize to patients where there has been a medical error, or to families, and that that apology is an important step in being more open about situations. It is also an important step in helping the families and the patients deal with the fact that there's been an error or a medical mistake made.

I have talked to numerous people within Manitoba who, they themselves or their family members, have suffered as a result of medical errors. Such medical errors can be such as egregious as leading to the death of individuals, surgical error mistake, for example, an error not only of action or a mistake in a surgical procedure that was done or, in some cases, there are errors because a patient's had to wait too long.

#### \* (10:10)

I recall having had in my office a patient who had lost a limb because poor judgments had been made and long waiting lists were present. If the treatment and the diagnosis had been available properly earlier, she would not have had to lose her leg. These are tragedies which should be avoided and, indeed, we are having daily in our health-care system, such tragedies which should be avoided and which we need to be able to deal with better. The approach that we have been advocating includes having the ability for health-care professionals to say, I'm sorry, there was a mistake made, as we would allow for under The Apology Act. It includes incorporating ideas from programs in the United States, like some jurisdictions in the United States, like Sorry Works! where there is a more open process for dealing with the mistakes, for acknowledging the problem, and, indeed, for providing compensation to families without having to go through the cumbersome procedures and the litigation which is now so often needed if there is to be compensation in the Canadian system.

We need to change the culture to improve the system. I was pleased when I first introduced this that the Minister of Health (Ms. Oswald) indicated a willingness to listen and to consider The Apology Act as part of the approach which is needed. I hope that the government will be willing not only to debate this bill this morning, but to consider having it passed so that it can go to committee and we can hear from people around Manitoba.

We are certainly welcome to changes which the government may want to recommend that would improve it, or from the opposition. It's my understanding at this point that the members of the official opposition may not necessarily be commenting on this bill, although I would urge them to. Each of us here has, from time to time, had to say that we're sorry for something we have done, and this is important legislation. Even the members of the opposition are not immune from occasionally making mistakes, so it would behoove the members of the official opposition to speak to this legislation.

Mr. Speaker, this is a significant step forward. I would hope that we can deal with this so that it can be passed at second reading today and go on to committee stage. I would urge the government to support this initiative.

The initiative is modelled after one that comes from British Columbia and a bill that has passed in the British Columbia legislation. The bill has been tested there. It is a good piece of legislation which can have significant benefits for us in Manitoba in helping us to improve our health-care system in this province. I would urge the members of the government to support this. Similar legislation dealing with the health-care system more specifically has been passed in a number of jurisdictions in the United States and tested there. This is an approach which has been shown to be helpful, is now accepted as being the way that we need to go in dealing with medical errors and medical mistakes, so I would hope that all members would consider this initiative on a favourable basis. Thank you.

**Mr. Andrew Swan (Minto):** Mr. Speaker, I move, seconded by the Member for Radisson (Mr. Jha), that debate on Bill 202 be adjourned.

#### Motion agreed to.

#### Bill 203–The Phosphorus-Free Dishwashing Detergent Act

Hon. Jon Gerrard (River Heights): Mr. Speaker, I move, seconded by the MLA for Inkster (Mr.

Lamoureux), that The Phosphorus-Free Dishwashing Detergent Act; Loi sur les détergents à vaisselle sans phosphore, be now read a second time and be referred to a committee of this House.

#### Motion presented.

**Mr. Gerrard:** This bill is designed specifically to drastically reduce the amount of phosphorus in automatic dishwashing detergents and dishwasher detergents.

The bill is needed in part because of the tragic situation with respect to Lake Winnipeg. At the moment, we have huge numbers of algal blooms and a potential problem that, as this situation has been worsening and is worsening, it can have, will have, is already having major impacts on the economy around Lake Winnipeg, although the fishery to date has not been as severely impacted as some might have initially predicted.

One must be very wary that, in the initial phases of increasing phosphorus and algal blooms, the fishery may be doing fairly well but, all of a sudden, it can reach the point where the fishery can collapse. That would be a disaster. That is one of the reasons why it is so important to act.

This new bill is not only there for Lake Winnipeg, but a remarkable number of lakes all over Manitoba are today having problems with algal blooms.

Let me give you an example, Mr. Speaker, of Killarney Lake. Killarney Lake. I was visiting a couple of times this summer and, when I was visiting Killarney Lake, it was oozing green ooze. It was just impossible to swim or enjoy the lake in a reasonable fashion. Now, it's certainly true that this is affected by the winds and, when the winds blow the algae over to one side, it can be really horrible on that one side and not quite as bad on the other side. But, very clearly, the situation of Killarney Lake has had an impact on the residents and their ability to enjoy the lake. It has had an impact over a number of years on tourism and people coming down to enjoy the Killarney Lake. It has an impact on people being able to enjoy the beach at Killarney Lake. This is a very severe problem as the MLA for Turtle Mountain (Mr. Cullen) will certainly acknowledge, and this is not the only lake. It is one of many, many lakes in Manitoba which are affected.

I will give you, Mr. Speaker, an example of when I was up north that, to my surprise, Snow Lake has got a problem with algal blooms. It is nowhere near the problem of Killarney Lake, but it is there and it is real and it needs attention. What we can do all over this province in terms of decreasing the phosphorus in our lakes and decreasing the algal blooms will be a very positive step forward, and that is a fundamental reason why this initiative is so important at this time.

#### \* (10:20)

Now, I have been pleased yesterday that the organization of the producers of detergents, automatic dishwasher detergents and similar products have come out and indicated that they want to move voluntarily to reducing very significantly the amount of phosphorous and phosphates in dishwasher detergents. I want to compliment them on this action because I think it's a very positive step, and they deserve kudos for that.

But I note in their proposal for this that they are actually calling on lawmakers around North America to move forward in making laws which are similar in terms of reducing the phosphorous in dishwasher detergents, because their organization has 85 percent of the producers. They see this as the direction that things are going. It wouldn't make any sense for the other 15 percent not to be brought into line and to make sure that everybody has similar standards.

Therefore, this initiative is particularly timely right now because it is not only people all over Manitoba who are calling for this ban, it is the people in the industry themselves who are calling for legislation. We have a very good opportunity here and now to move this bill forward to committee stage, to get the input from everybody and to be at the front line of legislative change and to put, thereby, people in Manitoba at the front line of improving the environment which is so important for Lake Winnipeg and so many other of our lakes.

I would note that the government themselves have been interested in this area. They have held some hearings around the province and some open houses. I attended open houses that the government was holding in Brandon and in Thompson. What I heard there, although there weren't huge numbers of people, it would certainly support for the direction of banning and eliminating phosphorous in automatic dishwasher detergents and in dishwasher detergents, generally. This is clearly an area where the public is onside, and we need to move forward.

It is possible, certainly, for people right now to purchase phosphate-free or very low phosphorouscontaining dishwasher detergents, and people should be urged to do this. This is important that we, as individuals, are doing our part. But we are not going to get the change that we need in Manitoba to help our lakes. We are not going to get the change that we need in Manitoba in terms of moving people and the industry forward if we do not act today. Therefore, it is very important that we do act today on this legislation. I would urge all parties to support this bill and to move it forward to committee stage.

Let us look back quickly at the history. That is, that in the 1970s, there was a huge problem in Lake Erie. One of the major changes was the elimination of phosphates in laundry detergents. That was one of the critical changes which had an impact in helping to clean up Lake Erie. At that point, automatic dishwasher detergents were not widely used. Phosphates in automatic dishwasher detergents was not a major issue. Today it is.

The various estimates would suggest that between 1 percent and 2 percent of the phosphorous going into Lake Winnipeg derives from automatic dishwasher detergents, and the evidence suggests that this is a soluble form which may be more active in terms of supporting the growth of algae and that 1 percent or 2 percent from an activity perspective be considerably higher than that.

So it is important that we act. It is important that we bring everybody in Manitoba to act because this is all of our problem. It is something that each of us can do. It is something that we as legislators can do and we can do it today. I would urge the support from all sides of the House in moving this initiative forward today.

**Mr. Gregory Dewar (Selkirk):** I move, seconded by the Member for St. James (Ms. Korzeniowski), that debate be now adjourned.

#### Motion presented.

#### **Point of Order**

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

**Mr. Gerald Hawranik (Official Opposition House Leader):** Mr. Speaker, we have other speakers who are willing to contribute to this debate. It's pretty sad, though, when the government members don't even want to talk about clean water and the way to clean it up. We have other speakers to speak. We're not prepared to allow the matter to be adjourned.

Mr. Speaker: Order. The motion has been put.

\* \*

**Mr. Speaker:** It has been moved by the honourable Member for Selkirk (Mr. Dewar), seconded by the honourable Member for St. James (Ms. Korzeniowski), that debate be adjourned.

Is there agreement by the House?

Some Honourable Members: No.

#### **Voice Vote**

Mr. Speaker: All those in favour of adjourning debate, say yea.

Some Honourable Members: Yea.

**Mr. Speaker:** All those opposed to adjourning debate, say nay.

Some Honourable Members: Nay.

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

#### **Point of Order**

**Mr. Speaker:** The honourable Member for Inkster, on a point of order?

**Mr. Kevin Lamoureux (Inkster):** Yes. Mr. Speaker, I would wonder if there would be leave of the House to allow members that would like to speak to this bill to be able to speak at this time.

**Mr. Speaker:** Order. Is there leave of the House for members that wish to speak to this bill to be allowed to speak to it? [Agreed]

\* \* \*

Mr. Speaker: Any members wish to debate Bill 203?

**Mrs. Heather Stefanson (Tuxedo):** Mr. Speaker, I'm in an absolute state of shock that this government is refusing to get up and debate an issue which is a very significant issue that affects our lakes in Manitoba and our waterways. And I'm in a state of shock that this government is refusing to get up and debate this issue.

It was just yesterday that the Minister of Water Stewardship (Ms. Melnick) stood and applauded industry that's come forward and taken initiatives in their hands to reduce phosphorus and phosphates in dishwashing detergents and yet today they don't want to debate it. This makes absolutely no sense. I mean, if we are not in this Chamber here to be debating issues, what are we here for?

This is absolutely outrageous. If this is such an important issue for Manitobans, if this is such an important issue and on the top of the agenda of members opposite and this government, why are they not standing before us and having a real debate on this issue? This is absolutely unacceptable, and I would question whether or not this really is a priority for this government, if our lake systems, if our water systems, if drinking water, if clean lakes, our environment is not on the top of the agenda of this government. This is outrageous. On one hand they like to stand up and say how important the environment is in our province, how important waterways are in our environment and yet on the other hand, oh, no, no, we wouldn't want to debate that issue though. Because you know what? It really isn't that important. It really isn't that important to us.

Mr. Speaker, this is absolutely outrageous. And you know what? I hope that someone opposite, and maybe the minister could come and at least debate this issue herself. But I will say that, you know, I hope that after I have the opportunity to speak, and we have members on our side of the House that are very interested in debating this issue because we're not afraid of having debate in this Legislature, we're not afraid of debating issues that are of real concern to Manitobans.

Obviously, the government likes to hide behind their seats or hide in their seats or hide in their offices or whatever they're going to do, but I will tell you, I will encourage members opposite, and I know there are members over there that really, I believe, really do feel that this is an important issue, and I challenge them today to stand up and properly debate this issue because that's what we're supposed to be here for, to stand up for Manitobans, to stand up for our clean waterways, to stand up for our environment, and I'm in a state of shock that this government will not even put one person up to debate this very important issue for Manitobans.

#### \* (10:30)

Having said that Mr. Speaker, I wanted to get into talking about the details of this very important issue because I wouldn't want to drone on, you know, too much about the lack of courage, the lack of courage of this government when it comes to standing up for our environment.

Mr. Speaker, there is no question. Studies have proven and scientists have proven, various studies across our province and in other provinces, that phosphorus is a very serious nutrient which is causing-the ratio of nitrogen and phosphorus in our lakes is causing the algae blooms. There have been studies proven, in fact in Ontario, and I can't quite recall the name of the lake there, but they essentially took a lake and divided it in half and from this study were able to determine that phosphorus, the reduction of phosphorus would be a significant-and it's obviously where this government should be focussing. Any government should be focussing on the reduction of phosphorus in any way that we can to help our lakes survive and to help eliminate or reduce significantly the algae blooms within the lake.

You know, I applaud the Member for River Heights (Mr. Gerrard), the Leader of the Liberal Party for bringing forward debate in this House. Heaven forbid we should actually have debate about real issues of concern to Manitobans, Mr. Speaker. But I applaud the Member for River Heights for bringing this issue forward, for discussing it. I think that any initiative to reduce phosphorus in our lake systems is definitely something that we want to look at–how do we do that? So again, I applaud the Member for River Heights for bringing this forward.

There's obviously, I think there's a number of things that we need to do as citizens of Manitoba to take it upon ourselves because the environment and our lakes are about all of us. We all contribute to the problems within our lakes. I think it's personal responsibility and the importance of each and every one of us doing our own part to help our lakes. Again, I'm surprised that members opposite don't see the importance of that.

Mr. Speaker, with–I'm still shocked. Shock and awe. I know that there are a number of members on our side of the House that see this as a very significant issue and again, very happy to have the opportunity to be able to debate this in the Legislature. I wish it wasn't just a one-sided debate because, again, I see the importance of this for all Manitobans. Certainly, I know the Member for River Heights mentioned Lake Killarney. There's other lakes in Manitoba, Lake Winnipeg, obviously, that are having very serious issues when it comes to algae blooms and so on.

I know the Member for Turtle Mountain (Mr. Cullen) would like to put a few words on the record with respect to that because he spends his time in his

constituency. He knows the concerns of his constituents. He knows the problems that they are facing with respect to the increase in phosphorus and nutrients into the lakes and waterways there.

So, I'd like to keep it at that for my comments. I think that it's incredibly important for us to have the debate of this incredibly serious issue, Mr. Speaker. I look forward to continued debate through Question Period, through Estimates. Hopefully, then members opposite will have the courage to actually stand up and debate the issue.

**Mr. Cliff Graydon (Emerson):** Mr. Speaker, it is terribly a sad day in this Chamber when a debate on such an important issue has been cut by or tried to be stopped by the government of the day. It truly does point that they don't support their positions in any of their endeavours that they have done to try and clean up the lake.

First of all, they have penalized agriculture but don't really address all of the issues that do run into the lake. Of course, we need to do the ones that work at half a percent, and at 1 percent, and we have to address all the issues.

I applaud the Member for River Heights (Mr. Gerrard) for bringing this forward. It's not often that I agree with him, but today I agree with him wholeheartedly, Mr. Speaker.

The Member for Selkirk (Mr. Dewar) has shown his shallow interest for the concerns of the environment, and that, Mr. Speaker, is actually a slap in the face for all Manitobans. It's a clear indication that this government is failing Manitobans on the point of environment.

I would like to address the phosphate issue in a more direct way, Mr. Speaker. That point has been made, but I would like to extrapolate on that point that the dishwasher soap, phosphate, is certainly a lot more soluble than the other forms of phosphate, and so the industry has stepped forward. I think that we need to also move forward on that.

There is a number of other issues that cause the flora in the lake, and I think Saturday's paper actually had an article on the fact that the Hecla causeway may have caused a great deal of the flora because of the lack of movement in the water. I think these types of things need to be debated and need to be talked about when we are talking about the flora on the lake and the environment.

In other jurisdictions throughout Canada right now, the phosphate has been removed by legislation dishwasher soap. I'm speaking more from specifically of the jurisdictions in Québec, and there's good reason for that. In Manitoba, we have a number of streams and lakes not only north of Winnipeg but south of Winnipeg, and these are alsohow can I put this, Mr. Speaker, so that you'll understand, or that the House will understand? The sewage systems throughout Manitoba don't have the extensive treatment program that is necessary to make that into potable water. Of course, even in rural Manitoba, contrary to belief of a lot of people, we have electricity and we do have dishwashers. So there is a contribution made outside of the cement jungle, outside of the cement circle that we're in today, there are contributions made with these dishwasher phosphates in other parts of Manitoba.

Those sewage systems, and more specifically those lagoons, have a limited capacity, Mr. Speaker. Those capacities probably range anywhere from 365 to 400 days. It works on an aeration process and a sediment process, but in the end, they pull the plug. They pull the plug when they hope that there's a way that this water will enter the streams and be taken into the lakes. So this is a very, very important issue that needs to be discussed, needs to go to committee. I would be appalled, as will many Manitobans if we cannot carry this forward. Thank you.

**Mr. Cliff Cullen (Turtle Mountain):** Indeed it is a pleasure to rise in the Chamber this morning to put a few words on the record in terms of the bill that's been proposed by the Member for River Heights (Mr. Gerrard).

It is quite appalling to see that the government of the day is refusing to debate another very important environmental issue and certainly important to all Manitobans, not just those in the city of Winnipeg. We'll talk about the hog industry. Certainly we'll get to that very, very shortly.

First of all, my hat is off to the industry here who has come forward, recognizing that phosphorus is indeed a problem for the environment, for the waterways across our country, so the industry is taking an active role in terms of reducing the phosphorus in the dishwashing detergents. It's a very positive step forward, Mr. Speaker. Again, my hat's off to the industry for bringing forward this initiative.

Clearly, on our side of the House, we believe in dealing and looking at sound science and how phosphorus interacts with the environment and what kind of damages go forward when the phosphorus and nitrogen are put forward into the environment. So we would like to see legislation brought forward that is based on sound science so that we know at the end of the day that the regulations will in fact have a very positive impact in terms of the environment throughout Manitoba. So it's something that's very important that should be done. We should be consulting with the various resources that we have in terms of the science, look at the background in terms of how these materials will impact the environment.

#### \* (10:40)

Quite frankly, Mr. Speaker, we do know. Look at some of the studies that phosphorus is really the important ingredient when it comes to algae blooms in the water systems throughout Manitoba. It would appear that our current government is maybe not fixated on just phosphorus. We look at the City of Winnipeg, if you will, and the Province is currently mandating the City to reduce both the phosphorus and nitrogen in their wastewater treatment facilities.

We know for a fact, Mr. Speaker, that the very expensive part of that, probably a \$1.3 billion project, the expensive component in there is removing the nitrogen from the wastewater. So what we have been advocating, as well as a number of experts in the community, saying let's focus on the phosphorus because we recognize that phosphorus is the main contributor to the algae bloom in Lake Winnipeg, in Lake Manitoba.

So, Mr. Speaker, it's kind of the head-in-the-sand attitude that's not getting us forward in the province here in Manitoba. We're forcing our taxpayers to pay an extra burden for something that really isn't necessarily causing us concern or problems. So again, it goes back to the science. We should look at the science and see what should be done there in terms of addressing the situation.

Now, in terms of the hog industry in Manitoba, we know the provincial government has implemented a moratorium and in fact we know that the government has made this a very political statement. What they've done is they've basically catered to the urban vote by setting up and establishing this moratorium. In essence they're blaming the rural population for the significant current problem with Lake Winnipeg.

We, Mr. Speaker, don't think that's necessarily the case. We, as all Manitobans, have a role to play in protecting our environment and in protecting Lake Winnipeg. We know that a lot of our phosphorus comes from other jurisdictions, even outside of the province of Manitoba, from both the south and the west. So there are very significant implications in terms of dealing with our neighbours in other jurisdictions.

So it's something that we should be looking at again, going back to the science on this, try to determine where our phosphorus loading is coming from. Then we can address ways that we can deal with that particular point source phosphorus loading, and of course the City of Winnipeg being a fairly significant contributor to it as well.

## Ms. Bonnie Korzeniowski, Deputy Speaker, in the Chair

When we talk about research on phosphorus, it's important to know that a lot of the phosphorus flowing into Lake Winnipeg comes from the Winnipeg River. In fact we know there's very little agriculture activity along the Winnipeg River, so that stands to reason that agriculture is probably not the main component in terms of the phosphorus loading in Lake Winnipeg. So it's very important that we look at all those sides of things in terms of the science.

The other point I'd like to raise, we have a number of lakes in Manitoba as we all know, and some of those lakes are facing some pressure on the environment as well. A number of proponents would say that we need resources to try to determine exactly what the root causes of the pollution is in some of those lakes.

The Member for River Heights (Mr. Gerrard) did mention Killarney Lake. I know there have been some studies done in the past on Killarney Lake, looking at the algae, the blooms there, but a number of people in that particular area feel there should be resources put forward by the Province to investigate what's causing algae blooms there. It's a much smaller lake, so it would be a lake that would be very adept for looking at some of the science, some of the technology and some of the analysis that can be done on a smaller lake. Really, it's just the same situation as Lake Winnipeg but on a smaller basis, so it could much more easily be evaluated from a science point of view.

Of course, and as the Member for River Heights did point out, we have some northern lakes that were not impacted by agriculture that are also showing algae bloom. So it is a naturally occurring phenomena in most of the lakes throughout Manitoba. So it's hard just to point to one or two sources as being a cause for pollution in our lakes.

Madam Deputy Speaker, the issue here is in terms of our drinking water quality and our waste water treatment facilities. In committee yesterday, we talked about the Water Services Board and the amount of money that's available for those projects across the province, and the bottom line is there's about \$10 million available on an annual basis for those particular developments in those facilities. The unfortunate part is there's a request for about \$30 million annually from the municipalities, from towns, cities and villages across the province. So there's a very significant shortfall in terms of the financial availability to deal with those very significant situations.

So we know going forward, to have an effective waste water treatment facility in a given location, we need proper funding to make that happen, and unfortunately what we see the province doing is coming forward with more water police hired through Water Stewardship, we have more enforcement people from Manitoba Conservation coming forward, and they're telling us what we can't do. That's the unfortunate part. We're being told what we can't do through regulation and legislation. The drawback is that there are no financial resources there to assist those people, and there's no technical advice there to support those particular communities that need some assistance.

#### Mr. Speaker in the Chair

So, Mr. Speaker, certainly I welcome the opportunity to debate this particular piece of legislation. Again, it's very unfortunate that the government of the day refuses to deal with the important environmental issues, and in fact, they're now hiding behind their numbers on that side of the House.

So, with those few words, I do want to close my comments now and thank you for the opportunity to speak on this bill.

**Mr. Leonard Derkach (Russell):** I'm just going to take a few minutes because I do know that the Member for Inkster (Mr. Lamoureux) does want to get up and speak to this important bill, Mr. Speaker. I'm just disappointed that the Member for Selkirk (Mr. Dewar) is the one who adjourned the debate, and if anybody in this House should have concerns about Lake Winnipeg, it is somebody who represents the area that is adjacent to Lake Winnipeg and that should be the Member for Selkirk.

So, Mr. Speaker, I don't understand what his rationale was in adjourning debate. Is he not prepared to debate this? Has he not done his homework to be able to debate this? His Premier (Mr. Doer) is the one who put a moratorium on hog barns because of the fact that there was a fear of what was happening in Lake Winnipeg. Surely he would have apprised himself of enough information to be able to stand up today and respond to the bill that's been presented by the leader of the third party in this House.

Mr. Speaker, I want to talk about the issue that has been brought forward because I think it's a very important one. Can you imagine if the city of Winnipeg stopped using detergents that are harmful to the lake just for one day, what a positive effect that would have on the health of the lake? We should not turn a blind eve to recommendations that come from any part of this House. From the day that the member rose in this House and mentioned the issue of detergents being harmful to the quality of our lake, I said that is the kind of approach that we should all be endorsing because that small effort, and it's not a small effort, but that small effort on a dayto-day basis, if those detergents were taken out of the effluents that go into Lake Winnipeg, the health of that lake would be restored remarkably.

#### \* (10:50)

Mr. Speaker, if the government is really serious about restoring the health of this lake, rather than making political platitudes about what the quality of the lake should be and not doing anything about it, we would move in a very positive and a progressive way to restoring the health of Lake Winnipeg.

Mr. Speaker, it's just not the government that's got good ideas. Good ideas come from all sides of this House, and they come from people interacting with real people out there in the world who have ideas about how we could better improve the quality of our lake.

So, Mr. Speaker, we should not try to limit debate on a proposal that comes before this House in this way, because the member from Selkirk knows that if we limit this debate, if we adjourn this debate, the likelihood of this bill coming back to this Legislature in this session are highly unlikely and the bill, in essence, will die. We should not, just because it's been proposed by a private member does not mean that we should allow that bill to die. We should be looking at how we could augment that bill, perhaps improve that bill and perhaps collectively endorse the principles of that bill into something that is going to be positive for Manitobans.

So I regret that we have deteriorated to this stage, and the member from Selkirk is going to be one that I'm going to be communicating about in terms of his stance on this bill in this House, because people from Selkirk should know that it is their member in this House who stood up and tried to adjourn debate, tried to muzzle debate on a bill that, in essence, would have had a very positive effect on the quality of Lake Winnipeg.

When we look at the serious part of this bill you have to acknowledge the fact that this bill does address–It's not the first time in Canada that this kind of idea has come forward, but in Manitoba it is. Sometimes in this House we have to agree that members who sit in an opposite party than perhaps we are do come forward with some positive ideas, and this is one that I think we could all support and move forward on.

So, with those remarks, Mr. Speaker, I'm going to allow the Member for Inkster who wants to make some comments on this bill to also add to the debate on this issue.

**Mr. Kevin Lamoureux (Inkster):** I thank the Member for Russell for affording me the opportunity to speak on this particular bill this morning.

I've recognized the importance of this bill and it was a pleasure for me to be the seconder of the bill. The question that I would pose is a general one to the Chamber, Mr. Speaker, and the question would be: Where are the New Democrats today? One would have thought that a New Democratic Party would see a piece of progressive legislation of this nature and would be jumping over each other in order to try to endorse it. That's what one would think.

If you go to the grass roots of the New Democratic Party you would get a better sense of reality of what New Democrats should be behaving like on issues of this nature. I don't believe that this government has really given the time necessary, the resources necessary to look at the many ideas that are being brought forward by the opposition parties, because if they did look at the bills and they treated them in a fair fashion, we would at least, at the very least, be voting on many more or many other bills, in particular, the private member's bills.

I don't understand why it is that the government of the day does not recognize the merit of this bill. This bill goes a long way in making our environment that much better and I'm surprised that the New Democrats today, and I always, you know, make reference to the fact of, you know, they are in elections campaign theme of Today's NDP, Mr. Speaker, and looking forward, not backward, and so forth. One has really got to start to question that.

I am of the opinion that the New Democrats of today is nothing more than an opportunist type of party, that they've abandoned what principles they've had as New Democrats and they're not dealing with the issues that are important to Manitobans. That, in fact, quite often the philosophy that they adhere to more than any other is that of an opportunistic policy or theory, Mr. Speaker, because even at times you get some legislation that comes before the Legislature that makes so much sense that all political parties will get behind it, and this is one of those bills. This is one of those bills in which the Conservative Party, the Liberals, and I would have thought the New Democratic Party would have gotten behind. I would have figured that this bill would have had no problem in terms of passing this Legislature.

My best guess, Mr. Speaker, is if this was a government bill, if this was a bill being introduced by the Minister of Water Stewardship ((Ms. Melnick), if we were to change the title of the bill or the sponsor of the bill, the government would be standing up and shaming the opposition parties into passing this bill if in fact we were putting up any sort of resistance whatsoever to the bill.

But what I have found, Mr. Speaker, is, over the years in dealing with legislation, that the opposition parties are far more responsible in dealing with legislation than the government is because we recognize the value of good legislation, and we go out of our way in terms of being able to accommodate speedy passage of bills. On countless times government has brought in legislation at the very last minute, gone to the opposition parties and said, Here, we need your support in order to pass this through leave, and do this and do that and all this other stuff. Because it's good legislation, the opposition bends over backwards to accommodate the government. Where's the quid pro quo, Mr. Speaker? Where is the justice in terms of private members' bills? When a member of the opposition brings in a bill that stands and has great strength, the government should get behind it and support it, not let the bill die on the Order Paper. What is the core, what is the essence of this particular bill, Bill 203? Well, it's to protect our environment. It's to protect our waterways and particularly Lake Winnipeg.

You know, the Leader of the Liberal Party talks about that 1 percent to 2 percent in terms of overall decrease of phosphorus in Lake Winnipeg by passing this bill. Mr. Speaker, that is a significant, significant impact on the lake, and the government doesn't even want to respond or speak on the bill? Why? They see the value of having a Water Stewardship Department a couple of years ago, but they don't see any value in passing a bill of this nature or at least speaking to a bill of this nature. Why? Because the government believes in propaganda. They sure know how to talk, but they cannot walk the talk. And that is where it's so shameful as a government. If the government saw the merits of this bill, as I believe that they would if they took the time to understand what this bill is proposing to do, they would be getting behind it, they would be allowing this vote today. They'd have their members that want to speak to the bill speak to the bill and then allow it to go into committee, or at the very least indicate to this Chamber that they will in fact be passing this bill. It's only a question of allowing other members to speak on it.

I am absolutely convinced that if this would have been a government bill it would have been passed. Mr. Speaker, I would appeal to the government to think in terms of future generations of Manitobans. You know, our student bodies throughout our elementary schools are more environmentally in tune than this government. They want to see a government that's going to be more progressive in dealing with the environment. And this government has proven time and time again that if it's not their idea, they want nothing to do with it. If they can't get 100 percent credit for legislation, they want nothing to do with it. How selfish. How much of an opportunist of a government do we have in the province of Manitoba that they don't even recognize the value of good legislation when it hits them straight in the face?

We believe that this bill should be passing, and that government has no excuse but to allow the bill to pass. Thank you, Mr. Speaker. **Mr. Speaker:** Order. When this matter is again before the House, it will remain standing in the name of the honourable Member for Selkirk (Mr. Dewar).

\* (11:00)

#### RESOLUTION

#### **Res. 2–Crocus Investment Fund Scandal**

**Mr. Speaker:** The hour being 11 a.m., we will now move on to resolutions and we'll deal with the resolution brought forward by the honourable Member for Springfield.

**Mr. Ron Schuler (Springfield):** I move, seconded by the honourable Member for Turtle Mountain (Mr. Cullen),

WHEREAS widespread damage has been done to the venture capital market in Manitoba as a result of the Crocus Investment Fund scandal; and

WHEREAS the Auditor General's *Examination* of the Crocus Investment Fund indicated that as early as 2001 the government was made aware of the red flags at the Crocus Investment Fund; and

WHEREAS the RCMP cannot investigate the role government officials may have had in the demise of the Crocus Investment Fund; and

WHEREAS the Manitoba Securities Commission can only investigate the board of the directors of the Crocus Investment Fund not the role that the government may have played in the fall of the Crocus Investment Fund; and

WHEREAS in previous Public Accounts hearings, no one would answer questions regarding who had the authority to overrule industry officials and prevent them from doing their jobs regarding the Crocus Investment Fund; and

WHEREAS the provincial government has been named in \$200 million lawsuit filed on behalf of investors in the Crocus Investment Fund and as a result the Premier, the Finance Minister and other ministers will not be able to answer questions put to them in Question Period because the case would be before the courts; and

WHEREAS the RCMP investigation, Manitoba Securities Commission hearings or Public Accounts do not force the government officials to testify under oath about their knowledge of the Crocus Investment Fund scandal; and WHEREAS as a direct result of the Government ignoring the red flags, more than 34,000 Crocus investors have lost more than \$60 million; and

WHEREAS only a public inquiry will force every person involved in the Crocus Investment Fund scandal to testify under oath and only then will Manitobans hear the truth of what really led to the demise of the Crocus Investment Fund.

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba urge the Provincial Government to strongly consider calling an independent public inquiry into the Crocus Investment Fund scandal.

**Mr. Speaker:** It has been moved by the honourable Member for Springfield (Mr. Schuler), seconded by the honourable Member for Turtle Mountain (Mr. Cullen),

WHEREAS widespread damage has-

#### An Honourable Member: Dispense.

#### Mr. Speaker: Dispense.

**Mr. Schuler:** Mr. Speaker, this is one of those issues that shows that we have a government across the way that is prone to scandal. It has shown unbelievable mismanagement, on the borderline of incompetence, when dealing with the Crocus Investment scandal.

It is very unfortunate because in the end we should always keep in mind who it is that was most affected by the mismanagement, by the scandal of the NDP government, and that is working men and women. In fact, a lot of them were approached as they worked either at their lathe, maybe at a sewing machine, on the shop floor somewhere, working perhaps as a welder.

They were approached by individuals that they respected, individuals perhaps of authority who were told that the Crocus Fund was a great place to invest, a good place to put your dollars into. You'd get a great tax return and someday, upon retirement, you would get a good return. It would be putting away a little nest egg for yourself. Invest in a Crocus Fund. The government went so far as to put little notices into individuals' pay packets, into the envelope, and on and on it went.

All of that, Mr. Speaker, was fine. Where the problem was is that there was an almost incestuous relationship that took place between board members on the Crocus board and members of this government, Cabinet ministers, individuals who should have known better, individuals who knew that things weren't looking good and either chose because of mismanagement or incompetence or just didn't want to deal with the problem, turned their back. As the Auditor said, the red flags were ignored.

And what happened, Mr. Speaker? We know that eventually the fund got to the point where it simply couldn't sustain itself. It did not have the cash flow and it had to withdraw its trading ability on the market. But all along investors were told that this was a rosy company, that this was an outstanding company to invest in. We found out, in fact, that that was not the case, and what happened was that no matter how hard this NDP government, no matter what they tried to do to cover up, to push the facts down, to try and somehow finagle their way out of this mismanagementness, no matter what they did, the truth eventually had to come to light. And the biggest casualty, bar none, the individuals worst affected, those most affected, were 34,000 investors, individuals who today sit with next to nothing for their investment.

Mr. Speaker, we have found out that not just is it more than \$60 million that was lost; it's now in the range of more than \$100 million, an unbelievable amount of money, and what is so horrifying is that so far this NDP government has worked it out that they seemingly are walking away from their scandal, from a scandal that they created, from a mess because of incompetence, because of mismanagement, their incompetence, their mismanagement. They have walked away, so far, unscathed from this scandal.

However, Mr. Speaker, this whole sordid mess is going to go in front of a judge where individuals are going to have to put their hand on a Bible or take an oath of some kind and are going to be compelled to tell the truth. There was no reason for it to go that far. However, we have a government, we have a Premier (Mr. Doer) and a Cabinet that would much rather litigate than negotiate, and it should have went to a public inquiry where the truth would have come out, where the facts would have come out. If there was culpability on behalf of the government, the government would have stood up and would have dealt with it. Instead it's going to go to the courts, it's going to be dragged out. Many lawyers are going to become very wealthy.

Mr. Speaker, the question then is, what is going to happen to investors? I doubt they're going to see a big return on their money. I suspect they will have to wait a long time if they get any kind of money because legal fees are going to eat up a lot of that money. We know for a fact the other side of this incompetence, this mismanagement of the Crocus scandal. We look at what's happened now with ENSIS. We now have ENSIS bought up by a firm outside of the province and that's it for venture capital in Manitoba.

Effectively, this NDP government has entirely crushed the entire venture capital industry in Manitoba. It seems to be a plan of this NDP government that they will crush anything to do with private industry, and eventually it'll just be "Manitoba government incorporated." Everybody will basically work for the government. We are heading towards a government economy where the majority of the people will be working for the government because private industry is being chased out; venture capital is being crushed. We have mass incompetence. We have unbelievable mismanagement.

This Crocus scandal is a stain. It should have been dealt with and should be dealt with by a public inquiry. I would say we should negotiate, not litigate, but clearly this government has so much to hide that the only way that they can see a light at the end of the tunnel is to delay, to delay, delay and hope that they're not around anymore when this whole issue breaks, Mr. Speaker.

This is a very unfortunate event, and I hope that this House accepts the resolution in front of it and we move on with what needs to be done in this province, and that is to stand up for what is right and for what is just for all Manitobans, in particular, the 34,000 Manitobans who've lost all their investment because of NDP incompetence, because of their mismanagement of the Crocus fiasco. Thank you.

\* (11:10)

Hon. Jim Rondeau (Minister of Science, Technology, Energy and Mines): I'd like to thank the member opposite for providing entertaining speech. It's a shame that he was not able to put accurate facts on the record. I'd like to be able to correct what the member said opposite.

I'd like to mention that the private member's resolution is simply wrong in a number of areas, and the member opposite is simply wrong in a number of areas. First, the PMR is talking about getting the right information to the right people, and I'd like to mention that there were no constraints whatsoever placed on the RCMP when the matter was referred to them. In fact, when the Auditor General had some questions as to whether he could investigate the fund, both the Minister of Finance and myself helped the process by making sure that he was authorized as an official person to make sure that the audit could go on. He had unfettered access to Crocus Fund information, and there was no political interference whatsoever on the political part of our government in either the police investigation, the Auditor General's report, or anything else. So the Tories are simply wrong in those cases.

They're also wrong about the Manitoba Securities Commission. The Commission was not, and is not, restricted to any investigation. It's an independent board of directors; moreover, the Commission is an independent, quasi-judicial body. There is no political interference.

I would refer the members opposite to the Auditor General's independent report. The Auditor General is not appointed by our government. It's appointed by all parties of the government and is independent. He's got a 245-page report on the Crocus Investment Fund, and it is a public document. I would hope that the members start to read it. Since the lawsuit was filed, the Premier and ministers continue to answer countless questions from the opposition on Crocus. I know I went in Public Accounts about three times. I know I've answered many questions in Question Period on it. In fact, the first time that a deputy minister in any government, Conservative, NDP, or anything ever reported was on the Crocus investment file. Although we were there to answer questions, the members opposite, the Tories, walked out of the hearing, and they refused to ask questions. So although we've been open to answering questions, the member opposite wishes to confuse the situation, walk out of it, and not ask us questions. Although the first time we had a deputy minister speak on it, they don't want to ask the questions. They don't want to hear the answers, and I've answered many questions on this.

Now, as far as the legal case, the interesting part about the lawsuit is the following. The lawsuit actually focusses more on the Conservative government when they were in government than they were in our case. So, in other words, if you take the amount of years that the lawsuit covers, most of those years were Conservative government years. So please pay close attention to that. Also, if you take note of this, page 5 of the statement of claim states very clearly that the period March 21, 1992, through December 2004, that's when the lawsuit was done. If you remember–I know that the member opposite was not part of government in 1992, but a lot of members opposite were part of the Filmon government. What was interesting is if you take the period of claim, 60 percent of the time was under the Filmon government. That means our lawyers will be defending 7.5 years of Tory government actions and 4 years of NDP government's actions, and so the majority of the time we will be representing or defending the Tory years.

The statement of claim against the Province covers all shareholders carrying shares on December 10 and many invested in the Filmon government at the time. So, in other words, if you take the amount of investors that invested under our years, the four years that we were in power, and you take the seven and a half years that the Tories were in power, the majority of the investors invested during the Tory years. I'll remind the member opposite, during the Tory years, that's when representatives who did not have the financial planning background went out into the labour market and promoted the fund. We ended that practice. During the Tory years, that's when information went out in pay packages to a number of people. We ended that practice.

During the Tory years, the return on investment was not the No. 1 importance of the fund. In other words, it was ambiguous; they had ambiguous targets for the funds. What I would like to remind members opposite is we ended that practice, we ended that ambiguity and we have stated that the return on investment is the No. 1 priority.

Under members opposite, the people who put in the money, the investors, didn't have representation necessarily on the board or the investment committee or the different board committees. We have ended that practice. Now, people who invest in the laboursponsored funds have representation on the investment committee and all the boards.

The Tories are simply wrong on ENSIS venture capital ended. That's actually incorrect. The member opposite's saying that we're killing private investment. The member opposite, I would refer you to the statistics created by Canada. What you'll note is that the private sector investment, the capital investment by private sector is second in the country. That's second. We're multiple times over what the rest of the country is involved in. Private sector venture capital is growing. We have a lot of companies that are growing here, investing in the province. In fact, if you take note, the investment far exceeds that of the 1990s in private and in public investment. You should take note of that.

As far as the investments into our public sector and private sector, I know the member opposite wasn't around, but the amount of people employed has gone up tremendously. The labour force has grown. In fact, we have record amount of people participating in the labour force and we have record investment all across it.

So, when the members talk about the claim. Let's get it through. The claim identifies seven so-called government insiders. Let's mention who six of the so-called insiders worked under the Filmon government. Here's the insiders in government: Mr. Meldrum, Mr. Swain, Mr. Curtis, Mr. Eliasson, Mr. Clarkson, Mr. Kilgour. A lot of times, these are people who are civil servants, but they're not directly involved in our party.

A statement of claim talks about the Manitoba Science and Technology fund. The Science and Technology fund was established by Tory Minister Merv Tweed.

We started talking about liability and what you'll take note of is that we're working very, very hard to make sure that we're doing the right thing. So the statement of claim cites government liability for coinvesting with Crocus through MIOP program. The Auditor's report makes it very clear that co-investing between the public sector and private sector has been occurring since its inception and that each of the people who are investing do their own due diligence. We do not force anyone to invest.

Between 1995 and 1999 the government partnered with Crocus in almost \$95 in investments, significantly more than what we've co-invested since then.

Take note, the member opposite. Who was hired at inception of the fund? The management we did not change. The management stayed as it was originally done. In fact, it's funny to say that the members opposite trumped Mr. Umlah's management ability when they put him in charge of the Science and Technology Fund. The members opposite talked about how wonderful it was that the government shouldn't be involved in the management of the fund. They also mentioned that they wanted to make sure that there was a separation between government and the fund. So we did that in our acts. We cleaned up the acts.

#### \* (11:20)

**Mr. Gerald Hawranik (Lac du Bonnet):** I thank the Member for Springfield (Mr. Schuler) for bringing forward this extremely important resolution for debate here in private members' hour. The Crocus investment scandal, Mr. Speaker, is perhaps the greatest scandal ever to hit Manitoba in Manitoba's history, absolutely no doubt. One hundred million dollars lost by investors; over 34,000 Manitobans lost an incredible amount of money, and all because of the incompetence and mismanagement of this government.

I think what we have to do is look at the core issue. What did they know and when did they know it? That's the key to the entire scandal, Mr. Speaker. What did they know? When did they know it? We know in the year 2000, and we have it in writing, there was a Cabinet briefing done by the Minister of Finance (Mr. Selinger) directly to Cabinet, including the Premier (Mr. Doer) and all members of Cabinet of this government, wherein he outlined in a great amount of detail exactly what was wrong with Crocus at the time. Obviously, he had been briefed by the Crocus board as to what was going on and he knew that Crocus was offside with its prospectus. Quoting directly from the document, it says that Crocus has not done what its prospectus said it would do.

Mr. Speaker, the prospectus is extremely important when investors look to determine whether or not to invest in Crocus or whether to invest in another company or other companies that are publicly traded. They rely entirely on the prospectus in order to determine whether to invest in the company. And when the Minister of Finance goes to Cabinet, and he tells them that Crocus has not done what its prospectus would do, he was under a duty, perhaps a legal duty, if not a legal duty perhaps in fact a moral duty, to inform Manitobans and inform the Securities Commission that in fact Crocus was not doing what it publicly said it was doing.

And because he knew that in the year 2000 and didn't alert the public, the unsuspecting public, those

who put hundreds of millions of dollars more into Crocus shares after that came to the knowledge of the Minister of Finance and the Premier; after that, hundreds of millions of dollars more were invested in Crocus. As a result of that, Crocus shareholders were duped into believing that the Crocus Investment Fund was strong.

In fact, even the next budget, the 2001-2002 budget the Finance Minister introduced in this House indicated that Crocus was strong, and he knew otherwise, Mr. Speaker. And that's the issue when it comes time to dealing with this lawsuit in particular. They're going to be looking as to what government knew and why they didn't warn Crocus shareholders about what was going on at Crocus.

That, at least, is negligence. It's a wilful act, but it's at least negligence, and I believe that government will be responsible because it knew that Crocus was, in fact, offside with its prospectus and it was continuing to trade shares on the marketplace, and investors didn't know that. I believe that, as I indicated before, the Finance Minister, the Premier and all members of Cabinet had the ability, and they had the obligation, to inform shareholders so that they were informed before they put their hard-earned dollars into Crocus.

But because that red flag was ignored, Mr. Speaker, thousands of Manitobans who put in millions, tens of millions, if not hundreds of millions of dollars, into Crocus after the year 2000, and they are the ones who are the real losers in this case. They are the losers because of the ignoring of all the red flags that were there and that were in front of the minister's eyes, in front of the Premier's eyes and were ignored.

Now, I know the Premier has stood up in this House and indicated that we don't need a public inquiry, and he's used all kinds of excuses why a public inquiry is not necessary. I think most of all it is that he's afraid and is the Finance Minister; they're afraid to go under oath and tell Manitobans about what their role was in this mess and in this scandal.

The Premier has stated publicly in this House that there is an RCMP investigation going on and clearly the RCMP will investigate the matter and, therefore, there's no reason for a public inquiry. But what he doesn't tell Manitobans, Mr. Speaker, is that the RCMP investigation is investigating criminal matters. We're not suggesting at any time that the Minister of Finance (Mr. Selinger) or the Premier (Mr. Doer) or any other minister opposite is guilty of any criminal wrongdoing with respect to Crocus. We know that there was negligence. We know there was a wilful blindness to what they knew, but in terms of criminal activity, we're not suggesting that there is criminal activity, and so therefore the RCMP investigation will do absolutely nothing toward getting to the bottom of the matter and determining whether or not ministers of the Crown, whether the Premier, whether the Finance Minister has any part to play in this scandal.

He also pointed out the Securities Commission. There's a Securities Commission investigation going on and therefore we don't need a public inquiry, Mr. Speaker. Well, the Securities Commission does not look at ministerial responsibility when it comes time for the scandal at Crocus. They don't look to determine whether or not ministers are liable and whether ministers are negligent or whether ministers should have told the public about the problems that were going on at Crocus. They're simply looking at the actions of the board of directors. The Premier knows this, the Finance Minister knows this, but all they're doing is raising another red herring in the minds of Manitobans thinking that the Securities Commission investigation will determine their liability and that's absolutely not correct.

Then they point to the Auditor General's report. Well, when we were in Public Accounts, we specifically asked the Auditor General whether they were looking at ministerial responsibility when investigating the Crocus scandal and whether or not they were looking to determine whether or not the ministers, the Finance Minister, the Premier, whether they should bear any responsibility in the scandal, and the answer was no.

Specifically, they did not look at notes from the Minister of Finance or the Premier or any other minister. They did not look at the computers or the e-mails that went from ministers' offices. They did not investigate any minister, and therefore the Auditor General had no opportunity to determine whether or not any minister was liable in this scandal.

Fourthly, the Premier points to the court case that's going on, the case that's the class action lawsuit by investors who lost the hundred million dollars in this scandal. He points to the court case and says, Well, you know, there's a court case going on right now in the courts and that will resolve the matter. Well the fact of the matter is, Mr. Speaker, that 95 percent of lawsuits are settled well before they get to the steps of the courthouse. That's the reality in Manitoba and across this country.

The reality is that if there's any possibility of liability I believe that the Premier (Mr. Doer) or the Finance Minister (Mr. Selinger) will step up to the plate and contribute to the losses by those investors and they will be negotiating. Take my word for it. They will negotiate. They won't ever let this lawsuit go to fruition because they know they have the potential of being called as a witness. They know that they have the potential to get on the stand and be forced to testify under oath. They're afraid of that, Mr. Speaker, and they will not let that happen under any circumstances.

So there's history by this NDP government. There's history by the Premier in terms of court cases. We understand a number of years ago there was a court case in Selkirk, and he in fact settled that lawsuit and, as part of the settlement agreement, as in the case of almost every lawsuit that gets settled before it gets to court, there is a settlement agreement which indicates that the parties agree not to disclose the terms of the settlement.

I know when that gets settled that the minister and the Premier will certainly be looking at putting in a non-disclosure agreement in the settlement, and we'll never know what taxpayers have been on the hook for with the Crocus scandal. We will never know what responsibility there was by the Minister of Finance, the Premier and all the other ministers across the way. For that very reason, Mr. Speaker, I believe that there should be a public inquiry and members across the way certainly should agree with a public inquiry. Let's get to the bottom of it because our capital markets have suffered, and without testimony under oath, without getting to the truth behind the Crocus scandal, our capital markets are going to suffer.

#### \* (11:30)

Hon. Greg Selinger (Minister of Finance): One would think enough has been said on this topic already but at the risk of being repetitive, I think it's important, given the debate that we have in front of us, and the resolution, that we put forward some corrections to the copious amounts of misinformation that have already been put on the record by the Member for Lac du Bonnet (Mr. Hawranik), the Member for Springfield (Mr. Schuler) and a host of others on the other side of the House including the Member for Fort Whyte (Mr. McFadyen).

First of all, let's be clear. When the organization known as Crocus was created, it was a private highrisk venture capital fund regulated by the Manitoba Securities Commission. The politicians and the Conservative government of the time were very proud of the fact that it was a private organization, not an arms-length organization from government.

It's also very true, and documented, that investors received generous tax credits in exchange for making a risky investment. That was understood from the beginning. The government's contribution to the venture capital fund was-both the federal and provincial government's contribution-by way of a tax credit and that was the extent of the government obligation. As a matter of fact, the documents that investors received were very clear that government did not endorse an investment in this fund in any way, shape or form.

The fund was managed by its officers and an independent board. The Province had no authority over the operation of the fund. In their analyses, the Securities Commission and the Auditor General, neither of them found that government was responsible for the collapse of the fund. In fact, the Auditor found that the government was not responsible for the performance of the fund. On page 10 and pages 142 of the Auditor General's report, they say, we concur that the industry department is not responsible for the Crocus Investment Fund's performance.

Now these matters are always ignored, of course, by the members of the opposition because it doesn't suit their political purposes. The Leader of the Opposition, the Member for Fort Whyte (Mr. McFadyen) and his colleagues like to throw mud about Crocus because they don't want to talk about their own policies, policies that would take Manitoba back into the days of firing nurses and privatizing Crown corporations like Manitoba Hydro.

As a matter of fact, this exercise here with the Crocus fund is probably a good example of how they privatized their own responsibility for developing the economy. Both the Liberals and Tories have openly admitted that they don't care about the truth. They're just playing politics with Crocus. As a matter of fact, the Leader of the Opposition said it's about perception as much as it is about reality. I mean, I don't have any particular reason to think that they've done anything wrong in the context of Crocus. That's what the Leader of the Official Opposition said. He says, I don't have any particular reason to think that they've done anything wrong in the context of Crocus. That was a statement put on CKY news March 21, 2007.

What did the Liberals say? They said, this isn't about details; from a political perspective we stopped worrying about the details a long time ago. That was quoted in the Winnipeg Free Press, March 3, 2007. Their disregard for the facts shows.

Their phony allegations about Crocus were proven wrong, were proven false by the Auditor General. On February 28, the Auditor General confirmed to the Legislature that the leaked Cabinet document was in fact available to them during the audit and that it contributed to the conclusions reached by the Auditor. I quote from the Auditor's letter: the November 2000 submission referred to above was included in the documents obtained during the course of the audit and contributed to the audit evidence used to reach the conclusions reported in May 2005.

Once again, the members of the opposition ignored this fact. They completely contradicted reality and once they were proven wrong they never had the simple courtesy to apologize for the error they made. We'll trust the Auditor over the opposition's misinformation. The opposition should stop trying to discredit the Auditors report and they should stop trying to put the words in the mouth of the former Auditor General.

The Member for Fort Whyte (Mr. McFadyen), the Member for River Heights (Mr. Gerrard) asserted in their letter to the Premier that the contents of the November 2000 Cabinet submission would have produced different findings in the Auditor's final report. In fact, former Auditor General Jon Singleton said there's nothing about this document that wasn't covered in our report, a direct contradiction of the letter written by the leaders of the two opposition parties.

Now, with respect to the issue of red flags, the opposition is once again misleading Manitobans when they pretend the potential liquidity problem at Crocus caused the fund's eventual demise. The liquidity problem never happened, Mr. Speaker. This was confirmed on pages 122 and 123 of the Auditor's report where it states the following: "The Fund has met the minimum liquid reserve requirements as set out in The Crocus Investment Fund Act."

Now, I know the member opposite likes to wax extemporaneously about these matters, but, if you do a little bit of homework and actually read the report, he would see that the evidence is abundantly clear. The fund has met the minimum liquid reserve requirements as set out in The Crocus Investment Fund Act.

The Winnipeg Free Press also confirmed there is no evidence the liquidity issues played a role in the downfall of Crocus and that none of these issues had anything to do with the Crocus collapse. That's a quote of March 3, 2007. Now, I know members don't like to read reports, but the least they could do is read the daily newspapers.

The opposition claim the government should have warned shareholders. If we went public alleging a private company is in trouble every time a private company came to government asking for tax breaks, we'd hurt a lot of good companies. That's a regular part of daily business between government and the private sector; discussions about how they can work together, how they might support each other in developing the economy.

The Province is legally obligated to respect the privacy rights of private companies. It would have been particularly inappropriate to have violated those privacy rights by going public with possible liquidity problems that hadn't even happened when the valuation prices knocked the fund off the market in 2004.

In other words, their allegations just made by the Member for Lac du Bonnet (Mr. Hawranik) that there should have been disclosure to the public about a possible liquidity problem would have in fact, Mr. Speaker, violated the privacy rights of those private corporations when the problem had not materialized and in fact never did materialize even at the point when the fund shut down because of valuation issues.

On accountability, the Province has taken full responsibility for its role in the Auditor's report. The minister of industry trade and mines has abundantly made clear to members of the Legislature what measures we took to improve the legislation. We brought two bills in to improve and respond to all the recommendations of the provincial Auditor. The report identified Crocus's repeated requests for legislative changes to deal with a potential liquidity challenge as a red flag that should have been noticed, and this is what the Premier (Mr. Doer) said when the Auditor's report was released: "We accept full responsibility for those red flags. Those red flags were not about the critical issues of fund performance and fund valuation."

Now, on the public inquiry. Members opposite like make-work projects for lawyers. They would like to pour millions of dollars more into the hands of the private bar so that they could run an inquiry. *[interjection]* No, actually, the government's inquiry.

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

#### Mr. Speaker: Order.

**Mr. Selinger:** I will very quickly get to the point. Where is the responsibility for the Member for Springfield (Mr. Schuler)?

Spending millions of dollars on lawyers for a public inquiry would not do anything more than repeat what the Auditor General has already covered in the report that they put in front of the Legislature, and they covered it under special provisions in The Auditor General Act that this government brought forward to empower the Auditor to follow government dollars wherever they went, including specifically into labour-sponsored investment funds in this province, a measure put into The Auditor General Act that never existed before.

We have implemented all of the Auditor's recommendations, and this is what the Auditor said on December 8, '05, the Auditor General, when he received the final report of our implementation team: "I would be hard-pressed to think of what more could have been done in the last few months than has been done to respond to what was a very complex and difficult situation." In other words, he felt the implementation of his recommendations done by the government was very thorough, and that's what he said on December 8, 2005.

Now, the Member for Springfield seems to be very proud of his private member's resolution even though there are several things wrong with it.

First of all, no constraints were put on the RCMP when the matter was referred to them. The entire report of the Auditor General was referred to them, and there is no political interference in police investigations. For the member to allege that without a shred, for the member to allege that without a scintilla of evidence, just shows the height of irresponsibility to which he is willing to go to score political points.

The Tories are simply wrong about the Manitoba Securities Commission. The commission is not

restricted to investigating the board of directors. Moreover, the commission is an independent, quasijudicial body. There is no political interference with that. There never has been while we've been in government.

The members opposite may have projected onto this government the behaviour they displayed when they were in government, but we can be very clear. Since the lawsuit was filed, the Premier (Mr. Doer) and ministers have continued to answer countless questions and have debated this matter, including in the House today, Mr. Speaker.

Now, the lawsuit against the Province actually focusses more on the Filmon Conservative government's time in office. Page 5 of the statement of claim-

#### Mr. Speaker: Order.

The honourable member's time has expired.

#### \* (11:40)

Hon. Jon Gerrard (River Heights): Mr. Speaker, quite frankly-

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

**Mr. Speaker:** Order. If members wish to have a conversation, we have two empty loges. They're welcome to use it.

The honourable Member for River Heights has the floor, and he has the right to be heard. I ask the co-operation of all honourable members.

**Mr. Gerrard:** Mr. Speaker, I rise to speak to this motion. There is abundant need to have a public inquiry. A fact; there is no question. I am shocked, in fact, that the MLA for Assiniboia (Mr. Rondeau) and the one for St. Boniface (Mr. Selinger) have been chosen as the government leads on this. Both have been sadly the purveyors of misinformation about the Crocus file for quite some time. Indeed, it is shocking that there have not been changes in the Cabinet in both respects as a result of what has happened.

Indeed, let us look at the situation. There were shocking disclosures of a Cabinet document of November 27, 2000, and what that Cabinet document showed is that the government knew very well what was happening with the Crocus Fund and that the Crocus Investment Fund was in trouble. The problem is this. Subsequent to that November 27 meeting and decisions taken at that meeting had the effect of sending a message to many Manitobans that it was a good thing to invest in the Crocus Investment Fund. Indeed, the Minister of Finance in one of his budget speeches after that talked about the success of the Crocus Investment Fund.

There is a major problem when Cabinet knows Crocus Investment Fund is in trouble and Cabinet then takes measures which have a net effort of encouraging people in Manitoba to invest in the Crocus Investment Fund. And it was not just small investments. When we are looking at the investments and the reinvestments, I believe subsequent to the November 27. 2000 Cabinet meeting that investments and reinvestments totalled approximately \$100 million of Manitobans' money going to invest in the Crocus Investment Fund, when the government was taking in response in a number of instances to measures that the government took to encourage people to invest. There is a fundamental problem when government knows that the Crocus Investment Fund is in trouble and the government then takes measures to encourage ordinary hardworking Manitobans to invest their personal savings, sometimes their retirement savings, in the Crocus Investment Fund.

I know that there are Manitobans who are not well off who responded to the measures that the government took after November 27, 2000, and put their hard-saved earnings into the Crocus Investment Fund with the expectation that they would have some money for their retirement. Sadly, some of those individuals who put their hard-earned savings into the Crocus Investment Fund are now facing real financial difficulties because of what has happened.

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

**Mr. Speaker:** Order. If the Member for Springfield (Mr. Schuler) and the Member for Elmwood (Mr. Maloway) would want to have a conversation, we have an empty loge.

The honourable Member for River Heights has the floor and he does have the right to be heard. I am asking for the co-operation of members.

**Mr. Gerrard:** People in Manitoba who responded to the measures that the government took, encouraging them to invest in the Crocus Investment Fund, have lost very significant amounts of money. This is cumulatively in the tens of millions of dollars. It is sad. It is not only sad; it is shocking, when we have a circumstance, as we now know from the Cabinet documents of November 27, 2000, where the government knew that the Crocus Investment Fund was having trouble. It then took measures to encourage people to invest in an investment which they knew was in trouble. They were, in essence, encouraging people to lose their money. It was sadly a misguided tragedy, a terrible series of decisions that this government made which put tens of millions of dollars, average Manitobans' money, at risk, and that money has been lost.

Of course, there is now a major class-action lawsuit which has resulted from the tragic failures of the NDP government. We will all see what the result of that is in time. But, certainly, from our Liberal perspective, we believe that the best way to know what happened, to clear the air, to sort out the situation is right now to have that public inquiry. The government should not hesitate. The government has made some mistakes. It is time now to have a public inquiry. Thank you.

**Mr. Jim Maloway (Elmwood):** Mr. Speaker, I am very pleased to speak today on this resolution. I really note the opposition response to the resolution and their comments about the Crocus Fund. It seems that they ignore the history of the Crocus Fund and how it came into being. So I think it's incumbent upon me to take some time here and try to explain to them how the Crocus Fund did come into being. If you listen to them, all the problems with Crocus started in 1999, but they fail to recognize that Crocus goes way, way back.

As a matter of fact, in the Howard Pawley governments, in 1987 and 1988, there was a lot of discussion about the labour-sponsored investment funds that were catching on in other parts of the country. In Ontario there was successful funds. I believe in Ouébec there was successful funds. There's always been a problem with venture capital. All of the provinces find difficulty having sufficient venture capital in their provinces, because the members should know that in the United States, I believe it is 60 percent of all the venture capital in the United States is invested in only two areas in the United States, Massachusetts and California. And in California, it's not all over California; it's only in Silicone Valley, and in Massachusetts it's just in one specific area there.

So the American states, the small states, like Manitoba, have a similar problem to Manitoba. They have a very difficult problem attracting venture capital. So that is the environment that we found ourselves in in the 1987-88 period in trying to deal with the lack of venture capital, and various governments, Conservative and NDP, over the years have had to deal with the same problems and different problems.

So we discussed the matter and decided to proceed with legislation. We introduced the legislation, or introduced at least the intention to bring in legislation in the 1988 budget, and the Member for Roblin-Russell (Mr. Derkach) knows what happened. The NDP budget was defeated and there was an election, and the Conservatives formed the government.

\* (11:50)

In 1990 or '91, the Filmon government introduces legislation. I remember the Premier standing up here, and he was beaming. He was pointing out to us in the NDP that it was he, the Conservative Premier, that could bring together labour and business and form this big venture capital fund. Of course we supported it at the time because we were in favour of it.

But make no mistake about it. It was not the NDP that introduced this legislation. It was the Conservatives who introduced this legislation, with a lot of fanfare, I might add. It was the Conservatives who hired James Umlah, the guy who messed the whole thing up. It was a Conservative appointment. The guy that was hired because of his fancy socks. That was their big attraction. These guys, the Conservatives, basically operated on-they didn't worry about doing much research here. The guy had nice socks so they hired him. He proceeded to travel the world and make all sorts of investments, and all of this is going to come out, I guess, at a certain point in the trial, but a lot of it's been made public up till now.

You know this did not happen in 1999. This all happened before 1999. For the opposition to try to make hay as they have, to, by the way, no good effect. When they should have been concentrating on other issues that might have done us some damage, what do they do? They focussed on Crocus even though most people in the public weren't paying any attention to Crocus. So they actually shot themselves in the foot on the issue, actually, many times. I guess we should encourage 'em. We should encourage them to keep focussing on Crocus for the next four years. I don't see where it's going to do them any more benefit than it did in the past.

I wanted to also point out that on the issue of the lawsuit, they want to talk about the lawsuit. The

Minister of Finance (Mr. Selinger) was just beginning to deal with the lawsuit when his time ran out, so I thought it was incumbent upon me to get to that page and let's start dealing with the lawsuit here. On page 5 of the lawsuit-now, we wanted to point out that the lawsuit actually focusses more on the Filmon government than the current government. On page 5 of the statement of claim, it states clearly that it covers the period March 21, 1992-now, who was in power in 1992?-through December 10, 2004. Sixty percent of that period was under the Filmon government. Sixty percent. That means our lawyers will be defending 7.5 years of Tory government actions and only 4 years of NDP government actions. The problems with this fund were developed under the Conservative government. By the time we took over, it was already too late.

I want to draw your attention back to the MTX scandal, the big MTX scandal of 1987. You know, it was Don Orchard. Don Orchard was the minister of the telephones in the Sterling Lyon government. He's the guy that signed off in the investments of MTX in Saudi Arabia. He was the minister in the Sterling Lyon Conservative government. He signed off on the arrangements in Saudi Arabia. We took over the government. He knew where to look because he's the guy who caused the problem in the first place. Needless to say, the MTX story did not turn out very positive.

We got saddled with the responsibility for the results, and we took responsibility, even though the Tories were the people who signed off on the idea initially and got us into the mess. We're the ones that took the responsibility for it. So, I think you should start taking responsibility for this mess at Crocus because you're the people that got us into it. You're the people that hired James Umlah. You're the people developed the system where you had people selling and promoting the fund in the workplaces. It was the NDP who stopped that practice. Right? You're the people who did the advocacy advertising indicating, suggesting that somehow people could invest and the government was going to be behind this, that the government was promoting this fund. You're the ones that created this impression. So at the end of the day, you expected-you created the mess, and now we're supposed to take responsibility. It's not going to work out that way. It hasn't worked out that way. You have gained nothing by doing what you've been doing. You're complaining about the Crocus Fund; you're just not learning. So take responsibility for your own problems.

Now, the Member for Russell obviously wants to rebut a bit of what I had to say, and I ask the Whip if he's in agreement with that. *[interjection]* Okay, and seeing as how our Whip is in agreement, I will defer to the Member for Roblin to rebut.

**Mr. Speaker:** Order. The honourable Member for Russell, on a point of order?

**Mr. Leonard Derkach (Russell):** No, Mr. Speaker, I would like to speak to this resolution.

Mr. Speaker: Okay, the honourable Member for Russell.

**Mr. Derkach:** Thank you, Mr. Speaker. I am pleased to get up and speak to this resolution, and although we've just had a fairly humorous contribution by the Member for Elmwood (Mr. Maloway)–and I respect the Member for Elmwood because he's been here as long as I have and he's got some good history. Although it's a little bit twisted in the way it's presented, nevertheless it is a little humorous.

Mr. Speaker, let's look at where the Crocus issue lies, and that is when was the government informed about the problems in Crocus and what did the government do when the government was informed about the problems in Crocus. That's the issue here. It's not about where the problem started. Nobody is blaming specifically the government for when the problem started because Crocus was operating on its own and should have been.

But Mr. Speaker, when the government was informed about issues in Crocus, what was the response of the government? My understanding is that they then sent in their political troops to try to influence what was going on in Crocus to try to save the day.

But Mr. Speaker, more importantly, what did the Minister of Finance (Mr. Selinger) do when he was informed about the problems in Crocus, even at the Cabinet table? That's where the rubber hits the road. That's where we put the responsibility on the government. Because if in fact the government knew about this in 2001, something should have been done immediately to ensure that the investors who were exposed, if you like, in the Crocus fund would not lose their shirts in this entire deal. That's where the government responsibility lies.

Mr. Speaker, the court case will bring that out. Yes, there are people who are within Crocus who worked within Crocus who will have to take responsibility. It is our feeling that this government has a major responsibility to what happened in Crocus at the end of the day because they were informed about the problems in Crocus and did nothing about it. As a matter of fact they tried to cover it up.

Mr. Speaker, if this government does not feel culpable in any of this, then the Premier (Mr. Doer) should have called a public inquiry into this issue and cleared the air for himself and for his government and then let the chips fall where they may. But because the Premier and his ministers know that they have some responsibility here, they were afraid to call the public inquiry. After repeated calls from us to call a public inquiry to clear the air to ensure that Manitobans who invested their hardearned dollars into Crocus would not lose everything, the Premier sat in his chair and refused to call a public inquiry to clear the air.

Mr. Speaker, why would you do that? Why would you do that? If you have no responsibility, but you have responsibility on behalf of the people and you have no culpability in this, why would you not call the public inquiry? Why has that question never been answered?

Mr. Speaker, the Minister of Finance (Mr. Selinger), unfortunately, and the Premier have hid from this. The truth will come out. We don't know when it will come out, but sooner or later the truth will be known about where the responsibility for some of the bad decisions that were made regarding Crocus lies.

Mr. Speaker, did the Minister of Finance, did the Premier want to hurt Manitobans? No. But they involved themselves to the extent where they started to wear the results of what happened in Crocus.

**Mr. Speaker:** Order. When this matter is again before the House, the honourable Member for Russell (Mr. Derkach) will have six minutes remaining.

The hour being 12 noon, we will recess and reconvene at 1:30 p.m.

<sup>\* (12:00)</sup> 

### LEGISLATIVE ASSEMBLY OF MANITOBA

## Thursday, September 27, 2007

### CONTENTS

ORDERS OF THE DAY		Derkach	446
PRIVATE MEMBERS' BUSINESS Second Readings–Public Bills		Lamoureux	447
		Resolutions	
Bill 202–The Apology Act		Res. 2–Crocus Investment Fund Scandal	
Gerrard	439	Schuler	448
		Rondeau	450
Bill 203–The Phosphorus-Free Dishwashing		Hawranik	452
Detergent Act		Selinger	453
Gerrard	440	Gerrard	456
Stefanson	442	Maloway	457
Graydon	444	Derkach	458
Cullen	444		

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